

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions on pages 6 and 7 of this Circular apply throughout this Circular including this cover page.

If you are in any doubt as to the action you should take, please consult your Participant, broker, attorney, accountant or other professional advisor.

ACTION REQUIRED

This Circular is important and should be read with particular attention to the "Action required by RAC Shareholders" section of this Circular, which sets out the action required of them with regard to this Circular.

If you have disposed of all your RAC Shares, then this Circular should be forwarded to the purchaser to whom, or the broker, agent or Participant through whom, you disposed of your RAC Shares.



RECM AND CALIBRE

RECM AND CALIBRE LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2009/012403/06

Preference Share Code: RACP • ISIN: ZAE000145041

("RAC" or "the Company")

**CIRCULAR TO RAC ORDINARY AND PARTICIPATING
PREFERENCE SHAREHOLDERS**

relating to:

- the conversion of all of the non-cumulative, redeemable, participating preference shares in the share capital of the Company with a par value of 1 cent each ("Participating Preference Shares") into Participating Preference Shares of no par value, a condition of the Companies Act to facilitate an increase in the number of authorised Participating Preference Shares;
- an increase in the authorised Participating Preference Share capital of RAC to 200 000 000 Participating Preference Shares to provide the Company with the ability to raise further capital by way of issuing Participating Preference Shares;
- an increase in the authorised share capital of the Company through the creation of 1 500 000 000 Perpetual Preference Shares of no par value, having the rights, privileges, restrictions and conditions as determined by the Directors upon issue thereof ("Perpetual Preference Shares"), but which are intended to rank in priority to the Participating Preference Shares and Ordinary Shares in respect of dividends and on a winding up, to provide the Company with the ability to augment its capital structure with a different form of permanent capital;
- an increase in the authorised share capital of the Company through the creation of 250 000 000 Redeemable Preference Shares of no par value, having the rights, privileges, restrictions and conditions as determined by the Directors upon issue thereof ("Redeemable Preference Shares"), but which are intended to rank in priority to the Participating Preference Shares, the Perpetual Preference Shares and Ordinary Shares in respect of dividends and on a winding up, to provide the Company with the ability to augment its capital structure with a form of temporary capital;
- the authority for the issue of 250 000 000 of the authorised but unissued Perpetual Preference Shares, subject to certain limitations;
- the authority for the issue of 250 000 000 authorised but unissued Redeemable Preference Shares, subject to certain limitations;
- the amendment of the Memorandum of Incorporation to enable the proposals contained in this Circular to be implemented;

and including:

- a notice of a special general meeting of the holders of RAC Participating Preference Shares ("Participating Preference Shareholders") at the Company's Registered Office at 8th Floor, Claremont Central, 8 Vineyard Road, Claremont, Cape Town, 7700 on 13 December 2013 ("Special General Meeting") in order to consider and if deemed fit, approve, the resolutions in respect of the matters above as required in terms of the MOI, further details of which are set out in the "Actions Required by RAC Ordinary and Participating Preference Shareholders" section of this Circular;
 - a notice of a combined extraordinary general meeting of the holders of RAC Ordinary Shares and Participating Preference Shares (collectively "RAC Shareholders") at the Company's Registered Office at 8th Floor, Claremont Central, 8 Vineyard Road, Claremont, Cape Town, 7700 on 13 December 2013 ("Extraordinary General Meeting") in order to consider and if deemed fit, approve, the resolutions in respect of the matters above as required in terms of the MOI, further details of which are set out in the "Actions Required by RAC Ordinary and Participating Preference Shareholders" section of this Circular;
 - the proposed amendments to the Memorandum of Incorporation;
 - a form of proxy (blue) (for use by certificated and "own name" dematerialised Participating Preference Shareholders only) for purposes of the Special General Meeting; and
 - a form of proxy (green) (for use by certificated and "own name" dematerialised RAC Shareholders only) for purposes of the Extraordinary General Meeting.
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Corporate Advisors



Sponsor to RAC



Legal Advisors



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CORPORATE INFORMATION AND ADVISORS

DIRECTORS OF RAC

MVP Davis
T de Bruyn
G Pretorius
JG Swiegers
JC van Niekerk
PG Viljoen

SECRETARY AND REGISTERED OFFICE

G Simpson
7th Floor, Claremont Central
8 Vineyard Road
Claremont
Cape Town, 7700 (reception is on Level 8)
(PO Box 45040, Claremont, 7735)

Date of incorporation: 24 June 2009

Place: Republic of South Africa

SPONSORS

Questco (Pty) Ltd
Entrance D, 2nd Floor
The Pivot
1 Montecasino Boulevard
Fourways, 2055
(PO Box 98956, Sloane Park, 2152)

CORPORATE ADVISORS

Jason Partners (Pty) Ltd
37 Dorp Street
Stellenbosch, 7600
(PO Box 714, Stellenbosch, 7599)

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

ATTORNEYS

Cliffe Dekker Hofmeyr Incorporated
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

This Circular is available in English only. Copies may be obtained from the Registered Office of the Company, the Transfer Secretaries and the corporate advisors at the addresses set out above. An electronic version of the Circular shall be made available on the Company's website.

ACTION REQUIRED BY RAC ORDINARY AND PARTICIPATING PREFERENCE SHAREHOLDERS

The definitions and interpretations set out on pages 6 and 7 of this Circular apply to this section on action required by RAC Shareholders.

Please take careful note of the following provisions regarding the action required by RAC Ordinary and Participating Preference Shareholders:

If you are in any doubt as to what action to take, please consult your Participant, broker, attorney, banker or other professional advisor immediately.

On issues which arise in the normal course of business, and which do not directly affect the rights or interests of Participating Preference Shareholders, Participating Preference Shareholders generally do not have to be consulted. The proposals envisaged in this document do affect directly their rights and/or interests and the Company's MOI thus require them to exercise their votes. The Special General Meeting is the forum in which this vote can be exercised. Participating Preference Shareholders should thus ensure that they are in no doubt as to what the proposals entail. Furthermore the directors of RAC encourage Participating Preference Shareholders to exercise their vote at the Special General Meeting.

The Special General Meeting of RAC Participating Preference Shareholders will be held at 11:00 on 13 December 2013 at the Company's Registered Office.

The Extraordinary General Meeting which follows the Special General Meeting is for the Ordinary Shareholders of RAC to approve exactly the same proposals which will be tabled at the Special General Meeting. It should be noted that the Company's MOI makes provision for limited voting by the Participating Preference Shareholders at the Extraordinary General Meeting, in addition to their votes at the Special General Meeting (refer to the Notice of Extraordinary General Meeting for further details). This is again due to the fact that the proposals at the Extraordinary General Meeting directly affect their rights and/or interests as Participating Preference Shareholders.

The Extraordinary General Meeting of Ordinary Shareholders and Participating Preference Shareholders will be held at 11:30 on 13 December 2013 at the Company's Registered Office.

ACTION REQUIRED

1. If you have dematerialised your RAC Shares other than with "own-name" registration

1.1 *Voting at the Special General Meeting and Extraordinary General Meeting*

- Your Participant or broker should contact you to ascertain how you wish to cast your vote at the Special General Meeting (in respect of RAC Participating Preference Shareholders only) and at the Extraordinary General Meeting (in respect of Ordinary Shareholders and Participating Preference Shareholders) and thereafter to cast your vote in accordance with your instructions.
- If you have not been contacted by your Participant or broker, it is advisable for you to contact your Participant or broker and furnish such with your voting instructions.
- If your Participant or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Participant or broker.
- You must **not** complete the attached forms of proxy (blue or green).

1.2 *Attendance and representation at the Special General Meeting and Extraordinary General Meeting*

In accordance with the mandate between you and your Participant or broker, you must advise your Participant or broker if you wish to attend the Special General Meeting (in respect of RAC Participating Preference Shareholders only) and the Extraordinary General Meeting (in respect of RAC Ordinary Shareholders and RAC Participating Preference Shareholders). Your Participant or broker will then issue the necessary letter of representation to you to attend the Special General Meeting and/or Extraordinary General Meeting, as the case may be.

2. If you have not dematerialised your RAC Shares or have dematerialised your RAC Shares with “own-name” registration

2.1 *Voting and attendance at the Special General Meeting and Extraordinary General Meeting*

RAC Participating Preference Shareholders may attend the Special General Meeting in person and may vote at the Special General Meeting. RAC Ordinary Shareholders and RAC Participating Preference Shareholders may attend the Extraordinary General Meeting in person and may vote at the Extraordinary General Meeting.

Alternatively:

- RAC Participating Preference Shareholders may appoint a proxy to represent them at the Special General Meeting by completing the attached form of proxy (blue) in accordance with the instructions it contains and returning it to the Transfer Secretaries to be received by no later than the time for holding of the Special General Meeting, but preferably not later than 48 hours before the time for holding of the meeting in order that the Transfer Secretaries may be able to timeously send the proxy form on your behalf to the Registered Office; and
- RAC Ordinary Shareholders and RAC Participating Preference Shareholders may appoint a proxy to represent them at the Extraordinary General Meeting by completing the attached form of proxy (green) in accordance with the instructions it contains and returning it to the Transfer Secretaries to be received by no later than the time for holding of the Extraordinary General Meeting, but preferably not later than 48 hours before the time for holding of the meeting in order that the Transfer Secretaries may be able to timeously send the proxy form on your behalf to the Registered Office.

If you wish to dematerialise your RAC Shares, please contact your Participant or broker.

If you have disposed of all of your RAC Shares, this Circular should be handed to the purchaser of such RAC Shares or the Participant, broker, banker or other agent who disposed of your RAC Shares for you.

IMPORTANT DATES AND TIMES

The definitions and interpretations set out on pages 6 and 7 of this Circular apply to this section on important dates and times.

2013

Record date to determine which shareholders are entitled to receive the Circular	Friday, 1 November
Distribution of Circular	Thursday, 14 November
Last day to trade to vote at the Special General Meeting and the Extraordinary General Meeting	Friday, 29 November
Record date to vote at the Special General Meeting and the Extraordinary General Meeting	Friday, 6 December
Last day for receipt of proxy forms for the Special General Meeting by the Transfer Secretaries before 11:00 on	Wednesday, 11 December
Last day for receipt of proxy forms for the Extraordinary General Meeting by the Transfer Secretaries before 11:30 on	Wednesday, 11 December
Special General Meeting to be held at the Registered Office at 11:00 on	Friday, 13 December
Extraordinary General Meeting to be held at the Registered Office at 11:30 on	Friday, 13 December
Results of the Special General Meeting and the Extraordinary General Meeting released on SENS on	Friday, 13 December

Notes:

1. *The above dates and times are subject to change. Any material changes will be released on SENS.*
2. *Any reference to time is a reference to South African time.*
3. *Forms of proxy for the Special General Meeting and/or Extraordinary General Meeting must be received by not later than 48 hours prior to the time of the Special General Meeting and/or Extraordinary General Meeting (excluding Saturdays, Sundays and official public holidays in South Africa) by the Transfer Secretaries or handed to the chairperson by not later than 10 minutes before the time for the holding of the relevant meeting.*
4. *If the Special General Meeting and/or Extraordinary General Meeting is adjourned or postponed, forms of proxy must be received by not later than 48 hours prior to the time of the adjournment or postponed Special General Meeting and/or Extraordinary General Meeting (excluding Saturdays, Sundays and official public holidays in South Africa) by the Transfer Secretaries or handed to the chairperson by not later than 10 minutes before the time for the holding of the adjourned or postponed meeting.*

DEFINITIONS

In this Circular, unless otherwise stated or the context otherwise indicates, the words and expressions in the first column shall have the meaning stated opposite them in the second column and words and expressions in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and *vice versa* and any reference to one gender shall include the other gender:

“Board”	means the board of Directors of the Company;
“Business Day”	means any day other than a Saturday, Sunday or statutory public holiday in South Africa;
“Certificated Shareholder”	means a RAC Shareholder holding Certificated Shares;
“Certificated Shares”	means RAC Shares represented by a paper share certificate or other physical document(s) of title, which shares have not been surrendered for Dematerialisation;
“Circular”	means this circular to RAC Shareholders dated 14 November 2013 incorporating a Notice of Extraordinary General Meeting, a Notice of Special General Meeting and forms of proxy;
“Companies Act”	means the South African Companies Act, 2008;
“Companies Regulations”	means the Companies Regulations, 2011, promulgated in terms of the Companies Act;
“Dematerialise” or “Dematerialised”	means the process by which Certificated Shares are converted to or held in an electronic form as uncertificated shares and recorded in the subregister of shareholders maintained by a Participant;
“Dematerialised Shareholder”	means a RAC Shareholder holding Dematerialised Shares;
“Dematerialised Shares”	means RAC Shares which have been Dematerialised;
“Directors”	mean the directors of RAC as listed on page 8 of this Circular;
“Extraordinary General Meeting”	means the combined extraordinary general meeting of RAC Shareholders to take place at 11:30 on 13 December 2013 at the Company’s Registered Office. The meeting has been convened in terms of the Notice of Extraordinary General Meeting attached to this Circular;
“Financial Markets Act”	means the Financial Markets Act, 2012;
“JSE”	means the securities exchange known as the JSE Limited (which has been licensed as an exchange under the Financial Markets Act);
“MOI”	means the Memorandum of Incorporation of the Company;
“Ordinary Shareholders” or “RAC Ordinary Shareholders”	means the holders of RAC Ordinary Shares;
“Ordinary Shares” or “RAC Ordinary Shares”	means unlisted ordinary shares with a par value of 1 cent each in the share capital of RAC;
“Participant”	means a participant, as defined in section 1 of the Financial Markets Act;
“Perpetual Preference Shares”	means perpetual preference shares of no par value in the share capital of RAC, having the preferences, rights, limitations and other terms determined by the Board upon the issue thereof, in terms of and as contemplated in section 36(1)(d) of the Companies Act;
“Participating Preference Share Terms”	means the rights, privileges, restrictions and conditions of the Participating Preference Shares contained in clause 13 of the MOI;

“Participating Preference Share” or “RAC Participating Preference Share”	means a non-cumulative, redeemable, participating preference share in the Company’s share capital with a par value of 1 cent each, which confers on the holders thereof the rights, privileges, restrictions and conditions set out in the Participating Preference Share Terms, which are being proposed to be converted into Participating Preference Shares of no par value;
“Participating Preference Shareholders” or “RAC Participating Preference Shareholders”	means the holders of Participating Preference Shares;
“RAC” or “the Company”	means RECM and Calibre Limited, registration number 2009/012403/06, a company incorporated in accordance with the laws of South Africa;
“Redeemable Preference Shares” or “RAC Redeemable Preference Shares”	redeemable preference shares of no par value, having the preferences, rights, limitations and other terms determined by the Board upon the issue thereof, in terms of and as contemplated in section 36(1)(d) of the Companies Act;
“Registered Office” or “Company’s Registered Office”	means the registered office of RAC, being 7 th Floor, Claremont Central, 8 Vineyard Road, Claremont, Cape Town, 7700 (reception is on level 8);
“SENS”	means the “Stock Exchange News Service” of the JSE;
“Shareholders” or “RAC Shareholders”	means collectively the holders of RAC Shares;
“Shares” or “RAC Shares”	means, collectively, RAC Ordinary Shares and RAC Participating Preference Shares;
“South Africa”	means the Republic of South Africa;
“Special General Meeting”	means the meeting of RAC Participating Preference Shareholders expected to take place at the Company’s Registered Office at 11:00 on 13 December 2013 or ten minutes after the adjournment of the Extraordinary General Meeting, whichever is the latest. The meeting has been convened in terms of the Notice of Special General Meeting attached to this Circular;
“Transfer Secretaries”	means Link Market Services South Africa Proprietary Limited, registration number 2000/007239/07, a company incorporated in South Africa; and
“ZAR” or “R” or “Rand”	means South African Rand, the lawful currency of South Africa.



RECM AND CALIBRE

RECM AND CALIBRE LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2009/012403/06

Preference Share Code: RACP

ISIN: ZAE000145041

("RAC" or "the Company")

DIRECTORS OF RAC

MVP Davis, T de Bruyn, G Pretorius, JG Swiegers, JC van Niekerk, PG Viljoen

CIRCULAR TO RAC ORDINARY AND PARTICIPATING PREFERENCE SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

The Directors are proposing that –

- the Company converts the Participating Preference Shares into Participating Preference Shares of no par value;
- the Company increases its authorised Participating Preference Share capital to 200 000 000 Participating Preference Shares;
- the Company creates 1 500 000 000 Perpetual Preference Shares;
- the Company creates 250 000 000 Redeemable Preference Shares;
- the Company amends its MOI as to enable the proposals contained in this Circular to be implemented;
- in terms of the MOI, the Shareholders provide the requisite authority to the Board to issue Perpetual Preference Shares, subject to the restrictions referred to in this Circular; and
- in terms of the MOI, the Shareholders provide the requisite authority to the Board to issue Redeemable Preference Shares, subject to the restrictions referred to in this Circular.

The purpose of this Circular is to furnish Shareholders with information relating to the proposed resolutions, in accordance with the MOI, and to convene –

- the Special General Meeting at which the Participating Preference Shareholders will be requested to approve the proposed resolutions contained in the Notice of Special General Meeting attached to and forming part of this Circular; and
- the Extraordinary General Meeting at which the Ordinary Shareholders and Participating Preference Shareholders will be requested to approve the proposed resolutions contained in the Notice of Extraordinary General Meeting attached to and forming part of this Circular.

2. RATIONALE

RAC will augment the capital base of the Company with the appropriate sources of capital in order to allow further investments – both new and follow-on investments in existing holdings. Per the chairman's statement at the Company's annual general meeting, which was also published on SENS on 28 August 2013, RAC has either invested, or committed to investments, which brought RAC to a position where substantially all of the existing equity capital of the Company has been applied. By increasing the number of authorised Participating Preference Shares and by creating a new class of Perpetual Preference Shares and Redeemable Preference Shares the Company positions itself to raise additional capital as and when the appropriate opportunities become available.

As with any other temporary or permanent funding raised by the Company, the issue of Perpetual Preference Shares and/or Redeemable Preference Shares may impact the aggregate amount, if any, determined by the Board of the Company as being available for future distributions by the Company to the Ordinary Shareholders and Participating Preference Shareholders. As has been communicated to investors throughout, the Company's investment objective is however not income driven, but rather to make long-term investments with the objective of generating high real returns. The Board aims to further this objective with the raising of further funding.

The envisaged immediate capital raising in an amount of R250 000 000, will be in any combination of –

- permanent funding, to be raised through the issue by way of a private placement of a new class of perpetual preference shares over a period from the date of the Special General Meeting until the next annual general meeting of the Company; and/or
- temporary funding, to be raised in form of debt or through the issue of redeemable preference shares.

For this purpose, RAC is accordingly proposing to create and authorise –

- Perpetual Preference Shares on terms to be determined by the Board, for the purpose of implementing that portion of the capital raising programme to be implemented by the issue of Perpetual Preference Shares, on the basis that the authority to issue of such Perpetual Preference Shares is limited as set out below; and/or
- Redeemable Preference Shares on terms to be determined by the Board, for the purpose of implementing that portion of the capital raising programme to be implemented by the raising of temporary funding in the form of preference shares, on the basis that the authority to issue of such Redeemable Preference Shares is limited as set out below.

In addition, it is necessary to increase the authorised Participating Preference Share capital of the Company to allow sufficient authorised but unissued Participating Preference Shares for any future capital raising which may be effected through the issue of Participating Preference Shares, subject to the authority of the RAC Shareholders and Participating Preference Shareholders. The subscription price for a Participating Preference Share issue will be determined by the Board, subject to the explicit approval from RAC Shareholders and Participating Preference Shareholders in general meetings before the private placement is implemented. It is proposed that these Participating Preference Shares will only be issued once the debt or preference shares in the amount of R250 000 000 has been raised and applied to investments, or the Board has determined that such funding will not be raised.

The entire authorised and issued Participating Preference Share capital of RAC currently comprises par value Participating Preference Shares, which have been created and issued in terms of the Companies Act, 1973, the predecessor to the Companies Act. Under the Companies Act, new shares created will no longer have a par value, and although companies with par value shares are not required to convert their par value shares into no par value shares, RAC will not be permitted to increase its authorised Participating Preference Share capital unless the Participating Preference Shares are converted into Participating Preference Shares of no par value. In order to increase the authorised Participating Preference Share capital to 200 000 000 Participating Preference Shares, the Company will accordingly be required to first convert the Participating Preference Shares into Participating Preference Shares of no par value.

This conversion has no effect on the economic or voting rights of the Ordinary Shares or the Participating Preference Shares.

3. PROCEDURE AND EFFECT

In terms of the Companies Act and the MOI, RAC may convert the Participating Preference Shares into no par value Participating Preference Shares, increase the number of authorised Participating Preference Shares, and create the proposed 1 500 000 000 Perpetual Preference Shares and 250 000 000 Redeemable Preference Shares, if approved by a way of a 75% majority of –

- Participating Preference Shareholders present and entitled to vote at the Special General Meeting; and
- Ordinary Shareholders and Participating Preference Shareholders present and entitled to vote at the Extraordinary General Meeting, each having one vote per Share held, but provided that the total voting rights of the Participating Preference Shareholders exercisable in respect of the Participating Preference Shares shall not be more than 24,99% of the total votes (including the votes of the Ordinary Shareholders) exercisable at the Extraordinary General Meeting.

The Companies Regulations also requires RAC to publish a report by the Directors in respect of the proposed resolution to convert the par value Participating Preference Shares into no par value Participating Preference Shares. A copy of the aforementioned report is attached hereto as Annexure "1".

If the Perpetual Preference Shares are to be listed on an exchange (it being currently envisaged that they will be listed on the "Preference Shares" sub-sector of the Main Board of the JSE), their issue will be made subject to the JSE approving the admission of the Perpetual Preference Shares to listing, and the approval and issue of the relevant placing document.

The proposed resolutions will:

- effect a conversion of all of the Participating Preference Shares with a par value of 1 cent each into Participating Preference Shares of no par value;
- effect an increase in the Company's share capital through the creation (authorisation) of 100 000 000 Participating Preference Shares;
- effect an increase in the Company's share capital through the creation (authorisation) of 1 500 000 000 Perpetual Preference Shares;
- effect an increase in the Company's share capital through the creation (authorisation) of 250 000 000 Redeemable Preference Shares;
- provide the Directors with an authority to issue Perpetual Preference Shares, subject to the restrictions described below;
- provide the Directors with an authority to issue Redeemable Preference Shares, subject to the restrictions described below; and
- amend provisions of the MOI to give effect to the proposed resolutions.

The Perpetual Preference Shares are a class of shares as contemplated in section 36(1)(d) of the Companies Act, and the preferences, rights, limitations and other terms associated with the Perpetual Preference Shares must therefore be determined by the Board upon the issue thereof, as required by section 36(1)(d) of the Companies Act, and will subsequently be incorporated in the MOI. The intention of the Board is that the Perpetual Preference Shares will have such features as are typically associated with such instruments in the South African market, including a market-related coupon. In this regard, shareholders are advised that coupon rates on listed perpetual preference shares issued in the South African market in recent times have ranged between 100% and 104% of South African bank's prime lending rate, currently being 8,5% per annum. The coupon is typically a function of a number of factors, including the market conditions prevailing at the time of the issue and considerations specific to the issuer, and a market-related coupon on the Perpetual Preference Shares may therefore fall outside of this historical range. Therefore, without derogating from the powers of the Board to determine the applicable rights, privileges, restrictions and conditions attaching to the Perpetual Preference Shares, the Board proposes that shareholders pass a separate special resolution in terms whereof the authority of the Board to issue Perpetual Preference Shares is (until such time as such authority is amended or revoked in general meeting) made subject to the following limitations:

- the authority will be valid from the date of the Special General Meeting until the Company's next annual general meeting;
- the maximum amount to be raised by the issue of Perpetual Preference Shares is R250 000 000;
- Perpetual Preference Shares may only be issued if the Board is of the opinion, having taken into account prevailing conditions in the South African market for perpetual preference shares, that the commercial and technical terms and features of the Preference Shares are in all material respects arm's length and in line with current market norms (which for clarity will include, without limitation, that the Perpetual Preference Shares will bear a market-related coupon, that they will have either no fixed or a very long date for redemption, that they will rank in priority to the Ordinary Shares and the Participating Preference Shares in respect of distributions and on a winding up, and that they will have voting rights only in limited circumstances); and
- the Perpetual Preference Shares will be non-participating Perpetual Preference Shares, i.e. the rate of dividends and returns payable in respect of the Perpetual Preference Shares will not be a function of the profitability of the Company. The Perpetual Preference Shares will not be issued as "equity instruments" as defined in section 1 of the Listings Requirements of the JSE.

It is not currently the intention of the Board to issue any Perpetual Preference Shares to persons who are related parties to RAC. However, in compliance with a requirement of the JSE, the Board's authority to issue the Perpetual Preference Shares is subject to the further restriction that, if any Perpetual Preference Shares are issued to a related party (as defined in paragraph 10.1 of the Listings Requirements of the JSE), the issue to such related party shall be subject to a fairness opinion from an independent expert acceptable to the JSE stating that the issue is fair insofar as the Participating Preference Shareholders are concerned.

The Redeemable Preference Shares are also a class of shares as contemplated in section 36(1)(d) of the Companies Act, and the preferences, rights, limitations and other terms associated with the Perpetual Preference Shares must therefore also be determined by the Board upon the issue thereof, as required by section 36(1)(d) of the Companies Act, and will subsequently be incorporated in the MOI. The intention of the Board is that the Redeemable Preference Shares will have such commercial and technical features as may be negotiated with the relevant funders, and that they shall rank in priority to the Ordinary Shares, the Participating Preference Shares and the Perpetual Preference Shares in respect of distributions and on a winding up. The MOI provides that shareholders in general meeting may from time to time place restrictions on the authority of the Board to issue any class of shares. Therefore, without derogating from the powers of the Board to determine the applicable rights, privileges, restrictions and conditions attaching to the Perpetual Preference Shares, the Board proposes that shareholders pass a separate special resolution in terms whereof the authority of the Board to issue Redeemable Preference Shares is (until such time as such authority is amended or revoked in general meeting) made subject to the following limitations:

- the authority will be valid for a period of 18 months after the date of the Special General Meeting;
- the maximum amount to be raised by the issue of Redeemable Preference Shares is R250 000 000;
- the Redeemable Preference Shares may only be issued if and to extent that the Company has not raised an amount of R250 000 000 by way of the issue of Perpetual Preference Shares;
- there are no further limitations on the authority (including on the price at which the Redeemable Preference Shares may be issued).

RAC's authorised and issued share capital at the date of issue of this Circular, being 14 November, 2013, before the creation of the additional Participating Preference Shares, the Perpetual Preference Shares and the Redeemable Preference Shares are as set out below:

	R'000
Authorised	
5 000 000 Ordinary Shares	50
100 000 000 Participating Preference Shares	1 000
Issued	
5 000 000 Ordinary Shares	50
45 000 000 Participating Preference Shares	450

After the increase of the Participating Preference Shares and the creation of the Perpetual Preference Shares and the Redeemable Preference Shares, RAC's authorised and issued share capital are expected to be as set out below:

	R'000
Authorised	
5 000 000 Ordinary Shares	50
200 000 000 Participating Preference Shares	No par value
1 500 000 000 Perpetual Preference Shares	No par value
250 000 000 Redeemable Preference Shares	No par value
Issued shares (before any further issues of Participating Preference Shares, Perpetual Preference Shares, and Redeemable Preference Shares)	
5 000 000 Ordinary Shares	50
45 000 000 Participating Preference Shares	450 000

4. AMENDMENTS TO THE MOI

The Board proposes that the MOI be amended to reflect the conversion and increase of the Participating Preference Share capital, and the creation of the Perpetual Preference Shares and the Redeemable Preference Shares, in accordance with the amendments to the MOI contained in Annexure "2".

The MOI does not currently allow the Directors to determine the preferences, rights, limitations and other terms associated with a class of securities upon the issue thereof, nor does it enable the shareholders in general meeting

to from time to time place restrictions on the authority of the Board to issue any class of shares. In order to give effect to the proposals contained in this Circular, the Board is therefore in addition proposing certain amendments to the MOI which will empower the Directors to determine the preferences, rights, limitations and other terms associated with any class of securities upon the issue thereof, as contemplated in section 36(1)(d) of the Companies Act, and which will also to empower the shareholders in general meeting to from time to time place restrictions on the authority of the Board to issue any class of shares.

5. OPINION AND RECOMMENDATION

Bearing in mind the benefits that should arise from carrying out the capital raising, the Board has concluded that the creation and the issue of Perpetual Preference Shares (subject to the proposed limitations), the creation and the issue of the Redeemable Preference Shares (subject to the proposed limitations), and the issue of further Participating Preference Shares (subject to further approval of RAC Shareholders) are in the interests of the Company and that the RAC Shareholders and Participating Preference Shareholders be asked to approve the resolutions set out in respectively the Notice of Special General Meeting and the Notice of Extraordinary General Meeting.

The Directors recommend that Shareholders vote in favour of the resolutions as set out in this Circular. The RAC Directors intend voting their RAC Shares in favour of the resolutions.

6. DIRECTORS' RESPONSIBILITY STATEMENTS

The Directors, whose names appear on page 8 of this Circular, –

- have considered all statements of fact and opinion in this Circular;
- collectively and individually accept full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, this Circular contains all information required by law and the MOI.

7. CONSENTS

Each of Jason Partners Proprietary Limited, Cliffe Dekker Hofmeyr Inc. and Questco Proprietary Limited has provided its written consent to act in the capacity stated and to its name being used in this Circular and has not withdrawn its consent prior to the date of this Circular.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the Registered Office as well as at offices of the Transfer Secretaries and the corporate advisors from the date of this Circular up to and including the date of the Special General Meeting and the Extraordinary General Meeting:

- this Circular;
- the existing MOI;
- a draft of the resolutions amending the MOI; and
- the written consents as set out in paragraph 5 above.

By order of the Board



RECM AND CALIBRE LIMITED

G Simpson
Company Secretary

14 November 2013

REPORT ON CONVERSION OF PARTICIPATING PREFERENCE SHARES INTO NO PAR VALUE PARTICIPATING PREFERENCE SHARES

REPORT BY THE DIRECTORS IN RESPECT OF THE PROPOSED RESOLUTION TO CONVERT THE PAR VALUE PARTICIPATING PREFERENCE SHARES OF RECM AND CALIBRE LIMITED ("RAC") INTO NO PAR VALUE PARTICIPATING PREFERENCE SHARES

1. INTRODUCTION

- 1.1 Capitalised terms in this report have the same meanings as the meanings assigned to them in the Circular to RAC Shareholders to which this report is attached as Annexure "1".
- 1.2 RAC currently has 100 000 000 authorised Participating Preference Shares with a par value of 1 cent each and 45 000 000 issued Participating Preference Shares with a par value of 1 cent each.
- 1.3 The Companies Act changed the share capital regime in South Africa in that, *inter alia*, new shares created will no longer have a par value, and although companies with par value shares are not required to convert their par value shares into no par value shares, RAC will not be permitted to increase its authorised Participating Preference Share capital through the creation of further par value shares.
- 1.4 In order to authorise the requisite increase in the Company's authorised share capital in terms of Special Resolutions Number 2 to each of the Notice of Special General Meeting and the Notice of Extraordinary General Meeting, it is accordingly necessary for the Company to convert all of its authorised and issued Participating Preference Shares with a par value of 1 cent each into no par value Participating Preference Shares ("Proposed Conversion"), having the same rights, privileges, restrictions and conditions as those currently attaching to the par value Participating Preference Shares.
- 1.5 In terms of the Companies Act and the MOI, the Company may effect the Proposed Conversion if adopted by way of a 75% majority resolution of Participating Preference Shareholders at the Special General Meeting and by way of a special resolution of Shareholders at the Extraordinary General Meeting. The Companies Regulations also require that the conversion of existing companies' par value shares into no par value shares be adopted by way of a special resolution. In addition and in terms of Regulation 31(7) of Part D of the Regulations, the Company must publish a report in respect of the proposed resolution to convert the par value shares into no par value shares.

2. EXTRACT OF REGULATION 31(7) OF PART D OF THE COMPANIES REGULATIONS 2011

"The board must cause a report to be prepared in respect of a proposed resolution to convert any nominal or par value shares in terms of sub-regulation (6), which must at a minimum –

- (a) *state all information relevant to the value of the securities affected by the proposed conversion;*
- (b) *identify holders of the company's securities affected by the proposed conversion;*
- (c) *describe the material effects that the proposed conversion will have on the rights of the holders of the company's securities affected by the proposed conversion, and*
- (d) *evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement."*

3. REPORT ON THE PROPOSED CONVERSION

3.1 Information in relation to the value of the securities affected by the Proposed Conversion

Taking into consideration that, before and after the Proposed Conversion, the rights attaching to the Participating Preference Shares will be identical, the Board is of the opinion that the Proposed Conversion will have no effect on the value of the Participating Preference Shares. The Proposed Conversion is to be effected in order to align the Participating Preference Share capital of the Company with the provisions of the Act.

3.2 Shareholders affected by the Proposed Conversion

The Proposed Conversion does not affect the rights of Ordinary Shareholders and only current Participating Preference Shareholders are affected by the Proposed Conversion. All Participating Preference Shareholders are affected equally and on the same terms and conditions.

3.3 Material effects that the Proposed Conversion will have on the rights of the Shareholders affected by the Proposed Conversion

The rights attaching to the Company's no par value Participating Preference Shares will, upon their conversion from par value Participating Preference Shares, be identical to the rights currently attaching to the Company's par value Participating Preference Shares. The proposed conversion will accordingly not have any material effects on the rights of any Shareholders.

The Board has been advised that, technically, the Proposed Conversion may constitute a disposal for purposes of capital gains tax ("CGT") in the hands of South African tax resident shareholders. However, the Board has further been advised that the nature of the conversion complies with the parameters as per the relevant Regulations and official communications by the South African Revenue Service and that the conversion should therefore not be subject to CGT.

3.4 Material adverse effects of the Proposed Conversion against the compensation that any of those persons will receive in terms of the arrangement

The Proposed Conversion will not have any material adverse effects on any of the Shareholders and no Shareholders will receive any compensation pursuant to the conversion.

PROPOSED AMENDMENTS TO THE MEMORANDUM OF INCORPORATION

The Board proposes the following amendments to the Memorandum of Incorporation of the Company ("MOI").

1. PROPOSED AMENDMENT NO 1 – CLAUSE 13.1.10

The Board proposes that the existing definition of "Preference Shares" in clause 13.1.10 be amended to reflect the conversion thereof into no par value Participating Preference Shares, as follows:

13.1.10 "Preference Shares" means non-cumulative, redeemable, participating preference shares of no par value in the share capital of the Company, the rights and privileges of which are set out in this clause 13;

2. PROPOSED AMENDMENT NO 2 – CLAUSE 11.1

The Board proposes that clause 11.1.4 of the MOI be amended to read as follows (amendments are indicated by strikethrough) –

11.1 Notwithstanding the provisions of section 36(3) of the Act, the Board shall not have the power to:

- 11.1.1 increase or decrease the number of authorised Securities of any class of Securities;
- 11.1.2 reclassify any classified Securities that have been authorised but not issued;
- 11.1.3 classify any unclassified Securities that have been authorised but are not issued; or
- ~~11.1.4 determine the preferences, rights, limitations or other terms of Securities in a class;~~

which powers shall only be capable of being exercised by the Shareholders by means of a special resolution.

3. PROPOSED AMENDMENT NO 3 – CLAUSE 12.10

The Board proposes that clause 12 of the MOI be amended by the insertion of a new clause 12.10 which reads as follows –

12.10 Notwithstanding any provision of this MOI, the issue of any Securities which, in terms of the provisions of this MOI or the Act, requires the approval of Shareholders and/or the holders of any other class of Securities (including an issue of Securities contemplated in clause 13.8), may be approved either unconditionally or subject to such conditions, limitations or restrictions as may be approved in terms of the relevant resolution authorising such issue.

4. PROPOSED AMENDMENT NO 2 – ANNEXURE A

The Board proposes to amend Annexure A of the MOI to reflect the changes in the authorised share capital of the Company, as follows:

Classes of shares

The numbers and classes of Shares, Preference Shares and Perpetual Preference Shares that the Company is authorised to issue are as follows:

1. 5 000 000 (five million) ordinary Shares, having a par value of R0,01 each and having the rights and limitations set out in the MOI;
2. 200 000 000 (two hundred million) Preference Shares, having the rights and limitations set out in this MOI;
3. 1 500 000 000 (one billion five hundred million) Perpetual Preference Shares having the preferences, rights, limitations and other terms as determined by the Board upon issue thereof, as contemplated in section 36(1)(d) of the Act; and
4. 250 000 000 (two hundred and fifty million) Redeemable Preference Shares having the preferences, rights, limitations and other terms as determined by the Board upon issue thereof, as contemplated in section 36(1)(d) of the Act.



RECM AND CALIBRE

RECM AND CALIBRE LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2009/012403/06

Preference Share Code: RACP

ISIN: ZAE000145041

("RAC" or "the Company")

NOTICE OF SPECIAL GENERAL MEETING ("SGM") OF PARTICIPATING PREFERENCE SHAREHOLDERS

Notice is hereby given to all the Shareholders, Directors and auditors of RECM and Calibre Limited (the "Company") of a Special General Meeting of the Company to be held at its Registered Office at 11:00 on 13 December 2013 to consider and, if deemed fit, approve the resolutions set out below.

The definitions commencing on page 6 of the Circular to which this Notice of SGM is attached apply *mutatis mutandis* to this Notice of SGM.

1. SPECIAL RESOLUTION NUMBER 1

RESOLVED THAT in terms of Regulation 31(6) of the Companies Regulations, 2011, all of the authorised and issued Participating Preference Shares of the Company comprising 100 000 000 authorised Participating Preference Shares and 45 000 000 issued Participating Preference Shares, each having a par value of 1 cent in the share capital of the Company be and are hereby converted to 100 000 000 authorised Participating Preference Shares and 45 000 000 issued Participating Preference Shares, each having no par value, with effect from the date of filing the notice of amendment with the Companies and Intellectual Property Commission ("Commission").

This special resolution requires the approval of at least 75% of the voting rights of Participating Preference Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI.

2. SPECIAL RESOLUTION NUMBER 2

RESOLVED THAT subject to Special Resolution Number 1 being passed and becoming effective, the authorised Participating Preference Share capital of the Company consisting of 100 000 000 Participating Preference Shares of no par value be increased to 200 000 000 Participating Preference Shares of no par value by the creation of 100 000 000 Participating Preference Shares of no par value, with effect from the date of filing the notice of amendment with the Commission, so that after such increase the authorised share capital of the Company shall comprise –

- 5 000 000 Ordinary Shares; and
- 200 000 000 Participating Preference Shares.

This special resolution requires the approval of at least 75% of the voting rights of Participating Preference Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI.

3. SPECIAL RESOLUTION NUMBER 3

RESOLVED THAT the authorised share capital of the Company be and is hereby increased by the creation of 1 500 000 000 Perpetual Preference Shares, of no par value being a class of shares contemplated in section 36(1)(d) of the Companies Act, 2008, having such preferences, rights, limitations and other terms as the directors may determine upon issue thereof, with effect from the date of filing the notice of amendment with the Commission, so that after such increase the authorised share capital of the Company shall comprise –

- 5 000 000 Ordinary Shares;
- 200 000 000 Participating Preference Shares;
- 1 500 000 000 Perpetual Preference Shares.

This special resolution requires the approval of at least 75% of the voting rights of Participating Preference Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI.

4. SPECIAL RESOLUTION NUMBER 4

RESOLVED THAT the authorised share capital of the Company be and is hereby increased by the creation of 250 000 000 Redeemable Preference Shares of no par value, being a class of shares contemplated in section 36(1)(d) of the Companies Act, 2008, and having such preferences, rights, limitations and other terms as the Directors may determine upon issue thereof in terms of section 36(3)(d) of the Companies Act, with effect from the date of filing the notice of amendment with the Commission, so that after such increase the authorised share capital of the Company shall comprise –

- 5 000 000 Ordinary Shares;
- 200 000 000 Participating Preference Shares;
- 1 500 000 000 Perpetual Preference Shares; and
- 250 000 000 Redeemable Preference Shares.

This special resolution requires the approval of at least 75% of the voting rights of Participating Preference Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI.

5. SPECIAL RESOLUTION NUMBER 5

RESOLVED THAT, subject to special resolutions number 1, 2, 3 and 4 being adopted by the requisite majority of Participating Preference Shareholders, the Memorandum of Incorporation of the Company be and is hereby amended in accordance with Annexure “2” of the Circular to which this Notice of SGM is attached.

This special resolution requires the approval of at least 75% of the voting rights of Participating Preference Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI.

6. SPECIAL RESOLUTION NUMBER 6

RESOLVED THAT in accordance with the MOI, the authorised but unissued Perpetual Preference Share capital of the Company be and are hereby placed under the control of the Directors, who shall be authorised to issue such unissued Perpetual Preference Shares on such terms and conditions as they may in their discretion deem fit, but subject to the following limitations:

- the authority will be valid for from the date of the SGM until the next annual general meeting of the Company;
- the maximum number of Perpetual Preference Shares that may be issued is 250 000 000;
- Perpetual Preference Shares may only be issued if the Board is of the opinion, having taken into account prevailing conditions in the South African market for perpetual preference shares, that the commercial and technical terms and features of the Preference Shares are in all material respects arm’s length and in line with current market norms (which for clarity will include, without limitation, that the Perpetual Preference Shares will bear a market-related coupon, that they will have either no fixed or a very long date for redemption, that they will rank in priority to the Ordinary Shares and the Participating Preference Shares in respect of distributions and on a winding up, and that they will have voting rights only in limited circumstances);
- if any Perpetual Preference Shares are issued to a related party (as defined in paragraph 10.1 of the Listings Requirements of the JSE), the issue to such related party shall be subject to a fairness opinion from an independent expert acceptable to the JSE stating that the issue is fair insofar as the Participating Preference Shareholders are concerned; and
- the Perpetual Preference Shares will be non-participating Perpetual Preference Shares, i.e. the rate of dividends and returns payable in respect of the Perpetual Preference Shares will not be a function of the profitability of the Company. The Perpetual Preference Shares will not be issued as “equity instruments” as defined in section 1 of the Listings Requirements of the JSE.

This special resolution requires the approval of at least 75% of the voting rights of Participating Preference Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI.

7. SPECIAL RESOLUTION NUMBER 7

RESOLVED THAT in accordance with the MOI, the authorised but unissued Redeemable Preference Shares be and are hereby placed under the control of the Directors, who shall be authorised to issue such unissued Redeemable Preference Shares on such terms and conditions as they may in their discretion deem fit, but subject to the following limitations:

- the authority will be valid for a period of 18 months after the date of the SGM;
- the maximum amount to be raised by the issue of Redeemable Preference Shares is R250 000 000;
- the Redeemable Preference Shares may only be issued if and to extent that the Company has not raised an amount of R250 000 000 by way of the issue of Perpetual Preference Shares;

there are no further limitations on the authority (including on the price at which the Redeemable Preference Shares may be issued).

This special resolution requires the approval of at least 75% of the voting rights of Participating Preference Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI.

8. ORDINARY RESOLUTION NUMBER 1

RESOLVED THAT any Director of the Company be and is hereby authorised to sign all such documents and any amendments thereto, take all such steps and do all such other things as may be necessary to give effect to and/or implement the resolutions contained herein.

Ordinary Resolution Number 1 requires the approval by more than 50% of the voting rights of Participating Preference Shareholders exercised on the resolution, in accordance with section 65(7) of the Companies Act and the MOI.

ELECTRONIC PARTICIPATION

Should any Participating Preference Shareholder wish to participate in the Special General Meeting by way of electronic participation, that Participating Preference Shareholder should make application in writing (including details as to how the Shareholder or its representative can be contacted) to so participate to the Transfer Secretaries at the address below, to be received by the Transfer Secretaries at least five Business Days prior to the Special General Meeting in order for the Transfer Secretaries to arrange for the Participating Preference Shareholder (and its representative) to provide reasonably satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Companies Act and for the Transfer Secretaries to provide the Participating Preference Shareholder (or its representative) with 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 Special General Meeting in the event that it determines 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 Participating Preference Shareholder so accessing the electronic participation. Participating Preference Shareholders are advised that participation in the Special General Meeting by way of electronic participation will not entitle a Participating Preference Shareholder to vote. Should a Shareholder wish to vote at the Special General Meeting, he/she may do so by attending and voting at the Special General Meeting either in person or by proxy.

NOTES

Any Participating Preference Shareholder may, in writing, appoint a proxy, who need not be a Shareholder, to represent him/her at any general meeting. Any company, being a Shareholder, may execute a form of proxy under the hand of a duly authorised officer. The instrument appointing a proxy together with evidence of the authority of the person by whom the proxy is signed (except in the case of a proxy signed by the Shareholder), shall be deposited at the Transfer Secretaries by not later than 48 hours before the time for the holding of the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote or handed to the chairperson by not later than 10 minutes before the time for the holding of the meeting or the adjourned meeting (as the case may be). No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution.

A form of proxy is enclosed with this notice, the completion of which will not preclude a Shareholder from attending and voting at the SGM in person to the exclusion of any proxy appointed. Ordinary resolutions may be passed at the SGM by a simple majority representing more than 50% of the voting rights exercised on the resolutions. Special resolutions require more than 75% of the voting rights exercised on the resolution. The quorum requirement in relation to both ordinary resolutions and special resolutions is at least three Shareholders holding Shares granting the right to vote in the Company who are present or represented at the SGM, and there are sufficient persons present to exercise in aggregate at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting.

By order of the Board

RECM AND CALIBRE LIMITED

G Simpson
Company Secretary

14 November 2013



RECM AND CALIBRE

RECM AND CALIBRE LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2009/012403/06

Preference Share Code: RACP * ISIN: ZAE000145041

("RAC" or "the Company")

FORM OF PROXY FOR USE BY CERTIFICATED PARTICIPATING PREFERENCE SHAREHOLDERS AND "OWN-NAME" DEMATERIALIZED PARTICIPATING PREFERENCE SHAREHOLDERS ONLY

For use only:

- by holders of Certificated Participating Preference Shares of the Company;
- holders of Dematerialised Participating Preference Shares in the Company held through a Participant or broker and who have selected "own-name" registration; and
- at the Special General Meeting of the Company to be held at 11:00 on 13 December 2013 at the Company's Registered Office, or at any adjournment thereof.

If you are a Participating Preference Shareholder entitled to attend and vote at the Special General Meeting you can appoint a proxy or proxies to attend, vote and speak in your stead. A proxy need not be a Shareholder.

If you are a Participating Preference Shareholder and have Dematerialised your share certificates through a Participant (and have not selected "own-name" registration in the sub-register maintained by a Participant), do not complete this form of proxy (green) but instruct your Participant to issue you with the necessary letter of representation to attend the Special General Meeting, or if you do not wish to attend, provide your Participant with your voting instructions in terms of your custody agreement entered into with them.

I/We (full names in BLOCK LETTERS)

of address

being the holder(s) of _____ **Participating Preference Shares in the Company**, hereby appoint (see note ii):

1. _____ or failing him/her,
2. _____ or failing him/her,
3. the Chairman of the Company or failing him the Chairman of the Special General Meeting,

as my/our proxy to attend, speak, and on a poll to vote or abstain from voting on my/our behalf at the Special General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special resolution to be proposed thereat and at any adjournment thereof.

	In favour of	Against	Abstain
Special resolution number 1 Conversion of Participating Preference Shares into no par value Participating Preference Shares			
Special resolution number 2 Increase of authorised Participating Preference Shares to 200 000 000 Participating Preference Shares			
Special resolution number 3 Creation of 1 500 000 000 Perpetual Preference Shares			
Special resolution number 4 Creation of 250 000 000 Redeemable Preference Shares			
Special resolution number 5 Amendments to the Memorandum of Incorporation			
Special resolution number 6 Authority to Directors to issue Perpetual Preference Shares			
Special resolution number 7 Authority to Directors to issue Redeemable Preference Shares			
Ordinary resolution number 1 General authority to Directors to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of above resolutions			

Note: Please indicate with an "x" in the spaces above how you wish your votes to be cast.

Signed at _____ on this _____ day of _____ 2013

Signature _____

Assisted by (if applicable) _____

Please read notes on the reverse side hereof.

NOTES:

- (i) The following dates are applicable to all Participating Preference Shareholders. This notice is being mailed to the Participating Preference Shareholders on the Register of Participating Preference Shareholders as at 1 November 2013. Participating Preference Shareholders registered on the Register of Participating Preference Shareholders as at 6 December 2013 ("the Record Date") shall have the right to participate and vote at the meeting. Accordingly, the last day to trade for Participating Preference Shareholders in order to be able to participate and vote at the meeting is 29 November 2013. Any change to an entry on the Register after the Record Date shall be disregarded in determining the right of any person to attend and vote at the Special General Meeting.
- (ii) A Participating Preference Shareholder entitled to vote may appoint a proxy to attend and vote instead of him/her using the enclosed Form of Proxy; the appointed proxy need not be a Shareholder. To be valid the Form of Proxy must be signed and must reach the office of the Transfer Secretaries, Link Market Services South Africa (Pty) Ltd, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001; or PO Box 4844, Johannesburg, 2000, by not later than 48 hours before the time for the holding of the meeting or handed to the chairperson by not later than 10 minutes before the time for the holding of the meeting.
- (iii) To participate and to vote at the meeting, a Participating Preference Shareholder or his/her proxy is to present his/her identity document or other means of identification. In the case of a Participating Preference Shareholder being a body corporate, association of persons, foundation or other body of person, a representative thereof will only be eligible to attend and be admitted to, the meeting, and to vote there at, if a Form of Proxy has been (a) duly executed in his/her favour by the competent organ of the entity which he/she represents, and (b) submitted to the Company Secretary in accordance with the procedures set out under (ii) above.
- (iv) In the case of Participating Preference Shares held jointly by several persons, the person who had been nominated by the joint holders to be the registered holder of such Participating Preference Shares shall be entitled to attend and vote at the meeting. In the event that the joint holders failed to nominate such person, the first named joint holder on the Register of Shareholders shall be entitled to attend and vote at the meeting.
- (v) A Participating Preference Shareholder who is a minor may be represented at the meeting by his/her legal guardian who will be required to present his/her identity document.
- (vi) Admission to the meeting will commence one hour before the advertised and appointed time.
- (vii) After the meeting has proceeded to business, voting documents will continue to be issued until such time as the meeting proceeds to vote on the first resolution of the agenda whether by show of hands or by poll. Thereafter no further voting documents will be issued and admittance to the meeting will be discontinued.
- (viii) Participating Preference Shareholders' rights:

Participating Preference Shareholders rights regarding proxies in terms of section 58 of the Companies Act are as follows:

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
 - (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
 - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment –
 - (a) must be in writing, dated and signed by the shareholder; and
 - (b) remains valid for –
 - (i) one year after the date on which it was signed; or
 - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
 - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
 - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy –
 - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
 - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
 - (c) if the appointment 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.
- (5) 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; or
 - (b) the date on which the revocation instrument was delivered as required in subsection(4)(c)(ii).
- (6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.



RECM AND CALIBRE

RECM AND CALIBRE LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2009/012403/06

Preference Share Code: RACP

ISIN: ZAE000145041

("RAC" or "the Company")

NOTICE OF EXTRAORDINARY GENERAL MEETING ("EGM") OF RAC SHAREHOLDERS

Notice is hereby given to all the Shareholders, Directors and auditors of RECM and Calibre Limited (the "Company") of an Extraordinary General Meeting of the Company to be held at the Registered Office at 11:30 on 13 December 2013 to consider and, if deemed fit, approve the resolutions set out below.

The definitions commencing on page 6 of the Circular to which this Notice of EGM is attached apply *mutatis mutandis* to this Notice of EGM.

1. SPECIAL RESOLUTION NUMBER 1

RESOLVED THAT in terms of Regulation 31(6) of the Companies Regulations, 2011, all of the authorised and issued Participating Preference Shares of the Company comprising 100 000 000 authorised Participating Preference Shares and 45 000 000 issued Participating Preference Shares, each having a par value of 1 cent in the share capital of the Company be and are hereby converted to 100 000 000 authorised Participating Preference Shares and 45 000 000 issued Participating Preference Shares, each having no par value, with effect from the date of filing the notice of amendment with the Companies and Intellectual Property Commission ("Commission").

This special resolution requires the approval of at least 75% of the voting rights of RAC Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act. Each Ordinary Shareholder and Participating Preference Shareholder shall be entitled to one vote for every RAC Share held, provided that the total voting rights of the Participating Preference Share shall not be more than 24,99% of the total votes (including the votes of the Ordinary Shareholders exercisable in respect of this special resolution).

2. SPECIAL RESOLUTION NUMBER 2

RESOLVED THAT subject to Special Resolution Number 1 being passed and becoming effective, the authorised Participating Preference Share capital of the Company consisting of 100 000 000 Participating Preference Shares of no par value be increased to 200 000 000 Participating Preference Shares of no par value by the creation of 100 000 000 Participating Preference Shares of no par value, with effect from the date of filing the notice of amendment with the Commission, so that after such increase the authorised share capital of the Company shall comprise –

- 5 000 000 Ordinary Shares; and
- 200 000 000 Participating Preference Shares.

This special resolution requires the approval of at least 75% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI. Each Ordinary Shareholder and Participating Preference Shareholder shall be entitled to one vote for every RAC Share held, provided that the total voting rights of the Participating Preference Share shall not be more than 24,99% of the total votes (including the votes of the Ordinary Shareholders exercisable in respect of this special resolution).

3. SPECIAL RESOLUTION NUMBER 3

RESOLVED THAT the authorised share capital of the Company be and is hereby increased by the creation of 1 500 000 000 Perpetual Preference Shares of no par value, being a class of shares contemplated in section

36(1)(d) of the Companies Act, 2008 having such preferences, rights, limitations and other terms as the Directors may determine upon issue thereof, with effect from the date of filing the notice of amendment with the Commission, so that after such increase the authorised share capital of the Company shall comprise –

- 5 000 000 Ordinary Shares;
- 200 000 000 Participating Preference Shares; and
- 1 500 000 000 Perpetual Preference Shares.

This special resolution requires the approval of at least 75% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI. Each Ordinary Shareholder and Participating Preference Shareholder shall be entitled to one vote for every RAC Share held, provided that the total voting rights of the Participating Preference Share shall not be more than 24,99% of the total votes (including the votes of the Ordinary Shareholders exercisable in respect of this special resolution).

4. SPECIAL RESOLUTION NUMBER 4

RESOLVED THAT the authorised share capital of the Company be and is hereby increased by the creation of 250 000 000 Redeemable Preference Shares of no par value, being a class of shares contemplated in section 36(1)(d) of the Companies Act, 2008, having such preferences, rights, limitations and other terms as the Directors may determine upon issue thereof in terms of section 36(3)(d) of the Companies Act, with effect from the date of filing the notice of amendment with the Commission, so that after such increase the authorised share capital of the Company shall comprise –

- 5 000 000 Ordinary Shares;
- 200 000 000 Participating Preference Shares;
- 1 500 000 000 Perpetual Preference Shares; and
- 250 000 000 Redeemable Preference Shares.

This special resolution requires the approval of at least 75% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI. Each Ordinary Shareholder and Participating Preference Shareholder shall be entitled to one vote for every RAC Share held, provided that the total voting rights of the Participating Preference Share shall not be more than 24,99% of the total votes (including the votes of the Ordinary Shareholders exercisable in respect of this special resolution).

5. SPECIAL RESOLUTION NUMBER 5

RESOLVED THAT, subject to special resolutions number 1, 2, 3 and 4 being adopted by the requisite majority of Shareholders, the Memorandum of Incorporation of the Company be and is hereby amended in accordance with Annexure “2” of the Circular to which this Notice of EGM is attached.

This special resolution requires the approval of at least 75% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI. Each Ordinary Shareholder and Participating Preference Shareholder shall be entitled to one vote for every RAC Share held, provided that the total voting rights of the Participating Preference Share shall not be more than 24,99% of the total votes (including the votes of the Ordinary Shareholders exercisable in respect of this special resolution).

6. SPECIAL RESOLUTION NUMBER 6

RESOLVED THAT in accordance with the MOI, the authorised but unissued Perpetual Preference Share capital be and are hereby placed under the control of the Directors, who shall be authorised to issue such unissued Perpetual Preference Shares on such terms and conditions as they may in their discretion deem fit, but subject to the following limitations:

- the authority will be valid from the date of the EGM until the next annual general meeting of the Company;
- the maximum number of Perpetual Preference Shares that may be issued is 250 000 000;
- Perpetual Preference Shares may only be issued if the Board is of the opinion, having taken into account prevailing conditions in the South African market for perpetual preference shares, that the commercial and technical terms and features of the Preference Shares are in all material respects arm’s length and in line with current market norms (which for clarity will include, without limitation, that the Perpetual Preference Shares will bear a market-related coupon, that they will have either no fixed or a very long date for redemption, that they will rank in priority to the Ordinary Shares and the Participating Preference Shares in respect of distributions and on a winding up, and that they will have voting rights only in limited circumstances);

- if any Perpetual Preference Shares are issued to a related party (as defined in paragraph 10.1 of the Listings Requirements of the JSE), the issue to such related party shall be subject to a fairness opinion from an independent expert acceptable to the JSE stating that the issue is fair insofar as the Participating Preference Shareholders are concerned; and
- the Perpetual Preference Shares will be non-participating Perpetual Preference Shares, i.e. the rate of dividends and returns payable in respect of the Perpetual Preference Shares will not be a function of the profitability of the Company. The Perpetual Preference Shares will not be issued as “equity instruments” as defined in section 1 of the Listings Requirements of the JSE.

This special resolution requires the approval of at least 75% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI. Each Ordinary Shareholder and Participating Preference Shareholder shall be entitled to one vote for every RAC Share held, provided that the total voting rights of the Participating Preference Share shall not be more than 24,99% of the total votes (including the votes of the Ordinary Shareholders exercisable in respect of this special resolution).

7. SPECIAL RESOLUTION NUMBER 7

RESOLVED THAT in accordance with the MOI, the authorised but unissued Redeemable Preference Shares be and are hereby placed under the control of the Directors, who shall be authorised to issue such unissued Redeemable Preference Shares on such terms and conditions as they may in their discretion deem fit, but subject to the following limitations:

- the authority will be valid for a period of 18 months after the date of the EGM;
- the maximum amount to be raised by the issue of Redeemable Preference Shares is R250 000 000;
- the Redeemable Preference Shares may only be issued if and to extent that the Company has not raised an amount of R250 000 000 by way of the issue of Perpetual Preference Shares;

there are no further limitations on the authority (including on the price at which the Redeemable Preference Shares may be issued).

This special resolution requires the approval of at least 75% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the MOI. Each Ordinary Shareholder and Participating Preference Shareholder shall be entitled to one vote for every RAC Share held, provided that the total voting rights of the Participating Preference Share shall not be more than 24,99% of the total votes (including the votes of the Ordinary Shareholders exercisable in respect of this special resolution).

8. ORDINARY RESOLUTION NUMBER 1

RESOLVED THAT any Director be and is hereby authorised to sign all such documents and any amendments thereto, take all such steps and do all such other things as may be necessary to give effect to and/or implement the resolutions contained herein.

Ordinary Resolution Number 1 requires the approval by more than 50% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(7) of the Companies Act and the MOI. Each Ordinary Shareholder and Participating Preference Shareholder shall be entitled to one vote for every RAC Share held, provided that the total voting rights of the Participating Preference Share shall not be more than 24,99% of the total votes (including the votes of the Ordinary Shareholders exercisable in respect of this special resolution).

ELECTRONIC PARTICIPATION

Should any Shareholder wish to participate in the Extraordinary General Meeting by way of electronic participation, that Shareholder should make application in writing (including details as to how the Shareholder or its representative can be contacted) to so participate to the Transfer Secretaries at the address below, to be received by the Transfer Secretaries at least five Business Days prior to the Extraordinary General Meeting in order for the Transfer Secretaries to arrange for the Shareholder (and its representative) to provide reasonably satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Companies Act and for the Transfer Secretaries to provide the Shareholder (or its representative) with 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 Extraordinary General Meeting in the event that it determines 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. Shareholders are advised that participation in the Extraordinary General Meeting by way of electronic participation will not entitle a Shareholder to vote. Should a Shareholder wish to vote at the Extraordinary General Meeting, he/she may do so by attending and voting at the Extraordinary General Meeting either in person or by proxy.

NOTES

Any Shareholder may, in writing, appoint a proxy, who need not be a Shareholder, to represent him/her at any general meeting. Any company, being a Shareholder, may execute a form of proxy under the hand of a duly authorised officer. The instrument appointing a proxy together with evidence of the authority of the person by whom the proxy is signed (except in the case of a proxy signed by the Shareholder), shall be deposited at the Transfer Secretaries by not later than 48 hours before the time for the holding of the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote or handed to the chairperson by not later than 10 minutes before the time for the holding of the meeting or the adjourned meeting (as the case may be). No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. A form of proxy is enclosed with this notice, the completion of which will not preclude a Shareholder from attending and voting at the EGM in person to the exclusion of any proxy appointed.

Ordinary resolutions may be passed at the EGM by a simple majority representing more than 50% of the voting rights exercised on the resolutions. Special resolutions require more than 75% of the voting rights exercised on the resolution. The quorum requirement in relation to both ordinary resolutions and special resolutions is at least three Shareholders holding Shares granting the right to vote in the Company who are present or represented at the EGM, and there are sufficient persons present to exercise in aggregate at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting.

By order of the Board

RECM AND CALIBRE LIMITED

G Simpson
Company Secretary

14 November 2013



RECM AND CALIBRE

RECM AND CALIBRE LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2009/012403/06

Preference Share Code: RACP * ISIN: ZAE000145041

("RAC" or "the Company")

FORM OF PROXY FOR USE BY CERTIFICATED RAC SHAREHOLDERS AND "OWN-NAME" DEMATERIALIZED SHAREHOLDERS ONLY

For use only:

- by holders of Certificated Shares of the Company;
by Dematerialised Shareholders held through a Participant or broker and who have selected "own-name" registration; and
at the Extraordinary General Meeting of the Company to be held at 11:30 on 13 December 2013 at the Company's Registered Office, or at any adjournment thereof.

If you are a RAC Shareholder entitled to attend and vote at the Extraordinary General Meeting you can appoint a proxy or proxies to attend, vote and speak in your stead. A proxy need not be a Shareholder.

If you are a RAC Shareholder and have Dematerialised your share certificates through a Participant (and have not selected "own-name" registration in the sub-register maintained by a Participant), do not complete this form of proxy (green) but instruct your Participant to issue you with the necessary letter of representation to attend the Extraordinary General Meeting, or if you do not wish to attend, provide your Participant with your voting instructions in terms of your custody agreement entered into with them.

I/We (full names in BLOCK LETTERS)

of address

being the holder(s) of Ordinary Shares/Participating Preference Shares in the Company, hereby appoint (see note ii):

- 1. or failing him/her,
2. or failing him/her,
3. the Chairman of the Company or failing him the Chairman of the Extraordinary General Meeting,

as my/our proxy to attend, speak, and on a poll to vote or abstain from voting on my/our behalf at the Extraordinary General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special resolution to be proposed thereat and at any adjournment thereof.

Table with 4 columns: Resolution description, In favour of, Against, Abstain. Rows include Special resolutions 1-7 and Ordinary resolution number 1.

Note: Please indicate with an "x" in the spaces above how you wish your votes to be cast.

Signed at on this day of 2013

Signature

Assisted by (if applicable)

Please read notes on the reverse side hereof.

NOTES:

- (i) The following dates are applicable to all Shareholders. This notice is being mailed to the Shareholders on the Register of Shareholders as at 1 November 2013. Shareholders registered on the Register of Shareholders as at 6 December 2013 (“the Record Date”) shall have the right to participate and vote at the meeting. Accordingly, the last day to trade for Shareholders in order to be able to participate and vote at the meeting is 29 November 2013. Any change to an entry on the Register after the Record Date shall be disregarded in determining the right of any person to attend and vote at the Extraordinary General Meeting.
- (ii) A Shareholder entitled to vote may appoint a proxy to attend and vote instead of him/her using the enclosed Form of Proxy; the appointed proxy need not be a Shareholder. To be valid the Form of Proxy must be signed and must reach the Transfer Secretaries, Link Market Services South Africa (Pty) Ltd at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 or PO Box 4844, Johannesburg, 2000, by not later than 48 hours before the time for the holding of the meeting or handed to the chairperson by not later than 10 minutes before the time for the holding of the meeting.
- (iii) To participate and to vote at the meeting, a Shareholder or his/her proxy is to present his/her identity document or other means of identification. In the case of a Shareholder being a body corporate, association of persons, foundation or other body of person, a representative thereof will only be eligible to attend and be admitted to, the meeting, and to vote there at, if a Form of Proxy has been (a) duly executed in his/her favour by the competent organ of the entity which he/she represents, and (b) submitted to the Company Secretary in accordance with the procedures set out under (ii) above.
- (iv) In the case of Shares held jointly by several persons, the person who had been nominated by the joint holders to be the registered holder of such Shares shall be entitled to attend and vote at the meeting. In the event that the joint holders failed to nominate such person, the first named joint holder on the Register of Shareholders shall be entitled to attend and vote at the meeting.
- (v) A Shareholder who is a minor may be represented at the meeting by his/her legal guardian who will be required to present his/her identity document.
- (vi) Admission to the meeting will commence one hour before the advertised and appointed time.
- (vii) After the meeting has proceeded to business, voting documents will continue to be issued until such time as the meeting proceeds to vote on the first resolution of the agenda whether by show of hands or by poll. Thereafter no further voting documents will be issued and admittance to the meeting will be discontinued.
- (viii) Shareholders' rights:

Shareholders rights regarding proxies in terms of section 58 of the Companies Act are as follows:

 - (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
 - (c) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
 - (d) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
 - (2) A proxy appointment –
 - (c) must be in writing, dated and signed by the shareholder; and
 - (d) remains valid for –
 - (iii) one year after the date on which it was signed; or
 - (iv) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
 - (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
 - (d) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
 - (e) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - (f) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
 - (4) Irrespective of the form of instrument used to appoint a proxy –
 - (d) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
 - (e) the appointment is revocable unless the proxy appointment expressly states otherwise; and
 - (f) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
 - (iii) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (iv) delivering a copy of the revocation instrument to the proxy, and to the company.
 - (5) 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 –
 - (c) the date stated in the revocation instrument, if any; or
 - (d) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
 - (6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

