



Petmin Limited

(Incorporated in the Republic of South Africa)
 (Registration number 1972/001062/06)
 Share code: PET ISIN: ZAE000010237
 Aim code: PTMN
 ("Petmin" or "the company")

ACQUISITION OF VEREMO AND WITHDRAWAL OF CAUTIONARY

1. INTRODUCTION

Further to the cautionary announcement of 7 July 2007, River Group is authorised to announce that Petmin and Framework Investments Limited ("Framework"), a 100% owned subsidiary of Kermas Limited (collectively, the "Kermas Group"), have executed a definitive agreement ("the Agreement") in respect of a series of transactions ("the Transactions") giving effect to the following:

- the joint acquisition of 100% of Veremo Holdings Limited ("Veremo") by:
 - Petmin, who will own 25%; and
 - the Kermas Group, who will own 75%;
- the acquisition by Veremo of the remaining 30% of Veremo Minerals (Pty) Limited ("Veremo Minerals"); and
- the financing, development and commissioning of a mine on the iron ore deposit owned by Veremo and the construction of a pig iron processing plant (the "Veremo Project").

2. THE TRANSACTIONS

2.1 Acquisition of Veremo

Petmin and the Kermas Group have reached agreement with all of the shareholders of Veremo (other than the Kermas Group) for the acquisition of all of their shares in and claims against Veremo. The acquisition of Veremo will be affected by means of a Phase 1 transaction and a Phase 2 transaction as outlined below and will result in Petmin owning 25% and Kermas owning 75% of Veremo.

2.1.1 Phase 1 transaction

With effect from 9 November 2007, Petmin will acquire 24 590 966 shares representing 9.2% of the issued shares of Veremo to be settled by way of the allotment and issue of ordinary shares in the share capital of Petmin as detailed in 2.1.4 below and the Kermas Group will acquire, for cash, 75 573 034 shares representing 28.3% of Veremo from a group of public shareholders.

The Phase 1 transaction is conditional upon the Securities Regulation Panel ("SRP") dispensing with the requirements of the SRP Code on Takeovers and Mergers and the Rules of the SRP in respect of the Phase 1 transaction and the Phase 2 transaction, either unconditionally or on terms acceptable to the parties, on or before 8 November 2007 or such other date as may be agreed upon in writing between the parties, which verbal dispensation from the SRP has been obtained;

2.1.2 Phase 2 transaction

Following implementation of the Phase 1 transaction, the Kermas Group, through Framework, will acquire, partly in cash and partly by way of the delivery of Petmin shares, 157 256 000 Veremo Shares representing 58.8 % of Veremo from the remaining public shareholders of Veremo (the "Phase 2 Sellers"), subject to the fulfillment or waiver of, among others, the following suspensive conditions:

- the SRP dispensing with the requirements of the SRP Code on Takeovers and Mergers and the Rules of the SRP in respect of the Phase 1 transaction and the Phase 2 transaction, either unconditionally or on terms acceptable to the parties, on or before 8 November 2007 or such other date as may be agreed upon in writing between the parties, which verbal dispensation from the SRP has been obtained;
- by not later than 17:00 on 30 April 2008, the Phase 2 transaction is approved by the Minister of Mineral and Energy in terms of section 11 of the MPRDA, either unconditionally or on terms and conditions acceptable to the Kermas Group and Petmin; and
- by not later than 17:00 on 30 April 2008, (to the extent necessary) the Phase 2 transaction is approved by the competition authorities in terms of the Competition Act, either unconditionally or on terms and conditions acceptable to the Kermas Group, Petmin and the Phase 2 Sellers.

2.1.3 Shareholding adjustment

Following the completion of the Phase 2 transaction, the Kermas Group will sell such number of Veremo shares to Petmin as is required to increase Petmin's interest in Veremo to 25%.

2.1.4 Purchase consideration

The acquisition consideration payable by Petmin for 25% of Veremo pursuant to the Phase 1 transaction and the further sale referred to in paragraph 2.1.3 will be settled by the allotment and issue of 15 073 602 new Petmin shares at an average issue price of R3.30 per share amounting to R49 742 887.

The Kermas Group will subscribe for 2 000 000 new shares in Petmin at a subscription price of R3.00 per share amounting to R6 000 000 in order to comply with its obligation to deliver Petmin shares in terms of the Phase 2 transaction.

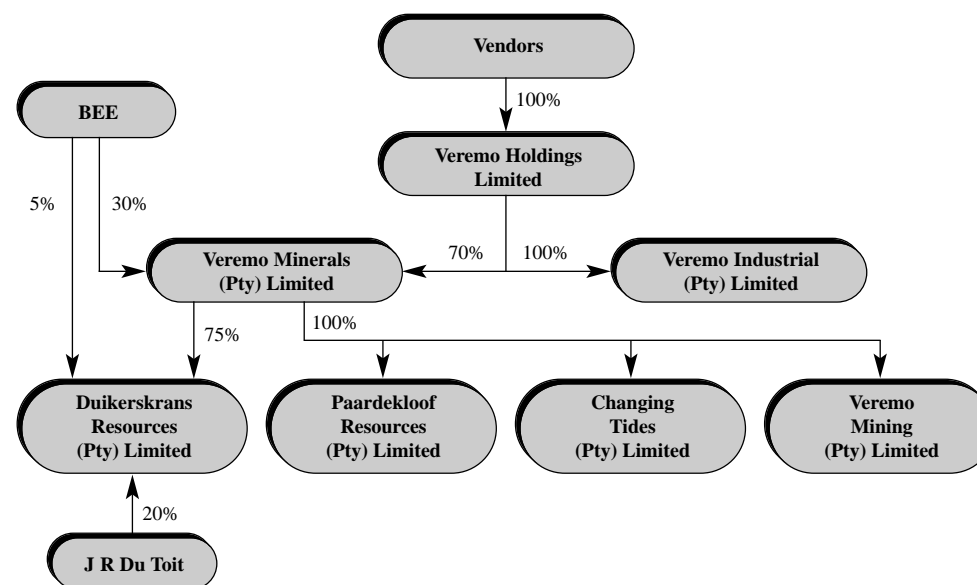
2.2 Acquisition of Veremo Minerals and black economic empowerment ("BEE") initiative

One of Petmin's six stated strategic objectives is to bring life to the Mining Charter in pursuit of not only the letter, but also the spirit of the Charter. Petmin's existing BEE equity is approximately 30% and Petmin announced on 19 September that its BEE equity may increase to approximately 48% if Petmin's anchor BEE shareholder, Dark Capital (Pty) Limited is successful in acquiring an additional 121 million shares in Petmin.

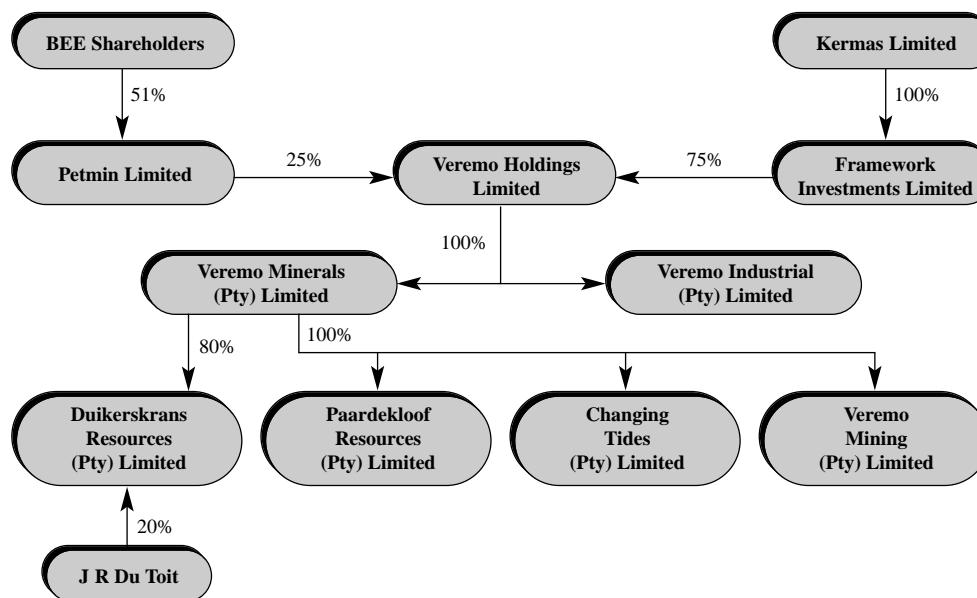
30% of Veremo Minerals is held by a consortium of BEE Shareholders ("BEE Shareholder"). In terms of the existing shareholders agreement between Veremo and the BEE Shareholders, the BEE Shareholders are precluded from disposing of their shareholding in Veremo Minerals for a period of five years from the date of signature of the agreement.

5. GROUP STRUCTURE

5.1 Veremo group structure before implementation of the Transactions



5.2 Veremo Group Structure after implementation of the Transactions



6. RATIONALE

In line with Petmin's growth strategy this transaction represents a further step in the development of Petmin into a multi commodity minerals business with a particular emphasis on industrial minerals, bulk commodities and base metals that are either cash producing and or near cash producing. The Kermas Group is a substantial international partner with a proven ability to manage large projects and Petmin is particularly pleased to partner the Kermas Group in developing an important South African asset with significant guaranteed returns to Petmin.

The transaction will further enhance Petmin's BEE status as an HDSA controlled mining company.

7. THE KERMAS GROUP

Framework is a wholly owned subsidiary of Kermas. Kermas is an investment holding company with a variety of investments in

its BEE equity may increase to approximately 48% if Petmin's anchor BEE shareholder, Dark Capital (Pty) Limited is successful in acquiring an additional 121 million shares in Petmin.

30% of Veremo Minerals is held by a consortium of BEE Shareholders ("BEE Shareholder"). In terms of the existing shareholders agreement between Veremo and the BEE Shareholders, the BEE Shareholders are precluded from disposing of their shareholding in Veremo Minerals for a period of five years from the date of signature of the agreement.

The BEE Shareholders have granted Petmin or its nominee an option to acquire their collective 30% shareholding in Veremo Minerals for a purchase consideration amounting to R22 500 000, which would be settled by means of a cash payment of R9 425 000 and the issue of 4 508 621 new Petmin shares at an issue price of R2.90.

Pursuant to the Agreement, Veremo will exercise the option to acquire to remaining 30% of Veremo Minerals.

Petmin and the Kermas Group have agreed that in order to ensure that Petmin's BEE shareholding is maintained at above 50%, the Kermas Group will, if necessary, facilitate the acquisition by a BEE partner of Kermas's choice of Petmin shares at an issue price of R2.90.

3. DESCRIPTION OF THE VEREMO IRON ORE PROJECT

Veremo holds the prospecting rights to a substantial polymetallic ore body containing on average approximately 60.83% Fe₂O₃ (wt%) and 14.39% TiO₂ (wt%) suitable for the production of high quality pig iron, in the eastern Bushveld in Mpumalanga at Stoffberg, three hours from Johannesburg.

The ore body forms part of layer 21 of the well known magnetite layers within the Bushveld Complex, and is particularly well developed in the area, outcropping on surface, with thickness of up to 60 meters having been encountered in a comprehensive drilling program.

To date 90 holes have been drilled, equating to 6 000 meters. The average depth per drill hole over all the holes drilled is 32 meters. In addition, 306 trenches and 15 pits have been excavated to expose eluvial ore and determine outcrop positions.

The resource modeling and a SAMREC compliant Competent Person's Report ("CPR") is under way and should be completed before June 2008.

Preliminary estimates of the tonnage contained within the project area indicate 150 million tons of magnetite ore in situ and 800 million tons of additional material that still requires testing. The reef thickness from south to north averages 44.39 meter. Mineral Consultants are currently developing an initial 25 year mine plan.

Pursuant to the Agreement, the Kermas Group will fund and manage the construction and commissioning of an integrated plant to initially produce 700 000 tonnes per annum of ductile iron and titanium-bearing slag from a mine producing in the region of 2 to 2.5 million tonnes of run of mine ore, the intention being to increase production over time. At the anticipated expanded production rate, the ore-body should sustain a life of mine in excess of 50 years.

Preliminary calculations indicate that the project is financially robust, on the basis of pig iron sales only. The titanium slag may contribute additional revenue but has not been taken into account in any of the abovementioned estimates.

4. DEVELOPMENT OF THE VEREMO IRON ORE PROJECT

Petmin and the Kermas Group will enter into a shareholders agreement in respect of their shareholding in Veremo in accordance with the essential terms and conditions contained in the Agreement.

In accordance with the Agreement:

- the Kermas Group will fund and develop the Veremo iron project on normal commercial terms to commence production within 48 months from 30 April 2008;
- the Kermas Group has warranted that Veremo will for the first three years from the said production date, distribute to Petmin a cash dividend of R65 000 000 (sixty five million Rand) or 25% of its profit after tax which ever is the greater;
- Petmin will have no obligations to fund the Veremo Project and all funding required to produce at least 700 000 tons of pig iron per annum (including capital cost and working capital) will be provided to and/or procured by the Kermas Group on normal commercial terms for Veremo and Petmin will suffer no dilution of its shareholding in Veremo as a consequence of such funding;
- in the event that production is increased above 700 000 tons of pig iron per annum and should funding be required from Veremo shareholders, then Petmin will be obliged to fund its pro rata share of the additional capital requirements; and
- Petmin, currently the largest producer of anthracite and silica in South-Africa, will be granted an irrevocable first right of refusal to supply all anthracite - currently estimated to be in excess of 200 000 tons per annum and all silica that may be required by the Veremo Project for a period of five years from first production of on terms at least as favorable as those which Veremo is able to obtain from other suppliers.

The transaction will further enhance Petmin's BEE status as an HDSA controlled mining company.

7. THE KERMA'S GROUP

Framework is a wholly owned subsidiary of Kermas. Kermas is an investment holding company with a variety of investments in the resources sector in South Africa, including a substantial indirect shareholding in Samancor Chrome Limited, the second largest producer of ferrochrome in the world.

8. FINANCIAL EFFECTS

The table below sets out the *pro forma* financial effects of the transaction, based on Petmin's audited results for the year ended 30 June 2007. The financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of the company's results, financial position and changes in equity after the transaction.

It has been assumed for purposes of the *pro forma* financial effects that the above transaction took place with effect from 1 July 2006 for Income Statement purposes and 30 June 2007 for Balance Sheet purposes. The directors of Petmin are responsible for the preparation of the financial effects, which have not been reviewed by the auditors.

	Before	After	Change %
Profit/(Loss) per share (cents)	16.14	22.41	39
Headline profit/(loss) per share (cents)	5.28	5.04	(5)
Weighted number of shares in issue ('000)	461 041	483 115	5
Net asset value per share (cents)	93.99	110.72	18
Net tangible asset value per share (cents)	92.69	109.48	18

The "Before" financial information has been extracted, without adjustment from the published audited consolidated results of Petmin for the twelve months ended 30 June 2007.

The "After" column represents the effects of the transaction.

The "Change %" column compares the "After" column to the "Before" column.

The financial effects set out herein do not take into account the annual guaranteed dividend of ZAR 65 000 000 payable to Petmin for the three years from 2012 as Petmin considers this to be too far in the future to be accounted for now.

9. WITHDRAWAL OF CAUTIONARY AND CATEGORISATION

Petmin is pleased to announce that the cautionary announcement dated 7 July 2007 is hereby withdrawn.

Under the new Listings Requirements of the JSE Limited which came into effect on 15 October 2007, this transaction is a Category 2 transaction.

xx November 2007
Johannesburg

Sponsor



◆ RIVER ◆
GROUP

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