



PRESS RELEASE



IDC and Foskor's BEE deal empowers millions

Media Release

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Overview

State-owned Industrial Development Corporation ("IDC") today announced the successful bidders for a 26% broad-based black economic empowerment stake in vertically integrated phosphate and phosphoric acid producer, Foskor. The IDC and Foskor have chosen a total of 12 consortia, the Manyoro Consortium, which will acquire 15% of Foskor's issued share capital. This followed a competitive bidding process, inviting participation from black business consortia and broad-based special interest groups. The remaining 11% is split between two Special Purpose Vehicles (SPV's) for staff and local communities. SPV 2 will incorporate a trust for communities in the vicinity of Foskor's operations in Phalaborwa and Richards Bay, while SPV 3 will control an employee share ownership scheme for Foskor's 2 000 employees. The transaction will have in excess of a million beneficiaries, including women and beneficiaries with disabilities.

To ensure that all interested parties from all parts of South Africa were able to participate, the IDC ran a competitive bidding process and has provided a fully vendor financed funding package for all parties.

IDC CEO, Geoffrey Qhena commented: *"The transaction is in line with one of the IDC's core objectives of broadening economic participation and facilitating industry development. The high level of interest from strategic business partners and broad-based groupings highlights the strength of Foskor as a business and the attractiveness of its shares as a BBBEE investment. "*

Transaction details

If Foskor pursues an IPO in 2009, then the acquisition price will be based on Foskor's initial public offering (IPO) price. If Foskor is not listed in 2009, an independent valuation will be undertaken to price the transaction. The IDC will fund the entire consortium. All BBBEE parties are required to make an equity contribution in proportion to their direct stakes.

The Manyoro Consortium, which will own 15% of Foskor, is comprised of six strategic black business partners, led by Makana Energy Consortium (MEC). The Strategic Business Partners will control 67.1% of the consortium, while broad-based special interest groups will acquire the remaining 32.9%. SPV 2, which will own 5% of Foskor, is comprised of the Phalaborwa Community Trust (50%) and the Richards Bay Community Trust (40%), with the balance set aside for other communities to be identified. SPV 3 will own 6% of Foskor and has been set up for the approximately 2 000 Foskor employees. The IDC will remain with 59% ownership of the phosphate producer.

The strategic black business partners are; Makana Energy Consortium (19.3%), RSA Capital (14.2%), Umanyolo Investment Holdings (8.5%), Palama (12.2%), Ufhata Consortium (7.7%) and Mgwali Investments (5.3%). MEC executive chair Peter-Paul Ngwenya will be Chairman of the Manyoro Consortium

The Broad-Based special interest groups represented in Manyoro Consortium are: AWCA Investment, Azara Consortium, Disability Empowerment Concerns, SBR, Phalimpopo and Podwala. Each holds a 5.5% stake in the Manyoro Consortium.

Manyoro Consortium Chairman, Peter-Paul Ngwenya said *"We believe we can bring a valuable perspective to Foskor as it continues to face the challenges of transformation. We applaud Foskor and the IDC's efforts on this front to date, and look forward to working with Foskor in its quest to become a truly empowered South African business."*

Foskor's CEO, Alfred Pitse said of the transaction: *"Foskor is the leading, vertically integrated producer of phosphate fertilisers in South Africa. This attractive market position is convincing proof that our long-term commitment to sustainable and equitable economic development is successful. We are now geared to meet the requirements of the Mineral and Petroleum Resources Development Act of 2002, the Codes of Good Practice and the Codes of Good Practice for the South African Minerals Industry (2009), necessary to obtain our new order mining rights. We welcome all our new partners and stakeholders into the Foskor family."*

Issued by Brunswick on behalf of the IDC

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Notes to the Editors:

IDC

The IDC is a self-financing, South African state-owned national development finance institution that provides finance to promote industrial and entrepreneurial development. Its primary objectives are to contribute to balanced sustainable economic growth in Africa and to the

economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens of the African continent. The IDC identifies and funds projects in partnership with others and focuses on promoting and investing in viable new industries and differentiates itself through risk taking and flexibility in structuring, particularly in promotion of BBBEE, SMEs, regional investment diversification and job creation.

Foskor

Foskor is one of the world's few vertically integrated producers of phosphate acid, with its own phosphate mining and chemical processing operations. It was founded by the Industrial Development Corporation in 1951 to mine phosphate ore to produce phosphate rock concentrate-providing a domestic source of phosphates in South Africa and supporting self sufficiency in local agriculture.

The Group's core activities focus on the mining and beneficiation of phosphate rock and subsequent production of phosphoric acid and phosphate-based fertilisers. Foskor is the leading supplier of granular fertilisers to the South African market making it an important contributor to ensuring regional food security. The company has also developed a strong export market for its goods and is a major supplier of phosphoric acid to India, which is the world's largest market for this product.

Phosphate rock concentrate is produced at the company's mining and beneficiation operations in Phalaborwa in the Limpopo Province of South Africa. Most of the phosphate rock concentrate is then railed to Foskor's phosphoric acid and fertilizer production facilities in Richards Bay, Kwa Zulu Natal. The Corporate Head office is based in Midrand, Gauteng.