MPACT LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2004/025229/06)
JSE code: MPT ISIN: ZAE000156501
("Mpact" or "the Company" or "the Group")

MPACT BOARD OF DIRECTORS ("BOARD") RESOLVES TO PURSUE A BROAD BASED BLACK ECONOMIC EMPOWERMENT TRANSACTION

Introduction and rationale
The Mpact Board of Directors is pleased to announce that it has resolved to pursue a Broad-Based Black Economic Empowerment ("**B-BBEE**") ownership transaction through its wholly-owned subsidiary Mpact Operations Proprietary Limited ("**Mpact Operations**") in terms of which it is anticipated that a B-BBEE partner will subscribe for 10% of the ordinary issued shares ("**B-BBEE Shares**") in Mpact Operations ("**Proposed B-BBEE Transaction**").

The Proposed B-BBEE Transaction will be the second empowerment transaction implemented by Mpact, following the successful exit of its previous B-BBEE partner, Shanduka Packaging Proprietary Limited, in 2012.

On 1 January 2015 Mpact consolidated its South African operating assets under Mpact Operations which unlocked operating efficiencies within the Group and positioned Mpact Operations to facilitate the implementation of the Proposed B-BBEE Transaction ("**Group Restructure**").

The Proposed B-BBEE Transaction has been structured to meet the following objectives:
- pursue true empowerment aimed at empowering previously disadvantaged stakeholders with a focus on broad-based groupings;
- create a sustainable funding structure which is not reliant on external bank funding, share price appreciation or dividend payments;
- materially improve Mpact Operations and its subsidiaries' ("**Mpact Operations Group**") B-BBEE ownership credentials;
- complement existing B-BBEE initiatives; and
- preserve existing value for current shareholders.

Identity of the B-BBEE partner and its beneficiaries
It is anticipated that a broad-based trust ("**the Mpact Foundation Trust**"), through a wholly-owned subsidiary ("**the Mpact Foundation**

(RF) Proprietary Limited"), will act as the B-BBEE partner to the Proposed B-BBEE Transaction.

Mpact Limited will act as founder ("**Founder**") for the establishment of the Mpact Foundation Trust. The Founder will be responsible for the appointment of the relevant trustees of which at least 50% shall be independent from the Mpact Foundation Trust, at least 50% shall be black people and at least 25% shall be black women.

The beneficiaries of the Mpact Foundation Trust will include amongst other:
- Mpact Operations Group employees and their families;
- emerging entrepreneurs, suppliers and customers directly or indirectly involved in the packaging and/or recycling sectors;
- primary, secondary and tertiary education initiatives;
- other individual(s), group(s) of people or entity/ies that operate within the communities in which the Mpact Operations Group operates or are identified by the trustees from time to time.

In addition to the above and as required by the applicable B-BBEE legislation, at least 85% of distributions to further the Mpact Foundation Trust's objectives shall be used to benefit black people of which at least 40% shall be black women.

Salient features of the Proposed B-BBEE Transaction
In order to facilitate the Proposed B-BBEE Transaction and as part of the Group Restructure, Mpact Limited sold a number of its South African operating assets to Mpact Operations on 1 January 2015. The sale proceeds were settled through the issuance of an intra-group loan by Mpact Limited to Mpact Operations.

In order to retain existing value for Mpact Limited shareholders and to enable Mpact Foundation (RF) Proprietary Limited (on behalf of the Mpact Foundation Trust) to subscribe for the B-BBEE shares at a nominal value ("**B-BBEE Subscription**"), it is anticipated that prior to the B-BBEE Subscription:
- Mpact Limited will subscribe for cumulative redeemable non-participating preference shares ("**Preference Shares**") in Mpact Operations equal to the equity market value of the Mpact Operations Group ("**Market Value**") ("**Preference Share Subscription**"); and
- Mpact Operations will make a special distribution to Mpact Limited up to the amount received from the Preference Share Subscription ("**Special Distribution**").

The Preference Share Subscription coupled with the Special Distribution will enable Mpact Foundation (RF) Proprietary Limited to subscribe for ordinary shares in Mpact Operations without the need to raise its own acquisition funding and provides it with the added benefit of immediate, unencumbered ownership in the Mpact Operations Group.

Conditions to the Proposed B-BBEE Transaction

The appropriate subscription agreements are expected to be concluded as soon as:

- the Mpact Foundation Trust has been duly established;
- Mpact Foundation (RF) Proprietary Limited has been duly incorporated; and
- Mpact Operations has adopted a new memorandum of incorporation (which is required to facilitate the Preference Share Subscription and the B-BBEE Subscription).

Shareholders will be informed once the B-BBEE Subscription agreement has been concluded. Mpact expects to conclude the Proposed B-BBEE Transaction by the end of June 2015.

Financial effects of the Proposed B-BBEE Transaction

Any distributions by the Mpact Foundation Trust to its beneficiaries shall be included in the consolidated earnings of Mpact for the purposes of calculating basic earnings per share ("**EPS**") in terms of IAS 33 *Earnings Per Share*. There will be no further impact on EPS in the consolidated financial statements of Mpact arising from the Proposed B-BBEE Transaction.

Conclusion

Following the Board's decision to pursue the Proposed B-BBEE Transaction, Mr Bruce Strong, Chief Executive Officer of Mpact Limited, said:

"Since the exit by the Group's previous B-BBEE partner (Shanduka Packaging Proprietary Limited) in October 2012, the Board has been considering various options to re-introduce B-BBEE ownership into the Group. The resolution by the Board confirms Mpact's commitment to broad-based empowerment in South Africa, especially within the communities within which Mpact operates and insofar the previously disadvantaged individuals with whom the Group interacts. We view the Proposed B-BBEE Transaction as a flagship empowerment initiative and look forward to not only continue with our existing B-BBEE projects, but also pursue new empowerment initiatives that have been identified to make a real difference amongst people in need."

Melrose Arch
4 March 2015

B-BBEE Transaction Sponsor and Corporate Advisor: Bravura Capital Proprietary Limited

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

Tax Advisors: KPMG Services Proprietary Limited