

Phumelela Gaming and Leisure Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1997/016610/06)
Share Code: PHM ISIN: ZAE000039269
("Phumelela" or "the Company")

NOTICE OF BUSINESS RESCUE RESOLUTION AND SUSPENSION OF LISTING OF PHUMELELA'S SHARES

- 1 On 20 March, 8 April and 20 April 2020, Phumelela Gaming and Leisure Limited ("the Company") issued SENS announcements addressing the impact of Covid-19 on the Company's business operations, the withdrawal of the betting levy and the possible restructure or refinancing of its business.
- 2 The Company has, for some time, experienced adverse economic and trading conditions. The effect thereof has been exacerbated by the nationwide lockdown resulting from the Covid-19 pandemic.
- 3 Since the lockdown came into effect on 26 March 2020, the South African horseracing industry has not been able to stage race meetings, retail betting outlets have been forced to close and the Company has been unable to generate sufficient revenue from its horseracing or betting operations.
- 4 Accordingly, the board of the Company ("the Board") is of the view that the best option to ensure the long-term survival of the Company and the sport of horseracing, is to implement a business rescue plan as contemplated in Chapter 6 of the Companies Act, 71 of 2008 ("the Act").
- 5 The Company is involved in ongoing negotiations with a third party regarding the provision of loan finance once business rescue proceedings have commenced. It has received a signed proposal from the third party and is of the view that the conditions subject to which the proposal has been made are reasonably capable of being fulfilled.
- 6 The Board considered the financial position of the company and resolved on 8 May 2020 that:
 - 6.1 it is financially distressed, due to the fact that it is reasonably unlikely that the Company will be able to pay all of its debts, as they become due and payable, within the immediately ensuing six months;
 - 6.2 there appears to be a reasonable prospect of rescuing the Company; and
 - 6.3 the Company voluntarily begin business rescue proceedings, in accordance with section 129(1) of the Act.

- 7 The Company has appointed Mr John Evans as the business rescue practitioner.
- 8 In addition, on 8 May 2020, the Company applied to the JSE Limited for the suspension of trading in the Company's shares on the JSE, with immediate effect, in terms of paragraph 1.10(a)(iii) of the JSE Listings Requirements, for the following reasons:
- 8.1 the Company has been placed under business rescue proceedings in terms of Chapter 6 of the Act.
- 8.2 the Board will no longer be in control of the Company, as it will be placed under supervision of the appointed business rescue practitioner;
- 8.3 there are ongoing negotiations with third parties regarding the provision of post-commencement finance and accordingly, there are disparate levels of information in the market which cannot be remedied by the immediate publication of announcements to clarify the situation;
- 8.4 the Board is uncertain whether the Company will be able to comply with the JSE Listings Requirements on an ongoing basis; and
- 8.5 it is uncertain which of the Company's operations will continue and on what basis, following the business rescue operations.
- 9 The JSE has agreed to suspend trade in the Company's shares.
- 10 The Board considers this decision to be in the best interests of the Company and its stakeholders.
- 11 Shareholders will be updated as further material information becomes available.

Turffontein
8 May 2020

Sponsor: Investec Bank
Legal Advisor: Roodt Inc.