
Invitation to submit an Expression of Interest (“EOI”) in potentially acquiring an equity stake in Foskor (Pty) Ltd (“Foskor”)

Foskor is a producer of phosphates and phosphoric acid. It is the only vertically integrated phosphate producer in South Africa.

From phosphate-bearing ores, the operations in the Mining Division process phosphate rock concentrate, which is crucial in agriculture to stimulate and raise crop yields.

The Acid Division Plant manufactures sulphuric acid, phosphoric acid and phosphate-based granular fertilisers (MAP and DAP), using phosphate rock as a raw material.

The Industrial Development Corporation of South Africa (SOC) Limited (“IDC”), which is the current controlling shareholder of Foskor, hereby invites interested investors to submit written EOIs to acquire a partial equity stake in Foskor. It is the IDC’s intention to retain a stake in this investment as it is considered to be a strategic asset to the IDC and South Africa. Potential exists for an interested investor to acquire a majority shareholding in this asset.

Potential Investors must have, and demonstrate, the following capabilities:

- Global market reach and presence, with access to extensive distribution and sales networks through subsidiary companies / existing relationships across the value chain;
- Proven technical expertise in operating and managing an integrated mining and fertiliser manufacturing operation;
- Commitment and strategic intent for the management and employees of Foskor;
- Alignment to the IDC’s key development objectives through demonstrated commitment to promote environmentally sustainable growth for SA Inc.;
- A strong balance sheet with significant available financial resources and/or the ability to raise external financing (in the range of ~ZAR [1 billion]), should future capital support be required for ongoing maintenance and future growth;

- Demonstrated appetite to inject additional capital when required (track record of supporting operations to facilitate growth in other operations / investments held); and
- Willingness to invest in the long-term growth of Foskor. Appetite and ability to provide necessary financial and technical support, as and when required, on an ongoing basis to support Foskor's vision for growth should be demonstrated.

The objective of this invitation process is to invite experienced, financially strong and capable investor with a global reach and a commitment to maintaining a sustainable and profitable enterprise on the terms and conditions acceptable to the IDC.

Please note only highly interested, active market participants need apply. Shortlisted parties will thereafter be asked to sign a Non-Disclosure Agreement ("NDA"), following with an Information Memorandum ("IM") will be issued.

The EOI should include the required minimum information as indicated in Annexure A attached.

Interested investors are required to submit their expressions of interest to projectlightning@idc.co.za by 6 November 2020 12:00 noon.

ANNEXURE A

LIST OF MINIMUM INFORMATION REQUIRED – FOSKOR EXPRESSION OF INTEREST

A: ADEQUATE FINANCIAL RESOURCES:

- Proposed capital injection. Please provide details of sources of funding, how funding would be raised (i.e. from existing cash resources);
- funding from 3rd party financial groups, if any, stating which groups and how they would participate. If third party funding is required, please include Financial Institution credit committee/Board approved final term sheet for the funding; and
- Overall company financial strength (provide last three years of audited Financial statements and or adequate proof of financial strength., with a company equity value of approximately ~ZAR [1 billion] as at latest balance sheet date.

B: PROVEN TECHNICAL EXPERTISE:

(Elaborate on any specific knowledge of the fertiliser or related industry that your company or consortium has experience of and any related ability to add value to the future company, including but not limited to the issues below)

- Experience of business in fertiliser manufacturing - Number of years that the company has operated a fertiliser or related manufacturing operation;
- Numbers of years of fertiliser manufacturing experience by key Management team;
- Capacity of manufacturing plants currently being operated or managed; and
- Please include a description of proven capability to manufacture new products at the facility.

C: ABILITY TO FIND MARKETS:

- Please include details regarding the current access to existing fertiliser markets;
- Please provide details around the ability to access new markets; and
- Provide details of any competing businesses within your group as well as any commercial arrangements with Foskor.

D: EMPOWERMENT CREDENTIALS: PROVIDE DETAILS OF YOUR B-BBEE CLASSIFICATION (if any)

E. ANY OTHER RELEVANT INFORMATION THAT YOU WISH TO HIGHLIGHT IN TERMS OF YOUR COMPANY CAPABILITIES.