



## 1. Introduction

Shareholders of Gold Reef ("Gold Reef Shareholders") are referred to the announcement released on SENS on 18 February 2010 relating to the proposed merger of Gold Reef's and Tsogo's respective gaming and hotel businesses (the "Merged Entity") through the acquisition by Gold Reef of the entire issued share capital of Tsogo (the "Tsogo Shares") from Tsogo Investment Holding Company (Proprietary) Limited ("TIH") and SABSA Holdings (Proprietary) Limited ("SABSA") (collectively, the "Tsogo Shareholders") (the "Proposed Transaction").

Gold Reef Shareholders are advised that a circular (the "Circular") has been posted on Saturday, 3 April 2010 containing full details of the Proposed Transaction which incorporates a notice of general meeting of Gold Reef Shareholders (the "General Meeting"). The Circular is available on the Company's website ([www.goldreefresorts.com](http://www.goldreefresorts.com)).

The Circular also includes revised listing particulars in terms of the JSE Limited ("JSE") Listings Requirements ("Listings Requirements") as the proposed allotment and issue of the Gold Reef Consideration Shares (as detailed in paragraph 2 below) to the Tsogo Shareholders as consideration for their Tsogo Shares will result in the issued ordinary share capital of Gold Reef being increased in excess of 100% of the existing issued ordinary share capital with the consequence of a change of control of the Company and the proposed reconstitution of the board of directors of Gold Reef (the "Gold Reef Board").

## 2. Summary of the Proposed Transaction

In terms of an agreement entered into between, *inter alia*, Gold Reef and Tsogo (the "Exchange Agreement") and subject to the fulfilment or waiver (where appropriate) of certain conditions precedent ("Conditions Precedent"), as detailed in the Circular:

- the Proposed Transaction will be effected through the allotment and issue of a minimum of 888 261 028 Gold Reef ordinary shares (the "Gold Reef Consideration Shares") (subject to the Gold Reef Consideration Shares Formula as detailed in the Circular), to the Tsogo Shareholders as consideration for the acquisition of the Tsogo Shares; and
- Gold Reef will also, pursuant to the Proposed Transaction, through a specific buyback, acquire the 69 205 093 Gold Reef Shares (representing a 24.99% economic interest in Gold Reef, excluding treasury shares) currently held by Tsogo Sun Expansion No 1 (Proprietary) Limited (the "Tsogo Sun Expansion Shares"). The purchase consideration for the Tsogo Sun Expansion Shares is included in the aggregate number of Gold Reef Consideration Shares to be allotted and issued pursuant to the Proposed Transaction.

## 3. Salient details of the Proposed Transaction

The acquisition by Gold Reef of the entire issued ordinary share capital of Tsogo is a Category 1 and a related party transaction in terms of the Listings Requirements and an affected transaction in terms of the Securities Regulation Panel ("SRP") Code ("SRP Code"). Gold Reef is, accordingly, required to seek Gold Reef Shareholder approval and issue a circular (containing revised listing particulars) to Gold Reef Shareholders containing full details of the Proposed Transaction and the ordinary and special resolutions required to be approved by the Gold Reef Shareholders at the General Meeting in order to implement the Proposed Transaction.

Gold Reef Shareholders will be required to approve the Whitewash Resolution (as detailed in the Circular) regarding the approval of a waiver of a mandatory offer at an assumed price per Gold Reef Share of R19.25, based on the Gold Reef pre-cautionary share price (as detailed in the Circular), of each of the Tsogo Shareholders' obligations to make a mandatory offer as a consequence of the implementation of the Proposed Transaction and as a result of TIH and SABSA entering into the Shareholders' Agreement (as detailed in the Circular). Provisional application has been made to the SRP for dispensation in this regard. Further details of the SRP waiver procedure are set out in paragraph 7 below.

In terms of paragraph 9.24 of the Listings Requirements, and subject to certain conditions, the JSE has confirmed that it will continue to grant a listing of Gold Reef and that Gold Reef's listing on the JSE will be amended to reflect the enlarged issued ordinary share capital upon implementation of the Proposed Transaction.

The listing of the Gold Reef Consideration Shares on the JSE is subject to:

- the JSE obtaining working capital sign off in respect of a period of not less than 18 months, in the manner stipulated by the Listings Requirements from the proposed Merged Entity Board;
- confirmation by the proposed audit committee of the Merged Entity as to its approval of the expertise and experience of Mr MN von Aulock in respect of his proposed appointment as the Chief Financial Officer of the Merged Entity;
- the Merged Entity's compliance with paragraph 3.84 of the Listings Requirements regarding its corporate governance;
- publication of the Tsogo unqualified, audited financial results for the year ended 31 March 2010; and
- the JSE approving the articles of association of Tsogo, in accordance with Schedule 10 of the Listings Requirements.

Should the Proposed Transaction be implemented, the respective Gold Reef and Tsogo businesses will be strategically repositioned as a combined hotel and gaming company with a new set of majority shareholders, collectively holding a majority of the Gold Reef Shares. Consequently, it is proposed that upon implementation of the Proposed Transaction (or as soon as possible thereafter) processes will be put in place to change the name of the Company to "Tsogo Sun Holdings Limited". Further details of the proposed change of name will be provided to Gold Reef Shareholders after the Closing Date of the Proposed Transaction (as detailed in the Circular).

## 4. Merged Entity Board and executive management

The Exchange Agreement provides that the Gold Reef Board shall have been restructured following implementation of the Proposed Transaction on the Closing Date to comprise only those persons who shall have been notified in writing to Gold Reef by TIH and SABSA (prior to the Closing Date); however as at the last practicable date of finalisation of the Circular, Gold Reef had not been made aware of the proposed composition of the reconstituted Gold Reef Board, other than in respect of certain executive directors as set out below.

Pursuant to the Shareholders' Agreement (as detailed in the Circular) entered into between TIH and SABSA in relation to the appointment, removal and replacement of executive and non-executive directors of Gold Reef following implementation of the Proposed Transaction on the Closing Date, the Merged Entity Board will comprise appointees of TIH and SABSA. Although the Merged Entity Board will consist of a majority of non-executive directors, the Merged Entity Board will not be compliant with the requirements of the King Code as the majority of the non-executive directors will not be independent.

Further details of the reconstitution of the Gold Reef Board will be provided to Gold Reef Shareholders once this information is available.

## 4.1 Executive management of the Merged Entity

It is proposed that, following implementation of the Proposed Transaction on the Closing Date, Mr JA Mabuza, who currently serves as Chief Executive Officer of Tsogo, will be appointed as Chief Executive Officer of the Merged Entity and Mr MN von Aulock, who currently serves as Chief Financial Officer of Tsogo, will be appointed as Chief Financial Officer of the Merged Entity.

The JSE has also required that the appointment of Mr MN von Aulock, as Chief Financial Officer of the Merged Entity, be confirmed by the audit committee of the Merged Entity in compliance with paragraphs 3.84(h) and 4.8(b) of the Listings Requirements prior to the Closing Date.

Messrs SB Joffe, JS Friedman, C Neuberger and TM Sadiki (the "Executives") have met with Tsogo regarding their proposed roles in the executive management team of the Merged Entity. After discussions, the Executives have decided not to accept Tsogo's proposals or the alternative positions they were offered as such proposals or alternatives constitute a material change to their existing duties and responsibilities. Accordingly, the Executives will not be employed in the executive management team of the Merged Entity post implementation of the Proposed Transaction.

## 5. Pro forma financial effects on Gold Reef

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information about how the Proposed Transaction might have affected Gold Reef Shareholders had the Proposed Transaction been implemented on the dates indicated in the notes below.

Due to their nature, the unaudited *pro forma* financial effects may not fairly present the financial position or the effect of future earnings on the Merged Entity after the Proposed Transaction. The historical unaudited *pro forma* financial effects reflect difficult economic and trading conditions for the hotel and gaming sector in 2009. Furthermore, they do not take into account, *inter alia*, the impact of seasonality of the Southern Sun hotel portfolio and the addition of seven hotels to the portfolio, including the mixed use development at Montecasino, now officially named "The Pivot", which is under construction and includes offices, parking and a Southern Sun Hotel which is expected to open in May 2010. They also do not take into account the full effect of the Caledon and the Century Casino Newcastle acquisitions which became effective 30 June 2009.

The directors of Gold Reef are responsible for the preparation of the unaudited *pro forma* financial information.

### 5.1 Unaudited *pro forma* financial effects of the Proposed Transaction on Gold Reef Shareholders for the financial year ended 31 December 2009

The table below sets out the unaudited *pro forma* financial effects of the Proposed Transaction on Gold Reef Shareholders based on the reviewed financial results of Gold Reef for the financial year ended 31 December 2009.

	Before the Proposed Transaction <sup>(1)</sup>	After the Proposed Transaction <sup>(2)</sup>	Percentage change
Attributable earnings per Gold Reef Share (cents) <sup>(3)</sup>	131.0	102.1	(22.1) <sup>(6)</sup>
Headline earnings per Gold Reef Share (cents) <sup>(3)</sup>	131.9	111.9	(15.2) <sup>(6)</sup>
Net asset value ("NAV") per Gold Reef Share (cents) <sup>(4)</sup>	950.0	602.1	(36.6)
Net tangible asset value ("NTAV") per Gold Reef Share (cents) <sup>(4)</sup>	522.1	178.5	(65.8)
Weighted average number of Gold Reef Shares (millions) <sup>(5)</sup>	275.3	1 095.7	
Number of Gold Reef Shares in issue as at 31 December 2009 (millions) <sup>(5)</sup>	276.9	1 097.0	

#### Notes:

- Gold Reef "Before the Proposed Transaction" results were extracted from the published, reviewed annual results of Gold Reef for the financial year ended 31 December 2009 as released on SENS on 29 March 2010, and published in the South African press on 30 March 2010. These results have been reviewed by the Company's auditors.
- Represents the *pro forma* financial effects of the Proposed Transaction, which have been accounted for in terms of IFRS 3 (revised): Business Combinations, using the principles of reverse acquisition accounting.
- Attributable earnings and headline earnings per Gold Reef Share effects are based on the following principal assumptions:
  - the Proposed Transaction was effective on 1 January 2009;
  - Tsogo results represent the reviewed results of Tsogo for the twelve months ended 30 September 2009;
  - a fair value adjustment of the current shareholding of Tsogo in Gold Reef, based on the Gold Reef pre-cautionary share price (as detailed in the Circular). This results in the fair value adjustment of the current Tsogo shareholding in Gold Reef being a write-down of R102.9 million (after-tax effects), which adjustment is excluded from headline earnings;
  - the recognition of the tangible and identifiable intangible assets is based on a preliminary fair value exercise, with the carrying value of Gold Reef's land and buildings being estimated to be their fair value. In terms of IFRS 3 (revised): Business Combinations, a fair value exercise will need to be performed on the effective date of the Proposed Transaction;
  - costs of R42.8 million (after-tax effects), which arise from the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular), based on the assumption of the No Fault Termination (as defined in the Service Agreements referred to in the Circular) being on 31 December 2010, and at the Gold Reef pre-cautionary share price (as detailed in the Circular), which are once-off in nature; and
  - transaction costs of R43 million, which are once-off in nature.
- NAV and NTAV per Gold Reef Share effects are based on the following principal assumptions:
  - the Proposed Transaction was effective on 31 December 2009;
  - a fair value adjustment of the current shareholding of Tsogo in Gold Reef, based on the Gold Reef pre-cautionary share price (as detailed in the Circular). This results in the fair value adjustment of the current Tsogo shareholding in Gold Reef being a write-down of R102.9 million (after-tax effects), which adjustment is excluded from headline earnings;
  - the recognition of the tangible and identifiable intangible assets is based on a preliminary fair value exercise, with the carrying value of Gold Reef's land and buildings being estimated to be their fair value. In terms of IFRS 3 (revised): Business Combinations, a fair value exercise will need to be performed on the effective date of the Proposed Transaction;
  - costs of R42.8 million (after-tax effects), which arise from the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular), based on the assumption of the No Fault Termination (as defined in the Service Agreements referred to in the Circular) being on 31 December 2010, and at the Gold Reef pre-cautionary share price (as detailed in the Circular), which are once-off in nature;
  - an increase of 971 014 Gold Reef Shares as a result of the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular), arising from the early exercise and vesting of existing options in terms of the Gold Reef Share Scheme, and the settlement of the Executive's loan accounts within the Gold Reef Share Scheme; and
  - transaction costs of R43 million, which are once-off in nature.
- The weighted average number of Gold Reef Shares and Gold Reef Shares in issue "After the Proposed Transaction" are based on the issue of the Gold Reef Consideration Shares and the additional Gold Reef Shares (being the 383 333 unvested and/or 971 014 unexercised share options of the Executives as at 31 December 2009) with respect to the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular), less the Tsogo Sun Expansion Shares.

# Further announcement regarding the proposed merger of Gold Reef and Tsogo Sun Holdings (Proprietary) Limited (“Tsogo”) through the acquisition by Gold Reef of the entire issued share capital of Tsogo

6. Excluding the effects of the once-off transaction costs of R43 million, costs relating to the fair value adjustment of the current shareholding of Tsogo in Gold Reef of R102.9 million (after-tax effects), and costs relating to the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular) of R42.8 million (after-tax effects), the “After the Proposed Transaction” earnings per Gold Reef Share would be 119.4 cents (8.9% decline).

Excluding the effects of the once-off transaction costs of R43 million and costs relating to the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular) of R42.8 million (after-tax effects), the “After the Proposed Transaction” headline earnings per Gold Reef Share would be 119.7 cents (9.2% decline).

7. No effect has been given to the Gold Reef Final Dividend referred to in paragraph 6 of this announcement.

## 5.2 Revised unaudited *pro forma* financial effects of the Proposed Transaction on Gold Reef Shareholders for the six months ended 30 June 2009

The table below sets out the unaudited *pro forma* financial effects of the Proposed Transaction on Gold Reef Shareholders based on the unaudited interim results of Gold Reef for the six months ended 30 June 2009, which differ to those disclosed in the detailed terms announcement released on SENS on Thursday, 18 February 2010 due to:

- an increase in the estimated Proposed Transaction costs;
- the settlement of the Executives' Service Agreements (as detailed in the Circular); and
- the exclusion of the fair value adjustment to the carrying value of Tsogo's current shareholding in Gold Reef from headline earnings per Gold Reef Share.

	Before the Proposed Transaction <sup>(1)</sup>	After the Proposed Transaction <sup>(2)</sup>	Percentage change
Attributable earnings per Gold Reef Share (cents) <sup>(3)</sup>	50.9	29.5	(42.0) <sup>(6)</sup>
Headline earnings per Gold Reef Share (cents) <sup>(3)</sup>	50.9	38.9	(23.6) <sup>(6)</sup>
NAV per Gold Reef Share (cents) <sup>(4)</sup>	856.5	603.0	(29.6)
NTAV per Gold Reef Share (cents) <sup>(4)</sup>	428.2	155.7	(63.6)
Weighted average number of Gold Reef Shares (millions) <sup>(5)</sup>	274.9	1 095.9	
Number of Gold Reef Shares in issue as at 30 June 2009 (millions) <sup>(5)</sup>	276.9	1 097.0	

### Notes:

- Gold Reef “Before the Proposed Transaction” results were extracted from the published, unaudited interim results of Gold Reef for the six months ended 30 June 2009 as released on SENS on 27 August 2009 and published in the South African press on 28 August 2009. These results have not been reviewed by the Company's auditors.
- Represents the *pro forma* financial effects of the Proposed Transaction, which have been accounted for in terms of IFRS 3 (revised): Business Combinations, using the principles of reverse acquisition accounting.
- Attributable earnings and headline earnings per Gold Reef Share effects are based on the following principal assumptions:
  - the Proposed Transaction was effective on 1 January 2009;
  - Tsogo results represent the reviewed interim results of Tsogo for the six months ended 30 September 2009;
  - a fair value adjustment of the current shareholding of Tsogo in Gold Reef, based on the Gold Reef pre-cautionary share price (as detailed in the Circular). This results in the fair value adjustment of the current Tsogo shareholding in Gold Reef being a write-down of R102.9 million (after-tax effects), which adjustment is excluded from headline earnings;
  - the recognition of the tangible and identifiable intangible assets is based on a preliminary fair value exercise, with the carrying value of Gold Reef's land and buildings being estimated to be their fair value. In terms of IFRS 3 (revised): Business Combinations, a fair value exercise will need to be performed on the effective date of the Proposed Transaction;
  - costs of R42.8 million (after-tax effects), which arise from the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular), based on the assumption of the No Fault Termination (as defined in the Service Agreements referred to in the Circular) being on 31 December 2010, and at the Gold Reef pre-cautionary share price (as detailed in the Circular), which are once-off in nature; and
  - transaction costs of R43 million, which are once-off in nature.
- NAV and NTAV per Gold Reef Share effects are based on the following principal assumptions:
  - the Proposed Transaction was effective on 30 June 2009;
  - a fair value adjustment of the current Tsogo shareholding in Gold Reef, based on the Gold Reef pre-cautionary share price (as detailed in the Circular). This results in the fair value adjustment of the current Tsogo shareholding in Gold Reef being a write down of R102.9 million (after-tax effects), which adjustment is excluded from headline earnings;
  - the recognition of the tangible and identifiable intangible assets is based on a preliminary fair value exercise, with the carrying value of Gold Reef's land and buildings being estimated to be their fair value. In terms of IFRS 3 (revised): Business Combinations, a fair value exercise will need to be performed on the effective date of the Proposed Transaction;
  - costs of R42.8 million (after-tax effects), which arise from the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular), based on the assumption of the No Fault Termination (as defined in the Service Agreements referred to in the Circular) being on 31 December 2010, and at the Gold Reef pre-cautionary share price (as detailed in the Circular), which are once-off in nature;
  - an increase of 971 014 Gold Reef Shares as a result of the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular), arising from the early exercise and vesting of existing options in terms of the Gold Reef Share Scheme, and the settlement of the Executives' loan accounts within the Gold Reef Share Scheme; and
  - transaction costs of R43 million, which are once-off in nature.
- The weighted average number of Gold Reef Shares and Gold Reef Shares in issue “After the Proposed Transaction” are based on the issue of the Gold Reef Consideration Shares and the additional Gold Reef Shares (being the 1 061 333 unvested and/or 971 014 unexercised share options of the Executives as at 30 June 2009) with respect to the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular), less the Tsogo Sun Expansion Shares.
- Excluding the effects of the once-off transaction costs of R43 million, costs relating to the fair value adjustment of the current shareholding of Tsogo in Gold Reef of R102.9 million (after-tax effects), and costs relating to the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular) of R42.8 million (after-tax effects), the “After the Proposed Transaction” earnings per Gold Reef Share would be 46.7 cents (8.3% decline).  
Excluding the effects of the once-off transaction costs of R43 million and costs relating to the No Fault Termination (as defined in the Service Agreements referred to in the Circular) of the Executives' Service Agreements (as detailed in the Circular) of R42.8 million (after-tax effects), the “After the Proposed Transaction” headline earnings per Gold Reef Share would be 46.7 cents (8.3% decline).
- No effect has been given to the Gold Reef Final Dividend referred to in paragraph 6 of this announcement.

## 6. Salient dates and times

	2010
Circular posted to Gold Reef Shareholders on	Saturday, 3 April
Last day to trade in Gold Reef Shares on the JSE to be eligible to participate in the Gold Reef final dividend	Friday, 16 April
Last day to lodge objections with the SRP relating to the SRP dispensation	Monday, 19 April
Gold Reef Shares trade “ex” the Gold Reef final dividend on	Monday, 19 April
Dividend Record Date on	Friday, 23 April
Last day for the receipt of forms of proxy for the General Meeting by 10:00 on	Friday, 23 April
Payment of the Gold Reef final dividend on	Monday, 26 April
General Meeting to be held on	Monday, 26 April
Results of the General Meeting released on SENS on	Monday, 26 April
Results of the General Meeting published in the South African press on	Wednesday, 28 April
Special resolutions lodged for registration with CIPRO on	Wednesday, 28 April

### Notes:

- All times shown above are South African dates and times.
- These salient dates and times are subject to amendments. Any such relevant amendments will be released on SENS and published in the South African press.
- In relation to the final dividend, Gold Reef Shares cannot be dematerialised or rematerialised between Monday, 19 April 2010 and Friday, 23 April 2010, both dates inclusive.

**Further applicable dates will be notified to Gold Reef Shareholders once the relevant regulatory approvals have been obtained.**

## 7. SRP waiver procedure

The SRP has advised that it is willing to consider an application to grant dispensation to TIH and SABSA in terms of the SRP Code, which would have the effect of releasing TIH and SABSA from any obligation to make a mandatory offer in terms of Rule 8.1 of the SRP Code, subject to the Independent Gold Reef Shareholders (as detailed in the Circular) approving the Whitewash Resolution (as detailed in the Circular) and the SRP considering representations (if any) made by interested parties as contemplated below.

Prior to granting a dispensation in terms of the SRP Code, the SRP will consider any objections or representations (if any) made by any interested parties. Accordingly, any interested party who wishes to object to the dispensation shall have 14 calendar days from the date of posting of the Circular to raise such an objection with the SRP. Objections should be made in writing and addressed to the “Executive Director, Securities Regulation Panel” at any one of the following addresses:

### Physical:

Ground Floor  
2 Sherborne Road (off Jan Smuts Avenue)  
Parktown, Johannesburg, 2193

### Postal:

PO Box 91833  
Auckland Park, Johannesburg, 2006

Fax: +27 11 482 5635

If any submissions are made to the SRP within the permitted timeframe, the SRP will consider the merits thereof and, if necessary, provide the objectors with an opportunity to make representations to the SRP. Thereafter, subject to the waiver in the General Meeting being approved by the Independent Gold Reef Shareholders (as detailed in the Circular), the SRP will rule on the requirement for the mandatory offer.

## 8. General meeting of Gold Reef Shareholders

The General Meeting has been convened to be held at 10:00 on Monday, 26 April 2010 at the Gold Reef City Casino Conference Centre, corner Northern Parkway and Data Crescent, Ormonde, Johannesburg, South Africa, to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions required to implement the Proposed Transaction as set out in the notice of general meeting.

Johannesburg  
6 April 2010

### Advisors to Gold Reef

Financial advisor and sponsor

**Deutsche Bank**  
Deutsche Securities (SA) (Proprietary) Limited  
(A non-bank member of the Deutsche Bank Group)



Independent expert

**Grant Thornton**



Communications advisor

**College Hill**

Legal advisor

**Edward Nathan Sonnenbergs**



Independent reporting accountants and auditors

**PRICEWATERHOUSECOOPERS**  
PricewaterhouseCoopers Inc  
Chartered Accountants (SA)  
Registered Accountants and Auditors  
(Registration no 1998/012055/21)

