

THIS CIRCULAR AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Ordinary Shares, please forward this Circular and Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold part only of your holding of Ordinary Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, this Circular should not be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

The Company and the Directors of Anglo African Agriculture plc, whose names appear on page 4, accept responsibility, individually and collectively, for the information contained in this Document. To the best of the knowledge and belief of the Company and its Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and there are no other facts which, if omitted, would affect the import of such information.

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# Anglo African Agriculture plc

*(Incorporated in England and Wales under the Companies Act 2006 with Registered Number 7913053)*



## **Allotment of Ordinary Shares Disapplication of Pre-emption rights and Notice of General Meeting**

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This Circular should be read as a whole. Your attention is drawn to the Letter from the Chairman which is set out in this Circular. The letter contains a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of the General Meeting of the Company to be held at the offices of DMH Stallard, 6 New Square, New Fetter Lane, London EC4A 3BF at 10am on 15 February 2013 is set out at the end of this Circular. The Form of Proxy to be used in connection with the Resolutions to be proposed at the General Meeting is enclosed. Whether or not you intend to attend the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible by post or (during normal business hours only) by hand but, in any event, so as to be received by the Company's Registrars, Neville Registrars Limited, at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA by no later than 10.00 a.m. on 13 February 2013.

If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Company's Registrars, Neville Registrars Limited under CREST participant ID number 7RA11 so that it is received by no later than 10.00 a.m. on 13 February 2013.

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## EXPECTED TIMETABLE

Publication of this Document	22 January 2013
Time and date of General Meeting	10am on 15 February 2013

## DEFINITIONS

“AAA Fixed Share Price”	the average 30 day closing price immediately prior to completion of the investment in Dynamic
“AAA” or the “Company”	Anglo African Agriculture plc
“Consideration Shares”	the Ordinary Shares of 0.1p in the capital of the Company to be issued to Dynamic in consideration for a 19% stake in Dynamic
“CREST”	the relevant system (as defined in the CREST Regulations) in accordance with which securities may be held or transferred in uncertificated form, and in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
“Directors” or “Board”	the directors of the Company at the date of this Document whose names are set out on page 4 of this Document
“Dynamic”	Dynamic Intertrade (Pty) Limited, a company incorporated in South Africa
“FSA”	Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Issued Share Capital”	the entire issued share capital of the Company comprising 55,226,600 Ordinary Shares
“ISDX Growth Market”	a market of this name operated by ICAP Securities & Derivatives Exchange Limited which allows trading of shares in unlisted companies.

“ISDX Growth Market Rules”	the ISDX Growth Market – Rules for Issuers containing application requirements for admission to the ISDX Growth Market and requirements as to the continuing obligations of ISDX Growth Market issuers once admitted; and guidance notes
“New Warrants”	warrants exercisable at 2.5p expiring on 31 January 2015 that will be issued if the Warrant Proposal proceeds
“Ordinary Shares”	Ordinary shares of 0.1p each the capital of the Company
“Proposed Investment”	the proposed investment in Dynamic and loan to that company as outlined in this document
“Shareholders”	holders of Ordinary Shares from time to time
“VSA Capital”	VSA Capital Limited, a company incorporated in England and Wales with company number 02405923, authorised and regulated by the FSA
“Warrants”	the existing warrants to subscribe for 45,226,600 Ordinary Shares in the share capital of the Company
“Warrant Proposal”	the conditional proposal made to Warrant holders whereby if they exercised their Warrants by 16 January 2013, they would be granted two New Warrants. The Warrant Proposal is conditional upon the completion of the investment in Dynamic as described in this document

**In this Document use of the singular includes the plural and vice versa, unless the context otherwise require**

## LETTER FROM THE CHAIRMAN OF ANGLO AFRICAN AGRICULTURE PLC



*(Incorporated in England and Wales under the Companies Act 2006 with Registered Number 7913053)*

### **Directors**

Andrew Monk (*Non Executive Chairman*)  
Konrad Legg (*Director*)  
Douglas Chikohora (*Non Executive Director*)

### **Registered Address**

6 New Square  
New Fetter Lane  
London  
EC4A 3BF

*To: Shareholders of Anglo African Agriculture plc*

Dear Shareholder

## **Allotment of Ordinary Shares, Disapplication of Pre-emption rights and Notice of General Meeting**

### **Introduction**

AAA was established as a means to invest in or acquire companies engaged in the agriculture sector in Africa. On 6 December 2012, we announced that we had signed non-binding heads of terms to enter into our first investment. AAA proposes to make an investment of 19% in Dynamic Intertrade (Pty) Limited ("Dynamic") and to provide a secured loan facility of up to £500,000 to Dynamic.

In order to raise funds to assist with the development of AAA and to assist with funding the loan to Dynamic, the Board decided to incentivise holders of Warrants to exercise their Warrants early in order to raise further funds. The Board made a proposal (the "Warrant Proposal") to Warrant holders whereby if they exercised their Warrants by 16 January 2013, they would be granted two new warrants at 2.5p expiring on 31 January 2015 ("New Warrants"). In the event that the Investment in Dynamic does not proceed, the Warrant Proposal will not proceed.

The purpose of this document is to convene a General Meeting to seek authority from shareholders to issue further share capital to enable the New Warrants to be issued and to provide headroom for future issues of shares.

The absence of the proceeds of the Warrant Proposal, which requires an increase in the Company's issued share capital, would seriously impair the ability of the Company to complete the Proposed Investment and to provide a secured loan facility to Dynamic.

### **Background to the investment in Dynamic**

Established in 2007, Dynamic is an agro processing company based in Brits, South Africa, involved in the manufacture, import, trading and distribution of herbs, spices, seasonings and confectionary products. Further details can be found at <http://www.dynamicintertrade.co.za/>.

In the year ended 31 October 2012, Dynamic achieved an audited operating profit (excluding currency fluctuations on third party loans) of ZAR 1.76m (which at the current exchange rate, is equivalent to approximately £125,000) on turnover of ZAR 24.9m (£1.78m).

AAA intends to take a 19% stake in Dynamic for a consideration of approximately £85,000 payable by the Consideration Shares at the average 30 day closing price immediately prior to completion (the "AAA Fixed Share Price") and will provide a secured medium term loan facility to Dynamic of up to £500,000 on commercial terms

Furthermore, AAA will be granted:

- a) an option to acquire the remaining 81% of Dynamic for a sum to be agreed, but expected to be in the region of £700,000, dependent on Dynamic achieving a certain level of profitability, payable in AAA shares at the AAA Fixed Share Price. The option will expire 18 months after completion;

An option to acquire a loan from a third party amounting to approximately \$3m for an initial consideration of £1 plus deferred payments on terms to be agreed, conditional on the exercise of the above option.

AAA is working with the directors of Dynamic to finalise detailed due diligence and agree detailed terms, prior to making the investment. This process is proceeding positively and is expected to complete following approval in General Meeting of the proposals set out in this circular to allot shares. A further announcement of when this is completed will be made in due course.

The board are mindful that if the option to acquire the remaining 81% stake in Dynamic is exercised this will be considered a reverse takeover under the ISDX Growth Market - Rules for Issuers and shareholder approval will be sought.

### **Background to the issue of New Warrants**

The Company has a total of approximately £400,000 funds on account as at today's date. This is not sufficient to provide the secured loan facility of up to £500,000 to Dynamic in full.

At the time of Admission to the ISDX Growth Market, shareholders who had participated in the last placing were granted one warrant ("Warrant") exercisable at 1.5p for each share subscribed for in the placing. These Warrants expire on 5<sup>th</sup> September 2013. There are currently 45,226,600 Warrants in issue and none have been converted.

In order to raise funds to assist with the development of AAA and to assist with funding the loan to Dynamic, the Board has decided to incentivise holders of Warrants to exercise their Warrants early in order to raise further funds.

The Board made a proposal (the "Warrant Proposal") to Warrant holders whereby if they exercised their Warrants by 16 January 2013, they would be granted two new warrants at 2.5p expiring on 31 January 2015. I am pleased to say that applications to exercise Warrants in accordance with the Warrant Proposal were received in respect of 9,750,000 shares, representing 17.7 per cent. of the Company's current share capital. The net proceeds of the early exercise of the Warrants will amount to approximately £145,000 and, together with the Company's existing funds, will be utilised to provide the loan facility to Dynamic and for working capital purposes.

In the event that the Investment in Dynamic does not proceed, the Warrant Proposal will not proceed.

### **The General Meeting**

You will find at the end of this document a notice convening a General Meeting of the Company, to be held at the offices of DMH Stallard, 6 New Square, New Fetter Lane, London EC4A 3BF at 10am on 15 February 2013.

The Form of Proxy to be used in connection with the Resolutions to be proposed at the General Meeting is enclosed. Whether or not you intend to attend the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible by post or (during normal business hours only) by hand but, in any event, so as to be received by the Company's Registrars, Neville Registrars Limited, at Neville House, 18 Laurel Lane, Halesowen,

West Midlands, B63 3DA by no later than 10.00 a.m. on 13 February 2013. At the General Meeting, the following Resolutions will be proposed:

#### **ORDINARY RESOLUTION**

1. THAT the Directors be authorised to allot and issue up to an aggregate nominal amount of £55,226.60 of Ordinary Shares.

#### **SPECIAL RESOLUTION**

2. THAT, conditional upon the passing of resolution 1 above, the Directors be authorised to issue new Ordinary Shares on a non pre-emptive basis to cover the allotment of:
  - (a) equity securities in connection with a rights issue or any other offer to holders of Ordinary Shares;
  - (b) Up to 20,000,000 Ordinary Shares upon the conversion of the New Warrants;
  - (c) the Consideration Shares;
  - (d) Up to 30,000,000 Ordinary Shares issued for cash otherwise than in pursuant to paragraph (a) and (b) above.

The above resolutions will not be in substitution for, and will be in addition to, all existing and unexercised authorities and powers granted to the Directors.

#### **Action to be taken**

You will find enclosed a Form of Proxy for use at the General Meeting. Please complete, sign and return the Form of Proxy as soon as possible in accordance with the instructions printed thereon. Whether or not you intend to be present at the General Meeting, you are requested to complete the enclosed Form of Proxy and return it to the Company's Registrars, Neville Registrars Limited under CREST participant ID number 7RA11, so that it is received by no later than 10.00 a.m. on 13 February 2013.

Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you subsequently find that you are able to be present.

#### **Recommendation**

The Board, which has received financial advice from VSA Capital, considers the ability to issue further share capital, and the Resolutions, are in the best interests of Shareholders as a whole. In providing its advice to the Board, VSA Capital has relied upon the Board's commercial assessments. Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as the Directors, VSA Capital and Zeus Capital intend to do for their respective beneficial holdings of, in aggregate, 27,500,000 Ordinary Shares, representing approximately 49.8 per cent. of the total issued share capital of the Company as at 21 January 2013 (being the latest practicable date prior to the publication of this Circular).

**The absence of the proceeds of the Warrant Proposal would seriously impair the ability of the Company to complete the Proposed Investment.**

Yours faithfully

Andrew Monk  
Chairman

# Anglo African Agriculture plc

*(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 7913053)*

## NOTICE OF GENERAL MEETING

NOTICE is hereby given that a General Meeting of Anglo African Agriculture plc (the “**Company**”) will be held at the offices of DMH Stallard LLP, 6 New Street Square, New Fetter Lane, London EC4A 3BF at 10a.m. on 15 February 2013 to consider and, if thought fit, pass the following resolutions which will be proposed as indicated.

### ORDINARY RESOLUTION

3. THAT in accordance with section 551 of the Companies Act 2006 as amended (the “**2006 Act**”), the Directors be generally and unconditionally authorised to allot Ordinary Shares or grant rights to subscribe for, or to convert any security into, Ordinary Shares, up to an aggregate nominal amount of £55,226.60, provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the Company may at any time before such expiry make an offer or agreement which might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares to be allotted in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired. In this resolution, “**Ordinary Shares**” means shares of 0.1p in the capital of the Company and the grant of any right to subscribe for, or to convert any security into, shares in the capital of the Company.

### SPECIAL RESOLUTION

THAT, subject to resolution 1 above being duly passed, the Directors be generally empowered pursuant to section 570 (in the case of sub-paragraph (a) and (d)) and 571 (in the case of sub-paragraphs (b) and (c)) of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) as if section 561(1) of the 2006 Act did not apply to any such allotment pursuant to the general authority conferred on them by Resolution 1 above (as varied from time to time by the Company in general meeting) provided that this power is limited to:

- a) the allotment of equity securities in connection with a rights issue or any other offer to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings and to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange;
- b) the allotment of up to 20,000,000 Ordinary Shares upon the conversion of the New Warrants (as defined in the circular to shareholders dated 22 January 2013 (the “Circular”));
- c) the Consideration Shares (as defined in the Circular); and
- d) the allotment of up to 30,000,000 Ordinary Shares issued for cash (otherwise than pursuant to paragraphs (a) and (b) above).

and the power hereby conferred shall, unless renewed varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is 6 months

after the next accounting reference date of the Company (if earlier) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By Order of the Board

Stephen Clow

*Company Secretary*

Dated: 22 January 2013

Registered office:

6 New Street Square

New Fetter Lane

London

United Kingdom

EC4A 3BF

**Notes:**

1. A member of the Company is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his or her place. A proxy need not be a member of the Company.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
3. A Form of Proxy is enclosed with this notice. Instructions for use are shown on the form. The completion and return of a Form of Proxy will not prevent a member from attending and voting in person at the meeting. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company or contained in an Electronic Communication. Any power of attorney or any other authority under which the Form of Proxy is signed (or a notarially certified copy of such power or authority) must be included with the Form of Proxy.
4. To be valid, a completed Form of Proxy together with a power of attorney or other authority (if any) under which it is executed (or a notarially certified copy of any such power or authority), must be deposited at the offices of the Company's registrars, Neville Registrars Limited, at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not less than 48 hours before the time set for the meeting or adjourned meeting (as the case may be).
5. Pursuant to Regulation 41 (3) of the Uncertificated Securities Regulations 2006, only those shareholders registered in the Register of Members of the Company as at 10.00 a.m. on 13 February 2013, or in the event that the meeting is adjourned, in the Register of Members as at 10.00 a.m. on the day that is two days prior to any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries on the Register of Members after 10.00 a.m. on 13 February 2013 or, in the event that the meeting is adjourned, 10.00 a.m. on the day that is two days prior to the day of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. As at 21 January 2013 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 55,226,600 ordinary shares of 0.1p each. Each ordinary share carries the right to vote at a general meeting of the Company, and therefore, the total number of voting rights in the Company as at 21 January 2013 was 55,226,600.