

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, please consult your stockbroker, banker, accountant, legal adviser or other professional adviser immediately.

Recommended action

1. If you have disposed of all your ordinary or A ordinary shares in Cadiz Holdings Limited ("Cadiz") this document should be handed to the purchaser of such shares or the stockbroker, banker or other agent through whom such disposal was effected.
2. A general meeting ("the general meeting") of shareholders of Cadiz will take place at the office of Cadiz, on the 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town at 15:00 on Tuesday, 31 August 2010 for shareholders to vote on the proposed sale of Cadiz shares, the proposed financing by Cadiz of the purchase of the Cadiz shares and the amendment by Cadiz Special Projects Limited of the terms of its preference share subscription in Cadiz Black Economic Empowerment Trust Investments (Proprietary) Limited and in turn its preference share subscription in Makana Investment Corporation (Proprietary) Limited to align the terms with the preference share subscription of Cadiz in Makana Financial Services (Proprietary) Limited.
3. If you are a certificated Cadiz shareholder or an own name dematerialised Cadiz shareholder and are unable to attend the general meeting and wish to be represented thereat you MUST complete and return the attached form of proxy (*blue*) for certificated ordinary shareholders and own name dematerialised ordinary shareholders to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) (to be received by NO LATER THAN 15:00 on Friday, 27 August 2010).
4. Cadiz shareholders, who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than those shareholders with own name registration, and who wish to attend the general meeting of shareholders must request their CSDP or broker to provide them with the necessary authorisation to attend the general meeting of shareholders or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.



CADIZ HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1997/007258/06)

Share code: CDZ ISIN: ZAE000017661

("Cadiz" or "the Company")

CIRCULAR TO SHAREHOLDERS

regarding

- an acquisition by Makana Financial Services (Proprietary) Limited ("Makana") of an additional 10 907 753 Cadiz shares from Cadiz Holdings Limited Employee Share Trust at a price equal to the 30 day VWAP as at 31 August 2010, less a discount of 10%;
- the financing by Cadiz of the purchase price of the sale shares plus Makana's costs of R100 000 via a preference share subscription in Makana; and
- the amendments to the preference share subscription agreement between Cadiz Special Projects Limited and Cadiz Black Economic Empowerment Trust Investments (Proprietary) Limited ("CBEETI"), the preference share subscription agreement between CBEETI and Makana Investment Corporation (Proprietary) Limited ("MIC"), and the preference share subscription agreement between MIC and Makana to align the terms of such agreements with the preference share subscription between Cadiz and Makana;

and incorporating a

- notice of a general meeting of shareholders; and
- a form of proxy (*blue*) for certificated Cadiz shareholders and own name dematerialised Cadiz shareholders.

Sponsor



Investec Bank Limited
(Registration number 1969/004763/06)

Legal adviser



Adviser



Independent Professional Expert



Independent reporting accountants



CORPORATE INFORMATION

Secretary and registered office

F C Shaw
Ground Floor, Fernwood House
The Oval, 1 Oakdale Road
Newlands, 7700
(PO Box 44547, Claremont, 7735)

Legal adviser

Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Independent reporting accountants

PricewaterhouseCoopers Incorporated
Chartered Accountants (SA)
Registered Accountants and Auditors
(Registration number 1998/012055/21)
No. 1 Waterhouse Place
Century City, 7441
(PO Box 2799, Cape Town, 8000)

Independent Professional Expert

Ernest & Young Advisory Services Limited
(Registration number 2006/018260/06)
35 Lower Long Street
Cape Town, 8001
(PO Box 656, Cape Town, 8000)

Sponsor

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive, Sandown
Sandton, 2196
(PO Box 78055, Sandton, 2146)

Adviser

Cadiz Corporate Solutions, a division of
Cadiz Special Projects Limited
(Registration number 1882/000030/06)
Ground Floor, Fernwood House
The Oval, 1 Oakdale Road
Newlands, 7700
(PO Box 44547, Claremont, 7735)

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

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IMPORTANT DATES AND TIMES

2010

Circular and notice of general meeting posted to Cadiz shareholders on	Friday, 6 August
Forms of proxy for the general meeting to be lodged by no later than 15:00 on	Friday, 27 August
General meeting to be held at 15:00 on	Tuesday, 31 August
Results of general meeting to be announced on SENS on	Tuesday, 31 August

Notes:

1. The definitions commencing on page 3 of this circular apply, *mutatis mutandis*, to the information on important dates and times.
2. The above dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.
3. This document is only available in English.
4. Copies of this circular are available during normal business hours from Friday, 6 August 2010 to Tuesday, 31 August 2010 at:
 - the registered office of Cadiz; and
 - the sponsor whose address is set out on the inside front cover of this circular.

DEFINITIONS

Throughout this circular, the annexures hereto, the notice of general meeting and form of proxy for shareholders, unless otherwise stated or the context otherwise requires, a reference to the singular includes the plural and *vice versa*, words denoting one gender include the other gender, words denoting natural persons include legal persons and associations of persons and *vice versa* and the words in the first column have the meanings stated opposite them in the second column:

“Codes”	the Codes of Good Practice contemplated in section 9 of the BBBEE Act, gazetted on 9 February 2007;
“BBBEE Act”	the Broad-based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended;
“BEE”	broad-based black economic empowerment;
“BEE Company”	an Entity (which term shall have the meaning contemplated in the Codes);
“BEE legislation”	at any time, any of the following: <ul style="list-style-type: none">• the BBBEE Act;• the Codes; and• any transformation charter published in terms of section 12 of the BBBEE Act, and which is specifically applicable to participants in the financial sector in South Africa, to the extent that it applies to Cadiz or its business from time to time;
“Black People”	black persons as defined in the BBBEE Act, and the term “Black Persons” shall be construed accordingly;
“the board” or “the directors”	the board of directors of Cadiz whose names appear on page 6 of this circular;
“broker”	any person registered as a “broking member (equities)” in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Cadiz” or “the Company”	Cadiz Holdings Limited (Registration number 1997/007258/06), a company incorporated under the laws of South Africa on 15 May 1997 and listed on the JSE;
“CBEET”	Cadiz Black Economic Empowerment Trust, Master’s reference number IT4618/04, a trust formed with the objectives of equity incentivisation of current and future black employees of Cadiz, enterprise development, empowerment financing and corporate responsibility;
“CBEETI”	Cadiz Black Economic Empowerment Trust Investments (Proprietary) Limited (Registration number 2004/000644/07), a company incorporated under the laws of South Africa and a wholly-owned subsidiary of CBEET;
“certificated shareholders”	shareholders who hold certificated shares;
“CHEST”	Cadiz Holdings Limited Employee Share Trust, Master’s reference number IT3390/99;
“the CHEST Trust Deed”	the trust deed in respect of CHEST entered into between Cadiz and the trustees of CHEST, dated 12 April 1999;
“this circular”	this bound document, including all annexures and attachments contained in the bound document, incorporating the notice of general meeting and the form of proxy (<i>blue</i>);
“CMS”	Cadiz Management Services (Proprietary) Limited (Registration number 1995/012051/07), a private company incorporated under the laws of South Africa and a wholly-owned subsidiary of Cadiz;

“the Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“conditions precedent”	the conditions precedent set out in paragraph 14 of this circular;
“CSDP”	Central Securities Depository Participant, as defined in section 1 of the Securities Services Act;
“CSPL”	Cadiz Special Projects Limited (Registration number 1882/000030/06), a company incorporated under the laws of South Africa and a wholly-owned subsidiary of Cadiz;
“dematerialisation”	the process by which shares held by certificated shareholders are converted to an electronic form as dematerialised shares and recorded in the sub-register of shareholders maintained by a CSDP;
“dematerialised shareholders”	shareholders who hold dematerialised shares;
“the Financial Sector Charter”	the Financial Sector Charter, a transformation charter as was contemplated in the BBBEE Act;
“general meeting”	the general meeting of Cadiz shareholders to be held at 15:00 on Tuesday, 31 August 2010, at the office of Cadiz, 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town (including any adjournment or postponement thereof) to consider and, if deemed fit, pass the resolution regarding the Transaction;
“the Group”	Cadiz and its subsidiaries, as such term is defined in section 1 of the Companies Act;
“the JSE”	the JSE Limited;
“the last practicable date”	19 July 2010, being the last practicable date prior to the finalisation of this circular;
“Makana” or the “BEE partner”	Makana Financial Services (Proprietary) Limited (Registration number 2004/000619/07), a company incorporated in South Africa, and wholly-owned subsidiary of MIC;
“Makana Trust”	Makana Trust, Master’s reference number IT1003/96, a trust constituted by a trust deed entered into between the Ex-Political Prisoners’ Committee and the trustees of the Makana Trust, dated 13 December 1996;
“MIC”	Makana Investment Corporation (Proprietary) Limited (Registration number 1997/011411/07), a private company incorporated under the laws of South Africa owned 51% by the Makana Trust, 22.5% by Africa Sky Consortium (Proprietary) Limited, 16.5% by Autshumatu Investments (Proprietary) Limited and 10% by Wild Orchard Investments (Proprietary) Limited;
“New BEE Transaction” or “Transaction”	the acquisition by Makana of the sale shares from CHEST at a price equal to the 30-day VWAP of the Cadiz shares on 31 August 2010 less a discount of 10%, the proposed financing of the sale shares by Cadiz, and the amendment of the Original BEE Transaction documents;
“New BEE Transaction documents”	the respective agreements entered into amongst Cadiz, Makana, CHEST, MIC, CSPL, CMS and CBEETI to facilitate the New BEE Transaction;
“New Preference Shares”	the preference shares to be issued by Makana to Cadiz pursuant to the New BEE Transaction;
“ordinary shares” or “Cadiz shares”	the ordinary shares of one cent each in the issued share capital of Cadiz, which shares are listed on the JSE;
“Original Preference Share Subscription”	the original financing of the Original BEE Transaction in terms of the Original Preference Share Subscription Agreements;
“Original Preference Share Subscription Agreements”	the preference share subscription agreements (including the annexures thereto) in terms of which, respectively: <ul style="list-style-type: none"> • MIC subscribed for preference shares in Makana; • CBEETI subscribed for preference shares in MIC; and • CSPL subscribed for preference shares in CBEETI;

“Original Preference Shares”	the preference shares issued pursuant to the Original Preference Share Subscription Agreements;
“Original BEE Transaction”	the initial acquisition by Makana of 19 508 749 Cadiz shares from CHEST at a price of 178.94 cents per Cadiz share and 4 000 000 Cadiz shares from CMS at a price of 155.80 cents per Cadiz share which in total amounted to an average cost of 175 cents per Cadiz share, the funding of which were provided under the Original Preference Share Subscription Agreements;
“own name dematerialised shareholders”	dematerialised shareholders who/which have elected own name registration;
“prime rate”	the publicly quoted rate of interest as certified by any duly authorised representative (whose appointment or authority or designation it shall not be necessary to prove) of FirstRand Bank Limited as being the prime lending rate at which FirstRand Bank Limited lends in South African Rand from time to time, on the basis of such interest being calculated daily on a 365 (three hundred and sixty-five)-day year and compounded monthly in arrears, irrespective of whether or not the year in question is a leap year;
“sale shares”	the 10 907 753 Cadiz shares to be acquired by Makana, as described under “the New BEE Transaction”;
“Securities Services Act”	Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	Securities Exchange News Service, the news service operated by the JSE;
“shareholders” or “Cadiz shareholders”	the registered holders of Cadiz shares;
“South Africa”	the Republic of South Africa;
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company incorporated under the laws of South Africa; and
“VWAP”	volume weighted average price of the Cadiz shares.



CADIZ HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1997/007258/06)
Share code: CDZ ISIN: ZAE00017661
("Cadiz" or "the Company")

Directors

R F G Cadiz (*Non-executive chairman*)
R Barkai (*Chief executive officer*)
C A Hall*
B H Kent*
D M Lawrence*
A N Matyumza*
B J Memela-Khambula*
N S Mjoli-Mncube*
S P Ngwenya (*Non-executive*)
S J Saunders*
F C Shaw (*Financial director*)
N S Buthelezi* (*Alternate*)

* Independent non-executive

CIRCULAR TO SHAREHOLDERS

I. INTRODUCTION

At its general meeting held on 28 May 2004 Cadiz shareholders approved the acquisition by Makana of 23 508 749 Cadiz shares in terms of the Original BEE Transaction. This translated into an effective 10% shareholding by Makana in Cadiz, excluding treasury shares and shares held by employee share trusts.

As part of its continuous commitment to the principles of BEE, Cadiz and Makana entered into discussions to enhance Makana's position as Cadiz's BEE partner by increasing Makana's shareholding, assisting them with funding such transaction and to extend the terms of the Original BEE Transaction in line with BEE legislation.

It was announced to Cadiz shareholders on SENS on Tuesday, 20 July 2010 and in the press on Wednesday, 21 July 2010 that an agreement has been reached in terms of which Makana will acquire the sale shares from CHEST for a total purchase consideration equal to a 10% discount to the 30-day VWAP as at 31 August 2010.

Cadiz further, subject to shareholders' approval, proposes to provide Makana the funding for the acquisition of the sale shares through the subscription by Cadiz for preference shares in Makana.

The terms of the Original BEE Transaction documents will be amended to extend the "lock-in" and funding provisions to 28 February 2017.

2. THE ORIGINAL BEE TRANSACTION

The detailed terms of the Original BEE Transaction were set out in the circular to Cadiz shareholders, dated 29 April 2004. The main terms relating to Makana are as follows:

- the subscription date for the Cadiz shares was 28 May 2004;
- the total purchase price was R41 140 310; and
- Makana is, *inter alia*, only entitled to dispose of the sale shares at 33.3% per annum each at the expiry of years 5, 6 and 7 after the subscription date.

The Original Preference Share Subscription Agreements provided that the redemption date in respect of the Original Preference Shares is 28 May 2011.

Makana did not acquire any further Cadiz shareholding in the period from conclusion of the Original BEE Transaction to date of this circular.

The Original BEE Transaction was structured in line with the Financial Sector Charter requirements and, more specifically, the "once empowered always empowered" principle therein contained.

The net benefit of the Original BEE Transaction to Makana is approximately R50 million based on the current Cadiz share price less the funding liabilities of R29.1 million. Makana has committed strategically to its relationship with Cadiz and will extend the "lock-in" period for the Original BEE Transaction for a further six years in line with BEE legislation.

CHEST, CMS and Makana agreed, subject to approval of the proposed New BEE Transaction by Cadiz shareholders, to amend the Original Preference Share Subscription Agreements in order to align such agreements with the terms and conditions of the New BEE Transaction by, *inter alia*, extending the redemption date of the Original Preference Shares and the staggered release of the locked-in Cadiz shares acquired pursuant to the Original BEE Transaction from the current 33.3 % per annum each at the expiry of years 5, 6 and 7 after the subscription date to an absolute sale prohibition for the period expiring on 28 February 2017. Makana has not sold any of the Cadiz shares acquired in terms of the Original BEE Transaction.

3. THE PROPOSED NEW SALE

CHEST currently holds surplus Cadiz shares as a result of the expiry of options issued to participants in CHEST and the participants opting not to take up the shares. CHEST has agreed, subject to the necessary shareholder approval being obtained, to sell the 10 907 753 sale shares to Makana at a 10% discount to the 30-day VWAP as at 31 August 2010 with an effective date of the transfer of the sale shares at 31 August 2010.

This acquisition of sale shares by Makana will increase Makana's effective shareholding in Cadiz from 10.8% to a total of 15% of the issued ordinary Cadiz shares, excluding treasury shares and shares held by the employee share trusts.

Makana will not be permitted to dispose of or transfer, pledge, hypothecate or otherwise encumber any of the sale shares and the shares acquired in the Original BEE Transaction until 28 February 2017, without the prior written consent of Cadiz.

Furthermore:

- Makana will not enter into business activities or investment that compete or are expected to compete with Cadiz;
- Makana may only dispose of the Cadiz shares after first offering the shares to Cadiz; and
- should Makana no longer be a BEE company, experience a change in control or be liquidated, Cadiz will have the option to acquire the Cadiz shares at the lower of:
 - (i) the acquisition cost of the Cadiz shares escalated at a rate equal to 72% of the prime rate less dividends received by Makana in respect of the Cadiz shares; or
 - (ii) the market value of the Cadiz shares.

The JSE regards the New BEE Transaction as a specific issue for cash to a related party as contemplated in Section 5.51(f)(i) read with Section 10 of the JSE Listings Requirements. As such, the New BEE Transaction must be approved by a 75% majority of the Cadiz shareholders, excluding any related parties and their associates participating in the sale.

Cadiz appointed Ernst & Young as Independent Professional Expert to provide a fairness opinion as to whether the proposed sale of the sale shares at a 10% discount of its 30-day VWAP is fair insofar as Cadiz shareholders are concerned. The Independent Professional Expert has concluded that the Transaction is fair to the Cadiz shareholders. The fairness opinion is included as Annexure II to this circular.

4. THE PROPOSED FINANCE TRANSACTION

Cadiz has agreed, subject to the necessary shareholder approval, to provide Makana with financial assistance to acquire the Cadiz shares in terms of the New BEE Transaction.

Cadiz shall fund Makana in terms of a preference share subscription agreement the terms of which are:

- the amount subscribed for by Cadiz will be for the purchase price of the sale shares and costs of R100 000;
- the subscription date shall be the date on which Makana acquires the sale shares from CHEST;

- the preference share dividend shall be at an annual rate of 72% of the prime rate;
- the redemption date of the preference shares shall be 28 February 2017, subject to an early redemption date in the event of Makana breaching any term of the New BEE Transaction;
- repayment of the preference shares shall be funded by Makana out of dividends and other distributions received on the Cadiz shares as follows:
 - (i) during the first three years after the issue date of the New Preference Shares, Makana shall pay all cumulative preference share dividends on the New Preference Shares and the Original Preference Shares, and retain the balance of such dividends, with the ability to voluntarily redeem, firstly the New Preference Shares, and secondly the Original Preference Shares; and
 - (ii) after the first three years following the issue date of the New Preference Shares, Makana shall pay the accumulated preference dividends on the New Preference Shares and the Original Preference Shares, and thereafter retain the greater of the equivalent of 6 cents per share on the dividend received on the Cadiz shares, or one-third of the cash available after the payment of the preference share dividend and the Original Preference Share Subscription dividends, the balance to be paid towards the redemption of, firstly, the New Preference Shares, and, secondly, the Original Preference Shares;
- Makana pledges and cedes the sale shares to Cadiz as security for the performance of Makana's obligations in terms of the preference share subscription agreement.

Financing assistance, solvency and liquidity statement

A special resolution as required in terms of section 38(2A) of the Companies Act authorising the financial assistance to be provided by Cadiz to Makana will be proposed at the general meeting.

After considering the terms of the New BEE Transaction, the board is satisfied that subsequent to providing the financial assistance described above:

- (i) Cadiz and the Group will be able to pay their debts as they become due in the ordinary course of business; and
- (ii) the assets of Cadiz and the Group, fairly valued, will be in excess of the liabilities of Cadiz and the Group. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used on the Group's latest audited consolidated annual financial statements. Furthermore, for this purpose contingent liabilities have been accounted for as required in terms of section 38(2B) of the Companies Act.

In terms of Section 10 of the JSE Listings Requirements the proposed financing of the transaction is deemed to be a related party transaction with a material shareholder. Cadiz appointed Ernst & Young as Independent Professional Expert to provide a fairness opinion as to whether the proposed finance transaction is fair to Cadiz shareholders. The Independent Expert has concluded that the Transaction is fair to Cadiz shareholders. The fairness opinion is included as Annexure II to this circular.

5. RATIONALE FOR THE TRANSACTION

On 28 May 2004 Makana became a strategic BEE partner of Cadiz with its acquisition of 23 508 749 Cadiz shares, thereby making it an effective holder of 10% of the shareholding in Cadiz.

The relationship between Cadiz and Makana has been mutually beneficial. Makana represents a significant broad base of beneficiaries and participants and is linked to South Africa's heritage in a meaningful way. The Original BEE Transaction was structured in line with the Financial Sector Charter requirements and more specifically the "once empowered always empowered" principle therein contained. The Original Preference Share Subscription Agreements, provide that the redemption date in respect of the Original Preference Shares is 28 May 2011, on which date Makana is entitled to dispose of the Cadiz shares, which would significantly reduce Cadiz's empowerment credentials under the BEE legislation.

The rationale behind the Transaction is therefore to continue and extend the relationship with Makana as Cadiz's strategic BEE partner by increasing Makana's shareholding, by assisting Makana with funding the New BEE Transaction and by extending the terms of the Original BEE Transaction to provide a "lock-in" until 28 February 2017 in line with the BEE legislation.

The Cadiz board views the benefits which Makana is likely to bring to Cadiz as significantly outweighing any dilution that may arise as a result of the Cadiz shares being sold to Makana.

CHEST currently holds surplus Cadiz shares as a result of the expiry of options issued to participants. These shares are being used to facilitate the Transaction. No further options will be issued by CHEST.

6. FURTHER BACKGROUND TO MAKANA AND ITS RELATIONSHIP WITH CADIZ

Makana is a 100% held subsidiary of MIC, a wholly black-owned enterprise; and was established with the purpose of being a Cadiz BEE partner.

MIC is 51% owned by the Makana Trust. The Makana Trust was conceived on 11 February 1995, the 5th anniversary of Nelson Mandela's release, when former political prisoners gathered on Robben Island. In his address to the former inmates former President Mandela remarked about the unsatisfactory economic state of most former political prisoners. In order to formalise an initiative to address the plight of former political prisoners the Makana Trust was created.

MIC's approach to investment is "to promote value creation rather than value consumption". As a broad-based empowerment investment vehicle, MIC strives to be challenging and effective in meeting the needs and expectations of its partners, whilst reflecting and pursuing the goals of social and economic transformation of South African society. It is MIC's strategy that its directors take an active interest in the management of companies in which MIC invests by, *inter alia*, serving as directors of these companies.

On 6 February 2006 CSPL subscribed for 1 000 convertible redeemable cumulative preference shares of R0.01 (one cent) each at a share premium of R19 599.99 per share, issued by MIC. The conversion date of the preference shares is set for 6 April 2011.

In the event of CSPL converting the redeemable cumulative preference shares it will result in a holding by CSPL of 24.8% of the issued ordinary shares of MIC.

Such conversion will not have an adverse effect on the BEE status of Makana or Cadiz.

7. NATURE OF BUSINESS OF CADIZ

Cadiz is the holding company of a financial services group. Activities of Cadiz's wholly-owned subsidiaries include equity derivative broking, fixed income broking, quantitative research, stockbroking, corporate solutions, asset management, collective investment management, linked life products and structured solutions for the corporate, wholesale and retail markets.

8. FINANCIAL INFORMATION

***Pro forma* financial effects of the Transaction**

The table below sets out the unaudited *pro forma* financial effects of the New BEE Transaction on a Cadiz shareholder, based on the audited financial results of the Group for the year ended 31 March 2010. The *pro forma* consolidated statement of financial position and consolidated statement of comprehensive income have been prepared for illustrative purposes only to provide information on how the New BEE Transaction might have impacted on the results and financial position of the Group. Because of the nature of the *pro forma* consolidated statement of financial position and consolidated statement of comprehensive income, they may not fairly present the Group's financial position or results after the New BEE Transaction. The existing accounting policies of the Group have been used in calculating the *pro forma* financial information. The directors are responsible for the preparation of the *pro forma* financial effects.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Actual Before	Transaction	Unaudited <i>Pro forma</i> After	Change (%)
Gross operating revenue	390 722		390 722	
Interest income	12 597	(141)	12 456	
Net investment income	12 023	2 612	14 635	
Net income from investments	15 092	2 612	17 704	
Foreign exchange losses	(3 069)		(3 069)	
Income attributable to linked assets	–	–	–	
Net fair value gains on linked financial instruments	85 447		85 447	
Linked liability adjustment	(85 447)		(85 447)	
Operating expenses	(298 058)	(73)	(298 131)	
Operating profit	117 284	2 398	119 682	
Finance costs	(311)		(311)	
Profit before taxation	116 973	2 398	119 371	
Taxation	(26 651)	175	(26 476)	
Total comprehensive income	90 322	2 573	92 895	
Headline earnings	99 473	2 573	102 046	
Earnings per share (cents)				
– basic	41.4	(0.8)	40.6	(1.93)
– diluted	41.2	(0.9)	40.3	(2.18)
Headline earnings per share (cents)				
– basic	45.6	(1.1)	44.5	(2.41)
– diluted	45.3	(1.0)	44.3	(2.20)
Weighted average number of shares in issue ('000)	218 155	10 908	229 063	
Diluted weighted average number of shares in issue ('000)	219 471	10 908	230 379	

Notes:

- The financial information in the "Actual Before" column has been extracted, without adjustment, from the audited annual financial statements of Cadiz for the year ended 31 March 2010.
- The sale shares shall be acquired at the 30-day VWAP share price on 31 August 2010, less a discount of 10%, and the preference yield will be 72% of the prime rate compounded monthly in arrears. For purposes of the unaudited *pro forma* financial information it is assumed that the New BEE Transaction was implemented on 1 April 2009. It has been further assumed that the proceeds from the Transaction amounted to R33 181 385 based on the closing Cadiz share price of 338 cents on 13 July 2010, less a discount of 10%. The increase of R2 612 000 in net income from investments is based on the assumption that R33 281 385 was invested on 1 April 2009 in preference shares at a yield of 7.9% (72% of the daily average prime rate) for the year ended 31 March 2010.
- Transaction costs of R750 000 have been estimated for the calculation of the unaudited *pro forma* financial effects and have been accounted for in terms of IAS 39 and IAS 32 in that R475 000 of costs directly attributable to the preference share funding has been capitalised and will be amortised over the term of the preference shares and R275 000 of costs directly attributable to the issue of the sale shares has been charged directly to equity. Included in the unaudited *pro forma* financial information is an amortisation charge of R73 000 for the year ended 31 March 2010.
- The assumed reduction of R141 000 in interest income is based on the estimated cash outflow for the costs payable and assumed ordinary dividend on 13 July 2009 to outside parties, at an effective rate of 8.2%, representing 75% of the daily average prime rate from 1 April 2009 to 31 March 2010.
- The assumed tax saving of R175 000 is the net resultant effect of 28% of the above assumed interest as well as the resultant net Secondary Tax on Companies credit at 10% of the assumed preference dividend received net of the additional ordinary dividend paid.
- All of the adjustments shown under the Transaction column are expected to have a continuing effect.
- The weighted average number of shares in issue and diluted average number of shares in issue have been increased by the 10 907 753 sale shares, based on the assumption that they were issued on 1 April 2009.

UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION

R'000	Actual Before	Transaction	Unaudited Pro forma After	Change (%)
ASSETS				
Non-current assets	1 394 592	33 756	1 428 348	
Fixed assets	7 667		7 667	
Intangible assets	266 140		266 140	
Deferred taxation	24 159		24 159	
Investments backing linked funds	1 012 529		1 012 529	
Other financial assets	81 144	33 756	114 900	
Receivables and prepayments	2 953		2 953	
Current assets	981 885	(850)	981 035	
Other financial assets	200 427		200 427	
Receivables and prepayments	617 386		617 386	
Taxation	1 204		1 204	
Cash and cash equivalents	162 868	(850)	162 018	
Total assets	2 376 477	32 906	2 409 383	
EQUITY AND LIABILITIES				
Equity and reserves	639 367	32 906	672 273	
Ordinary share capital and reserves	2 902		2 902	
Treasury shares	(73 544)	43 785	(29 759)	
Share-based payment reserve	45 836		45 836	
Retained earnings	664 173	(10 879)	653 294	
Non-current liabilities	1 030 064	–	1 030 064	
Deferred taxation	7 918		7 918	
Linked investment contract liabilities	1 012 529		1 012 529	
Trade and other payables	9 617		9 617	
Current liabilities	707 046	–	707 046	
Trade and other payables	665 459		665 459	
Taxation	16 021		16 021	
Trading liabilities	25 566		25 566	
Total equity and liabilities	2 376 477	32 906	2 409 383	
Net asset value per share (cents)	293.6	0.4	294.0	0.13
Net tangible asset per share (cents)	163.9	6.6	170.5	4.03
Number of shares in issue ('000)*	217 794	10 908	228 702	

* Issued shares excluding treasury shares and shares held by employee share trusts.

Notes:

- The financial information in the "Actual Before" column has been extracted, without adjustment, from the audited annual financial statements of Cadiz for the year ended 31 March 2010.
- The sale shares shall be acquired at the 30-day VWAP share price on 31 August 2010, less a discount of 10%, and the preference yield will be 72% of the prime rate compounded monthly in arrears. For purposes of the unaudited *pro forma* financial information it has been assumed that the New BEE Transaction was effective 31 March 2010. It has been further assumed that the proceeds on the New BEE Transaction amounted to R33 181 385, based on the share price of 338 cents on 13 July 2010, less a discount of 10%. It has been assumed that R33 281 385 was invested on 31 March 2010 in preference shares.
- The assumed increase in financial assets of R33 756 385 is the investment in preference shares referred to above plus estimated costs of R475 000 directly attributable to the investment capitalised in terms of IAS 39.
- The assumed decrease in cash and cash equivalents of R850 000 is based on the estimated costs of R750 000 and the R100 000 difference between the proceeds on the transaction and the cost of the investment in preference shares.

5. The assumed movement in treasury shares of R43 785 000 is based on the cost to CHEST of the shares sold in the Transaction measured on a first in first out basis. The shares held by CHEST have been consolidated into the financial statements of Cadiz, and treated as treasury shares as the Group has effective control over these shares.
6. The assumed movement of R10 879 000 in retained earnings represents the loss of R10 604 000 on sale of the sale shares as measured above plus estimated costs of R275 000 directly attributable to the issue of shares in terms of IAS 32.
7. The net asset value and net tangible net asset value per share calculations have been based on the assumption that the sale of the shares was implemented on 31 March 2010.

The independent reporting accountants' report on the unaudited *pro forma* financial information is set out in Annexure I to this circular.

9. SHARE CAPITAL

The authorised and issued share capital of Cadiz on the last practicable date is set out below:

	R'000
Before the transaction	
<i>Authorised</i>	
1 000 000 000 ordinary shares of one cent each	10 000
24 000 000 A ordinary shares of one cent each	240
<i>Issued</i>	
245 138 481 ordinary shares of one cent each	2 451
19 500 029 ordinary shares in employee shares trusts	(195)
273 352 deferred ordinary shares	(3)
7 571 077 ordinary treasury shares	(76)
9 388 043 A ordinary shares	92
	2 269
Share premium	359
Effect of consolidation of employee share trusts	(51 579)
Deferred consideration	(7 311)
Treasury shares	(14 380)
	(72 911)
After the transaction	
<i>Authorised</i>	
1 000 000 000 ordinary shares of one cent each	10 000
24 000 000 A ordinary shares of one cent each	240
<i>Issued</i>	
245 138 481 ordinary shares of one cent each	2 451
8 592 276 ordinary shares in employee share trusts	(86)
273 352 deferred ordinary shares	(3)
7 571 077 ordinary treasury shares	(76)
9 388 043 A ordinary shares	92
	2 378
Share premium	359
Effect of consolidation of employee share trusts	(7 903)
Deferred consideration	(7 311)
Treasury shares	(14 380)
	(29 235)

Cadiz has not issued any ordinary shares in the past three years, however it has issued 9 388 043 A ordinary shares in terms of the Cadiz Black Employees Shares Ownership Scheme. These shares only carry voting rights.

9.1 Material change

There has been no material change in the financial or trading position of Cadiz and its subsidiaries between the year ended 31 March 2010 and the last practicable date, other than the impact which the proposed BEE transaction may have, if implemented, and as disclosed in the circular.

9.2 Material contracts

No material contracts have been entered into, other than the agreements relating to the New BEE Transaction and other than in the ordinary course of business, by Cadiz or its subsidiaries within two years prior to the date of this circular or at any time before that containing an obligation or settlement that at the date of this circular is material to Cadiz or its subsidiaries.

9.3 Transactional costs

The estimated transaction costs are as follows:

Service provider	Work performed	R'000
Cadiz Corporate Solutions, a division of Cadiz Special Projects Limited	Corporate advisory services	–
Cliffe Dekker Hofmeyr Attorneys	Legal services	200
Investec Bank Limited	Sponsor services	100
Ernst & Young Advisory Services Limited	Fairness opinion	200
PricewaterhouseCoopers Inc.	Reporting accountant	80
JSE Limited	Documentation and inspection fees	25
Computershare	Secretarial services	25
Ince	Publishing and printing	120
Total		750

10. MAJOR SHAREHOLDERS

The following major shareholders were, on the last practicable date, the direct beneficial owners of 5% or more of the issued share capital of Cadiz:

Shareholder	Number of shares held	Percentage of issued share capital
Makana	23 508 749	9.6
The Royaume Investment Trust#	22 000 000	9.0
Employee share trusts	19 500 023	8.0
Bateleur Trust#	13 044 958	5.3
Total	78 053 730	31.9

This includes the interest of R F G Cadiz disclosed in paragraph 11.1 below.

In terms of the JSE Listings Requirements, the employee share trusts will not have their votes taken into account for the purposes of approving resolutions at the general meeting and will therefore not be permitted to vote at the general meeting.

Makana has a direct interest in the approval of the New BEE Transaction and has recused itself from the vote.

II. DIRECTORS

II.1 Directors' interests

There was no trading in the shares of the Company by the directors between the year ended 31 March 2010 and the last practicable date.

The beneficial holdings of the directors at the last practicable date are as follows:

Director	Direct beneficial shares	Indirect beneficial shares	Total	Percentage of total shares issued
Executive				
R Barkai	1 010 336	7 836 580	8 846 916	3.6
F C Shaw	–	163 718	163 718	0.1
Non-executive				
R F G Cadiz	1 600 000	35 044 958	36 644 958	14.9
B H Kent	–	455 810	455 810	0.2
S P Ngwenya	–	5 289 469	5 289 469	2.2
S J Saunders	–	271 746	271 746	0.1
N S Buthelezi	–	562 447	562 447	0.2
Total	2 610 336	49 624 728	52 235 064	21.2

The indirect beneficial shareholding held by both S P Ngwenya and N S Buthelezi results from their direct shareholding in MIC and MIC's shareholding in Makana.

There will be no variation in the remuneration of the directors as a result of the New BEE Transaction.

II.2 Directors' interest in transactions

Subject to the New BEE Transaction, no director of Cadiz is, or has been, directly or indirectly interested in any transaction which was effected during the current or immediately preceding financial year or during an earlier financial year and remains in any respect outstanding or unperformed.

II.3 Directors' service contracts

The executive directors of Cadiz have entered into standard employment contracts. None of the non-executive directors of Cadiz have entered into service contracts with Cadiz.

II.4 Details of directors and key management

The board of directors and members of the Executive Decision Forum of Cadiz are as follows:

Name	Function	Business address
R F G Cadiz	Non-executive chairperson	Ground Floor, Fernwood House The Oval, 1 Oakdale Road Newlands
R Barkai	Chief executive officer Director of Cadiz Asset Management (Proprietary) Limited, Cadiz Special Projects Limited, Cadiz Securities (Proprietary) Limited and Cadiz Stockbroking (Proprietary) Limited	Ground Floor, Fernwood House The Oval, 1 Oakdale Road Newlands
C A Hall	Independent non-executive	5 Corporation Street, Cape Town
B H Kent	Independent non-executive	23 Barnard Street, Simon's Town

Name	Function	Business address
D M Lawrence	Non-executive	100 Grayston Drive, Sandown Sandton
A N Matyumza	Independent non-executive	5 Pitlochry Road, Westville
B J Memela-Khambula	Independent non-executive	497 Schubart Street Pretoria Central, Pretoria
N S Mjoli-Mncube	Independent non-executive	21 Impala Road, Block B, First Floor Chislehurst, Sandton
S P Ngwenya	Non-executive	31 West Street, Houghton
S J Saunders	Independent non-executive	Amanzimnyama Hill, Tongaat
F C Shaw	Financial director	Ground Floor, Fernwood House The Oval, 1 Oakdale Road Newlands
N S Buthelezi	Alternate non-executive	31 West Street, Houghton
D Abrahams	Executive Decision Forum	Ground Floor, Fernwood House The Oval, 1 Oakdale Road Newlands
D Ahern	Executive Decision Forum Director of Cadiz Securities (Proprietary) Limited, Cadiz Stockbroking (Proprietary) Limited and Cadiz Special Projects Limited	Ground Floor, Fernwood House The Oval, 1 Oakdale Road Newlands
F M L Cadiz	Executive Decision Forum Director of Cadiz Asset Management (Proprietary) Limited	Ground Floor, Fernwood House The Oval, 1 Oakdale Road Newlands
R Gonsalves	Executive Decision Forum Director of Cadiz Special Projects Limited	Ground Floor, Fernwood House The Oval, 1 Oakdale Road Newlands
E A Jones	Executive Decision Forum Director of Cadiz Asset Management (Proprietary) Limited	Ground Floor, Fernwood House The Oval, 1 Oakdale Road Newlands
S X M Nhlapo	Executive Decision Forum Director of Cadiz Stockbroking (Proprietary) Limited	Ground Floor, Fernwood House The Oval, 1 Oakdale Road Newlands

12. OPINIONS AND RECOMMENDATIONS

The directors have obtained the independent fairness opinion required by Sections 5.51(f) and 10 of the JSE Listings Requirements and a copy is attached hereto as Annexure II.

The directors of Cadiz have considered the terms and conditions of the proposed New BEE Transaction and are of the opinion that the New BEE Transaction is in the best interests of all of Cadiz's key stakeholders, including shareholders, customers, suppliers, staff and funders and, accordingly, recommend that the Cadiz shareholders vote in favour of the special and ordinary resolutions required to implement the New BEE Transaction.

Mr R Barkai, Mr S P Ngwenya and Mr S Buthelezi serve on both the Cadiz and MIC boards and recused themselves from the decision and recommendation of the Cadiz board due to their possible conflict of interest.

The directors of Cadiz who own and/or control, other than P Ngwenya and S Buthelezi who, indirectly beneficially, own Cadiz shares through MIC and are therefore precluded from voting, intend to vote in favour of the special and ordinary resolutions to implement the New BEE Transaction.

13. WORKING CAPITAL STATEMENT

The directors of Cadiz are of the opinion and have reasonable grounds for believing that, subsequent to the implementation of the Transaction:

- Cadiz and its subsidiaries will be able, in the ordinary course of business, to pay their debts for a period of twelve months following the issue of this circular;
- the assets of Cadiz and its subsidiaries will be in excess of the liabilities of Cadiz and its subsidiaries for a period of twelve months following the issue of this circular. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of Cadiz and its subsidiaries will be adequate for the ordinary business purposes for a period of twelve months following the issue of this circular;
- the working capital of the Cadiz and its subsidiaries will be adequate for ordinary business purposes for a period of twelve months following the issue of this circular.

14. CONDITIONS PRECEDENT

The proposed New BEE Transaction is subject to, *inter alia*, the following conditions precedent:

- the passing of the special resolution approving the financial assistance to be given by Cadiz in connection with the proposed New BEE Transaction as set out in the notice of general meeting;
- the passing of the ordinary resolution approving the sale of the Cadiz shares by CHEST set out in the notice of general meeting; and
- the passing of the ordinary resolution approving the amendments to the Original BEE Transaction documents by CSPL.

15. LITIGATION STATEMENT

Cadiz is not involved in any material legal or arbitration proceedings which are pending or threatened and which may have or have had in the twelve-month period preceding the date of issue of this circular, a material effect on the financial position of Cadiz.

16. CORPORATE GOVERNANCE

INTRODUCTION

Cadiz recognises that sound corporate governance is fundamental to conducting ethical business practice and to ensuring long-term sustainability.

The directors believe that Cadiz complies with the Code of Corporate Practices and Conduct contained in the King Committee Report on Corporate Governance (King II), and the relevant governance provisions in the JSE Listings Requirements.

Governance structures and processes within the Group are regularly reviewed in response to changing requirements and to ensure alignment with best practice.

IMPLEMENTATION OF KING III

An evaluation of King III has been undertaken by management and the board will approve an implementation plan to apply the principles of the code. Enhancements to governance processes will be made in the new financial year, including a review of the composition of the Audit Committee, a non-binding shareholder vote on the Group's remuneration policy at the annual general meeting, an assessment of the independence of directors (notably the directors who have served on the board for more than nine years), the appointment of auditors by the shareholders and a review of all board committee mandates.

BOARD OF DIRECTORS

Board charter

A formal board charter confirms that the directors are accountable to shareholders and retain overall responsibility for:

- developing and adopting strategic plans;
- monitoring operational performance and management;

- ensuring effective risk management and internal controls;
- selection, orientation and evaluation of directors;
- legislative and regulatory compliance;
- approval of annual financial statements;
- timely and transparent reporting to shareholders;
- the ongoing sustainability of the business.

Board composition

Cadiz has a unitary board structure consisting of nine non-executive directors and two executive directors, as follows:

Ray Cadiz (47)

Non-executive chairman

B Sc (Hons) (Econ) (*Summa cum laude*) (Natal), M Sc (Econ) (Oxon), CFA, FIFM, Harvard OPM 28

Appointed to the board in 1997

Founded Cadiz in 1993 and served as chief executive for 12 years. Appointed non-executive chairman in November 2006. Previous chairman of South African Futures Exchange (SAFEX) and former non-executive director of Denel and the JSE.

Ram Barkai (52)

Chief executive officer

B Sc (Hons) Computer Science (Institute of Science, Israel)

Appointed to the board in 2005

Ram spent the early part of his career in Japan and Hong Kong. He moved to South Africa in 1996 and joined Cadiz to start the structured solutions division, the forerunner of Cadiz Asset Management and Cadiz Wealth. He was managing director of the asset management business from 1997 until his appointment as deputy chief executive officer in 2004. Ram was promoted to chief executive officer in August 2005 and appointed as an executive director of Cadiz.

Colin Hall (71)

Independent non-executive director

BA (Hons) (Law) (Unisa), B Juris (Pretoria)

Appointed to the board in 1998

Colin spent his working career in the corporate environment as a director, chief executive and chairman of a number of diverse public companies, parastatals and NGO's. Currently he runs leadership workshops, sharing his accumulated experiences. Colin joined the board of Cadiz as non-executive chairman in December 1998. In November 2006 he stood down as chairman and continues to serve as a non-executive director.

Bryan Kent (65)

Independent non-executive director

B Com, FCMA, CA(SA), H Dip (Tax), H Dip (Company Law)

Appointed to the board in 1998

Owner of financial consulting business and previously partner in charge of tax practice at PriceWaterhouse. Chairman of CIC Holdings and Country Bird Holdings and a director of Emira Property Holdings, Set Point Holdings and AnchorYeast.

David Lawrence (59)

Non-executive director

BA (Econ) (Wits), BA (Econ) (Hons), M Com

Appointed to the board in 2001

Deputy chairman of Investec Bank Limited. Serves on the operating board of the Banking Association of South Africa and director of the JSE and Afrox. Previous chairman of Citibank (South Africa) and managing director of FirstCorp Merchant Bank.

Gando Matyumza (47)

Independent non-executive director

B Com, B Compt (Hons), LLB, CA(SA)

Appointed to the board in 2010

Gando has held senior financial management and executive positions for various organisations including Eastern Cape Development Corporation, South African Breweries and Transnet, and was a regional general manager of Eskom. She is a non-executive director of Transnet, WBHO, Hulamin, KZN Growth Fund Managers and Khula Enterprise Finance.

Gando is an ordained minister of the African Methodist Episcopal Church and pastor of Umlazi in the Natal Conference.

Totsie Memela-Khambula (52)

Independent non-executive director

BA, M Public Admin, MDP (Wits), SEP (Wits and Harvard)

Appointed to the board in 2010

Managing director of Postbank, a division of the SA Post Office. Extensive experience in financial services industry, including serving as regional manager of Peoples Bank, general manager and acting managing director of the Land Bank and chief executive of customer services and retention at First National Bank home loans. She is a director of the Rural Housing Loan Fund, Memela Pratt & Associates, Melanani Investments and Imvuno Investments.

Nonhlanhla Mjoli-Mncube (52)

Independent non-executive director

BA (Fort Hare), Masters in City and Regional Planning (UCT), Certificate in Finance (Wharton Business School), Executive Leadership Programme (Harvard), Post graduate certificate in technology management (Warwick, UK), Massachusetts Institute of Technology (MIT) SPURS Fellowship

Appointed to the board in 2004

Owns and runs Mjoli Development Company, Eziko Investments and The Alpha Network for Women. Past Chairman of the National Urban Reconstruction and Housing Agency (Nurcha), past chairman and founder of Women for Housing.

Peter-Paul Ngwenya (56)

Non-executive director

B Com, B Com (Hons) (Unisa)

Appointed to the board in 2004

Chairman of Makana Investment Corporation. Founding trustee and former chairman of Makana Trust and treasurer of the Ex-Political Prisoners Committee. Chairman of South African Airlink, iGagasi 99.5 FM, Heart 104.9 FM, Sebenza Forwarding and Shipping Consultancy, and deputy chairman of ATE. Non-executive director of Hulamin.

Steven Saunders (50)

Independent non-executive director

BA (Econ) (UCT), MA (Agri Sc) (Oxon), MBA (UCT)

Appointed to the board in 1998

Executive director of Tongaat Hulett Group from 1991 to 2007. Appointed chairman of Tongaat Hulett Sugar (1995), Tongaat Textiles (1997) and Moreland Estates (2000).

Fraser Shaw (50)

Financial director and chief operating officer

B Com, CA(SA)

Appointed to the board in 2009

Fraser worked for Deloitte & Touche locally and in London before joining FTSE 100 company BET plc as group financial officer. Over the next eight years he served in senior financial management roles at The Laser Group, Oasis Asset Management and Prodigy Asset Management. He joined Cadiz as chief financial officer in 2002, was appointed head of operations in 2005 and chief operating officer in 2008. He was appointed as an executive director on 1 June 2009.

Sfiso Buthelezi (48)

Alternate non-executive director

B Com (Unisa), B Com (Econ) Hons (UCT), M Com (UCT)

Appointed to the board in 2004

Chief operating officer of Makana Investment Corporation. Chairman of Passenger Railway Agency of South Africa and Authshumatu Investments. Non-executive director of Sebenza Forwarding and Shipping Consultancy, radio stations Kaya FM, iGagasi 99.5 FM, Heart 104.9 FM. South African Rail Commuter Corporation, Metrorail and Mevena Investments. Former chief executive of the National Gambling Board.

Independence

Seven of the non-executive directors are independent in terms of King II. Chairman Ray Cadiz is not classified as an independent director as he was previously an executive of the Group, while Peter-Paul Ngwenya (MIC) is not deemed to be independent as he represents a shareholder owning a significant interest in the Company. The Nomination Committee has considered the independence of these non-executive directors and, in particular, the directors who have served on the board for over nine years (Colin Hall, Bryan Kent, David Lawrence and Steven Saunders) and is satisfied that they are independent.

Lead non-executive director

As the chairman is not an independent director, the board has created the position of lead independent non-executive director. Colin Hall was appointed to this position in November 2009.

Chairman and chief executive

A clear division of responsibility is embedded in the board charter. The board is led by the chairman, Ray Cadiz, and the executive management of the Group has been delegated to the chief executive officer, Ram Barkai, and the executive decision forum (EDF) for the implementation of the strategy and the ongoing management of the business. The board and executive management work closely in determining the strategic objectives of the Group.

Board appointments

Board appointments are conducted in a formal and transparent way. All directors are selected, appointed and removed by the board, subject to ratification by shareholders.

The non-executive directors have extensive business experience across a diverse range of sectors, enabling them to provide balanced and independent advice and judgement in the decision-making process. Non-executive directors have direct access to management and may meet with management independently of the executive directors.

Directors retire annually and are eligible for re-election by shareholders at the annual general meeting. The Company had a fixed term contract to retain the services of the non-executive chairman and this expired in December 2009. The chief executive officer does not have a service contract and is subject to the same service conditions as all staff members.

Board evaluation

An annual review is conducted to assess the effectiveness of the board and the individual contributions of the directors. The latest assessment was carried out by the chairman based on a questionnaire. The feedback from this assessment is discussed with the Nominations Committee, communicated to the board and management and relevant action taken.

Company Secretary

The company secretary is responsible for ensuring that board procedures and the relevant regulations are fully observed. He also provides guidance to the directors on governance, compliance and their fiduciary responsibilities.

The induction programme for newly appointed directors is co-ordinated by the company secretary.

All directors have unrestricted access to the advice and services of the company secretary. They are entitled to seek independent professional advice at the Company's expense after consultation with the chairman of the board. No directors exercised this right during the year. Directors also have unrestricted access to all Company information.

BOARD COMMITTEES

The directors have delegated specific responsibilities to four committees to assist the board in the discharge of its duties and responsibilities. The committees are all chaired by non-executive directors. Each committee has a clearly defined mandate and the directors confirm that the committees have functioned in accordance with these written terms of reference during the financial year.

During the year the Audit Committee was strengthened with the appointment of Gando Matyumza. The composition of the other committees remains unchanged.

Audit Committee	
Role and function of committee	Composition
<ul style="list-style-type: none"> • Maintain and prepare accurate financial records and related disclosures • Implement and maintain adequate and effective systems of internal control • Appoint and monitor the independence and effectiveness of internal and external audits • Meet all statutory and regulatory compliance requirements • Review the annual financial statements and recommend approval to the board • Review and monitor major accounting and financial reporting issues • Review and approve the audit service and any non-audit services provided by the external auditors • Review and approve the internal audit plan, budget and staffing • Review the competence and expertise of financial officer. 	<p>The committee consists of three independent non-executive directors. Management, internal audit and the external audit partners and staff attend by invitation</p> <hr/> <p>Meetings Four meetings held in 2009/10</p>
Remuneration Committee	
Role and function of committee	Composition
<ul style="list-style-type: none"> • Establish a remuneration policy which is aligned with the Group's strategy and performance goals • Review remuneration policies, employee share incentive schemes, performance bonuses and service contracts • Approve the remuneration of the executive directors and senior management • Propose fees for non-executive directors, which are tabled for shareholder approval at the annual general meeting • Determine the award of share options to executives and staff. 	<p>Two independent non-executive directors, one non-executive director and the chief executive officer</p> <hr/> <p>Meetings Four meetings held in 2009/10</p>
Risk Committee	
Role and function of committee	Composition
<ul style="list-style-type: none"> • Establish risk and control policies • Communicate these policies through the organisation • Review effectiveness of the risk management and internal control process • Ensure that all risks to which the Company and its clients are exposed are consistently and exhaustively identified, understood, managed and communicated. 	<p>An independent non-executive director, the chief executive officer, the credit risk and tax manager of Investec Bank and a member of executive management</p> <hr/> <p>Meetings Four meetings held in 2009/10</p>
Nominations Committee	
Role and function of committee	Composition
<ul style="list-style-type: none"> • Identify and recommend qualified candidates for directorships • Ensure that the board has an appropriate balance of skills, experience and diversity, and that the board appointment process is fair and transparent • Annually review the performance of the board, individual members and sub-committees • Ensure effective succession planning for senior management. 	<p>All non-executive directors</p> <hr/> <p>Meetings Two meetings held in 2009/10</p>

BUSINESS ETHICS AND VALUES

The Group's values are encapsulated in the Cadiz Ten Commitments and these are the guiding principles by which staff conduct business and manage relationships with all stakeholders. Should staff act outside the spirit of the values, or contravene the code of conduct or any other Company policy, the matter is investigated and managed in accordance with the human resource disciplinary code. The board is satisfied that no material breaches of ethical behaviour occurred during the year and confirm that the Group continues to comply with the highest standards of ethical business practices.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on page 6 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this circular false or misleading and that they have made all reasonable enquiries to ascertain such facts have been made and that this circular contains all information required by law and the JSE Listings Requirements.

18. CONSENTS

The adviser, sponsor, reporting accountants and legal adviser to Cadiz have all provided their written consents to act in the capacity stated and to their names being used in this circular and have not withdrawn their consents prior to the publication of this circular.

19. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any business day at the registered address of Cadiz and the sponsor from Friday, 6 August 2010 (the date of issue of this circular) up to and including Tuesday, 31 August 2010:

- 19.1** a copy of this circular;
- 19.2** the Original BEE Transaction documents;
- 19.3** the New BEE Transaction documents;
- 19.4** the audited financial statements of Cadiz for the last three financial years ended 31 March 2010;
- 19.5** the reporting accountants' report which is reproduced as Annexure I to this circular;
- 19.6** the Independent Fairness Opinion which is reproduced as Annexure II to this circular;
- 19.7** the memorandum and articles of association of Cadiz;
- 19.8** the Company's register of beneficial interest in securities;
- 19.9** the consent letters referred to in paragraph 18 above; and
- 19.10** the CHEST Trust Deed.

20. GENERAL MEETING OF SHAREHOLDERS

A general meeting of shareholders will be held at the office of Cadiz, 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town at 15:00 on Tuesday, 31 August 2010 in order to consider and, if deemed fit, pass, with or without modification, the special resolution required to give effect to Cadiz providing financial assistance to Makana to enter into the New BEE Transaction, and the ordinary resolutions required to give effect to the sale of the sale shares and amendments to the Original BEE Transaction documents, as set out in the notice of general meeting attached to and forming part of this circular.

The special resolution necessary to give effect to Cadiz providing financial assistance to Makana to enter into the New BEE Transaction will be required to be passed by at least 75% of the shareholders present in person or by proxy and voting at the general meeting, excluding any related parties and their associates participating in the sale.

Certificated shareholders and own-name dematerialised shareholders who are unable to attend the general meeting and who wish to be represented thereat, are requested to complete and return the attached form of proxy (*blue*) in accordance with the instructions contained therein, to be received by no later than 15:00 on Friday, 27 August 2010.

Dematerialised shareholders should inform their CSDP or broker of their intention to attend the general meeting and request them to issue them with the necessary Letter of Representation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person, in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP or broker.

By order of the board

CADIZ HOLDINGS LIMITED

F C Shaw

Company Secretary and financial director

6 August 2010

Registered office

Ground Floor, Fernwood House
The Oval, 1 Oakdale Road
Newlands, 7700
(PO Box 44547, Claremont, 7735)

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

"The Directors
Cadiz Holdings Limited
PO Box 44547
Claremont
7735

3 August 2010

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF CADIZ HOLDINGS LIMITED ("CADIZ" or "THE COMPANY")

Introduction

We have performed our limited assurance engagement in respect of the *pro forma* financial information of Cadiz, set out in Paragraph 8 of the circular to Cadiz shareholders, to be dated on or about 6 August 2010 ("the Circular"), in connection with the sale of 10 907 753 Cadiz shares to Makana Financial Services (Pty) Limited from Cadiz Holdings Limited Employee Share Trust ("the Transaction"). The *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the Transaction might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* statement of financial position being reported on.

Responsibilities

The directors of Cadiz are responsible for the compilation, contents and preparation of the unaudited *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information contained in the Circular has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Cadiz; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the Circular. We conducted our assurance engagement in accordance with ISAE 3000: *International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Revised Guide on Pro forma Financial Information* issued by The South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information of Cadiz with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Cadiz, considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted unaudited *pro forma* financial information with the directors and management of Cadiz in respect of the corporate action that is the subject of the Circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors and management of Cadiz and other information from various public, financial and industry sources.

Whilst the work we performed involved an analysis of the historical financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information in accordance with the *International Standards on Auditing* or the *International Standards on Review Engagements* and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Cadiz;
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed pursuant to Sections 8.17 and 8.30 of the JSE Listings Requirements.

PricewaterhouseCoopers Inc

Director: D G Malan
Accredited Auditor

INDEPENDENT FAIRNESS OPINION

"The Directors
 Cadiz Holdings Limited
 PO Box 44547
 Claremont
 7735

3 August 2010

Dear Sirs

FAIRNESS OPINION ON THE TERMS OF THE PROPOSED SALE OF CADIZ HOLDINGS LIMITED ("CADIZ") SHARES, INVESTMENT IN PREFERENCE SHARES IN MAKANA FINANCIAL SERVICES (PTY) LTD ("MAKANA"), AND THE EXTENSION OF THE PREFERENCE SHARES IN MAKANA INVESTMENT CORPORATION (PTY) LTD ("MIC") AS PART OF THE COMPANY'S PROPOSED BLACK ECONOMIC EMPOWERMENT ("BEE") TRANSACTION ("TRANSACTION") ("OPINION")

The definitions outlined in the "Definitions" section of the circular of which this letter forms a part, have been used throughout this letter.

Introduction

At the General meeting held on 28 May 2004, Cadiz shareholders approved the acquisition by Makana of 23 508 749 Cadiz shares in terms of the Original BEE Transaction. This translated into an effective 10% holding by Makana in the shares of Cadiz, excluding treasury shares.

As part of its continuous commitment to the principles of BEE, Cadiz and Makana entered into discussions to enhance Makana's position as Cadiz's BEE partner by increasing their shareholding, assisting them with funding the transaction and to extend the terms of the Original BEE Transaction in line with the Broad Based Black Economic Empowerment ("BB BEE") requirements.

It was announced to Cadiz shareholders on SENS on Tuesday, 20 July 2010 and in the press on Wednesday, 21 July 2010 that an agreement has been reached in terms of which Makana will acquire an additional 10 907 753 Cadiz shares from Cadiz Holdings Limited Employee Share Trust ("CHEST").

Cadiz further, subject to shareholders' approval, proposes to provide Makana the funding for the acquisition of Cadiz shares through the subscription of preference shares in Makana.

Structure of the transaction in relation to the issue of Cadiz shares

The following agreements ("Agreements") were signed by the relevant parties as at 19 July 2010:

- Amendment agreement to subscription agreement between Cadiz Black Empowerment Trust Investments (Pty) Ltd ("CBEETI") and MIC;
- Sale of shares between CHEST, Makana, MIC, Cadiz and Cadiz Management Services (Pty) Ltd ("CMS");
- Cession and Pledge Agreement between Makana and Cadiz;
- Preference share subscription agreement Makana and Cadiz;
- Amendment agreement to subscription agreement between Cadiz Special Projects Limited ("CSPL") and CBEETI; and
- Amendment agreement to subscription agreement between MIC and Makana.

The salient terms of the Agreements are as follows:

- The acquisition by Makana of an additional 10 907 753 Cadiz shares from CHEST at a price equal to the 30-day VWAP as at 31 August 2010 less 10%;
- The financing by Cadiz of 100% of the purchase price of the share acquisition via a preference share subscription in Makana;

- The redemption date of the preference share shall be the last day of February 2017; and
- Makana will not be permitted to dispose of or transfer, pledge, hypothecate or otherwise encumber any of the sale shares until the last day of February 2017, without the prior written consent of Cadiz.

The preference share dividend shall be at an annual rate of 72% of the First National Bank's, a division of FirstRand Bank Limited, prime lending rate compounded monthly in arrears.

The amendment of the current preference share subscription agreement by Cadiz Special Projects Limited ("CSPL") in Cadiz Black Economic Empowerment Trust Investments (Pty) Ltd ("CBEETI") and in turn its preference share subscription in MIC to align the terms with the preference share subscription of Cadiz in Makana.

This will increase Makana's shareholding in Cadiz from 10.8% to a total of 15% of the issued ordinary Cadiz shares, excluding treasury shares and shares held by the employee share trusts.

The terms of the Transaction are more fully described in the Circular and the description of the Transaction and certain other information contained herein is qualified in its entirety by reference to the more detailed information incorporated in the Circular.

Definition of fairness

'Fairness' is primarily based on quantitative factors. In this regard, we have considered the financial benefit expected to be derived from the issue of Cadiz shares, represented by the net present value of the estimated impact on the Company's future cash flows if the Transaction is not concluded ("the Financial Benefit"). Against this, we have reviewed the estimated economic cost of the Transaction, represented by the net present value of the cost of the expected dividends payable to the BEE Trusts and other relevant transaction costs ("the Economic Cost").

A transaction is generally fair if the cost in terms of that transaction is equal to or less than the benefit of the shares which form the subject matter of the transaction.

A transaction is generally unfair if the cost in terms of that transaction is greater than the benefit of the shares which form part of the subject matter of the transaction.

In opining on whether or not the Transaction is fair to the shareholders of Cadiz, we have assumed that the Financial Benefit and the Economic Cost, which is a benefit and a cost to the Company, is representative of the cost and benefit to the shareholders of Cadiz.

Scope

We have been appointed by the Board of Cadiz as an independent professional expert (by way of providing a fairness opinion) in terms Section 5.5 of the JSE Limited ("JSE") Listings Requirements. We understand that the independent fairness opinion is required as the proposed transaction has been deemed by the JSE to be a small transaction with related parties.

In terms of Section 5.5 of the JSE Listings Requirements, an Opinion is required to be obtained from an independent professional expert, acceptable to the JSE, indicating whether or not the proposed transaction with a related party, being Makana, is fair to the shareholders of Cadiz.

Sources of information

In arriving at our opinion, we have relied upon the following principal sources of public information:

- historical audited annual financial statements of Cadiz for the financial periods ended 31 March 2010 and 31 March 2009;
- financial and industry information from equity research reports on Cadiz and its global peers sourced from independent data providers including, but not limited to, Thomson Reuters, Factiva and McGregor BFA;
- publicly available information relating to Cadiz that we deemed to be relevant, including media articles;
- precedent transactions of a similar nature;
- information regarding prevailing economic, financial, market and other conditions prevailing at the date of the issue of this opinion;
- macro-economic forecasts in relation to economic and industry growth rates, inflation, long-term interest rates, other relevant financial sector forecasts; and
- the Circular.

Furthermore, we have relied upon the following principal sources of non-public information delivered to us by or on behalf of Cadiz:

- documents prepared by Cadiz Corporate Solutions, a division of CSPL, setting out the structure, terms and conditions of the Transaction;
- legal agreements and documentation for the Transaction, including the CHEST Trust Deeds and the Circular;
- accounting and tax opinions relating to the Transaction;
- the Company's latest BEE scorecard;
- forecast financial information and assumptions thereon, prepared by the Management of Cadiz ("Management");
- an estimation by Management of the business risks and associated future cash flow impact if the Transaction is not concluded; and
- various representations made by Management.

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our Opinion, whether received in writing or obtained in discussion with management of Cadiz, and we are satisfied with the appropriateness of such information.

Approaches and procedures

In arriving at our opinion, we have undertaken the following procedures:

- interrogating the Economic Cost to ordinary shareholders of Cadiz. In determining this cost, the following procedures were performed:
 - an indicative desktop valuation to value Cadiz ordinary shares on a pre-Transaction basis using standard peer relative valuations;
 - sensitivity analyses on the Cost Model in respect of changes in the key value drivers thereof, the long-term share price volatility and the dividend yield of the Company's ordinary shares;
 - analysis of the historical share price performance of Cadiz Ordinary Shares on the JSE;
 - review of Cadiz dividend history and dividend policy;
 - review the calculation of the dividends expected to be paid to Makana and MIC for the duration of Transaction and the net present value thereof;
 - obtained an estimate of other costs expected to be incurred in connection with the issue of Cadiz shares, including transaction costs;
 - review of the accounting and tax opinions, if any, prepared for Cadiz regarding the accounting and tax treatment of the Transaction in terms of IFRS; and
 - comparing the Economic Cost of the Transaction relative to recent precedent Transactions in the market;
- preparing an estimate of the Financial Benefit to Cadiz of concluding the Transaction. In determining this benefit, the following procedures were performed:
 - through various discussions with Management, performing a strategic analysis of the risks to the future cash flows of the Company of not concluding the Transaction;
 - identifying the mitigating factors that Management could take to minimise the identified risks;
 - based on the above, obtaining Management estimates of the potential impact on the future cash flows of the Company should the Transaction not be concluded;
 - interrogating these estimates for reasonableness and applying probability factors to the potential cash flow effects; and
 - a discounted cash flow, which was used to determine the present value of the estimated impact on the future cash flows of the Company, discounted at Company's estimate of weighted average cost of capital;
- comparing the Economic Cost against the Financial Benefit, as determined above, and applying appropriate sensitivity analysis in determining whether the Transaction is fair to shareholders;
- reviewing publicly available information relating to the Company that we deemed to be relevant, including Company announcements, analysts' reports and media articles;
- reviewing the Company's latest BEE scorecard; and
- reviewing the CHEST Trust Deeds and the Circular.

Assumptions and key value drivers

Our opinion is based on the following key assumptions:

- current economic, regulatory and market conditions will not change materially;
- there are no undisclosed contingencies that could affect the value of Cadiz;
- the structure of the Transaction will not give rise to any undisclosed tax liabilities;
- representations made by Management in the form of discussions with Management and the information provided during the course of forming this opinion are accurate; and
- the BEE shareholders will remain BEE compliant throughout the term of the Transaction.

The key internal value drivers in our valuation are:

- the historical financial performance of the underlying segments within the Cadiz Group;
- the fee structures within the Asset Management and Securities segments;
- historical dividend growth rates;
- working capital requirements; and
- discount rates.

The key external value drivers in our valuation are:

- the expected long-term return on equities, bonds and cash;
- South Africa inflation rates; and
- South African Gross Domestic Product growth rates.

Limiting conditions

We have relied upon the accuracy of the information used by us in deriving our opinion albeit that, where practicable, we have corroborated the reasonableness of such information through, amongst other things, reference to work performed by independent third party/ies, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of Cadiz.

We have also assumed that the proposed transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, advisers of Cadiz and we express no opinion on such consequences.

The opinion expressed below is necessarily based upon the information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have assumed that all conditions precedent in the Transaction Agreements, including any material regulatory and other approvals required in connection with the proposed Transaction have been or will be properly fulfilled/obtained. Subsequent developments may affect our opinion, however, we are under no obligation to update, revise or re-affirm such.

Opinion

Our opinion is required as a result of the proposed Transaction. We have considered the terms and conditions of the proposed Transaction and performed a comparison of the position of Cadiz shareholders under the proposed Transaction by comparing the forecast future net cash flows (being the net of Financial benefit and Economic cost) arising from the issue of Cadiz shares and the issue of preference shares. Based upon and subject to the conditions set out below, we are of the opinion that the proposed Transaction is fair to Cadiz shareholders.

This opinion does not purport to cater for each individual shareholder's circumstances and/or risk profile, but rather that of the general body of Cadiz shareholders taken as a whole. Each shareholder's decision will be influenced by such shareholder's particular circumstances and, accordingly, shareholders should consult with an independent adviser if they are in any doubt as to the merits or otherwise of the Transaction.

Use of this opinion

This opinion is provided solely for the use of the Board of Directors of Cadiz ("Board") and Cadiz shareholders in connection with and for the purpose of their consideration of the Transaction. This Opinion shall not, in whole or in part, be disclosed, reproduced, disseminated, quoted, summarised or referred to at any time, in any manner or for any purpose, nor shall any public references to Ernst & Young or Ernst & Young Advisory Services Limited be made by Cadiz or any of its affiliates, without the prior consent of Ernst & Young Advisory Services Limited.

Independence and consent to publication

We have been retained by the Board as an independent adviser to the Board and shareholders in connection with the Transaction and we will receive a fixed fee for the services provided in connection herewith, which fee is payable upon delivery of this Opinion. We confirm that, other than the aforementioned, we have no interest, direct or indirect, beneficial or non-beneficial, in Cadiz or in the success or failure of the Transaction which forms the subject matter hereof.

We hereby consent to this letter and the references thereto being made public to holders of Cadiz shares in the form and context in which they are to be published in the Circular to shareholders on or about 6 August 2010. We confirm that we have given and have not withdrawn our consent prior to the issue of the said Circular to Cadiz shareholders.

Yours faithfully,

S H Alt

Director

Ernst & Young Advisery Services Limited"

TRADING HISTORY OF CADIZ SHARES

The high, low and closing prices of Cadiz shares on the JSE, and the volumes traded, since 1 July 2007, were as follows:

		High (cents)	Low (cents)	Close (cents)	Volume	Value (Rand)
Quarterly						
2007	September	478	430	450	12 815 692	58 494 969
	December	489	450	450	11 701 516	54 356 807
2008	March	450	255	255	7 395 246	26 088 402
	June	320	230	230	19 492 382	54 874 553
	September	225	192	200	8 116 290	17 497 028
	December	201	150	172	13 332 454	21 637 906
2009	March	193	140	180	13 459 238	23 302 306
	June	240	180	238	3 941 574	8 013 484
Monthly						
2009	July	238	215	235	9 168 888	21 035 079
	August	300	235	300	2 167 136	5 636 254
	September	300	280	300	2 187 620	6 519 379
	October	315	280	290	16 935 876	48 068 439
	November	300	275	300	8 312 435	24 261 166
	December	314	265	314	3 542 223	9 710 818
2010	January	325	275	286	1 303 558	4 021 170
	February	314	290	295	365 790	1 108 243
	March	305	280	300	6 512 443	18 789 778
	April	330	281	326	1 696 886	5 330 940
	May	340	316	340	4 789 174	16 151 367
	June	375	330	340	6 541 912	23 690 243
Daily						
2010	June 17	363	358	363	4 000	14 370
	June 18	362	355	359	56 722	203 795
	June 21	360	360	360	11 844	42 638
	June 22	365	355	355	354 568	1 258 871
	June 23	355	353	355	451 255	1 601 835
	June 24			355	–	–
	June 25	355	351	351	686 545	2 416 673
	June 28	355	350	350	22 225	78 269
	June 29	350	345	350	67 784	236 776
	June 30	350	331	340	301 920	1 019 653
	July 1	350	332	340	25 051	85 753
	July 2	350	338	338	21 106	72 396
	July 5	343	335	340	29 358	99 212
	July 6	336	335	335	4 800	16 090
	July 7	338	330	338	12 376	41 545
	July 8	338	334	338	81 975	274 843
	July 9	335	333	334	705 528	2 359 408
	July 12	335	331	331	94 299	312 161
	July 13	340	330	338	136 700	454 850
	July 14	335	330	335	308 873	1 031 580
	July 15	350	332	340	25 051	85 753
	July 16	350	345	345	34 400	118 750
	July 19	350	345	350	81 846	285 461



CADIZ HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/007258/06)

Share code: CDZ ISIN: ZAE000017661

("Cadiz" or "the Company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the ordinary and A ordinary shareholders of Cadiz ("shareholders") will be held at the Company's office, 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town at 15:00 on Tuesday, 31 August 2010 to consider and, if deemed fit, to pass, with or without modification, the following special and ordinary resolutions.

Unless the context indicates otherwise, all terms used in this notice will have the meanings assigned thereto at the Definitions set out at pages 3 to 5 of the circular to which the notice of general meeting convened to consider these special and ordinary resolutions is attached.

SPECIAL RESOLUTION I

"RESOLVED THAT, in accordance with the provisions of section 38(2A)(b) of the Companies Act, and subject to and conditional upon the passing of ordinary resolutions 1 and 2, and subject further to this special resolution being approved by 75% majority (excluding Makana and its associates), the provision by the Company of financial assistance to Makana by subscribing for preference shares in the issued capital of Makana for a total subscription consideration equal to the 30-day VWAP per Cadiz share at 31 August 2010 less a discount of 10% multiplied by 10 907 753 plus R100 000 ("the Subscription Amount"), to enable Makana to acquire 10 907 753 Cadiz shares from CHEST, all on the terms summarised in the circular and more fully described in the Transaction documents, which are available for inspection, be and is hereby sanctioned, approved and authorised."

In terms of the JSE Listings Requirements, Makana is regarded as a "related party" in relation to Cadiz and the subscription for the preference shares by the Company is regarded as a "related party transaction". Accordingly, in terms of the JSE Listings Requirements, the subscription for the preference shares must be authorised by way of a resolution approved by a 75% majority of shareholders, other than the related party and its associates.

Reasons for and effect of Special Resolution I:

Section 38(1) of the Companies Act generally prohibits the provision by a company of financial assistance to another person for the purpose of a purchase or subscription of shares in that company.

However, section 38(2A) of the Companies Act provides that such financial assistance is not prohibited provided if:

- the company's board is satisfied that:
 - subsequent to the transaction, the company's consolidated assets, fair valued, will be more than its consolidated liabilities; and
 - subsequent to the providing the assistance, and for the duration of the Transaction, the company will be able to pay its debts as they fall due in the ordinary course of business; and
- the terms upon which the assistance is given is sanctioned by special resolution of its members.

The reason for and effect of this special resolution is to obtain such sanction by the members of the Company, of the terms of the proposed assistance to Makana. The board is satisfied that, subsequent to the Transaction, the Company's consolidated assets, fair valued, will be more than its consolidated liabilities and that, subsequent to the providing the assistance, and for the duration of the Transaction, the Company will be able to pay its debts as they fall due in the ordinary course of business.

ORDINARY RESOLUTION 1

“RESOLVED THAT, in accordance with the JSE Listings Requirements, and subject to and conditional upon the approval and registration of special resolution 1 and the approval of ordinary resolution 2, and subject further to this ordinary resolution being approved by a 75% majority (excluding Makana and its associates); the sale by CHEST of 10 907 753 Cadiz shares to Makana on the terms summarised in the circular and more fully described in the relevant Transaction documents, which are available for inspection, be and is sanctioned, approved and authorised.”

In terms of the JSE Listings Requirements, Makana is regarded as a “related party” in relation to Cadiz and the sale of the sale shares to Makana is regarded as a specific issue for cash to a related party. Accordingly, in terms of the JSE Listings Requirements, the sale of the sale shares to Makana must be authorised by way of an ordinary resolution approved by a 75% majority of shareholders, other than the related party and its associates participating in such sale.

ORDINARY RESOLUTION 2

“RESOLVED THAT, in accordance with the JSE Listings Requirements, and subject to and conditional upon the approval and registration of special resolution 1 and the approval of ordinary resolution 1, and subject further to this ordinary resolution being approved by a simple majority (excluding Makana and its associates), the amendments to the existing preference share agreements amongst the Company and certain of its subsidiaries and associates on the one hand and Makana and MIC on the other hand, including the replacement of the lock-in provisions contained therein with the same lock-in provisions which are applicable to the additional Cadiz shares acquired pursuant to the New BEE Transaction, on the terms summarised in the circular and more fully described in the relevant Transaction documents, which are available for inspection, be and are hereby sanctioned, approved and authorised.”

In terms of the JSE Listings Requirements, Makana is regarded as a “related party” in relation to Cadiz and amendment to the existing preference share funding and related agreements referred to in this ordinary resolution are regarded as “related party transactions”. Accordingly, in terms of the JSE Listings Requirements, these amendments must be authorised by way of an ordinary resolution approved by a simple majority of shareholders, other than the related party and its associates.

ORDINARY RESOLUTION 3

“RESOLVED THAT the directors and secretary of the Company be and are hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement the special and ordinary resolutions set out in the notice of general meeting at which this ordinary resolution 3 will be considered.”

VOTING

On a show of hands, every shareholder and A ordinary shareholder of the Company who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) is represented thereat by a representative appointed pursuant to section 188 of the Companies Act, shall have one vote, and on a poll, every shareholder and A ordinary shareholder of the Company who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) or represented by proxy at the general meeting, shall have one vote for every Cadiz share of which it is the holder.

Dematerialised shareholders who are not own-name dematerialised shareholders, and who wish to attend the general meeting or to vote by way of proxy, must contact their CSDP or broker who will furnish them with the necessary Letter of Representation to attend the general meeting or be represented thereat by proxy. This must be done in terms of the agreement entered into between the dematerialised shareholder and the CSDP or broker.

PROXIES

A Cadiz shareholder entitled to attend and vote at the general meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company.

A form of proxy (*blue*) is attached for the convenience of certificated Cadiz shareholders and own-name dematerialised shareholders who are unable to attend the general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the transfer secretaries of the Company, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), so as to be received by no later than 15:00 on Friday, 27 August 2010.

By order of the board

CADIZ HOLDINGS LIMITED

F C Shaw

Company secretary

6 August 2010

Registered office

Ground Floor, Fernwood House
The Oval, 1 Oakdale Road
Newlands, 7700
(PO Box 44547, Claremont, 7735)

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)



CADIZ HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1997/007258/06)
Share code: CDZ ISIN: ZAE00017661
("Cadiz" or "the Company")

FORM OF PROXY

All terms in the circular to which this form of proxy is attached, shall bear the same meanings in this form of proxy.

FOR USE BY SHAREHOLDERS WHO HAVE NOT DEMATERIALISED THEIR SHARES AND OWN-NAME DEMATERIALISED SHAREHOLDERS AT THE GENERAL MEETING OF CADIZ TO BE HELD AT THE ADDRESS OF CADIZ (4TH FLOOR, THE TERRACES, 25 PROTEA ROAD, CLAREMONT, CAPE TOWN) AT 15:00 ON TUESDAY, 31 AUGUST 2010 OR ANY POSTPONEMENT THEREOF

Dematerialised shareholders, other than own-name dematerialised shareholders, with a CSDP or broker should advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and the CSDP or broker. Shareholders who have dematerialised their shares, other than own-name dematerialised shareholders, must **not** return the form of proxy to the transfer secretaries. Their instructions must be sent to their CSDP or broker for action.

I/We (please PRINT full names)

of address (please PRINT)

being the shareholder of Cadiz, holding ordinary shares and/or

A ordinary shares in Cadiz, hereby appoint:

- 1. _____ or failing him/her,
- 2. _____ or failing him/her,
- 3. the chairman of the general meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the general meeting to be held at the registered office of Cadiz, 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town at 15:00 on Tuesday, 31 August 2010 and at any adjournment thereof, and to vote or to abstain from voting on the special and ordinary resolutions to be proposed at the general meeting, as follows:

	For	Against	Abstain
Special resolution number 1 Cadiz providing financial assistance to MFS for the purchase of the Cadiz shares by subscribing for MFS preference shares			
Ordinary resolution number 1 Sale of Cadiz shares to MFS			
Ordinary resolution number 2 Amendment of the Original BEE Transaction agreements			
Ordinary resolution number 3 Authority granted to directors or Company Secretary			

Signed this _____ day of _____ 2010

Signature of member(s)

Assisted by me (where applicable)

Please read the notes and instructions on the reverse hereof.

NOTES:

A member entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of Cadiz.

Every person present and entitled to vote at the general meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of Cadiz shares such person holds or represents, but in the event of a poll, a member holding shares will be entitled to only one vote per share held.

Please insert the relevant number of Cadiz shares and indicative with an "X" in the appropriate spaces on the face hereof, how you wish your votes to be cast at the general meeting. If you return this form of proxy, duly signed without any specific instructions, the proxy will vote or abstain from voting at the proxy's discretion.

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY:

1. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the authorised signatory/ies.
2. The chairman of the general meeting shall be entitled to decline or accept the authority of a person signing the form of proxy:
 - under a power of attorney; or
 - on behalf of a company,

unless that person's power of attorney or authority is deposited with the transfer secretaries by no later than 15:00 on Friday, 27 August 2010.

3. You may insert the name of any person(s) whom you wish to appoint as your proxy/ies in the blank space(s) provided for that purpose. If more than one person is so nominated, the person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting of shareholders as the proxy deems fit in respect of all of those shareholder's votes exercisable thereat. The shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total votes exercisable by the shareholder or by the proxy, as the case may be.
5. When there are joint holders of Cadiz shares, all joint shareholders must sign this form of proxy.
6. The completion and lodging of this form of proxy will not preclude the member who grants this proxy from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
7. Completed forms of proxy MUST be returned to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor; 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) (Facsimile: (011) 688-7721) to be received by NO LATER THAN 15:00 on Friday, 27 August 2010.