



York Timber Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1916/004890/06)
Share code: YRK ISIN: ZAE000133450
("York" or "the Company")

Circular to shareholders

relating to:

- **an increase in the authorised share capital of the Company in terms of section 75 of the Act;**
- **a general authority in terms of section 221 of the Act;**

and incorporating

- **a notice convening a general meeting of shareholders; and**
- **a form of proxy (blue) for use by certificated shareholders and dematerialised shareholders with own name registration only.**

5 October 2009

Merchant bank



Sponsor

**BARNARD
JACOBS
MELLET**

Corporate Finance

Legal advisors



CORPORATE INFORMATION AND ADVISORS

Company secretary and registered office

J F Dekker
York Timber Holdings Limited
(Registration number 1916/004890/06)
3 Main Street
Sabie, 1260
South Africa
(PO Box 1190, Sabie, 1260)

Transfer secretaries

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

Merchant bank

Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
(PO Box 786273, Sandton, 2146)

Sponsor

Barnard Jacobs Mellet Corporate Finance
(Proprietary) Limited
(Registration number 2000/023249/07)
Ground Floor, 24 Fricker Road
Illovo, 2196
South Africa
(PO Box 62200, Marshalltown, 2107)

Legal advisors

Prinsloo, Tindle & Andropoulos Inc
Registration number 1998/021593/21
1st Floor, 17 Fricker Road, Illovo Boulevard
Illovo, 2196
South Africa
(PO Box 55024, Northlands, 2116)

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ACTION REQUIRED BY SHAREHOLDERS

If you are in any doubt as to the action you should take, please consult your broker, CSDP, attorney, accountant or other professional advisor immediately. If you have disposed of all of your shares in York, please forward this circular to the person who purchased such shares or the broker, CSDP or other agent through whom you disposed of such shares.

This circular contains information relating to the special and ordinary resolutions as detailed in the notice of general meeting. You should carefully read through this circular and decide how you wish to vote on such resolutions to be proposed at the general meeting.

York shareholders are invited to attend the general meeting to be held at the IDC, 19 Fredman Drive, Sandton at 10:00 on Tuesday, 27 October 2009.

The definitions and interpretations commencing on page 4 of this circular apply to this "Action required by shareholders" section of the circular.

1. If you hold certificated shares or dematerialised shares with own name registration:

You are entitled to attend, or be represented by proxy, at the general meeting.

If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (blue), in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107), by no later than 10:00 on Monday, 26 October 2009, or alternatively to be handed to the chairman of the general meeting at least 10 minutes before the commencement of the general meeting.

2. If you hold dematerialised shares without own name registration:

You must **not** complete the attached form of proxy.

If you wish to attend or be represented at the general meeting, you must advise your CSDP or broker timeously, in order for them to issue you with the necessary letter of representation to enable you to attend or be represented at the general meeting. Should you not wish to attend the general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the general meeting.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker immediately. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this circular apply to this “Important dates and times” section of the circular.

2009

Circular posted to shareholders on	Monday, 5 October
Last day for shareholders to lodge forms of proxy (blue) for the general meeting (save for any delivery to the chairman as contemplated in Note 3 below) by 10:00 on	Monday, 26 October
General meeting to be held at 10:00 on	Tuesday, 27 October
Results of general meeting to be released on SENS on	Tuesday, 27 October
Results of general meeting to be published in the press on	Wednesday, 28 October

Notes:

1. All times referred to in this circular are local times in South Africa on a 24 hour basis.
2. Any material variation to the above dates and times will be announced on SENS and published in the press.
3. The directors have determined that forms of proxy (blue) for the general meeting duly completed by holders of certificated shares or dematerialised shares with own name registration, may also be handed to the chairman of the general meeting by no later than 10 minutes before the commencement of the general meeting.
4. Dematerialised shareholders, other than holders of dematerialised shares with own name registration, must provide their CSDP or broker with their instructions for voting at the general meeting by the cut-off time stipulated in the relevant custody agreement between them and their CSDP or broker.

DEFINITIONS AND INTERPRETATIONS

In this circular, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column hereunder and the words in the singular shall include the plural and *vice versa*, expressions denoting natural persons shall include juristic persons and associations of persons and an expression denoting any gender shall include the other genders:

“Act”	Companies Act, 1973 (Act 61 of 1973), as amended;
“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;
“cents”	South African cents in the official currency of South Africa;
“certificated shareholders”	shareholders who hold certificated shares;
“certificated shares”	shares that have not been dematerialised, the title to which is represented by a physical document of title;
“circular”	this bound document, dated 5 October 2009, including the notice of general meeting and the form of proxy (blue);
“CIPRO”	the Companies and Intellectual Property Registration Office;
“CSDP”	Central Security Depository Participant operating in terms of the Securities Services Act, appointed by individual shareholders for purposes of and in regard to dematerialisation;
“dematerialisation” or “dematerialised”	process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded in a sub-register of securities holders by a CSDP;
“dematerialised shareholders”	shareholders who hold dematerialised shares;
“dematerialised shares”	shares that have been dematerialised in accordance with Strate and which shareholding is recorded electronically;
“directors” or “board”	board of directors of York;
“documents of title”	in respect of certificated shares, a valid share certificate, certified transfer deed, balance receipt, or any other document of title acceptable to York;
“general meeting”	general meeting of shareholders to be held at the IDC, 19 Fredman Drive, Sandton at 10:00 on Tuesday, 27 October 2009 for the purposes of considering, and if deemed fit, passing the resolutions contained in the notice of general meeting;
“Group”	York and its subsidiaries from time to time;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly incorporated in accordance with the company laws of South Africa and which is licensed to operate as an exchange under the Securities Services Act;

“IDC”	Industrial Development Corporation of South Africa Limited (registration number 1940/014201/06), a public company duly incorporated in South Africa;
“Listings Requirements”	Listings Requirements of the JSE, as amended from time to time;
“ordinary shares”	ordinary shares with a par value of 5 cents each in the issued share capital of York, all of which are listed on the JSE;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“register”	register of certificated shareholders maintained by the transfer secretaries, including all sub-registers;
“Securities Services Act”	Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	Securities Exchange News Service of the JSE;
“shareholders”	registered holders of shares;
“shares”	means shares in the issued share capital of the company, including all ordinary shares and all preference shares;
“preference shares”	convertible non-redeemable cumulative preference shares of R0.05 (five cents) each in the issued share capital of the company;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (registration number 1998/022242/06), a public company duly incorporated in South Africa, which is a registered central securities depository in terms of the Securities Services Act, and which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
“sub-register”	record of dematerialised shares administered and maintained by a CSDP, and which forms part of the Company’s register of shareholders as defined in the Act, excluding nominees;
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company duly incorporated in South Africa; and
“York” or “the Company”	York Timber Holdings Limited (registration number 1916/004890/06), a public company duly incorporated in South Africa, the shares of which are listed on the JSE.



York Timber Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1916/004890/06)
Share code: YRK ISIN: ZAE000133450
("York" or "the Company")

CIRCULAR TO SHAREHOLDERS

1. Background and rationale

The Company intends on undertaking a restructuring, including, *inter alia*, a capital raising by way of a rights offer ("the Rights Offer"). In order to implement the Rights Offer, York needs to increase the number of authorised shares in its capital structure in order to have enough shares to issue. To increase the authorised share capital, York requires the approval by shareholders in general meeting of the necessary resolutions as described below. The purpose of this circular is therefore to furnish relevant information to shareholders and to convene a general meeting.

At the general meeting, shareholders will be asked to approve a special resolution authorising the increase in the authorised share capital of the Company and an ordinary resolution granting a general authority to the directors to allot and issue up to a maximum of that number of shares in the authorised but unissued share capital of York. These authorities will enable the directors to issue the shares required to implement the Rights Offer.

Pursuant to the passing of the necessary resolutions and registering of the special resolution with CIPRO, further details related to the restructuring will be communicated to shareholders.

2. Shareholder support

The following major shareholders of York, representing more than 80% of the issued share capital eligible to vote at the general meeting, have irrevocably undertaken to vote in favour of the resolutions proposed at the general meeting:

Shareholder	Number of shares eligible to vote	%
IDC	23 333 333	28.7
The Lereko Metier Capital Growth Fund	13 109 033	16.1
Blackstar Group Plc	8 135 854	10.0
Bridge Creek Trading 10 (Proprietary) Limited	7 200 000	8.9
Corocapital Limited	5 233 620	6.4
RMB Ventures Four (Proprietary) Limited	4 000 000	4.9
Auburn Avenue Trading 55 (Proprietary) Limited	2 800 000	3.5
Conexus Investment Fund Limited	426 947	0.5
Calshel Trading 101 (Proprietary) Limited	333 333	0.4
Terracina Investments (Proprietary) Limited	333 334	0.4

3. Share capital

The authorised and issued share capital of the Company as at 30 June 2009 is set out below:

	R'000
<hr/>	
<i>Authorised share capital</i>	
100 000 000 ordinary shares of 5 cents each	5 000
2 870 529 convertible, non-redeemable, cumulative preference shares of 5 cents each	144
<hr/>	
	5 144
<hr/>	
<i>Issued share capital</i>	
78 370 068 ordinary shares of 5 cents each	3 919
2 870 529 convertible, non-redeemable, cumulative preference shares of 5 cents each	144
Share premium	1 054 962
<hr/>	
	1 059 025
<hr/>	

4. Notice of general meeting

Notice is hereby given that a general meeting of shareholders of York will be held at the IDC, 19 Fredman Drive, Sandown at 10:00 on Tuesday, 27 October 2009 to consider and, if deemed fit, to pass with or without modification, the special and ordinary resolutions proposed thereat.

A form of proxy (blue) for use by certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the general meeting but wish to be represented thereat, is attached to, and forms part of this circular. Duly completed forms of proxy must be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107), by no later than 10:00 on Monday, 26 October 2009, or alternatively must be handed to the chairman of the general meeting at least 10 minutes before the commencement of the general meeting (the directors having resolved in terms of Article 11.6 of the articles of association of York, that such form and time of delivery is acceptable).

Shareholders who hold dematerialised shares in York through a CSDP or broker and do not have own name registration, must timeously advise their CSDP or broker of their intention to attend and vote at the general meeting or be represented thereat in order for the CSDP or broker to provide the necessary letter of representation to do so, or should shareholders not wish to attend the general meeting in person, must timeously provide their CSDP or broker with their voting instruction in order for the CSDP or broker to vote in accordance with their instruction at the general meeting.

For and on behalf of the board

YORK TIMBER HOLDINGS LIMITED

P P van Zyl

Chief Executive Officer

Sabie

5 October 2009



York Timber Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1916/004890/06)
Share code: YRK ISIN: ZAE000133450
("York" or "the Company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of York will be held at the IDC, 19 Fredman Drive, Sandown at 10:00 on Tuesday, 27 October 2009 to consider, and if deemed fit, to pass, with or without modification the following special and ordinary resolutions:

SPECIAL RESOLUTION – INCREASE IN AUTHORISED SHARE CAPITAL

"Resolved that the Company's authorised share capital be and is hereby increased from 100 000 000 (one hundred million) ordinary shares of 5 cents each to 600 000 000 (six hundred million) ordinary shares of 5 cents each by the creation of an additional 500 000 000 (five hundred million) ordinary shares of 5 cents each, in accordance with the provisions of section 75(1) of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act")."

The reason and effect of this special resolution:

Reason: The reason for this special resolution is to increase the number of authorised ordinary shares to enable the Company to issue additional shares.

Effect: The effect of this special resolution is to increase the number of authorised ordinary shares from 100 000 000 (one hundred million) ordinary shares of 5 cents each to 600 000 000 (six hundred million) ordinary shares of 5 cents each by the creation of an additional 500 000 000 (five hundred million) ordinary shares of 5 cents each.

ORDINARY RESOLUTION – CONTROL OF AUTHORISED BUT UNISSUED SHARES

"Resolved that 300 000 000 (three hundred million) ordinary shares in the authorised but unissued share capital of the Company be and are hereby placed under the control of the directors of the Company as a general authority in terms of section 221 of the Companies Act, with authority to allot and issue such ordinary shares in the capital of the Company upon such terms and conditions as they may determine for the specific purpose of a rights offer to be undertaken by the Company, subject to the provisions of the Companies Act, the Company's memorandum and, articles of association and the JSE Limited Listings Requirements; provided that:

- the directors are not authorised to issue more ordinary shares than such number of ordinary shares as are required to fulfill the subscriptions in terms of the rights offer;
- the authority is to expire on the conclusion of the rights offer or the abandonment thereof, whichever comes first."

VOTING

The shareholders of the Company will be entitled to attend the general meeting and to vote on the resolutions set out above. On a show of hands every shareholder of the Company who is present in person or by proxy at the general meeting shall have one vote (irrespective of the number of shares held in the Company) and, on a poll, which any shareholder may request, every shareholder of the Company shall have one vote for every share held or represented.

PROXIES

A shareholder of the Company 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 shareholders of the Company and dematerialised shareholders of the Company with own name registration 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 Company's transfer secretaries in South Africa, namely Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 10:00 (South African time) on Monday, 26 October 2009, or alternatively must be handed to the chairman of the general meeting at least 10 minutes before the commencement of the general meeting (the directors having resolved in terms of Article 11.6 of the articles of association of York, that such form and time of delivery is acceptable). Any shareholder of the Company who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should he/she decide to do so.

Dematerialised shareholders of the Company, other than dematerialised shareholders of the Company with own name registration, who have not been contacted by their Central Securities Depository Participant ("CSDP") or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the Company's general meeting in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders of the Company wish to attend the Company's general meeting in person, they must request their CSDP or broker to issue the necessary letter of representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholders of the Company and the relevant CSDP or broker

For and on behalf of the board

P P van Zyl

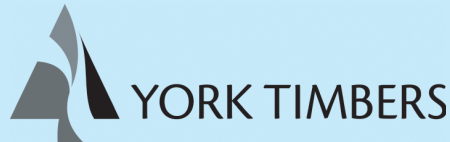
Chief Executive Officer

Registered office

York Timber Holdings Limited
3 Main Street
Sabie, 1260
South Africa
(PO Box 1190, Sabie, 1260)

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
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FORM OF PROXY

FOR COMPLETION BY YORK SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH OWN NAME REGISTRATION ONLY

If you wish to appoint a proxy to act on your behalf at the general meeting of York shareholders to be held on Tuesday, 27 October 2009 at the IDC, 19 Fredman Drive, Sandton at 10:00 and at any adjournment or postponement thereof, please complete and return this form of proxy (also see the notes overleaf).

Note: If your dematerialised shares are held through a bank or broker and you have not provided the nominee with a general mandate to act on your behalf at shareholder meetings, and you wish to cast your vote at this general meeting or you want to attend the general meeting in person, please contact your bank or broker.

I/WE (Full names in BLOCK LETTERS please)

of (insert address)

being the holder(s) of York shares, hereby appoint:

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

as my/our proxy to act for me/us and on my/our behalf at the general meeting of York shareholders which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against such resolutions and/or abstain from voting in respect of the York shares registered in my/our name/s as follows:

Please indicate with an "X" the instructions to your proxy in the spaces provided below. In the absence of such indication the proxy will be entitled to exercise his/her discretion in voting.

	FOR	AGAINST	ABSTAIN
Special resolution – increase the authorised share capital to 600 000 000 (six hundred million) ordinary shares of 5 cents each			
Ordinary resolution – general authority to place 300 000 000 (three hundred million) unissued ordinary shares under the control of the directors			

Signed at _____ on _____ 2009

Signature _____

Assisted by (where applicable) _____

Name	Capacity	Signature
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(Please print in BLOCK LETTERS)

Please read the notes on the reverse hereof.

NOTES:

1. Only shareholders who are registered in the register of the Company under their own name may complete a form of proxy or attend the general meeting. This includes shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration. A proxy need not be a shareholder.
2. Dematerialised shareholders who have not elected own name registration in the register of the Company through a Central Securities Depository Participant (“CSDP”) and who wish to attend the general meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend.
3. Dematerialised shareholders who have not elected own name registration in the register of the Company through a CSDP and who are unable to attend, but wish to vote at the general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the general meeting.
7. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
8. A Company or any other body corporate wishing to vote on a show of hands should ensure that the resolution required by section 188 of the Act to authorise a representative to vote, is passed by its directors or governing body. Resolutions authorising representatives in terms of section 188 of the Act must be received by the Company’s transfer secretaries no later than 24 hours prior to the time fixed for the general meeting.
9. Where there are joint shareholders of shares any one of such persons may vote at any meeting in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint holders be present or represented at the general meeting, that one of the said persons whose name appears first in the register of shareholders of such shares or the proxy, as the case may be, shall alone be entitled to vote in respect thereof.
10. On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll a shareholder who is present in person or represented by a proxy shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the Company.
11. The chairman of the general meeting may reject or accept any proxy which is completed and /or received, other than in accordance with these instructions and notes, provided that the chairman shall not accept a form of proxy unless the chairman has received such form of proxy at least 10 minutes before the commencement of the general meeting, and unless the chairman is satisfied as to the matter which a shareholder wishes to vote.
12. This form of proxy must be lodged or posted to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107 by no later than 10:00 on Monday, 26 October 2009, or alternatively be handed to the chairman of the general meeting at least 10 minutes before the commencement of the general meeting (the directors having resolved in terms of Article 11.6 of the articles of association of York, that such form and time of delivery is acceptable).