



MATUSON
ASSOCIATES



Mapochs Mine Proprietary Limited (in business rescue)

Registration number 2008/009382/07

("The Company")

August 2015

Report to the Companies and Intellectual Property Commission

and to all Affected Persons

In Terms of Section 132 (3) (a) of the Companies Act 71 of 2008

Prepared by:

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1. Introduction

1.1. The Business Rescue Proceedings of the Company have not been concluded within three months of the date of commencement thereof, and therefore as required, this report is being tabled in terms of Section 132 (3) (a) of the Companies Act 71 of 2008 (“Act”).

2. Background

2.1. The Board of Directors signed and filed a resolution placing the Company into business rescue on 20 April 2015, which resolution was confirmed by the Companies and Intellectual Property Commission (“CIPC”) on 20 April 2015.

2.2. John Lightfoot (Matuson & Associates) and John Evans (RS Advisors) were appointed as the joint business rescue practitioners (“BRPs”) and their appointments were confirmed by the CIPC on 21 April 2015.

2.3. In a letter addressed to the directors of the Company, the BRPs advised as follows:

- The duties of the BRPs during business rescue proceedings;
- The duties and responsibilities of the directors during business rescue proceedings; and
- Documentation to be furnished by the directors to the BRPs.

2.4. After an initial review of the affairs of the Company, and in accordance with Section 147 of the Companies Act, the BRPs convened a meeting of creditors on 6 May 2015, at which the BRPs presented initial findings in support of their expressed opinion, that there was a reasonable prospect of the business rescue proceedings being successful, as defined. At this meeting, a Creditors Committee was established. The Creditors’ Committee has met on one occasion, 26 May 2015.

3. Business Rescue Process

3.1. The following summary sets out the salient dates on which certain events have/will take place:

	EVENT	DATE
1	Board Resolution to commence BRP filed at the CIPC	20 April 2015
2	Appointment of BRPs	21 April 2015
3	First Meeting of Employees	28 April 2015
4	First Meeting of Creditors	6 May 2015
5	First Meeting of Creditors’ Committee	26 May 2015



6	Consent for Extension	28 May 2015
8	Last day to Publish Business Rescue Plan	30 September 2015
9	Meeting to Consider the Business Rescue Plan	Within 14 days

4. Update on Business Rescue Proceedings

4.1. Together with management, the BRPs identified areas where crucial actions were required.

4.2. The BRPs actions since the commencement of Business Rescue Proceedings include the following:

4.2.1. Discussions with Governmental departments, including:

- Ñ Department of Environmental Affairs
- Ñ Department of Water and Sanitation
- Ñ Department of Mineral Resources

4.2.2. Discussions with the Representative Trade Unions, including NUMSA and Solidarity.

4.2.3. Attending to Environmental issues.

4.2.4. Attending to correspondence with SARS.

5. Post Commencement Finance and funding of trading

The BRP's have not as yet secured any post commencement financing.

The Company's two customers Evraz Highveld Steel and Vanadium Limited (in business rescue) ("EHSV") and Vanchem Vanadium Products (Pty) Limited ("VVP") have assisted in providing funding during business rescue by way of prepayment for ore and transportation costs.

6. Sales Process

6.1. The Company is a majority owned subsidiary of EHSV.

6.2. EHSV and Mapochs commenced an accelerated sale of business process with a view to concluding a transaction with a purchaser that will facilitate the rescue of Mapochs.

6.3. The key timelines of the sales process are detailed below:



	EVENT	DATE
1	Indicative Offer Submission Deadline	15 July 2015
2	Selection and Notification of Preferred Bidders	17 July 2015
3	Proof of USD 10 million	27 July 2015
4	Opening of Virtual Data Room (VDR) to Bidders	27 July 2015
5	Due Diligence Finalisation and Close of VDR	21 August 2015
6	Binding Offer Submission Deadline	21 August 2015
7	Evaluation of Binding Offers Received	24 – 27 August 2015
8	Announcement of Successful Bidder	28 August 2015

6.4. Several of the bidders have met the requirement of the USD 10 million and have proceeded to the due diligence phase, which includes:

6.4.1. Access to the VDR.

6.4.2. Scheduled site visits.

6.4.3. Discussions with management team and other relevant stakeholders.

6.5. Final binding offers must be submitted by 21 August 2015.

6.6. Further to the above, the BRPs have commenced negotiations with VVP regarding the potential rescue of Mapochs in the event that a sale of the group is not possible and EHSV cannot be rescued.

7. Proof of Claims

7.1. A reminder to submit claims was sent to all creditors on 10 July 2015. To date, there remains a large number of claims outstanding and creditors who have yet to submit their claims are encouraged to do so before the publication of the Plan.

7.2. Total claims received to date amount to approximately R177 million. All claims are currently being reviewed by the BRPs and compared to the Company's ledger.

7.3. A mechanism for the resolution of disputed claims will be included in the Plan.

8. Liquidation vs. Business Rescue

8.1. KPMG, as independent experts, are currently in the process of completing their liquidation dividend calculation. In terms of Section 150 of the Act, the liquidation dividend



calculation will be included in the business rescue plan where readers will be able to compare this to the proposed business rescue dividend.

9. Conclusion

9.1. The BRPs remain of the view that there is a reasonable prospect of the Company being rescued as contemplated in Section 128 of the Act.