

## **BUSINESS RESCUE PLAN**

**Prepared in terms of section 150 of the Companies Act, No. 71 of 2008, as amended**

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in relation to

**MAPOCHS MINE PROPRIETARY LIMITED**

**(Registration No. 2008/009382/07)**

(in business rescue)

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Prepared by:

**JOHN EVANS**

(joint business rescue practitioner)



and

**JOHN LIGHTFOOT**

(joint business rescue practitioner)



**PUBLICATION DATE: 20 NOVEMBER 2015**

| Paragraph number and description | Page |
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## 1. INTERPRETATION AND PRELIMINARY

The headings of the paragraphs in this Business Rescue Plan are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Business Rescue Plan nor any paragraph hereof. Unless a contrary intention clearly appears:

- 1.1. words importing –
  - 1.1.1. any one gender includes the other gender;
  - 1.1.2. the singular includes the plural and *vice versa*; and
  - 1.1.3. persons include natural persons, created entities (incorporated and unincorporated and the State) and *vice versa*,
- 1.2. the following terms and/or expressions shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings –
  - 1.2.1. “**Adoption Date**” means the date upon which the Business Rescue Plan is approved as provided in section 152(2) of the Companies Act;
  - 1.2.2. “**Advisors**” means the advisors to the BRPs, namely Matuson & Associates, RS Advisors and Fluxmans, and their respective directors, members, employees or representatives;
  - 1.2.3. “**Affected Person**” or “**Affected Persons**” shall bear the same meaning ascribed thereto in section 128(1)(a) of the Companies Act, being the shareholders, creditors, employees of the Company and the registered trade unions representing employees of the Company;
  - 1.2.4. “**BRPs**” means the joint business rescue practitioners to the Company who are Lightfoot and Evans.
  - 1.2.5. “**Business**” means the business of the Company from time to time including, *inter alia*:
    - 1.2.5.1. the mining and processing of magnetite iron ore.
    - 1.2.5.2. supply of lumpy ore to EVRAZ Highveld.
    - 1.2.5.3. supply of fines ore to Vanchem Vanadium Products.
    - 1.2.5.4. Rehabilitation of mined areas.

- 1.2.6. **“Business Day”** means any day other than a Saturday, Sunday or official public holiday in South Africa;
- 1.2.7. **“Business Rescue”** means proceedings to facilitate the rehabilitation of the Company, which is financially distressed, as more fully defined in section 128(1)(b) of the Companies Act;
- 1.2.8. **“Business Rescue Costs”** means the remuneration and expenses of the BRPs, post commencement claims and the costs of the Business Rescue;
- 1.2.9. **“Business Rescue Plan”** means this document together with all of its annexures, as amended from time to time;
- 1.2.10. **“CIPC”** means the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
- 1.2.11. **“Claims”** subject to the proviso below means all claims against the Company, the cause of action in respect of which arose, prior to or on the Commencement date, of whatsoever nature and from whatsoever cause, including claims, arising from contract, delict, actual, contingent, prospective, conditional, unconditional, liquidated, unliquidated, assessed, unassessed, whether or not due for payment of performance, specific or otherwise, and including all claims arising out of any agreements entered into by the Company on or prior to the commencement date, all such claims to be, calculated and admitted, as envisaged in the Insolvency Act, that would attach to them upon the issue of a winding up order in respect of the Company, whether or not such claims are proved or not, which claims shall, for the purpose of this Business Rescue Plan, be treated as if the Company had been liquidated on the Commencement Date; provided however that in applying the provisions of the Insolvency Act any preferences or rights of preferences as created in that act attributing to any Creditor is expressly excluded such that no Creditor can claim against the Company any preferences in respect of their claim insofar as such preference(s) are dealt with, established or created in the Insolvency Act.
- 1.2.12. **“Commencement Date”** means 20 April 2015, being the date upon which Business Rescue commenced;
- 1.2.13. **“Company”** means Mapochs Mine Proprietary Limited, Registration No. 2008/009382/07 (currently under business rescue), a company incorporated in accordance with the laws of South Africa;
- 1.2.14. **“Companies Act”** means the Companies Act, No. 71 of 2008, as amended;

- 1.2.15. **“Concurrent Claims”** means Claims that are not Secured Claims or Preferent;
- 1.2.16. **“Concurrent Creditors”** creditors having Concurrent Claims against the Company;
- 1.2.17. **“Contracts”** means those contracts entered into by the Company with third parties, either prior to or after the Commencement Date;
- 1.2.18. **“Creditors”** means all persons natural and legal, having Secured Claims, Preferent Claims and/or Concurrent Claims against the Company;
- 1.2.19. **“Creditors’ Committee”** means the committee of Creditors of the Company formed in terms of section 145(3) of the Companies Act;
- 1.2.20. **“Disputed Claims”** means those Claims which have been lodged by Creditors and have been rejected either in whole or in part by the BRPs and which dispute(s) shall be determined Creditors in terms of the dispute mechanism contained in paragraph 13;
- 1.2.21. **“Distribution”** means distributions to be made to Creditors by the BRPs after the Substantial Implementation Date in their capacity as Receivers;`
- 1.2.22. **“DMR”** means the Department of Mineral Resources;
- 1.2.23. **“Employees”** means the employees of the Company;
- 1.2.24. **“Employees’ Committee”** means the committee of employees of the Company formed in terms of section 144(3)(c) of the Companies Act and for the purposes of consulting with the Employees in terms of section 189(3), read together with section 189A, of the LRA;
- 1.2.25. **“Evans”** means John Evans;
- 1.2.26. **“EHSV”** means Evraz Highveld Steel and Vanadium Limited (in Business Rescue), Registration No. 1960/001900/06 (in business rescue), a company incorporated in accordance with the laws of South Africa, and a 74% shareholder of the issued share capital of the Company;
- 1.2.27. **“Financially Distressed”** shall bear the same meaning as ascribed thereto in section 128(1)(f) of the Companies Act;
- 1.2.28. **“Final Claims Date”** means the final date for the filing of Claims, being 31 January 2016;
- 1.2.29. **“Fluxmans”** means Fluxmans Incorporated, a firm of attorneys;

- 1.2.30. **"Insolvency Act"** means the Insolvency Act No. 24 of 1936, as amended;
- 1.2.31. **"Lightfoot"** means John Lightfoot;
- 1.2.32. **"KPMG"** means KPMG Services (Pty) Limited, Registration No. 1999/012876/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.33. **"Management"** means the Company's management team at the Commencement Date;
- 1.2.34. **"Matuson"** means Matuson & Associates (Pty) Limited, Registration No. 2009/008967/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.35. **"MPRDA"** means the Mineral and Petroleum Resources Development Act, No. 28 of 2002, as amended;
- 1.2.36. **"Notice of Meeting"** means the notice of meeting to all Affected Persons as contemplated in terms of section 151(2) of the Companies Act;
- 1.2.37. **"NUMSA"** means the National Union of Metalworkers of South Africa, a trade union representing a number of the Employees;
- 1.2.38. **"PCF"** means post-commencement finance as contemplated in section 135 of the Companies Act;
- 1.2.39. **"Plan Fund"** means the fund which has been created by the BRPs for purposes of receiving for the benefit of Creditors from EHSV payment of the sum of R53 million and the proceeds of the additional claims more fully described in paragraphs 20.1 to 20.5 and will be administrated by the BRPs in their capacity as such until the Substantial Implementation Date and thereafter by them in their capacity as Receivers for the Creditors;
- 1.2.40. **"Preferent Claims"** means Claims determined, calculated and admitted as having a preference as envisaged in the Companies Act;
- 1.2.41. **"Preferent Creditors"** means creditors having Preferent Claims against the Company;
- 1.2.42. **"Publication Date"** means the date on which this Business Rescue Plan is published to Affected Persons in terms of section 150(5) of the Companies Act, being 20 November 2015;

- 1.2.43. **“Rand”** or **“R”** or **“ZAR”** means the lawful currency of South Africa;
- 1.2.44. **“Receivers”** shall mean Evans and Lightfoot who will from the Substantial Implementation Date act as the joint receivers for creditors to complete the implementation of the plan as provided herein;
- 1.2.45. **“RS Advisors”** means RS Advisors cc, Registration No. 2008/000968/23, a close corporation incorporated in accordance with the laws of South Africa;
- 1.2.46. **“SARS”** means the South African Revenue Services;
- 1.2.47. **“SARS Claims”** means all claims for Tax (in the broadest possible sense in which such term is utilised) of whatsoever nature and howsoever arising and includes levies, penalties and interest of whatsoever nature, whether assessed or not and irrespective of the date upon which the returns for such tax have been or are still to be submitted by the Company to SARS;
- 1.2.48. **“Secured Claims”** means those Claims against the Company that have been determined, calculated and admitted as secured as envisaged in the Insolvency Act;
- 1.2.49. **“Secured Creditors”** means creditors having Secured Claims against the Company;
- 1.2.50. **“Solidarity”** means the Solidarity Union, a trade union representing certain of the Employees;
- 1.2.51. **“South Africa”** means the Republic of South Africa;
- 1.2.52. **“Substantial Implementation Date”** means the date upon which the BRPs file with the CIPC a notice that all of those events contemplated in paragraph 20.4 and 21.4 have occurred whereupon Business Rescue will terminate;
- 1.2.53. **“Tax/Taxation”** means:
  - 1.2.53.1. levies payable to government authorities;
  - 1.2.53.2. normal taxation;
  - 1.2.53.3. capital gains tax;
  - 1.2.53.4. value-added tax, including any amount due at the Commencement Date, or that become due as a result of the adoption and implementation of this Business Rescue Plan;



- 1.2.53.5. any taxation arising from new assessments of taxation and/or the reopening of any income tax assessments of the Company for any period prior to the Commencement Date;
- 1.2.53.6. donations tax;
- 1.2.53.7. customs duty;
- 1.2.53.8. securities transfer tax;
- 1.2.53.9. DMR royalties;
- 1.2.53.10. all Pay-As-You-Earn taxation (PAYE) not paid over;
- 1.2.53.11. all other forms of taxation, other than deferred tax;
- 1.2.53.12. any penalties or interest on any of the foregoing;
- 1.2.54. **"VAT"** means the value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991 as amended;
- 1.2.55. **"VVP"** means Vanchem Vanadium Products Pty Limited, Registration No. 1960/001900/06 (in business rescue);
- 1.3. any reference to any statute, regulation or other legislation in this Business Rescue Plan shall be a reference to that statute, regulation or other legislation as at the Publication Date, and as amended or substituted from time to time;
- 1.4. any reference in this Business Rescue Plan to any other agreement or document shall be construed as a reference to such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented;
- 1.5. if figures are referred to in numerals and in words and if there is any conflict between the two, the words shall prevail;
- 1.6. if any provision in a definition in this Business Rescue Plan is a substantive provision conferring a right or imposing an obligation on any person or entity then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this Business Rescue Plan;
- 1.7. where any term is defined in this Business Rescue Plan within a particular paragraph other than this paragraph 1, that term shall bear the meaning ascribed to it in that paragraph wherever it is used in this Business Rescue Plan;

- 1.8. where any number of days is to be calculated from a particular day, such number shall be calculated as excluding such particular day and commencing on the next day. If the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the next succeeding day which is a Business Day;
- 1.9. any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, months or years, as the case may be; and
- 1.10. words or terms that are capitalised and not otherwise defined in the narrative of this Business Rescue Plan (excluding capitalised words or terms used for the purpose of tables) shall bear the meaning assigned to them in the Companies Act.

## 2. **DISCLAIMER**

- 2.1. This Business Rescue Plan is published in compliance with the provisions of The Act within the time constraints provided for in terms of The Act. This document is provided solely for the information of Affected Persons to the Proceedings.
- 2.2. This Business Rescue Plan is confidential to the Affected Persons of the Company and prepared solely for the purpose(s) set out in The Act. No person may refer to or use the names of the BRPs or the Business Rescue Plan for any other purpose, disclose or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our Business Rescue Plan for any purpose whatsoever and the BRPs accept no duty of care or liability to any other party who is shown or gains access to this Business Rescue Plan.
- 2.3. **Affected Persons are advised to seek independent legal advice in order to consider the proposal as presented.**
- 2.4. This Business Rescue Plan is based upon information provided to the BRPs since the commencement of Proceedings by the Company, its management, Affected Persons and third parties.
- 2.5. In compiling this Business Rescue Plan the BRPs have accepted and relied on representations and the authenticity of documents provided to them. Should it become necessary to make representations, and documents referred to herein, admissible for Court purposes, the authors of the representations and documents would have to confirm these in the relevant Court processes should it become necessary.
- 2.6. Since their appointment the BRPs have undertaken preliminary investigations into the affairs of the Company pursuant to their statutory obligations. Their investigations have been limited due to the time constraints placed on them by The Act. There may therefore be certain issues that require additional investigation(s) for a final conclusion or determination

to be formed. Whilst we have set out our conclusions in this Business Rescue Plan arising from the investigations conducted to date, please note that a liquidator (if appointed) may undertake further detailed investigations into the affairs of the Company.

- 2.7. The statements and opinions expressed in this Business Rescue Plan are given in good faith and in the belief that such statements and opinions are not false or misleading. Should any new information become available between the date of this Business Rescue Plan and the date of any subsequent meetings or reports the BRPs reserve their right to alter any conclusions reached on the basis of that new information.
- 2.8. In preparing this Business Rescue Plan and formulating the proposals contained therein we have made the necessary forecasts with respect to asset realisations and the total value of Claims of Creditors. These forecasts and estimates may change as Assets are realised and Creditors prove their Claims against the Company. Whilst this Business Rescue Plan estimates the likely outcomes for Affected Persons, the forecasts are by their very nature uncertain and the ultimate outcome may therefor differ from the forecast contained in the Business Rescue Plan.
- 2.9. The BRPs reserve the right, should it come to their attention that material information has been withheld or additional information is brought to their attention, to amend this Business Rescue Plan.
- 2.10. For convenience, this document may have been made available in electronic as well as hard copy format. Multiple copies and versions of this document may, therefore, exist in different media. Only the final hard copy should be regarded as definitive.

### 3. **SUMMARY OF BUSINESS RESCUE**

#### 3.1. **Introduction**

Business Rescue, as defined in section 128(1)(b) of the Companies Act, refers to proceedings to facilitate the rehabilitation of a company that is financially distressed by providing for –

- 3.1.1. the temporary supervision of a company by one or more business rescue practitioners, and of the management of its affairs, business and property;
- 3.1.2. a temporary moratorium on the rights of claimants against a company or in respect of property in its possession; and
- 3.1.3. the development and implementation, if approved, of a plan to rescue the company in question by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the company in question continuing in existence on a solvent basis or, if it is not

possible for the company to so continue in existence, results in a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company.

- 3.2. The following summary sets out the salient dates on which certain events have taken and will take place during Business Rescue –

| EVENT   | DATE             |
|---|------------------|
| Board Resolution to commence Business Rescue filed at the CIPC                              | 20 April 2015    |
| BRPs appointed  | 21 April 2015    |
| First Employees' Meeting  | 28 April 2015    |
| First Creditors' Meeting  | 6 May 2015       |
| First Creditors' Committee Meeting  | 26 May 2015      |
| First Employees' Committee Meeting  | 7 October 2015   |
| Second Creditors' Committee Meeting   | 15 October 2015  |
| Third Creditors' Committee Meeting  | 10 November 2015 |
| Business Rescue Plan published  | 20 November 2015 |
| Meeting to consider the Business Rescue Plan (in terms of section 151 of the Companies Act) | 30 November 2015 |

#### 4. OBJECTIVE AND PURPOSE OF BUSINESS RESCUE

- 4.1. The purpose of the Business Rescue provisions contained in the Companies Act, as set out in section 7(k) of the Companies Act, is to provide for the efficient rescue and recovery of financially distressed companies, in a manner that balances the rights and interests of all relevant stakeholders.
- 4.2. The objective of Business Rescue, as set out in section 128(1)(b)(iii) of the Companies Act, is to develop and implement a plan that rescues the Company:
- 4.2.1. by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis; or
  - 4.2.2. if the aforementioned is not possible, results in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company.

4.3. This Business Rescue Plan seeks to:

4.3.1. rescue the company by implementing the proposal set out herein; and

4.3.2. provide Affected Persons with information so that they may:

4.3.2.1. assess the likely outcome of the dividend yield calculation under Business Rescue, as set out in paragraph 22 and

4.3.2.2. be reasonably assured of the likelihood of obtaining a better outcome under Business Rescue for all Affected Persons, when compared to a liquidation ( See paragraph 25) .

## 5. **STEPS TAKEN SINCE THE APPOINTMENT OF THE BRPS**

### 5.1. **ADMINISTRATIVE MATTERS**

#### 5.1.1. Appointment of BRPs

The BRPs were appointed by CIPC on 21 April 2015.

#### 5.1.2. Management Control

In terms of section 140(1)(a) of the Companies Act, the BRPs took over full management control of the Company in substitution for its board and pre-existing management, but as they were entitled to do, the BRPs delegated certain functions to some of the Directors who are part of the board and pre-existing Management. The functions taken by the BRPs to administer the affairs of the Company and to protect its assets, and to ascertain whether the Company could be rescued or whether it was necessary to dispose of certain of the Company's assets to achieve a better dividend for Creditors in Business Rescue as compared to the dividend that would accrue to Creditors and Employees on a liquidation.

#### 5.1.3. Reporting to CIPC and Affected Persons.

The BRPs have complied with all statutory obligations under the Companies Act and will continue to render monthly reports to CIPC and Affected Persons as contemplated in section 132(3) of the Companies Act.

#### 5.1.4. Extension for Publication of Business Rescue Plan

In terms of section 150(5) of the Companies Act, the Business Rescue Plan was required to be published within 25 (twenty five) days from the appointment of the

BRPs. The BRPs obtained an extension from the Creditors as contemplated in section 150(5)(b) of the Companies Act for the publication of the Business Rescue Plan to 24 November 2015.

#### 5.1.5. Publication of Notice of Meeting and Business Rescue Plan

This Business Rescue Plan has been published to all Affected Persons on 20 November 2015 as follows:

- 5.1.5.1. via email or fax to all known Creditors, to the extent that the email addresses or fax numbers of known Creditors are available;
- 5.1.5.2. publication on the website of the Company; and
- 5.1.5.3. copies will be available at the registered office of the Company.

### 5.2. **LABOUR**

- 5.2.1. A first meeting with the Employees was convened on 29 April 2015.
- 5.2.2. At the first meeting of Employees of the Company, the employees were asked to make nominations for the establishment of an Employees' Committee, which nominations were received on 21 September 2015. One Employees Committee meeting was convened and we have had a number of meetings with NUMSA and Solidarity.
- 5.2.3. The customers of the Company, do not require ore at the present time, the BRP's have initiated shift changes and lay-off to reduce costs until production resumes.

### 5.3. **CREDITORS**

A first meeting of Creditors, as contemplated in section 145(1)(a) of the Companies Act, was convened on 6 May 2015 ("the First Meeting"). At the First Meeting:

- 5.3.1. the business rescue process was explained and possible outcomes were presented to the Creditors;
- 5.3.2. assistance was also given to the Creditors by providing answers to their various queries;
- 5.3.3. claims were submitted by Creditors; and
- 5.3.4. a Creditors' Committee was formed.

#### 5.4. **ADVISORS TO THE BRP'S**

The BRPs were required to engage attorneys to advise on, *inter alia*, issues relating to:

- 5.4.1. employment;
- 5.4.2. regulatory issues, including environmental compliance issues;
- 5.4.3. contractual disputes;
- 5.4.4. post-commencement agreements;
- 5.4.5. the Sales Process;
- 5.4.6. Claims against the Company; and
- 5.4.7. various issues arising out of the Business Rescue.

#### 6. **TRADING FOLLOWING THE COMMENCEMENT DATE**

- 6.1. The company was not trading on the commencement date.
- 6.2. The BRP's entered into interim supply agreements with both of its existing customers EVRAZ Highveld and VVP, enabling the company to recommence mining and production.
- 6.3. During August 2015 both customers advised the BRP's that due to current market conditions specifically the prevailing steel and vanadium prices, that they no longer required the Company to supply them with ore. VVP repudiated its obligations to the Company in terms of this interim agreement and the Company accepted such repudiation. The BRPs have restructured operations to reduce costs whilst continuing to develop this Business Rescue Plan.

#### 7. **STRUCTURE OF THE PLAN**

For the purposes of section 150(2) of the Companies Act, this Business Rescue Plan is divided into 3 (three) parts as follows –

##### 7.1. **PART A - BACKGROUND**

This part sets out the background to the Company and the factors that resulted in the Company being Financially Distressed and being placed under Business Rescue. The section provides information on the assets and liabilities of the Company and estimates the dividends which the Creditors could receive on liquidation of a Company.

**7.2. PART B - PROPOSALS**

This part describes the terms of the Proposed Transaction and includes, *inter alia*, the benefits and/or effect(s) of adopting the Business Rescue Plan as opposed to the Company being placed into liquidation.

**7.3. PART C – ASSUMPTIONS AND CONDITIONS**

This part sets out, *inter alia*, what conditions need to be fulfilled in order for the Business Rescue Plan to become effective, and to be implemented.



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## PART A – BACKGROUND

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### 8. COMPANY INFORMATION

#### 8.1. Shareholding Structure

As at the Publication Date the issued share capital of the Company comprises of 1000 (one thousand) no par value ordinary shares. MShareholding of the Company:

8.1.1. Evraz Highveld is an 74% shareholder of the Company;

8.1.2. Mapochs Mine Community Trust is a 3% shareholder of the Company; and

8.1.3. Umnotho Iron and Vanadium Pty Ltd is a 23% shareholder of the Company.

#### 8.2. Directors

8.2.1. As at the Commencement Date, the Directors, according to CIPC, were:

| Name of Director*             | Active or Resigned | Date of Appointment |
|-------------------------------|--------------------|---------------------|
| JJ Nel (Chairman)             | Active             | 2013/02/01          |
| JD Molefe                     | Active             | 2011/05/24          |
| MG Curror                     | Active             | 2012/02/24          |
| J Bonnet (CFO)                | Active             | 2013/03/06          |
| ZM Nkosi                      | Active             | 2012/02/29          |
| E Reato                       | Active             | 2011/11/23          |
| J Nell (Alternative director) | Active             | 2013/08/20          |
| J Valenta                     | Active             | 2011/11/23          |

8.2.2. The records of the Company are in the process of being updated by the CIPC, however, according to the Company records, the following are the directors of the Company as at the Publication Date:

| Name of Director* | Active or Resigned | Date of Appointment/<br>Resignation |
|-------------------|--------------------|-------------------------------------|
| JJ Nel (Chairman) | Active             | 2013/02/01                          |
| JJ Fourie         | Resigned           | 2015/09/30                          |

| <b>Name of Director*</b>      | <b>Active or Resigned</b> | <b>Date of Appointment/<br/>Resignation</b> |
|-------------------------------|---------------------------|---|
| MG Curror                     | Resigned                  | 2015/11/06                                  |
| J Bonnet (CFO)                | Active                    | 2013/03/06                                  |
| TG Molebatsi                  | Active                    | 2015//04/14                                 |
| E Reato                       | Active                    | 2011/11/23                                  |
| J Zitha                       | Active                    | 2015//04/14                                 |
| J Nell (Alternative director) | Active                    | 2013/08/20                                  |

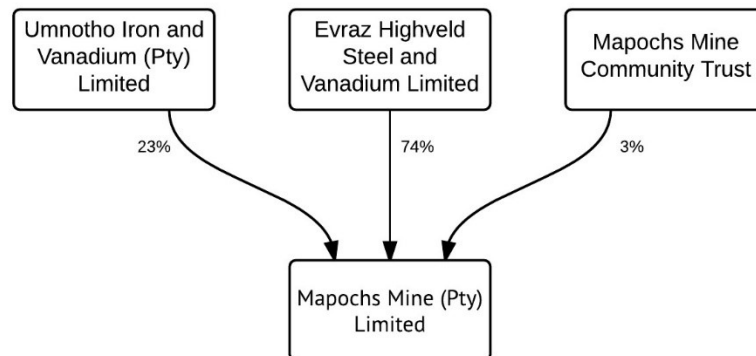
### 8.3. Company Information

|                              |   |
|------------------------------|---|
| Financial Year End:          | 31 December   |
| Registered Business Address: | Old Pretoria Road<br>Portion 93 of the Farm Schoongezicht 308<br>JS<br>eMalahleni (Witbank) |
| Postal Address:              | P.O. Box 111<br><br>Witbank 1035  |
| Business Telephone Number:   | 013 273 5000  |
| Business Fax Number:         | 013 273 5037  |
| Accountants / Auditors:      | Ernst and Young   |

## 9. COMPANY BACKGROUND

- 9.1. The Company was registered in 2008, under the registered name of Mapochs Mine Proprietary Limited with registration number 2008/009382/07, to explore and mine for minerals and carry all other business incidental thereto.
- 9.2. As at the Commencement Date, the Company employed 144 (one hundred and forty) permanent employees and 60 (sixty) contractors in the Roosenekal area near the Mine.

### 9.3. Simplified Group Organogram



In addition to the above VVP holds 'A' ordinary shares, which are non-participating (in profits or assets), but have veto voting rights in respect of decisions that if implemented would or is likely to result in the Company breaching or amending or postponing its obligation to the Rights of Access Mapochs and Fines Supply Agreement or result in affecting or altering its ability to perform thereunder or is likely to result in a non-profitable exploitation of the Mapochs Mine in each case in any manner detrimental to the A shareholders. The extent of the A shares rights are set out fully in the Company's Memorandum of Incorporation ("MOI") (a public document available from the CIPC and the BRPs).

### 9.4. Background to the Company's Financial Distress

The main reasons for the failure of the Company as set out in the affidavit of Jacques Bonnet supporting commencement of business rescue, are the following:

- 9.4.1. historical operational difficulties at the steelworks (Evrz Highveld) , the Company's main customer and sole shareholder;
- 9.4.2. the filing by Evraz Highveld for business rescue, which places in doubt the Company's ability to source funding that it historically obtained from Evraz Highveld;
- 9.4.3. the effect of the onerous supply agreement concluded with VVP.

10. **MATERIAL ASSETS AND SECURITY OF THE COMPANY AS AT THE COMMENCEMENT DATE  
(INCLUDING ESTIMATED REALISATION VALUE ON LIQUIDATION)**

A list of the categories of material assets of the Company at book value and the security given in relation thereto is shown below. If any Affected Person requires a detailed schedule of these assets, please contact Michelle Scruse of Matuson & Associates at mapochs@matusonassociates.co.za.

**List of Assets as at 31 March 2015**

| <b>Property Plant and Equipment</b> | <b>Cost</b>        | <b>Acc. Dep.</b>   | <b>Carrying Value</b> |
|-------------------------------------|--------------------|--------------------|-----------------------|
| Land                                | 13 860 552         | -                  | 13 860 552            |
| Improvements                        | 91 179 524         | -22 885 053        | 68 294 471            |
| Plant and Machinery                 | 42 845 541         | -14 610 010        | 28 235 531            |
| Mobile Equipment                    | 4 936 811          | -4 233 736         | 703 075               |
| Equipment                           | 27 626             | -27 626            | -                     |
| WIP                                 | 1 212 981          |                    | 1 212 981             |
| <b>Total</b>                        | <b>154 063 035</b> | <b>-41 756 425</b> | <b>112 306 610</b>    |

| <b>Inventory</b>  | <b>Carrying Value</b> |
|-------------------|-----------------------|
| Work in Progress  | 8 777 592             |
| Consumable Stores | 17 550 863            |
| Finished Products | 58 038 347            |
| <b>Total</b>      | <b>84 366 802</b>     |

| <b>Trade Debtors</b>     | <b>Carrying Value</b> |
|--------------------------|-----------------------|
| <b>Trade receivables</b> | <b>127 421 690.14</b> |

## 11. CREDITORS OF THE COMPANY AS AT THE COMMENCEMENT DATE

11.1. A list of the Creditors of the Company, as reflected in the Company's records, as at the Commencement Date is attached hereto as **Annexure A**.

11.2. As required in terms of the Companies Act, **Annexure A** indicates which of the aforesaid Creditors:

11.2.1. would qualify as secured, statutorily preferent or concurrent in terms of the laws of insolvency; and

11.2.2. whether they have submitted/proved their Claims.

|   | Aggregate per<br>System | Aggregate per<br>claims received | Voting interest    |
|---|-------------------------|----------------------------------|--------------------|
| <b>Total Pre commencement<br/>Creditors</b> | <b>208 407 596</b>      | <b>188 373 576</b>               | <b>226 765 095</b> |
| <b>Business Rescue Creditors</b>            |                         |                                  | <b>13 135 021</b>  |
| <b>Total Creditors</b>                      |                         |                                  | <b>239 900 116</b> |

## 12. PROOF OF CLAIMS BY CREDITORS

12.1. The exchange rate in respect of all Claims expressed in foreign currency will be determined as at the Commencement Date.

12.2. Creditors are required to lodge their Claims prior to the Final Claims Date for purposes of participating in the Distribution:

12.2.1. The BRPs or the Receivers, as the case may be, have a discretion as to whether to allow a Creditor to lodge any Claim after the Final Claims Date; and

12.2.2. Creditors that have lodged Claims after the Final Claims Date, and whose Claims have been accepted by the BRPs or the Receivers in the exercise of the BRPs' or the Receivers' aforesaid discretion, forfeit their right to participate in Distributions that have been made prior to the lodgement of their Claims.

- 12.3. Claims shall be proved to the satisfaction of the BRPs, as the case may be, and supported by an affidavit. If any Creditor requires the affidavit form, please contact Michelle Scruse of Matuson & Associates at mapochs@matusonassociates.co.za.
- 12.4. In the event that the BRPs, as the case may be, dispute a Claim or security, such disputed Claims will be dealt with in accordance with the Dispute Mechanism more fully set out in paragraph 13.

### 13. **DISPUTE RESOLUTION**

- 13.1. Reference in this paragraph to BRPs will include reference to Receivers.
- 13.2. Subject to paragraph 13.4, save as provided for in section 133 of the Companies Act, in respect of all or any disputes by the BRPs on Claims submitted by Creditor(s), PCF Creditors and Employees, which disputes include, but are not limited to, disputes on the existence or otherwise of Claim(s), on the quantum of Claim(s), security claimed by a Creditor, the nature of the security, the extent and value of the security and the like ("**the dispute**") the dispute may be resolved in accordance with the dispute mechanism outlined below ("**the Dispute Mechanism**").
- 13.3. The dispute mechanism procedure will be as follows:
  - 13.3.1. All creditors who have received notification from the BRPs of a dispute are within 15 days after the Final Claims Date, to contact the BRPs and to meet with the BRPs this with a view to attempt to reach agreement on the dispute.
  - 13.3.2. If the Creditor does not avail itself of this 15 day opportunity or if after having availed itself and the dispute is not resolved within the 15 day period, the Creditor will be afforded 7 days (reckoned from the date of expiry of the 15 days) to nominate one of the retired judges from the list below as an expert (not as an arbitrator or mediator) to preside over and to resolve the dispute. Should the Creditor not make this nomination the BRPs will do so on his/her/its behalf and this nomination will be binding on the Creditor(s). The list of these retired judges are:
    - 13.3.2.1. E. Goldstein;
    - 13.3.2.2. J. Kriegler;
    - 13.3.2.3. P. Blidedon;
    - 13.3.2.4. J. Heher;
    - 13.3.2.5. T. Cloete; and

## 13.3.2.6. M. Joffe.

- 13.3.3. The retired judge when nominated and who agrees to accept such appointment (hereinafter referred to as the “**expert**”) will be requested to endeavour to complete his mandate within 30 days of his appointment or within such further time period as the expert in his sole discretion may determine. To the extent that any expert as nominated by the Creditor or Employee/s refuses to act or is not available to act, the Creditor, or if he refuses or does not do so within three days of being requested by the BRPs to do so, the BRPs on his/her/its behalf is then obliged to choose another retired judge(s) from the above list until one such judge is available to act and is agreeable to act.
- 13.3.4. The expert will in his sole and absolute discretion determine:
- 13.3.4.1. the venue at which the dispute is to be resolved;
  - 13.3.4.2. the rules, regulations and procedures that will govern the determination of the dispute;
  - 13.3.4.3. the date(s) for the determination of the dispute;
  - 13.3.4.4. will give his award / determination within 5 days of the completion of the process as determined by him;
  - 13.3.4.5. will as part of his award / determination determine who is liable for the costs of the determination such costs to include his costs, legal costs, venue costs, recording equipment (if applicable), transcript of evidence (if applicable) and the like.
- 13.3.5. The Creditor/s agrees that, save for any manifest error the determination of the expert will be final and binding on the Creditor/s, the Company and the BRPs and will not be subject to any subsequent review or appeal application / procedure / process.
- 13.3.6. The expert shall be entitled at his discretion to make an award for costs.
- 13.3.7. The Creditor, the Employee/s, the Company and the BRPs undertake to use their utmost endeavours to ensure that the entire dispute is determined by the expert within the 30 day period as set out above.
- 13.3.8. To the extent necessary, should the BRPs be of the view that certain of the disputes, may be settled or compromised, the BRPs shall be authorised to settle and compromise any such dispute.

- 13.4. The BRPs may in their sole and absolute discretion decide that the dispute mechanism is not appropriate for resolving the dispute and/or that the application of the dispute mechanism may result in prejudice to any Creditor(s) or Employee(s) or the Company. In such event, the Creditor(s) or Employee(s) concerned shall be entitled in terms of 133 of the Companies Act to refer the dispute to Court and if an expert has already been nominated, such nomination shall lapse and be of no further force or effect.

#### 14. **CREDITORS VOTING INTEREST AND VOTING BY PROXY**

- 14.1. In terms of the Companies Act, for the purpose of any vote by Creditors:

14.1.1. a Creditor has a voting interest equal to the value of the amount owed to that Creditor by the Company on the date of the vote on the Business Rescue Plan; and

14.1.2. a Creditor who would have a subordinated claim in liquidation has a voting interest, as independently appraised and valued at the request of the BRPs, equal to the amount, if any, that the Creditor could reasonably expect to receive in a liquidation of the company. In this regard the BRP's have assessed the voting rights of subordinated rights of creditors as follows:

- EHSV
- Mapochs Mine Community Trust
- Umnotho Iron and Vanadium (Pty) Ltd

- 14.2. A Creditor who has a Disputed Claim, contingent Claim, prospective Claim, damages or unliquidated Claim will only be allowed to vote as determined by the BRPs in their sole discretion.

- 14.3. Voting by proxy will only be allowed as long as the form of proxy attached to the Notice of the Meeting is lodged with the BRPs in terms of section 152 of the Companies Act. Creditors and Affected Persons are required to lodge their forms of proxy by no later than 17h00 on 27 November 2015.

- 14.4. All forms of proxy given on behalf of a company, a legal entity or a trust must be accompanied by a valid and authorised resolution supporting the appointment of the proxy.

- 14.5. Notwithstanding what has been stated in this paragraph, the BRPs have a discretion to accept any proxy submitted.



## 15. **PROBABLE DIVIDEND ON LIQUIDATION**

- 15.1. The BRPs engaged KPMG as independent experts to calculate the Commencement Date, potential dividend in a liquidation scenario.
- 15.2. The calculation in support of a liquidation dividend as at the Commencement Date is based on an independent exercise undertaken by KPMG and the reader is encouraged to properly consider the calculation presented by KPMG and satisfy themselves as to the accuracy thereof. If any Affected Person requires a full copy of the liquidation and distribution account, please contact Michelle Scruse of Matuson & Associates at [mapochs@matusonassociates.co.za](mailto:mapochs@matusonassociates.co.za).
- 15.3. KPMG relied on an independent valuation of the assets of the Company for the purpose of calculating the liquidation dividend as at the Commencement Date, and the approximate realisation value is set out in the full liquidation calculation document prepared by KPMG.
- 15.4. The methodology used by KPMG in calculating the liquidation dividend is the methodology chosen by KPMG in their sole discretion and the BRPs are not in a position to comment on the methodology.
- 15.5. The probable dividend which Concurrent Creditors would receive if the Company was to be liquidated as at the Commencement Date is 4.7 cents in the Rand.
- 15.6. The probable dividend in paragraph 15.5 takes into account the costs associated with a liquidation, as calculated in terms of Section 89 of the Insolvency Act.

## 16. **HOLDERS OF THE COMPANY'S ISSUED SECURITIES**

A list of the holders of the Company's issued securities is set out in paragraph 8.1 above

## 17. **THE PRACTITIONERS' REMUNERATION**

- 17.1. The BRPs' remuneration is at the tariff for a large sized company based on the Company's public interest score at the Commencement Date. The public interest score calculated in terms of Regulation 26(2) of the Companies Act as at the Commencement Date was 1 367.
- 17.2. The Company is regarded as a large sized company as its public interest score exceeds 500.
- 17.3. To date, Evans and Lightfoot have charged out their time at the prescribed tariff rates set out in Regulation 128 to the Companies Act. In terms of section 143(2) of the Companies Act, the BRPs hereby propose an agreement providing for further remuneration, additional to the prescribed tariff, resulting in an increase in the charge out rate of the BRPs from R1 754 per

hour to R3 000 per hour (excluding VAT), retrospectively, with effect from the date of their appointment.

- 17.4. With effect from the Substantial Implementation Date and for all or any services rendered by the BRPs in their capacities as Receivers, they will be paid out of cash in the Plan Fund R3,000.00 each per hour plus VAT, this in addition to all legal fees and other advisor costs incurred in administering the plan Fund and adjudicating the Claims of Creditors all of which will be paid out of cash in the Plan Fund.

18. **STATEMENT AS TO WHETHER THE BUSINESS RESCUE PLAN INCLUDES A PROPOSAL MADE INFORMALLY BY A CREDITOR**

This Business Rescue Plan is proposed by EHSV and does not include any informal proposals made by any other Creditor or Creditors of the Company.

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## PART B – PROPOSALS

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### 19. MORATORIUM

In terms of the Companies Act, the commencement of Business Rescue places a moratorium on legal proceedings against the Company. The moratorium will remain in place until the BRPs file a notice of substantial implementation with the CIPC.

### 20. PROPOSED BUSINESS RESCUE PLAN

- 20.1. EHSV wishes to purchase from the Creditors their Claims for a total purchase consideration of R53 million (less the business rescue costs and expenses referred to in 20.3) and the proceeds of the payment referred to in 20.5 and its sub-paragraphs.
- 20.2. Pursuant hereto EHSV will, on or before 4 December 2015, pay R53 million to the Plan Fund into a bank account nominated by the BRPs. These funds are currently being held in trust at Edward Nathan Sonnenberg Inc for this purpose.
- 20.3. EHSV will pay this R53 million to acquire the Claims of the Creditors of the Company. On adoption of the plan the Claims of the Creditors, excluding EHSV own Claims, are irrevocably sold and ceded out and out to EHSV save that delivery and ownership and all other benefits in and to the Claims in the Claim will without further ado, formality or otherwise automatically pass from each of the Creditors to EHSV on payment of their proportionate distribution from the R53 million (after first deducting from the R53 million the unpaid business rescue costs and expenses estimated at R16 million).
- 20.4. The BRPs will on receipt of the R53 million end the business rescue proceedings whereafter the BRPs will act as Receivers for the Creditors to distribute the proceeds for the benefit of Creditors referred to in paragraph 20.5.
- 20.5. In addition to the above the Company hereby irrevocably agrees to pay to the Plan Fund into the bank account nominated by the Receivers, as soon as they receive it the following:
  - 20.5.1. Any distributions from EHSV pursuant to all claims it has against EHSV. EHSV has agreed to pay the proceeds of the distributions directly to the Plan Fund; and
  - 20.5.2. The proceeds of any payment(s) received from VVP pursuant to the claims the Company has against VVP; and

- 20.5.3. The proceeds of any VAT refunds from SARS in respect of the VAT returns for all periods up to 30 November 2015 (ie any refunds that became payable during the business rescue proceedings).
- 20.5.4. The balance of any cash generated by the BRPs from trading during business rescue which stands to the credit of the Company's bank accounts on the Adoption Date.
- 20.6. EHSV has a number of Claims against Mapochs. If it does not receive a dividend pursuant to their Claims this will increase the value of the distribution to the remaining Creditors by approximately 30%. Pursuant hereto and subject to the proviso at the end of this paragraph EHSV for purposes of increasing the distributions to Creditors (other than itself), EHSV agrees to waive any right or entitlement it has to receive any distribution from the BRPs (where apposite) and from the Receivers from the Plan Fund (on their appointment as such) this without prejudice to any other rights or entitlements EHSV holds in respect of those Claims: provided however this waiver excludes the claim EHSV has for repayment of monies (estimated to be about R6 million) for monies it has advanced to the Company after the Commencement Date and for any claims and expenses that EHSV has paid on the Company's behalf during Business Rescue. .
- 20.7. The anticipated contributions to the Plan Fund as set out above are estimated to total between R67 million and R74 million made up as follows:
  - 20.7.1. EHSV – R53 million
  - 20.7.2. EHSV business rescue distributions – R3 million to R5 million
  - 20.7.3. VVP Debt – R3 million to R8 million (given that it is business rescue)
  - 20.7.4. VAT refunds due – R8 million

## 21. **ORDER OF DISTRIBUTION – PAYMENT WATERFALL IN BUSINESS RESCUE**

- 21.1. The Plan Fund will be administered by the BRP's until substantial implementation and thereafter by them as Receivers for the Creditors.
- 21.2. Subject to the terms of this Business Rescue Plan the BRPs will make the following payments from the Plan Fund in the following order of preference and will be distributed as follows:
  - 21.2.1. all BRPs fees and disbursements; thereafter

- 21.2.2. the payment of the BRPs costs and expenses including, but not limited to, the costs of advisors, all unpaid trading liabilities, legal expenses, other creditor liabilities incurred during Proceedings; thereafter
- 21.2.3. Employees for their employment during Business Rescue (to the extent that they have not been paid for their services during Business Rescue);
- 21.2.4. Subject to the provisions of paragraph 21.4 above to the Creditors of the Company in proportion to their Claims.
- 21.3. Based on the information the BRPs have to date, the probable dividend which Concurrent Creditors should receive as a result of the adoption of the Business Rescue Plan, 34 cents to 40 cents in the Rand computed as follows:

|                                     | <b>Worst Case</b> |              | <b>Best Case</b> |              |
|-------------------------------------|-------------------|--------------|------------------|--------------|
| <b>Plan fund - R millions</b>       |                   |              |                  |              |
| Inflows                             | R                 | 67.0         | R                | 76.0         |
| Outflows                            |                   |              |                  |              |
| BR costs to 30 November 2015        | R                 | -8.8         | R                | -8.8         |
| Repayment of EHSV advance           | R                 | -5.2         | R                | -5.2         |
| Receiver Costs                      | R                 | -0.8         | R                | -0.8         |
|                                     | R                 | <u>52.2</u>  | R                | <u>61.2</u>  |
| <b>Creditors - R millions</b>       |                   |              |                  |              |
| Total                               | R                 | 226.7        | R                | 226.7        |
| Less :                              |                   |              |                  |              |
| EHSV                                | R                 | -55.7        | R                | -55.7        |
| SARS                                | R                 | -18.0        | R                | -18.0        |
|                                     | R                 | <u>153.0</u> | R                | <u>153.0</u> |
| <b>Dividend - Cents in the Rand</b> |                   | <b>34.12</b> |                  | <b>40.00</b> |

21.4. **Timing of distributions:**

- 21.4.1. The Receivers will distribute proportionally R18 million to known Creditors whose Claims have been accepted within 14 days of the later of adoption of the Business Rescue Plan and/or acceptance of the Claim; and
- 21.4.2. A second distribution will be paid within 14 days of the Final Claims Date; and
- 21.4.3. The final distributions will be paid once all claims have been adjudicated.

## 21.5. Trading post business rescue

- 21.5.1. EHSV have advised the BRPs that they have secured and set aside the requisite funding to advance monies to the Company to cover any short term funding shortfalls that may materialise post business rescue.
- 21.5.2. EHSV have further indicated that if the business rescue of EHSV is implemented, further capital will be advanced to the Company to fund capital expenditure and exploration.
- 21.5.3. EHSV in their offer to rescue the Company, have stated their intention to supply VVP on the same terms and conditions as set out in the Right of Access to Mapochs and Fines Supply Agreement.

## 22. CONDITIONS PRECEDENT

The Business Rescue Plan is subject to fulfilment of the following conditions precedent:

- 22.1. Adoption of the plan by Creditors as required in terms of Section 152 (a & b); and
- 22.2. Payment of the R53 million by EHSV to the Plan Fund on or before 4 December 2015.

## 23. EFFECT ON CREDITORS

- 23.1. The proposal contained in this arrangement seeks to regulate the terms of the purchase of all the claims of creditors by EHSV. The amounts due to the Creditors of the Company and the rights of all Creditors shall be limited to the right to claim payment in terms of this Business Rescue Plan and no Creditor shall have any other Claim against the Company pursuant to the adoption of this Business Rescue Plan<sup>1</sup>.
- 23.2. Upon implementation of this Business Rescue Plan as provided for in Chapter 6 of the Act:
  - 23.2.1. a person, legal and/or natural and a Creditor is not entitled to enforce any debt owed by the Company immediately prior to the Commencement Date except to the extent provided for in this Business Rescue Plan
  - 23.2.2. Each Creditor, on receipt of the distributions contemplated herein, will have ceded and assigned to EHSV their Claims against the Company. The Company will thus have no liability to any person, Creditors, actual, contingent or prospective for any monies and/or losses, damages and/or the like other than

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<sup>1</sup>Section 152(4) and Section 154(2) of The Act

to EHSV in respect of existing Claims and the Claim acquired in terms of this Plan;

23.3. This business rescue plan is conditional upon the Company fully meeting its obligations to Creditors as set out in this Business Rescue Plan. In the event of any breach by the Company of its obligations to Creditors in terms of the Business Rescue Plan, or in the event the Company is placed in liquidation before the obligations to Creditors have been discharged, the full balance due to Creditors in terms of their original claims against the Company shall immediately become due, owing and payable by the Company to the Creditors.

#### 23.4. **Damages**

23.4.1. In respect of any Creditors claim for losses or damages, whether contractual or delictual, against the Company, and such losses or damages Claims be accepted by the BRPs or proved by way of the Dispute Mechanism or is fixed by Court Order or similar proceedings, such damages Claims:

23.4.1.1. shall be a concurrent Claim, and treated as such unless the Creditor holds security for such claim;

23.4.1.2. will be deemed to be limited to general damages suffered over the lesser of 6 (six) months from the date on which the alleged damages Claim arose or the balance of the Contract duration. For purposes hereof, general damages are those which, on an objective basis, would be reasonably foreseeable at the time of entering into the relevant Contract as a probable consequence of, and with a sufficiently close connection to, any breach by the Company of such Contract so as to be said to flow naturally and generally and not to be too remote;

23.4.1.3. will be deemed to exclude all consequential (including loss of profit) and indirect damages; and

23.4.1.4. if disputed, will be resolved in terms of the Dispute Mechanism, detailed in paragraph 13.

#### 23.5. **Taxes**

23.5.1. Until the business rescue proceedings are terminated on one of the grounds set out in Section 132(2) of the Companies Act, the BRPs undertake that the Company shall ensure that all tax obligations for which the company is liable for

prior to and up to the Substantial Implementation Date (including the filing of returns and payment of outstanding taxes) will be complied with.

- 23.5.2. Any assessed loss will be subject to and dealt with in accordance with the provisions of the tax laws of South Africa, subject to any objection, appeal or any other available dispute resolution procedures or remedies available to the Company or the BRPs.
- 23.5.3. No Claims will be compromised in terms of this Business Rescue Plan as the adoption and implementation of the Plan will not create any obligation to make any payment to SARS in terms of Section 22 of the VAT act.
- 23.5.4. The BRPs acknowledge that, notwithstanding the above in the event that any VAT liability arises as a result of a compromise of debts in terms of this plan, that liability will occur after the Commencement Date and as such, is not subject to compromise and is payable in full. The BRPs warrant that provision for any VAT liability triggered in terms of section 22 of the VAT Act 89 of 1991 has been made and will be settled by the Company.

#### 24. **EFFECT OF THE BUSINESS RESCUE PLAN ON THE HOLDERS OF EACH CLASS OF THE COMPANY'S ISSUED SHARES**

- 24.1. The rights of shareholders will not be altered by this plan.

#### 25. **COMPARISON OF THE BUSINESS RESCUE TO LIQUIDATION**

- 25.1. The following table sets out a comparison of the outcomes that are likely to arise under the Business Rescue as compared to a liquidation (the liquidation calculation is based on the information provided in KPMG's liquidation calculation):

| <b>Class of creditor</b>               | <b>Liquidation</b> | <b>Business Rescue</b> |
|--|--------------------|------------------------|
|  |                    |                        |
| <b>Secured</b>                         | <b>100 cents</b>   | <b>100 cents</b>       |
| <b>Business Rescue / PCF Creditors</b> | <b>N/A</b>         | <b>100 cents</b>       |
| <b>Employees</b>                       | <b>26 cents</b>    | <b>100 cents</b>       |
| <b>Concurrent creditors</b>            | <b>4.7cents</b>    | <b>34 to 40 cents</b>  |



## 26. **BENEFITS OF ADOPTING THE BUSINESS RESCUE PLAN COMPARED TO LIQUIDATION**

The benefits to Creditors of adopting the Business Rescue Plan compared to a liquidation are as follows:

- 26.1. The Business Rescue should result in a significantly better return to creditors.
- 26.2. The average time it takes to conclude a liquidation process can be between 18 – 24 months, or longer depending on the complexity of the estate. Given the complexity of the Company, it is likely that a liquidation would last longer than 24 months with limited ability to pay an interim dividend to concurrent Creditors.
- 26.3. Rescue of the Business, will have a significant effect on the Roosenekal community which is dependent on the Mapochs Mine for much of its lively hood.
- 26.4. **Employees**
  - 26.4.1. The Business Rescue Plan does not contemplate any retrenchments nor any further changes to the current employment terms and conditions
  - 26.4.2. In a liquidation:
    - 26.4.2.1. all jobs will be lost immediately unless the liquidator agrees to continue trading against an indemnity. In the current circumstances, it is highly unlikely that a liquidator would agree to continue trading or that a liquidator would be indemnified against trading losses;
    - 26.4.2.2. Employees would be entitled to receive a maximum preferent amount of R28 000.00 (twenty eight thousand rand) per staff member, to the extent that there are funds available for any remaining claims of participating concurrent creditors; and
    - 26.4.2.3. Employees will only receive payment once the final liquidation and distribution account has been approved at the end of the liquidation process.
- 26.5. **Fees**
  - 26.5.1. The BRPs submit that the entire costs of the Business Rescue will be significantly lower than the liquidation costs. The estimated fees a liquidator would be entitled to in terms of the liquidation calculation prepared by KPMG is approximately R7.6 million based on the realisation of the assets.

## 26.6. SARS

SARS ranks as a Concurrent Creditor under Business Rescue, whereas, under liquidation, SARS would rank as a preferent creditor.

## 27. RISKS OF THE BUSINESS RESCUE

27.1. Notwithstanding what has been stated in this Business Rescue Plan, the Business Rescue and the amount which Creditors could receive in terms of the Business Rescue may be adversely affected by, *inter alia*, the following factors:

- 27.1.1. the fulfilment of the conditions precedent in terms of the Proposed Transaction taking longer than expected and/or the Proposed Transaction failing for any reason;
- 27.1.2. unforeseen litigation of any nature whatsoever, howsoever arising, from any cause of action whatsoever;
- 27.1.3. Compliance with environmental and regulations and claims arising out of historical non-compliance.
- 27.1.4. unforeseen damages claims arising from the cancellation of any contracts or agreements of any nature whatsoever, howsoever arising;
- 27.1.5. any changes in legislation that impact Business Rescue;
- 27.1.6. any challenges to this Business Rescue Plan, the rejection thereof or any amendments thereto;
- 27.1.7. any regulatory challenges of any nature whatsoever, howsoever arising;
- 27.1.8. any unforeseen circumstances, outside of the control of the BRPs of any nature whatsoever howsoever arising that impacts on Business Rescue;
- 27.1.9. material discrepancies in the information made available to the BRPs by the Directors and senior management;
- 27.1.10. any operational risks including but not limited to a change in mining method or unforeseen geological challenges;
- 27.1.11. inherent risks in the mining industry;
- 27.1.12. economic conditions worsen effecting Evraz Highveld or VVP; and

27.1.13. any change of control would require the approval from the Minister in terms of Section 11 of the MPRD Act.

27.2. It should be noted that, in the unlikely event of an immediate liquidation of the Company, the risks set out in this paragraph 27 would still apply.

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## **PART C – ASSUMPTIONS AND CONDITIONS**

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### **28. CIRCUMSTANCES IN WHICH THE BUSINESS RESCUE WILL END AND THE TERMINATION OF BUSINESS RESCUE**

28.1. The Business Rescue will end –

- 28.1.1. if the Business Rescue Plan is proposed and rejected and no Affected Person or Affected Persons act to extend the Business Rescue Plan in any manner contemplated by the Companies Act; or
- 28.1.2. this Business Rescue Plan is adopted and implemented (with the suspensive conditions fulfilled) and when the BRPs have filed a notice of substantial implementation of the Business Rescue Plan with the CIPC; or
- 28.1.3. a High Court orders the conversion of the Business Rescue into liquidation proceedings.

### **29. CONDITIONS FOR THE BUSINESS RESCUE PLAN TO BE SUBSTANTIALLY IMPLEMENTED**

- 29.1. Substantial implementation will be deemed to have occurred when the conditions precedent referred to above have been fulfilled.
- 29.2. The Plan will be fully implemented when the BRPs have adjudicated all claims and paid all outstanding business rescue costs and distributed all available proceeds to creditors and the Receivers have paid the Creditors their entitlements to payments in terms of the provisions of this Plan.

### **30. EFFECT OF THE BUSINESS RESCUE PLAN ON EMPLOYEES**

All employees will remain in the employment of the Company with no change to their terms and conditions being envisaged in this Plan

### **31. PROJECTED BALANCE SHEET AND PROJECTED STATEMENT OF INCOME AND EXPENSES PREPARED ON THE ASSUMPTION THAT THE BUSINESS RESCUE PLAN IS ADOPTED**

The projected balance sheet, income statement and cash flows, are attached as **Annexure B**.

32. **EXISTING LITIGATION**

The BRPs are not aware of any existing litigation as at the Publication Date.

33. **ABILITY TO AMEND THE BUSINESS RESCUE PLAN**

33.1. Provided that any amendment will not be prejudicial to any of the Affected Persons, the BRPs shall have the ability, in their sole and absolute discretion, to amend, modify or vary any provision of this Business Rescue Plan, provided that at all times the BRPs act reasonably. The amendment will be deemed to take effect on the date of written notice of the amendment to all Affected Persons.

33.2. It is specifically recorded that the provisions of paragraph 33 shall *mutatis mutandis* apply to the extension or reduction of any timeframes by the BRPs.

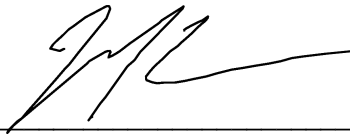
34. **SEVERABILITY**

Any provision in this Business Rescue Plan which is or may become illegal, invalid or unenforceable shall be ineffective to the extent of such prohibition or unenforceability and shall be treated *pro non scripto* and severed from the balance of this Business Rescue Plan, without invalidating the remaining provisions of this Business Rescue Plan or affecting the validity or enforceability of such provision in any other jurisdiction.

**35. BRPS' CERTIFICATE**

35.1. We, the undersigned, John Evans and John Lightfoot, hereby certify to the best of our knowledge and belief that –

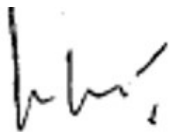
- 35.1.1. any actual information provided herein appears to be accurate, complete and up to date;
- 35.1.2. the BRPs have relied on financial information including opinions and reports furnished to them by Management;
- 35.1.3. any projections provided are estimates made in good faith on the basis of factual information and assumptions as set out herein;
- 35.1.4. in preparing the Business Rescue Plan, the BRPs have not undertaken an audit of the information provided to them by Management and by the Company's auditors, although where practical, the BRPs have endeavoured to satisfy themselves of the accuracy of such information.



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**John Evans**, in his capacity as the appointed joint  
business rescue practitioner (in terms of the Companies Act)

Date: 20 November 2015



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**John Lightfoot**, in his capacity as the appointed joint  
business rescue practitioner (in terms of the Companies Act)

Date: 20 November 2015



**Annexure A:**

| <b>Vendor Name</b>                  | <b>Status</b> | <b>Related</b> | <b>Total - Mapochs records</b> | <b>Claim Submitted</b> | <b>Voting Interest</b> | <b>Voting %</b> |
|-------------------------------------|---------------|----------------|--------------------------------|------------------------|------------------------|-----------------|
| Evrax Highveld Steel And Vandium    | Concurrent    | Yes            | 57 082 790                     | 55 783 730             | 55 783 730             | 23.3%           |
| Sandton Plant Hire (Pty) Ltd        | Concurrent    | No             | 44 021 775                     | 42 087 223             | 42 087 223             | 17.5%           |
| Blasting & Excavating (Pty) L       | Concurrent    | No             | 28 255 253                     | 28 255 253             | 28 255 253             | 11.8%           |
| Sars Royalties                      | Concurrent    | No             | 18 991 322                     | -                      | 18 991 322             | 7.9%            |
| Vanchem Vanadium Products (Pty) Ltd | Concurrent    | No             | 313 674                        | 18 393 239             | 18 393 239             | 7.7%            |
| SARS VAT                            | Concurrent    | No             | 18 090 086                     | -                      | 18 090 086             | 7.5%            |
| Shell South Africa Refining (Pty) L | Concurrent    | No             | 5 718 252                      | 5 708 655              | 5 708 655              | 2.4%            |
| Africa Truck Hire (Pty) Ltd         | Concurrent    | No             | 2 641 696                      | 2 641 696              | 2 641 696              | 1.1%            |
| Thorburn Security Solutions (Northe | Concurrent    | No             | 2 632 499                      | 2 611 596              | 2 611 596              | 1.1%            |
| Autumn Storm Investments 134 (Pty)  | Concurrent    | No             | 920 593                        | 2 112 550              | 2 112 550              | 0.9%            |
| Ja Du Tiot And Snr Council          | Concurrent    | No             | 608 417                        | 1 808 100              | 1 808 100              | 0.8%            |
| Mukundi Mining Rescources           | Concurrent    | No             | -                              | 1 426 390              | 1 426 390              | 0.6%            |
| Veyance Technologies Sa (Pty) Ltd   | Concurrent    | No             | 1 085 518                      | 1 108 199              | 1 108 199              | 0.5%            |
| Fraser Alexander Tailings (Pty) Ltd | Concurrent    | No             | 1 850 426                      | 1 017 656              | 1 017 656              | 0.4%            |
| Renold Crofts (Pty) Ltd             | Concurrent    | No             | 151 606                        | 960 945                | 960 945                | 0.4%            |
| Hire Engineering & Construction Cc  | Concurrent    | No             | 988 778                        | 910 662                | 910 662                | 0.4%            |
| Stimela Rail Construction (Pty) Ltd | Concurrent    | No             | 887 329                        | 908 460                | 908 460                | 0.4%            |
| Nedbank Ltd                         | Concurrent    | No             | 880 000                        | 880 000                | 880 000                | 0.4%            |
| Diamond Hill Trading 67             | Concurrent    | No             | 953 000                        | 793 350                | 793 350                | 0.3%            |
| Advance Seed (Pty) Ltd              | Concurrent    | No             | 896 553                        | 719 625                | 719 625                | 0.3%            |
| Eugene Pretorius And Associates (Pt | Concurrent    | No             | 755 723                        | 679 079                | 679 079                | 0.3%            |
| Dredging Solutions (Pt) Ltd         | Concurrent    | No             | 622 230                        | 622 230                | 622 230                | 0.3%            |
| Industrial Locomotive Service Cc    | Concurrent    | No             | 610 527                        | 610 527                | 610 527                | 0.3%            |
| A Reyeng Roossenekal (Pty) Ltd      | Concurrent    | No             | 723 566                        | 596 371                | 596 371                | 0.2%            |
| Magnum Metals                       | Concurrent    | No             | 869 208                        | 578 386                | 578 386                | 0.2%            |
| Eskom                               | Concurrent    | No             | 549 039                        | 576 899                | 576 899                | 0.2%            |
| Vibramech (Pty) Ltd                 | Concurrent    | No             | 653 226                        | 550 888                | 550 888                | 0.2%            |
| F & K Engineering Cc                | Concurrent    | No             | 550 506                        | 540 770                | 540 770                | 0.2%            |
| Sgs South Africa (Pty) Ltd          | Concurrent    | No             | 507 870                        | 526 153                | 526 153                | 0.2%            |
| Kpmg Inc                            | Concurrent    | No             | 530 419                        | 478 091                | 478 091                | 0.2%            |
| Mine And Quarry Supplies (Pty) Ltd  | Concurrent    | No             | 397 242                        | 472 030                | 472 030                | 0.2%            |
| Metso Mining And Construction Sa (P | Concurrent    | No             | 451 696                        | 468 291                | 468 291                | 0.2%            |
| Bearing Man (Pty) Ltd               | Concurrent    | No             | 465 013                        | 452 370                | 452 370                | 0.2%            |
| Avis Forklift Centre                | Concurrent    | No             | 366 902                        | 446 214                | 446 214                | 0.2%            |
| Osborn Engineered Products Sa (Pty) | Concurrent    | No             | 456 776                        | 445 358                | 445 358                | 0.2%            |
| Fraser Alexander Water Treatment    | Concurrent    | No             | 485 184                        | 424 536                | 424 536                | 0.2%            |
| Budgie Shearer Enterprises Cc       | Concurrent    | No             | 84 350                         | 416 657                | 416 657                | 0.2%            |
| De Kaap Electrical Cc               | Concurrent    | No             | 384 593                        | 384 593                | 384 593                | 0.2%            |
| Omnia Fertilizer Div Of Omnia Group | Concurrent    | No             | 347 335                        | 367 949                | 367 949                | 0.2%            |
| Occupational Care South Africa (Pty | Concurrent    | No             | 763 230                        | 357 367                | 357 367                | 0.1%            |
| Prisma Training Solutions Pty Ltd   | Concurrent    | No             | -                              | 356 797                | 356 797                | 0.1%            |
| Thatule Trading Cc                  | Concurrent    | No             | 348 000                        | 348 000                | 348 000                | 0.1%            |



| Vendor Name                         | Status     | Related | Total - Mapochs records | Claim Submitted | Voting Interest | Voting % |
|-------------------------------------|------------|---------|-------------------------|-----------------|-----------------|----------|
| Ask Catering Supplies Cc            | Concurrent | No      | 288 894                 | 344 785         | 344 785         | 0.1%     |
| Lethiba Construction And Projects   | Concurrent | No      | 372 048                 | 337 848         | 337 848         | 0.1%     |
| Moholi Mining Supplies              | Concurrent | No      | 300 289                 | 326 506         | 326 506         | 0.1%     |
| Komatsu Southern Africa (Pty) Ltd   | Concurrent | No      | 378 142                 | 314 675         | 314 675         | 0.1%     |
| Golder Associates Africa (Pty) Ltd  | Concurrent | No      | 292 937                 | 292 937         | 292 937         | 0.1%     |
| Sterling Plastics Cc                | Concurrent | No      | 287 903                 | 280 447         | 280 447         | 0.1%     |
| Magnitech Pty Ltd                   | Concurrent | No      | -                       | 276 156         | 276 156         | 0.1%     |
| Coninghamlee & Associates           | Concurrent | No      | -                       | 273 660         | 273 660         | 0.1%     |
| Kluber Lubrication (Pty) Ltd        | Concurrent | No      | 272 341                 | 272 341         | 272 341         | 0.1%     |
| Afrox Witbank                       | Concurrent | No      | 53 032                  | 259 864         | 259 864         | 0.1%     |
| Sw Africa Fencing Construction &    | Concurrent | No      | 258 735                 | 258 735         | 258 735         | 0.1%     |
| Ernest Lowe Trading                 | Concurrent | No      | 250 206                 | 249 349         | 249 349         | 0.1%     |
| Electro Field Services              | Concurrent | No      | 202 078                 | 233 143         | 233 143         | 0.1%     |
| Builders Market (Pty) Ltd [Middelbu | Concurrent | No      | 225 057                 | 219 673         | 219 673         | 0.1%     |
| Improchem (Pty) Ltd                 | Concurrent | No      | 218 681                 | 218 681         | 218 681         | 0.1%     |
| Life Occupational Health            | Concurrent | No      | 212 576                 | 212 576         | 212 576         | 0.1%     |
| Consolidated Safety Equipment Distr | Concurrent | No      | 199 342                 | 208 295         | 208 295         | 0.1%     |
| Billion Belt Scrapers Cc            | Concurrent | No      | 145 327                 | 201 301         | 201 301         | 0.1%     |
| Gkd Buismet Sa (Pty) Ltd            | Concurrent | No      | 187 416                 | 187 416         | 187 416         | 0.1%     |
| Gilbarco Afs (Pty) Ltd              | Concurrent | No      | 653 589                 | 185 123         | 185 123         | 0.1%     |
| Phakamani - Mapochs                 | Concurrent | No      | 184 512                 | -               | 184 512         | 0.1%     |
| Inprint Printers Cc                 | Concurrent | No      | 176 088                 | 176 088         | 176 088         | 0.1%     |
| Conway Johnson                      | Concurrent | No      | 164 080                 | 171 987         | 171 987         | 0.1%     |
| Oe Bearings (Pty) Ltd               | Concurrent | No      | 157 086                 | 157 086         | 157 086         | 0.1%     |
| Jcs Scales                          | Concurrent | No      | 185 250                 | 151 392         | 151 392         | 0.1%     |
| Maleboko Precision Engineer (Ltd) L | Concurrent | No      | 258 141                 | 148 158         | 148 158         | 0.1%     |
| C & E Engineering (Pty) Ltd         | Concurrent | No      | 144 750                 | 144 750         | 144 750         | 0.1%     |
| Trek Scale Company (Pty) Ltd        | Concurrent | No      | 169 396                 | 144 054         | 144 054         | 0.1%     |
| Media Works                         | Concurrent | No      | 222 557                 | 143 348         | 143 348         | 0.1%     |
| Universal Rigging & Moving          | Concurrent | No      | 141 477                 | -               | 141 477         | 0.1%     |
| Trentyre Earthmover Division        | Concurrent | No      | 226 096                 | 138 741         | 138 741         | 0.1%     |
| Sekhukhune District Municipality    | Concurrent | No      | 136 735                 | 136 735         | 136 735         | 0.1%     |
| Pauls Laundry Services              | Concurrent | No      | 141 649                 | 133 887         | 133 887         | 0.1%     |
| New Communications Cc               | Concurrent | No      | 131 732                 | 131 413         | 131 413         | 0.1%     |
| Lintec Engineering (Pty) Ltd        | Concurrent | No      | 137 434                 | 130 371         | 130 371         | 0.1%     |
| Jb Manok Building Construction Cc   | Concurrent | No      | 122 795                 | 128 951         | 128 951         | 0.1%     |
| Barloworld Equipment                | Concurrent | No      | 127 933                 | -               | 127 933         | 0.1%     |
| Replacement Spares Unlimited Cc     | Concurrent | No      | 127 608                 | 127 608         | 127 608         | 0.1%     |
| Screenex Manufacturing (Pty) Ltd    | Concurrent | No      | 124 659                 | -               | 124 659         | 0.1%     |
| Thalia Optometrists Ta Specsavers   | Concurrent | No      | -                       | 124 530         | 124 530         | 0.1%     |
| Weir Minerals Africa (Pty) Ltd      | Concurrent | No      | 87 025                  | 123 752         | 123 752         | 0.1%     |
| Thorburn Technical Solutions (North | Concurrent | No      | 122 283                 | 122 283         | 122 283         | 0.1%     |
| The Handy Gardener                  | Concurrent | No      | 147 500                 | 118 000         | 118 000         | 0.0%     |
| Decamart (Pty) Ltd                  | Concurrent | No      | 111 616                 | 111 616         | 111 616         | 0.0%     |

| Vendor Name                           | Status     | Related | Total - Mapochs records | Claim Submitted | Voting Interest | Voting % |
|---------------------------------------|------------|---------|-------------------------|-----------------|-----------------|----------|
| Flsmdith South Africa (Pty) Lt        | Concurrent | No      | 92 516                  | 92 516          | 92 516          | 0.0%     |
| Nashua Mpumalanga                     | Concurrent | No      | 137                     | 88 393          | 88 393          | 0.0%     |
| Nicor Construction                    | Concurrent | No      | -                       | 87 837          | 87 837          | 0.0%     |
| Vosstoffel Edms Bpk                   | Concurrent | No      | 80 137                  | 83 287          | 83 287          | 0.0%     |
| D P Enterprises                       | Concurrent | No      | 83 023                  | 83 023          | 83 023          | 0.0%     |
| Kutting Mpumalanga                    | Concurrent | No      | 62 642                  | 82 020          | 82 020          | 0.0%     |
| Bearings International (Pty) Ltd A    | Concurrent | No      | 72 850                  | 72 850          | 72 850          | 0.0%     |
| Masstores (Pty) Ltd T/A Makro         | Concurrent | No      | 170 881                 | 72 528          | 72 528          | 0.0%     |
| Eastvaal Motors (Pty) Ltd             | Concurrent | No      | 70 204                  | 70 204          | 70 204          | 0.0%     |
| Sheltam (Pty) Ltd                     | Concurrent | No      | 61 786                  | -               | 61 786          | 0.0%     |
| Chamber Of Mines Of Sa                | Concurrent | No      | 57 283                  | 57 283          | 57 283          | 0.0%     |
| Letaba Dewatering A Div Of Set Poin   | Concurrent | No      | 57 000                  | -               | 57 000          | 0.0%     |
| Fuchs Lubricants Sa (Pty) Ltd         | Concurrent | No      | 54 928                  | -               | 54 928          | 0.0%     |
| Sanitech - Steelpoort                 | Concurrent | No      | 54 597                  | -               | 54 597          | 0.0%     |
| Mars Investment Cc T/A Moosa Superm   | Concurrent | No      | 51 902                  | -               | 51 902          | 0.0%     |
| Always Towing And Panelbeating Cc     | Concurrent | No      | 50 730                  | 50 730          | 50 730          | 0.0%     |
| Witbank Electrical Wholesalers (Pty   | Concurrent | No      | 51 539                  | 50 154          | 50 154          | 0.0%     |
| Brelko Conveyor Products (Pty) Ltd    | Concurrent | No      | 47 613                  | 47 613          | 47 613          | 0.0%     |
| Zz Del G4S Security Services Sa (Pt   | Concurrent | No      | 46 055                  | -               | 46 055          | 0.0%     |
| B-Logic Verification Agency           | Concurrent | No      | -                       | 45 600          | 45 600          | 0.0%     |
| Midwit Diesel En Olie Bk              | Concurrent | No      | 67 121                  | 43 755          | 43 755          | 0.0%     |
| Mpumalanga Communication Services     | Concurrent | No      | 40 562                  | 40 562          | 40 562          | 0.0%     |
| Bearing Man Group (Pty) Ltd           | Concurrent | No      | 38 607                  | -               | 38 607          | 0.0%     |
| Loskop Radio Comms Ck                 | Concurrent | No      | 36 021                  | 36 021          | 36 021          | 0.0%     |
| Yakha Guest House                     | Concurrent | No      | 38 048                  | 35 619          | 35 619          | 0.0%     |
| Wasa (Pty) Ltd                        | Concurrent | No      | 35 528                  | 35 528          | 35 528          | 0.0%     |
| Mpumalanga Crane Services Cc          | Concurrent | No      | 34 955                  | 34 955          | 34 955          | 0.0%     |
| Mohlare Koma High School              | Concurrent | No      | 34 000                  | -               | 34 000          | 0.0%     |
| Trrc Nutrition Cc                     | Concurrent | No      | 31 928                  | 32 076          | 32 076          | 0.0%     |
| Eskom Holdings Ltd - Northern Regio   | Concurrent | No      | 7 512                   | 32 007          | 32 007          | 0.0%     |
| Macsteel Vrn-A Div Of Macsteel Serv   | Concurrent | No      | 31 377                  | 31 486          | 31 486          | 0.0%     |
| Nj Mnisi Enterprises                  | Concurrent | No      | 30 153                  | -               | 30 153          | 0.0%     |
| Metrofile                             | Concurrent | No      | 29 507                  | -               | 29 507          | 0.0%     |
| Hyttec                                | Concurrent | No      | 28 700                  | -               | 28 700          | 0.0%     |
| Maycon Electrical Cc                  | Concurrent | No      | 28 541                  | 28 541          | 28 541          | 0.0%     |
| Pencox Auto Air Cc                    | Concurrent | No      | 26 663                  | -               | 26 663          | 0.0%     |
| Dual Couplers Cc                      | Concurrent | No      | 25 251                  | -               | 25 251          | 0.0%     |
| Lowveld Compressor Services           | Concurrent | No      | 23 146                  | 23 146          | 23 146          | 0.0%     |
| Jcb Vleis (Edms) Bpk T/A Hygienic V   | Concurrent | No      | 20 175                  | 22 984          | 22 984          | 0.0%     |
| Zz Del Metso Minerals Sa (Pty) Ltd    | Concurrent | No      | 22 318                  | -               | 22 318          | 0.0%     |
| Goldquest International Hydraulics Sa | Concurrent | No      | -                       | 21 010          | 21 010          | 0.0%     |
| The U Joint & Cv Joint Centre         | Concurrent | No      | 20 298                  | -               | 20 298          | 0.0%     |
| Midnight Engineering & Machine Part   | Concurrent | No      | 20 064                  | 20 064          | 20 064          | 0.0%     |
| Zz Del Waco Africa-Sgb Division (Wi   | Concurrent | No      | 19 517                  | -               | 19 517          | 0.0%     |

| Vendor Name                                     | Status     | Related | Total - Mapochs records | Claim Submitted | Voting Interest | Voting % |
|---|------------|---------|-------------------------|-----------------|-----------------|----------|
| Consolidated Water Conditioning Sa              | Concurrent | No      | 18 449                  | -               | 18 449          | 0.0%     |
| Highveld Radio And Appliances Ta The Discounter | Concurrent | No      | 18 393                  | 18 393          | 18 393          | 0.0%     |
| Henmar Properties Cc                            | Concurrent | No      | 17 680                  | 18 240          | 18 240          | 0.0%     |
| Conveyor Hose Witbank A Div Of Inmi             | Concurrent | No      | 14 777                  | 14 777          | 14 777          | 0.0%     |
| Mpumalanga Transformer Services                 | Concurrent | No      | 14 159                  | 14 159          | 14 159          | 0.0%     |
| Transfire (Pty) Ltd                             | Concurrent | No      | 13 090                  | -               | 13 090          | 0.0%     |
| Midas   | Concurrent | No      | 12 865                  | -               | 12 865          | 0.0%     |
| Howson Ramsden                                  | Concurrent | No      | 12 840                  | -               | 12 840          | 0.0%     |
| The Waste Group (Pty) Ltd                       | Concurrent | No      | 49 244                  | 12 654          | 12 654          | 0.0%     |
| Man Dirk (Pty) Ltd                              | Concurrent | No      | 12 457                  | 12 649          | 12 649          | 0.0%     |
| Mpower Bearings (Pty) Ltd                       | Concurrent | No      | 11 970                  | 11 970          | 11 970          | 0.0%     |
| Krabo Locksmiths Cc                             | Concurrent | No      | 10 370                  | 11 761          | 11 761          | 0.0%     |
| Sizwe Forms And Printing (Pty) Ltd              | Concurrent | No      | 11 229                  | -               | 11 229          | 0.0%     |
| Delta Health And Safety Equipment               | Concurrent | No      | 11 008                  | -               | 11 008          | 0.0%     |
| Intelligence Transfer Centre Cc                 | Concurrent | No      | 10 259                  | 10 259          | 10 259          | 0.0%     |
| Avlock International (Pty) Ltd                  | Concurrent | No      | 12 203                  | 10 197          | 10 197          | 0.0%     |
| Nordbak (Pty) Ltd                               | Concurrent | No      | 9 941                   | -               | 9 941           | 0.0%     |
| Auto Fuel (Pty) Ltd (Rand Trust Sec             | Concurrent | No      | 9 763                   | -               | 9 763           | 0.0%     |
| Powermite Africa - A Div. Of Hudaco             | Concurrent | No      | 9 576                   | -               | 9 576           | 0.0%     |
| John Crane (Pty) Ltd                            | Concurrent | No      | 8 646                   | 8 646           | 8 646           | 0.0%     |
| Ruschem Cc                                      | Concurrent | No      | 7 524                   | 7 524           | 7 524           | 0.0%     |
| Eskom Holdings Limited                          | Concurrent | No      | 6 525                   | 7 382           | 7 382           | 0.0%     |
| Highveld Signs Cc                               | Concurrent | No      | 6 202                   | 6 202           | 6 202           | 0.0%     |
| Ambu Training Bk                                | Concurrent | No      | 6 184                   | -               | 6 184           | 0.0%     |
| Ns Clinical Technologies (Pty) Ltd              | Concurrent | No      | 5 919                   | 5 954           | 5 954           | 0.0%     |
| Globe Witbank                                   | Concurrent | No      | 5 152                   | 5 152           | 5 152           | 0.0%     |
| S Buys Scriptwise (Pty) Ltd                     | Concurrent | No      | 10 913                  | 4 655           | 4 655           | 0.0%     |
| Regma Sa (Pty) Ltd                              | Concurrent | No      | 4 510                   | 4 510           | 4 510           | 0.0%     |
| Ikhwezi Fleet Services (Pty) Ltd                | Concurrent | No      | 4 332                   | 4 332           | 4 332           | 0.0%     |
| Sunfox 106 Cc T/A Execuair                      | Concurrent | No      | 3 477                   | -               | 3 477           | 0.0%     |
| King Mabhoko Lodge Cc                           | Concurrent | No      | 3 460                   | -               | 3 460           | 0.0%     |
| Ms Components Cc                                | Concurrent | No      | 3 397                   | 3 387           | 3 387           | 0.0%     |
| Mechaniquip Cc                                  | Concurrent | No      | 3 384                   | 3 384           | 3 384           | 0.0%     |
| Salomie Klingbiel                               | Concurrent | No      | -                       | 3 150           | 3 150           | 0.0%     |
| Thatchers Guest House                           | Concurrent | No      | 2 668                   | 2 668           | 2 668           | 0.0%     |
| Steiner Hygiene (Pty) Ltd                       | Concurrent | No      | 2 600                   | 2 586           | 2 586           | 0.0%     |
| Bearing Services Witbank                        | Concurrent | No      | 2 255                   | -               | 2 255           | 0.0%     |
| Sebenza Supplies Cc                             | Concurrent | No      | 2 133                   | -               | 2 133           | 0.0%     |
| Carmica Medical Distributors Cc                 | Concurrent | No      | 2 052                   | 2 052           | 2 052           | 0.0%     |
| Gundle Plastall (Pty) Ltd A Div Of              | Concurrent | No      | 1 623                   | -               | 1 623           | 0.0%     |
| Altech Netstar                                  | Concurrent | No      | 1 258                   | -               | 1 258           | 0.0%     |
| Tractor Grader Supplies Cc                      | Concurrent | No      | 1 095                   | -               | 1 095           | 0.0%     |

208 470 596

188 373 579

226 765 096

**Post Commencement Creditors**

| Vendor Name  | Status      | Related | Total - Mapochs records | Claim Submitted | Voting Interest | Voting % |
|--|-------------|---------|-------------------------|-----------------|-----------------|----------|
| Evrax Highveld Steel And Vandium                       | BR Creditor | Yes     |                         |                 | 5 179 660       | 2.2%     |
| Sandton Plant Hire (Pty) Ltd                           | BR Creditor | No      |                         |                 | 3 200 000       | 1.3%     |
| Fluzmans Attorneys                                     | BR Creditor | No      |                         |                 | 500 000         | 0.2%     |
| Thorburn Security Solutions (Northe                    | BR Creditor | No      |                         |                 | 585 000         | 0.2%     |
| Trek Scale Company (Pty) Ltd                           | BR Creditor | No      |                         |                 | 27 500          | 0.0%     |
| A Reyeng Roossenekal (Pty) Ltd                         | BR Creditor | No      |                         |                 | 25 000          | 0.0%     |
| Kpmg   | BR Creditor | No      |                         |                 | 330 600         | 0.1%     |
| Telkom   | BR Creditor | No      |                         |                 | 18 000          | 0.0%     |
| Life Occupational Health                               | BR Creditor | No      |                         |                 | 55 000          | 0.0%     |
| Fraser Alexander Water Treatment                       | BR Creditor | No      |                         |                 | 120 000         | 0.1%     |
| News Communications                                    | BR Creditor | No      |                         |                 | 40 000          | 0.0%     |
| Epa Survey   | BR Creditor | No      |                         |                 | 18 000          | 0.0%     |
| Weir Minerals  | BR Creditor | No      |                         |                 | 330 000         | 0.1%     |
| Local Councils   | BR Creditor | No      |                         |                 | 45 000          | 0.0%     |
| Phakamani - Mapochs                                    | BR Creditor | No      |                         |                 | 45 000          | 0.0%     |
| Eskom  | BR Creditor | No      |                         |                 | 150 000         | 0.1%     |
| Fluxmans Attorneys                                     | BR Creditor | No      |                         |                 | 500 000         | 0.2%     |
| Pauls Laundry Services                                 | BR Creditor | No      |                         |                 | 1 212           | 0.0%     |
| Yanka Laboratories                                     | BR Creditor | No      |                         |                 | 58 117          | 0.0%     |
| Elias Motswaledi (Rates & Taxes)                       | BR Creditor | No      |                         |                 | 49 632          | 0.0%     |
| Sekhukhune District Municipality                       | BR Creditor | No      |                         |                 | 40 800          | 0.0%     |
| SARS - November PAYE                                   | BR Creditor | No      |                         |                 | 621 500         | 0.3%     |
| Employees - Pension & provident contributions November | BR Creditor | No      |                         |                 | 535 000         | 0.2%     |
| Employees - Medical Aid contributions November         | BR Creditor | No      |                         |                 | 465 000         | 0.2%     |
| Employees - Other deductions                           | BR Creditor | No      |                         |                 | 195 000         | 0.1%     |

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**13 135 021**
**Shareholders Loans**

| Vendor Name               | Status       | Related | Total - Mapochs records | Claim Submitted | Voting Interest | Voting % |
|---------------------------|--------------|---------|-------------------------|-----------------|-----------------|----------|
| Evrax Highveld Steel      | Subordinated | Yes     | 1 680 503 248           |                 | -               | 0.0%     |
| Umnotho weSizwe (Pty) Ltd | Subordinated | No      | 64 773 145              |                 | -               | 0.0%     |
| Mapochs Mine Comm Trust   | Subordinated | No      | 53 977 621              |                 | -               | 0.0%     |

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**TOTAL Voting Interest****239 900 116**

**Annexure B****Mapochs Mine (Pty) Ltd.  
Income Statement**

All values denoted in R'000

|                           | <b>Dec-16</b>    | <b>Dec-17</b>    | <b>Dec-18</b>    |
|---------------------------|------------------|------------------|------------------|
| <b>Sales</b>              | <b>438 564</b>   | <b>639 143</b>   | <b>675 587</b>   |
| Lumpy Ore                 | 199 633          | 405 805          | 428 944          |
| Fines Ore                 | 238 931          | 233 338          | 246 643          |
| <b>Cost of Sales</b>      | <b>(347 539)</b> | <b>(540 676)</b> | <b>(574 383)</b> |
| <b>Production cost</b>    | <b>(253 724)</b> | <b>(434 064)</b> | <b>(460 901)</b> |
| <b>Auxiliary material</b> |                  |                  |                  |
| Fuel                      | (44 835)         | (78 978)         | (83 914)         |
| Auxiliary materials       | (16 063)         | (28 295)         | (30 063)         |
| <b>Energy</b>             |                  |                  |                  |
| Electricity (Eskom)       | (7 394)          | (13 329)         | (14 995)         |
| <b>Depreciation</b>       |                  |                  |                  |
| Depreciation              | (17 700)         | (18 000)         | (18 000)         |
| <b>Services</b>           |                  |                  |                  |
| Contract mining           | (122 980)        | (216 631)        | (230 170)        |
| Equipment hire            | (24 349)         | (42 890)         | (45 571)         |
| Other services            | (20 403)         | (35 941)         | (38 187)         |
| <b>Change in WIP</b>      | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Staff Cost</b>         | <b>(77 935)</b>  | <b>(83 000)</b>  | <b>(88 395)</b>  |
| Payroll                   | (45 149)         | (48 083)         | (51 209)         |
| Overtime                  | (17 308)         | (18 433)         | (19 631)         |
| Bonus                     | (5 691)          | (6 060)          | (6 454)          |
| Co Contributions          | (9 788)          | (10 424)         | (11 102)         |
| <b>Other</b>              | <b>(15 881)</b>  | <b>(23 611)</b>  | <b>(25 087)</b>  |
| Royalties                 | (6 916)          | (12 183)         | (12 944)         |
| Administration            | (3 036)          | (5 130)          | (5 450)          |
| Guardrisk                 | (5 929)          | (6 299)          | (6 693)          |
| <b>Gross profit</b>       | <b>91 025</b>    | <b>98 468</b>    | <b>101 204</b>   |
| <b>Admin Cost</b>         | <b>(5 793)</b>   | <b>(10 205)</b>  | <b>(10 843)</b>  |
| Intercompany charge       | (5 793)          | (10 205)         | (10 843)         |

|                       |                |                |                |
|-----------------------|----------------|----------------|----------------|
| <b>Social expense</b> | <b>(3 297)</b> | <b>(5 807)</b> | <b>(6 170)</b> |
| Social expenses       | (3 297)        | (5 807)        | (6 170)        |

|                         |               |               |               |
|-------------------------|---------------|---------------|---------------|
| <b>Operating profit</b> | <b>81 935</b> | <b>82 455</b> | <b>84 191</b> |
|-------------------------|---------------|---------------|---------------|

|                          |                 |                 |                 |
|--------------------------|-----------------|-----------------|-----------------|
| <b>Net Interest cost</b> | <b>(16 332)</b> | <b>(16 332)</b> | <b>(16 332)</b> |
| Post ret. Medical aid    | (1 065)         | (1 065)         | (1 065)         |
| Rehab liability          | (15 267)        | (15 267)        | (15 267)        |

|                          |               |               |               |
|--------------------------|---------------|---------------|---------------|
| <b>Net profit/(loss)</b> | <b>65 603</b> | <b>66 123</b> | <b>67 858</b> |
|--------------------------|---------------|---------------|---------------|

|               |               |               |               |
|---------------|---------------|---------------|---------------|
| <b>EBITDA</b> | <b>83 303</b> | <b>84 123</b> | <b>85 858</b> |
|---------------|---------------|---------------|---------------|

**Mapochs Mine (Pty) Ltd.****DIRECT CASH FLOW**

All values denoted in R'000

**OPERATING ACTIVITIES**

|  | <b>Dec-16</b> | <b>Dec-17</b> | <b>Dec-18</b> |
|--|---------------|---------------|---------------|
| Cash receipts from customers                       | 448 482       | 719 378       | 766 714       |
| Lumpy Ore  | 194 896       | 456 748       | 486 802       |
| Fines Ore  | 253 587       | 262 630       | 279 911       |
| Payments to suppliers                              | (286 834)     | (500 386)     | (532 610)     |
| Payments to employees                              | (77 935)      | (83 000)      | (88 395)      |
| Income tax/VAT (paid)/VAT received                 | (40 819)      | (53 216)      | (55 935)      |
| Net cash flows (used in)/from operating activities | <b>42 895</b> | <b>82 776</b> | <b>89 773</b> |
|  | 42 895        | 82 776        | 89 773        |

**INVESTING ACTIVITIES**

|  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
| Capital expenditure                                | (30 250)        | (33 000)        | (33 000)        |
| Net cash flows (used in)/from investing activities | <b>(30 250)</b> | <b>(33 000)</b> | <b>(33 000)</b> |

**FINANCING ACTIVITIES**

|  |               |               |               |
|--|---------------|---------------|---------------|
| Proceeds from long term borrowings                 |               |               |               |
| - New investor - start - up cash                   | 95 000        | -             | -             |
| Net cash flows (used in)/from financing activities | <b>95 000</b> | -             | -             |
| Net (decrease)/increase in cash & cash equivalents | 107 645       | 49 776        | 56 773        |
| Payments to Guardrisk                              | (92 020)      | (37 020)      | (37 020)      |
| Cash and cash equivalents at beginning of period   | 289           | 15 914        | 28 670        |
| <b>Cash and cash equivalents at end of period</b>  | <b>15 914</b> | <b>28 670</b> | <b>48 423</b> |

**Mapochs Mine (Pty) Ltd.**  
**STATEMENT OF FINANCIAL POSITION**

All values denoted in R'000

|                                       | Dec-16             | Dec-17             | Dec-18             |
|---------------------------------------|--------------------|--------------------|--------------------|
|                                       | Forecast           | Forecast           | Forecast           |
| <b>ASSETS</b>                         |                    |                    |                    |
| <b>Non-current assets</b>             |                    |                    |                    |
| Property, plant and equipment         | 116 887            | 131 887            | 146 887            |
| Deferred tax asset                    |                    |                    |                    |
| Restricted Cash                       | 138 627            | 170 067            | 201 507            |
|                                       | <b>255 514</b>     | <b>301 955</b>     | <b>348 395</b>     |
| <b>Current assets</b>                 |                    |                    |                    |
| Inventory                             | 95 664             | 99 919             | 104 450            |
| Trade and other receivables           | 155 218            | 164 463            | 167 918            |
| Prepayments                           | 0                  | 0                  | 0                  |
| Income tax receivable                 |                    |                    |                    |
| Cash and short-term deposits#         | 15 914             | 28 670             | 48 423             |
|                                       | <b>266 796</b>     | <b>293 051</b>     | <b>320 791</b>     |
| <b>TOTAL ASSETS</b>                   | <b>522 310</b>     | <b>595 006</b>     | <b>669 185</b>     |
| <b>EQUITY AND LIABILITIES</b>         |                    |                    |                    |
| <b>Capital and reserves</b>           |                    |                    |                    |
| Issued capital                        | 1                  | 1                  | 1                  |
| Retained earnings                     | (1 784 869)        | (1 784 869)        | (1 784 869)        |
| Current year (loss)/PROFIT            | (114 225)          | (48 101)           | 19 757             |
| <b>TOTAL EQUITY</b>                   | <b>(1 899 093)</b> | <b>(1 832 969)</b> | <b>(1 765 111)</b> |
| <b>Non-current liabilities</b>        |                    |                    |                    |
| Deferred tax liabilities              |                    |                    |                    |
| Provisions                            | 244 322            | 267 836            | 291 798            |
| Long term loan                        | 1 931 481          | 1 931 481          | 1 931 481          |
|                                       | <b>2 175 803</b>   | <b>2 199 316</b>   | <b>2 223 279</b>   |
| <b>Current liabilities</b>            |                    |                    |                    |
| Trade and other payables              | 193 453            | 175 097            | 155 570            |
| Interest-bearing loans and borrowings | 0                  | 0                  | 0                  |
| Income tax payable                    | 0                  | 0                  | 0                  |
| Provisions                            | 52 147             | 53 562             | 55 012             |
|                                       | <b>245 600</b>     | <b>228 659</b>     | <b>210 582</b>     |
| <b>TOTAL LIABILITIES</b>              | <b>2 421 403</b>   | <b>2 427 975</b>   | <b>2 433 861</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>522 310</b>     | <b>595 006</b>     | <b>668 751</b>     |