

Business Rescue Plan

Golfview Mining (Pty) Ltd

Reg. No. 1997/013742/07

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1. Executive Summary and Introduction

- 1.1 This is a Business Rescue Plan prepared for Affected Persons in terms of Chapter 6 of the Companies Act of 2008. This Business Rescue Plan will be presented to all Affected Persons by the Business Rescue Practitioner and the Affected Persons will consider the proposals contained herein and will vote on the proposals as set out in this document and its annexures.
- 1.2 Upon receipt of this Business Rescue Plan you are advised to consult your attorney and/or your accountant, who will advise you on what action to take in terms of this document.
- 1.3 This document is provided solely for the information of Affected Persons to the Proceedings and does not constitute legal advice.
- 1.4 In order to comply with the Act, this plan must contain all the information reasonably required to facilitate affected persons in deciding whether or not to accept or reject the plan, and must be divided into three Parts, Part A – Background, Part B – Proposals and Part C – Assumptions and Conditions.
- 1.5 Business rescue¹ is aimed at facilitating the rehabilitation of companies that are financially distressed by providing for:
- 1.5.1 the temporary supervision of the Company, and the management of its affairs, business and property;
 - 1.5.2 a temporary moratorium on the rights of claimants against the Company or in respect of property in its possession; and
 - 1.5.3 the development and implementation, if approved, of a plan to rescue the Company by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner
 - 1.5.3.1 that maximises the likelihood of the Company continuing in existence on a solvent basis; or
 - 1.5.3.2 alternatively, and in the event that it is not possible for the Company to so continue in existence on a solvent basis, that would result in a better return for its Creditors or Shareholders than would result from the immediate liquidation of the Company.

¹ Section 128(1)(b)

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- 1.6 The BRP has investigated the Company's affairs, business, property and financial situation and has concluded that there is no reasonable prospect to develop and implement a plan for the Company to continue in existence on a solvent basis. This BR Plan, therefore, has been prepared in order to achieve a better return for the Company's Creditors than would result from the immediate liquidation of the Company.
- 1.7 Please take note:
- 1.7.1 This BR Plan proposes the realisation of all of the Company's Assets.
 - 1.7.2 This BR Plan proposes an anticipated 15c in the Rand dividend to Concurrent Creditors with a potential upside to 35c in the Rand.
 - 1.7.3 This BR Plan does not affect the rights of any Employees. The Employees of the Company will remain being employed until all the Assets have been sold, whereafter alternative employment will be provided with the benefits of Section 197 of the LRA being applicable.
 - 1.7.4 Limited trading will continue through the sale of spiral and discard situated on the various properties until the sale or disposal thereof.

2. Definitions

- 2.1 "the Act" means the Companies Act 71 of 2008 as amended;
- 2.2 "the Adoption Date" means the date upon the adoption of a BR plan at a meeting envisaged in terms of section 152 of the Act and all suspensive conditions in terms thereof having been met;
- 2.3 "Affected Persons" means affected persons as defined in Section 128 (1) of the Act and in relation to the Company means shareholders, creditors and employees of the Company;
- 2.4 "Auction Value" means an estimate of the realisable value of the Company's assets on a public auction where a sale is concluded on a forced sale, upon the fall of the hammer, to the highest cash bidder during an auction which was reasonably well advertised and attended by members of the public;
- 2.5 "Assets" means all assets of the Company as reflected in the books of account of the Company as at the Commencement Date;
- 2.6 "Business Rescue Practitioner" or "BRP" means Cassim duly appointed by the Company as business rescue practitioner and certified in terms of Section 138 of the Act by CIPC being a Senior Business Rescue Practitioner as defined in Regulation 126 to the Act;

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- 2.7 “Business Rescue Plan” or “BR Plan” or “this plan” means this document which is a business rescue plan prepared in terms of Section 150 of the Act published by the BRP effective from the Commencement Date;
- 2.8 “Cassim” means Zaheer Cassim, an attorney, insolvency practitioner and senior business rescue practitioner, practising from 461 Fehrsen Street, Brooklyn, Pretoria;
- 2.9 “CIPC” means the Companies and Intellectual Property Commission;
- 2.10 “Claims” means secured, preferent or concurrent claims as envisaged in the Insolvency Act, 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 or delict, actual and contingent, prospective, conditional and unconditional, liquidated and unliquidated, assessed and unassessed and 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 determined, calculated and admitted as secured, preferent or concurrent in accordance with the same ranking, as envisaged in the Insolvency Act, that attached to them upon the issue of a winding up order in respect of the Company, whether or not such claims are proved;
- 2.11 “Commencement Date” means the date upon which the Company filed for business rescue at CIPC being 7 July 2015;
- 2.12 “the Company” means Golfview Mining (Pty) Ltd, a private company duly incorporated with registration number 1997/013742/07;
- 2.13 “Concurrent Creditors” means creditors having concurrent claims as envisaged in terms of the Insolvency Act;
- 2.14 “Creditors” means all legal entities, including natural persons, having secured, preferent and/or concurrent claims against the Company as at the Commencement Date as envisaged in the Insolvency Act;
- 2.15 “Employees” means all employees of the Company that are in its employ at the date of publication of this BR Plan;
- 2.16 “Excess Cash” means the amount by which the net cash movement for a particular Month exceeds the amount of working capital and cash needed to operate the Company on a day to day basis, including any opening balance shortfall from previous months. Please see **Annexure F** for the working capital and cash required to operate the Company on a day to day basis;
- 2.17 “Final Date” means the date upon which all conditions to this BR Plan having been fulfilled and the final payment in terms of this BR Plan having been made to Creditors;
- 2.18 “Initial Assessment” means the initial assessment conducted by the BRP in the first days of the Proceedings;
- 2.19 “Insolvency act” means the Insolvency Act 24 of 1936;

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- 2.20 “Izazi” means Izazi Minerals and Energy (Pty) Ltd, a private company with registration number 2014/139143/07;
- 2.21 “Liability” means historical claims listed in the financial Annexures as well as Post Commencement Finance;
- 2.22 “the Meeting” means the meeting convened in terms of section 151 (1) of the Act in order to consider the proposed BR Plan;
- 2.23 “LRA” means the Labour Relations Act, 66 of 1995;
- 2.24 “Namane Energy Limited” means Namane Energy Limited, a public company with registration number 2010/013192/06;
- 2.25 “Pre-Commencement Creditors” means Creditors whose cause of action against the Company arose prior to the Commencement Date;
- 2.26 “Post Commencement Creditors” means Creditors whose cause of action against the Company arose after the Commencement Date or Creditors who have provided Post Commencement Finance to the Company;
- 2.27 “Post Commencement Finance” means Post Commencement Finance as envisaged in Section 135 of the Act;
- 2.28 “Preferent Creditors” means Creditors having preferent claims as envisaged in terms of the Insolvency Act;
- 2.29 “Proceedings” means these business rescue proceedings as provided for in Chapter 6 of the Act;
- 2.30 “SARS” means the South African Revenue Services;
- 2.31 “Secured Creditors” means Creditors having secured claims as envisaged in terms of the Insolvency Act;
- 2.32 “Shareholder” means the shareholder of the Company, as detailed in 3.9.2 below;
- 2.33 “Substantial Implementation Date” means the date on which the BRP files a Notice of substantial implementation at CIPC in terms of Section 152 (8) of the Act;

3. Part A – Background²

3.1 Business Rescue Procedure

- 3.1.1 These Proceedings commenced in terms of Section 129 by way of a resolution filed at the CIPC on 7 July 2015.
- 3.1.2 Cassim was appointed by the Company as BRP on 7 July 2015.
- 3.1.3 The first meeting of Creditors, in terms of Section 147 of the Act, was held on 21 July 2015.

²Section 150 (2) (a)

- 3.1.4 The first meeting of Employees, in terms of Section 148 of the Act, was held on 17 July 2015.
- 3.1.5 Pursuant to the provisions of Section 150 (1) of the Act and after consultation with the major creditors, other Affected Persons and the management of the Company, this BR Plan will be submitted for consideration and possible adoption at a meeting held in terms of Section 151 of the Act.
- 3.1.6 This BR Plan is published in compliance with the provisions of section 150 of the Act and within the time constraints provided for in terms of Section 150(5) of the Act and which time was extended by the holders of the majority of the creditors' voting interest as provided for in terms of section 150(5) (b) of the Act, to 14 September 2015.

3.2 Brief History of the Company and Events and Circumstances Leading to Financial Distress

3.2.1 Commencement of Trading:

- 3.2.1.1 The Company commenced trading on or about 1997 with an initial focus on coal mining operations.

3.2.2 Suspension of Trading:

- 3.2.2.1 On 1 September 2014 the Company placed all operations into care and maintenance and retrenched most of the staff in an attempt to reduce operational expenses.
- 3.2.2.2 During October 2014 the Department of Water and Sanitation (DWS) suspended all water usage by the Company.
- 3.2.2.3 As at date of publication of the BR Plan, the Company has been unable to secure the required water-use licenses to commence mining operations.

3.2.3 Litigation:

- 3.2.3.1 The current management of the Company has since the date of appointment and on an ongoing basis, entered into negotiations and payment arrangements with previous and existing Creditors.
- 3.2.3.2 Various disputes between the Company and its Creditors resulted in legal proceedings with various claims and counterclaims being instituted by and against the Company.

3.2.3.3 The Company's inability to continue with mining operations and to generate income, combined with the cost of funding the various litigious disputes, resulted in the Company commencing business rescue proceedings.

3.2.4 The grounds on which the board resolution was founded is set out in the affidavit filed in terms of Section 129(3)(a).

3.3 Business Rescue Interventions and Activities

3.3.1 Trading / Continuing Operations:

3.3.1.1 The Company is disposing of its spiral and discard on an ad hoc basis.

3.3.1.2 The Company is disposing of scrap materials and attending to care and maintenance of mining operations and Company Assets.

3.3.1.3 The Company generates revenue from the operation of the Siding.

3.3.2 Financial Controls:

3.3.2.1 The BRP has implemented financial controls to monitor sales and expenses on a daily basis as well as review the budgets, expenses, cash flow forecasts, and analyse the current stock position including purchase requirements and creditors' claims.

3.3.2.2 In order to minimize the operating expenses of the Company, the BRP continues to monitor the cash flow and financial position, perform bank reconciliations, control payment and enforce general controls.

3.3.2.3 The BRP has been monitoring sales, setting sales strategies and setting realistic and reliable forecasts.

3.3.2.4 Sales and expenses have been carefully monitored and controlled on a daily basis.

3.3.2.5 A detailed analysis of costs have been performed and this initiative is ongoing.

3.3.2.6 Since his appointment the BRP has made ongoing efforts to cut operating costs wherever possible.

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3.3.3 Post Commencement Finance:

- 3.3.3.1 The BRP has concluded a Post Commencement Finance agreement with Namane Energy Limited for the Company's financial obligations during the business rescue proceedings.

3.3.4 Litigation:

- 3.3.4.1 Johan Vos Trust – The claims of the Johan Vos Trust have been settled by the BRP.
- 3.3.4.2 Basie Basson Trust – The BRP is in the process of finalising settlement negotiations with the Basie Basson Trust.
- 3.3.4.3 Danie Saaiman Trust / Engelbrecht Trust – The BRP has negotiated an interim lease arrangement post business rescue.
- 3.3.4.4 Sale of Assets to Izazi – The BRP has cancelled the sale of certain movable mining equipment to Izazi pursuant to payment defaults by Izazi.

3.3.5 Rehabilitation:

- 3.3.5.1 The BRP has continued with rehabilitation operations undertaken by the Company in respect of Portion 12 of the Farm Buhrmanstafelkop 135 IT.
- 3.3.5.2 The BRP has approved the rehabilitation operations in respect of Portions 13 and 26 of the Farm Buhrmanstafelkop 135 IT.
- 3.3.5.3 The BRP commissioned further investigations and reports in respect of further rehabilitation obligations of the Company.

3.3.6 Assessors:

- 3.3.6.1 The BRP has obtained independent legal and/or expert opinions for the formulation of the BR Plan in respect of:
- Company Assets – reports and valuations;
 - Mining rights/obligations;
 - Geological reports; and
 - Legal disputes.

3.3.7 Suspension of Contractual Obligations:

- 3.3.7.1 The BRP has suspended certain obligations of the Company in respect of contracts concluded by the Company prior to business rescue.

3.4 Disputed Claims

3.4.1 Inkukwe: R928 225.62

3.4.1.1 This claim is disputed by the BRP.

3.4.2 Webber Wentzel: R114 310.74

3.4.2.1 This claim is disputed by the BRP.

3.5 A complete list of all the material assets of the Company³

3.5.1 Immovable properties:

3.5.1.1 Portion 93 of Farm Van Oudshoornstroom 261 IT – R270 000.

3.5.1.2 Portion 2 & 7 of Farm Buhrmanns Tafelkop 135 IT – R2 700 000.

3.5.1.3 Portion 100 of the Farm Witbank 262 IT – R1 100 000.

3.5.2 Plant and equipment:

3.5.2.1 Wash Plant – R7 011 883, consisting of:

- Feed Section 300 tph;
- Drum Plant 150 tph;
- Cyclone Plant 150 tph;
- Spiral Plant;
- 10m Thickener;
- Conveyors; and
- Product Screening.

3.5.2.2 Siding – R13 699 303.

3.5.2.3 Underground mining equipment – R7 964 310, consisting of:

³Section 150 (2) (a) (i)

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- 5 x Battery Scoop Trams JA Engineering-type;
- 2 x Joy 10RU Coal Cutters;
- 2 x Roof Bolters Rham-type low seam;
- 1 x Tractor 4x4 Flameproof;
- 5 x Electric Coal Drills;
- 2 x Compressor Flameproof-type;
- 3 x Electrical Section Switchgear Flameproof;
- 3 x Electrical Section Transformer Flameproof; and
- 5 x Conveyor Belt Drive.

3.5.2.4 Moveable property – R1 500 000.

3.5.3 Mining rights:

3.5.3.1 MP30/3/1/2/2/29MR, Golfview Section (640.1740 ha), consisting of:

- Buhrmanstafelkop 135 IT Portions 12, 14, 15, 26.

The Company has entered into an agreement of sale, prior to business rescue proceedings, with Izazi in respect of this mining right for an amount of R180 000, which is currently awaiting, and subject to, ministerial approval.

3.5.3.2 MP30/5/1/2/2/72MR, Leliefontein Section (1163.9 ha), consisting of:

- Leliefontein 136 IT Portion 18; and
- Joubertsvlei 260 IT Portions 6 & 8.

3.5.3.3 MP30/5/1/2/2/77MR, Joubertsvlei Section (1288.2025 ha), consisting of:

- Joubertsvlei 260 IT Portions 1,2 & 3; and
- Meppel 264 IT Portion 2.

The above combined mining rights in 3.5.3.2 and 3.5.3.3 amount to approximately 6 760 000 tons of reserves. The BRP has valued the collective mining reserves at zero value due to same not being capable of being economically viable as standalone reserves. A consolidation of various reserves owned by third parties may yield a better return for the sale of the combined reserves. The BRP has anticipated a return of approximately R3 000 000 in the event of a successful sale pursuant to a consolidation of reserves.

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3.5.4 Spiral and Discard:

3.5.4.1 Spiral and Discard (900 000 tons) – R13 500 000.

3.5.5 Debtors:

3.5.5.1 Debtors are indicated at R764 369.40 in the books of the Company at the Publication Date. It is assumed that 50% are recoverable.

3.5.6 Bank Account:

3.5.6.1 The bank account balance of the Company at the publication date is approximately R900.

3.5.7 Fixed Assets:

3.5.7.1 Please see **Annexure A** for a list of the fixed Assets.

3.6 A complete list of the Creditors of the Company⁴

3.6.1 Please see **Annexure B** for a complete list of Creditors.

3.6.2 **Annexure B** indicates the Creditors' corresponding voting interests as well as whether or not they are Secured Creditors, Preferent Creditors or Concurrent Creditors, related or unrelated, as well as Pre or Post Commencement.

3.6.3 The Company only has the following Employees:

<u>Name</u>	<u>Employment Commencement Date</u>
Romeo Mavela Elijah Magagula	November 2008
Jan Slabbert	September 2013
Grompie Pretorius	September 2011

⁴Section 150 (2) (a) (ii)

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3.6.4 Summary of liabilities:

Secured	-
Security held over Debtors	
Security held over Operating Lease	
Security held over Assets	
Preferent	(10 400 537)
SARS	(10 400 537)
Employees	-
Concurrent	(611 926 140)
Independent Parties	(95 019 035)
Related Parties - Shareholders	
Operating Lease	-
Shareholders Loans	(516 907 105)
Post Commencement Trading Creditor	(241 295)
Provision Business Rescue Costs	(300 000)
	(622 867 972)

3.7 Rehabilitation Obligations

3.7.1 Summary of Rehabilitation Obligations:

<u>Name / Location</u>	<u>Nature of Liability</u>	<u>Estimated Costs</u>
MP30/3/1/2/2/29MR Buhrmanstafelkop 135 IT Portion 12, 14, 15, 26	Rehabilitation	R5 596 227
MP30/5/1/2/2/72MR Leliefontein 136 IT Portion 18 Joubertsvei 260 IT Portions 6 & 8 - MR	Rehabilitation	R17 155 187

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Ownership of Burhmanstafelkop 135 IT Portions 2 & 7	Rehabilitation	R4 816 680
Other	Rehabilitation	R1 500 000

- 3.7.2 Rehabilitation operations have been undertaken in respect of Buhrmanstafelkop 135 IT Portion 12 and the Company anticipates completion of the rehabilitation process by the end of October 2015.
- 3.7.3 The Company has a rehabilitation plan in respect of portion 13 and 26 which will commence after the rehabilitation process in 3.7.2 above.
- 3.7.4 Leliefontein – The Company is in the process of obtaining a final rehabilitation plan.
- 3.7.5 The Company has a claim against Altivex (Pty) Ltd for the rehabilitation of parts of Leliefontein and the Company holds in trust an amount of R850 000 for this purpose.
- 3.7.6 The Company remains liable for all rehabilitation obligations statutorily imposed. However, the rehabilitation obligations of the Company will be transferred to any purchaser of either the mining right(s) and/or land to which same relates. In the event of such sale(s) being concluded, the BRP shall adjust the dividend calculations accordingly.
- 3.7.7 Rehabilitation Reserve – The Company has made provision for rehabilitation obligations in a separate trust fund. The amount available to the Company is R4 164 277 from Anker Coal and Mineral Holdings South Africa (Pty) Ltd Environmental Fund Trust.

3.8 The probable liquidation dividend that would be received by Creditors⁵

- 3.8.1 The liquidation scenario is based on the BRPs' professional judgement and the reader is therefore cautioned to apply his own mind on the figures, assumptions and calculations.
- 3.8.2 The probable dividend which creditors would receive, in their respective classes, if the Company was to be liquidated is set out below, reflecting the costs associated with a liquidation of the Company, as calculated in terms of Section 89 of the Insolvency Act.
- 3.8.3 The calculation below depicts the probable liquidation scenario and the following assumptions have been made in the calculation:

⁵Section 150 (2) (a) (iii)

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- 3.8.3.1 That the Assets of the Company were sold at the forced sale / auction value of these Assets;
- 3.8.3.2 That the liquidation was an unopposed *ex parte* application;
- 3.8.3.3 That the estate is wound-up in two years;
- 3.8.3.4 That the encumbered assets subject to instalment sale agreements were taken into the possession of the secured creditors in accordance with the provisions of section 83 of the Insolvency Act;
- 3.8.3.5 That the secured creditors insured their assets and that there was no removal or storage payable on them by the estate;
- 3.8.3.6 That the auctioneer did not charge for the advertising of the sale of assets;
- 3.8.3.7 That there were no enquiries held in to the affairs of the Company;
- 3.8.3.8 That there were no extensions requested for the filing of a liquidation & distribution account;
- 3.8.3.9 That the liquidators did apply for an increase in their remuneration and that the Master rejected the application.

3.8.4 Liquidation Calculation:

Immovable Property - Valuations			
Assets			2 560 000
Min:	0.03	Liquidators Fees	(76 800)
	0.14	VAT	(10 752)
	0.06	Auctioneers Fees	(153 600)
	0.14	VAT	(21 504)
Masters Fees			(13 692)
Pro rate master's fees + R100 (Ratio R5,000.00=R25.00)			(276 348)
Total Costs			276 348
Transfer to Free Residue			2 283 652

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Movable Property			
Assets			9 904 663
Min:	0.10	Liquidators Fees	(990 466)
	0.14	VAT	(138 665)
	0.10	Auctioneers Fees	(990 466)
	0.14	VAT	(138 665)
Masters Fees			(117 111)
Pro rate master's fees + R100 (Ratio R5,000.00=R25.00)			(2 375 374)
Total Costs			2 375 374
Transfer to Free Residue			7 529 289
Spiral and Discard Reserve			
			100%
Tons of Raw Material	1.50	900 000	1 350 000.00
Min:	0.10	Liquidators Fees	(135 000)
	0.14	VAT	(18 900)
	0.10	Auctioneers Fees	(135 000)
	0.14	VAT	(18 900)
Masters Fees			(15 962)
Pro rate master's fees + R100 (Ratio R5,000.00=R25.00)			(323 762)
Total Costs			323 762.21
Transfer to Free Residue			1 026 237.79
Debtors			
			50%
Assets			382 184.70
Min:	0.10	Liquidators Fees	(38 218)
	0.14	VAT	(5 351)
	0.10	Legal Fees	(38 218)
	0.14	VAT	(5 351)
Masters Fees			(4 519)
Pro rate master's fees + R100 (Ratio R5,000.00=R25.00)			(91 657)
Cession of Debtors			0.00
Total			290 527.69
Transfer to Free Residue			290 527.69
Transfer to Concurrent			0.00

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Free Residue	
Asset Realization	11 129 706.32
- Funds in Rehabilitation Trust	4 164 277.00
Rehabilitation Expense	
- Buhrmanstafelkop 135	-5 596 227.00
- Leliefontein	-17 177 187.00
- Buhrmanstafelkop 135 Portion 2 & 7	-4 816 680.00
Costs of Application	-25 000.00
Statutory Advertisements	-883.80
Postage and petties	-350.00
Storage of Books and Records	-2 400.00
The cost of valuing the loose assets	-5 000.00
The bond of security for 2 years	-63 439.33
Bank and Cash Reserves	897.49
Liquidators Costs on Cash Reserves	1% -8.97
Business Rescue Fees and Liquidation Application Costs	-300 000.00
Post Commencement Finance	-241 294.87
Available for Distribution/ (Contributions Required)	-12 933 590.16
Total Preferent Employee Costs Section 98 A	-72 000.00
Award to Employees (Cents in the Rand)	0.00
Total Preferent SARS Section 98	-10 400 536.93
Award to SARS (Cents in the Rand)	0.00
Total Concurrent creditors	-95 019 035.14
Total Concurrent Portion of Employee claims	-179 711.38
Total Concurrent portion of Secured Creditors	0.00
Award to Concurrent Creditors	0.00
	-516 907
Total Shareholders Loans	105.00
Award to Shareholders	0.00
	-635 511
Total Shortfall	978.61
Costs of Liquidation	3 067 141
	-
	Probable
Award to Secured Liabilities - See Annexure	
Award to Employees (Cents in the Rand)	0.00
Award to SARS (Cents in the Rand)	0.00
Award to Concurrent Creditors	0.00
Award to Shareholders	0.00

3.9 A complete list of the holders of the Company's issued securities⁶

3.9.1 The authorised capital consists of 1000 ordinary shares of R1 each and 208 shares have been issued.

⁶Section 150 (2) (a) (iv)

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3.9.2 List of Shareholders:

<u>Shareholder</u>	<u>Percentage of issued shares held</u>
Anker Coal and Mineral Holdings SA Pty Ltd	100%

3.10 The BRP's remuneration⁷

3.10.1 The BRP will invoice the Company at a rate per hour which is in line with the Regulations. It is proposed that this amount is limited to R500 000, subject to the acceptance of 3.10.2 below.

3.10.2 As further remuneration in terms of Section 143(2) of the Act, the BRP proposes the following:

3.10.2.1 The BRP will be entitled to 5% of the gross amount realised for the Assets sold by the BRP up to an amount of R10 000 000; and

3.10.2.2 The BRP will be entitled to 2.5% of the gross amount realised for the Assets on any additional amount over and above the R10 000 000.

3.10.3 By adopting this BR Plan, the Creditors, Shareholder and the Company agree to these fees.

3.11 A statement whether the BR Plan includes a proposal made informally by a Creditor⁸

3.11.1 This BR Plan was prepared after engagement and consultations with Affected Persons but contains no proposals made informally by Affected Persons.

⁷Section 150 (2) (a) (v)

⁸Section 150 (2) (a) (vi)

4 Part B – Proposals⁹

4.1 The nature and duration of any moratorium for which the BR Plan makes provision¹⁰

- 4.1.1 It is proposed that the moratorium be extended until the Company makes the final payment in terms of this BR Plan.

4.2 The extent to which the Company is to be released from and/or the repayment of their debts are restructured¹¹

- 4.2.1 If this BR Plan is adopted and implemented as contemplated in Section 152 of the Act, all claims against the Company will be compromised and discharged on final payment of dividends in terms of this BR Plan and Creditors will lose the right to enforce any claims or part thereof against the Company or any surety/guarantee given in favour of the Company.
- 4.2.2 This BR Plan does not propose the conversion of any debt to equity in the Company, or any other company.
- 4.2.3 The claims of all Creditors shall not generate interest as from the Commencement Date.

4.3 The property of the Company that is to be available to pay Creditors' claims¹²

- 4.3.1 All of the Assets of the Company are to be realised and the proceeds of such realisation applied in satisfaction of the claims of Creditors in the order of preference provided for in 4.4 below.
- 4.3.2 Sale of The Remaining extent of portion 93, Farm Van Oudtshoornstroom:
- 4.3.2.1 The BRP has received an offer from PC's Transport in the amount of R270 000.
- 4.3.2.2 A copy of the offer is attached and marked **Annexure C**.
- 4.3.2.3 It is proposed that the above offer is accepted.

⁹Section 150 (2) (b)

¹⁰Section 150 (2) (b) (i)

¹¹Section 150 (2) (b) (ii)

¹²Section 150 (2) (b) (iv)

4.3.3 Sale of remaining Assets:

4.3.3.1 The remaining Assets of the Company shall be marketed and sold in the sole discretion of the BRP, individually or collectively.

4.3.3.2 It is proposed that the mining reserves detailed at paragraphs 3.5.3.2 & 3.5.3.3 above be proposed for sale collectively with the adjacent reserves. The following mining reserves are currently owned by Van Oudtshoornstroom (Pty) Ltd and the BRP has negotiated the prospective sale of the combined reserve in order to add value to the Company.

Van Oudtshoornstroom Section (1827.0497 ha), made up of:

- Jan Hendriksfontein 261 IT Portion 16;
- Van Oudtshoornstroom 261 IT Portions 3, 5, 6, 17, 46, 78, 83, 89, 95, 100; and
- Witbank 262 IT Portions 100, 38, 39, 31, 29.

4.3.3.3 This consolidated sale could potentially result in an increased dividend of an additional 20c in the Rand to Creditors.

4.3.3.4 If successful, the sale process may require further regulatory approvals.

4.3.3.5 In the absence of a consolidated sale, the BRP shall offer the Company's Assets for sale on a piecemeal basis.

4.4 **The order of preference in which the proceeds of the sale of property will be applied to pay Creditors¹³**

4.4.1 The proceeds of the Sale of Assets in terms of 4.3 above shall be distributed as follows:

4.4.1.1 First in satisfaction of business rescue fees, disbursements and costs; and thereafter

4.4.1.2 In satisfaction of Post Commencement Finance; and thereafter

4.4.1.3 In satisfaction of any losses that may have been incurred as a result of any trading activities in business rescue; and thereafter

4.4.1.4 In satisfaction of the claims of any Secured Creditors in respect of the relevant Assets sold; and thereafter

4.4.1.5 In satisfaction of the claims of Concurrent Creditors, including SARS; and thereafter

4.4.1.6 Any balance shall be paid to the Shareholder.

¹³Section 150 (2) (b) (v)

4.5 Trading

4.5.1 The Company will continue trading by way of:

4.5.1.1 disposal of the spiral and discard on an ad hoc basis; and

4.5.1.2 the operation of the Siding.

4.5.2 The Excess Cash, if any, generated from the above trading activities shall be distributed to Creditors upon finalisation of the sale of all Assets and after the Company has settled any contingent liabilities for rehabilitation and has settled its obligations to repay Post Commencement Finance.

4.5.3 Should the Company incur any losses as a result of trading, these losses shall be recouped from the sale of Assets before any dividends are distributed to Creditors in terms of 4.4 above.

4.6 The benefits of adopting the BR Plan as opposed to benefits that creditors would receive if the Company were to be placed in liquidation¹⁴

4.6.1 The Company's operations are that of mining for which mining rights (in its various forms) are required. These rights hold value in as much as there are reserves still to be mined. The rights pertaining to reserves, albeit requiring ministerial approval, are transferable and thus hold value. The relevant legislation regulating mining rights (in its various forms) are directory in that should a company be placed into liquidation, that company holding such rights ceases to do so. In Business Rescue, a company remains the holder of the rights which is then tradeable subject to regulatory approval.

4.6.2 Having regard to the anticipated liquidation dividend referred to above, there is no benefit or advantage to any Affected Persons in the event of a possible liquidation. In addition, should the Company be placed in liquidation and the liquidation process is completed to its final conclusion, it would take at the very least 18 to 24 months in a liquidation of this nature.

4.6.3 The proposals in this BR Plan provide for a better return for Affected Persons than what would transpire in a liquidation.

4.6.4 The remuneration of the BRP is substantially lower than the remuneration a liquidator would be entitled to if the Company were to be liquidated.

4.6.5 Costs of realisation of assets such as auctioneer's commission, advertising costs, storage costs and the like will not have to be incurred if the BR Plan is adopted and implemented.

¹⁴Section 150 (2) (b) (vi)

- 4.6.6 Costs normally associated with liquidation such as Master's fees, bonds of security and taxed bill of costs in the liquidation application will not have to be incurred.

4.7 The ongoing role of the Company¹⁵

- 4.7.1 Upon conclusion of all disputes and the settlement of creditors in terms of this BR Plan the Company shall be handed back to the board of directors and Shareholder, its affairs having been restructured.

4.8 The Treatment of Existing Agreements

- 4.8.1 The BRP has suspended certain contractual obligations of the Company, however, same is not dealt with in detail in this BR Plan as these matters have become settled. Further to this, this plan shall not affect the status of any existing agreements. However, the BRP reserves the Company's rights in general and in terms of the Act.

4.9 The effect that the BR Plan will have on the holders of each class of issued securities¹⁶

- 4.9.1 This BR Plan has no effect on the holders of the Company's issued securities.

5 Part C – Assumptions and Conditions¹⁷

5.1 Conditions that must be satisfied for the business rescue plan to come into operation¹⁸

- 5.1.1 The coming into operation of this BR Plan is only conditional upon the adoption by Creditors in terms of Section 152 of the Act.

¹⁵Section 150 (2) (b) (iii)

¹⁶Section 150 (2) (b) (vii)

¹⁷Section 150 (2) (c)

¹⁸Section 150 (2) (c) (i)

5.2 Conditions that must be satisfied for the business rescue plan to be fully implemented which shall cause the plan to come to an end¹⁹

- 5.2.1 Upon the final payment of the proposed payments to Creditors in terms of this BR Plan and the conclusion of any investigations and disputes, a Notice of Substantial Implementation as envisaged by Section 152 (8) of the Act shall be filed.

5.3 The effect that this plan contemplates on the number of employees, and the terms and conditions of employment²⁰

- 5.3.1 This BR Plan does not affect the rights of any Employees. The Employees of the Company will remain employed until all the Assets have been sold, whereafter alternative employment will be provided with the benefits of Section 197 of the LRA being applicable.

5.4 The projected Income Statement²¹ and Balance Sheet²² as well as Projected Cash Flow

- 5.4.1 Projected Income Statement is attached and marked **Annexure D**.
- 5.4.2 Projected Balance Sheet is attached and marked **Annexure E**.
- 5.4.3 Projected Cash Flow is attached and marked **Annexure F**.

¹⁹Section 150 (2) (c) (i) (bb) & (iii)

²⁰Section 150 (2) (c) (ii)

²¹Section 150 (3) (c) (iv) (bb)

²²Section 150 (3) (c) (iv) (aa)

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5.5 Financial Assumptions

5.5.1 Trading Assumptions:

	Year 1	Year 2
Income Assumptions		
Price per Ton	15	15
Tons per Month Sales	30 000	30 000

	Year 1	Year 2
Turnover	5 784 257	2 889 003
Farm Rental	(1 058 738)	(349 800)
Gross Contribution	4 725 519 82%	2 539 203 88%
Expenses	(6 007 987)	(2 092 757)
Operating Profit (Loss)	(1 282 468)	446 446
Interest Income	23 550	8 874
Net Profit	(1 258 919)	455 319

5.5.2 Proposal Assumptions and Summary:

	Year 1	Year 2	Year 3	Total
Available Free Cash flow before payments on BR Plan <i>Note : Includes Sale of Property</i> <i>Includes Sales of Reserves after Consolidation</i>	26 542 518	10 161 084	(21 197 910)	15 505 692
Total BR Debt (Ex Shareholders)	(105 419 572)	(105 419 572)	(105 419 572)	
% Payout to Total debt	25%	10%	(20%)	15%
Shareholders	(516 907 105)	(516 907 105)	(516 907 105)	
% Payout to Shareholders	0%	0%	0%	0%

5.6 General Assumptions

- 5.6.1 It is assumed that the mining reserves of the Company will be capable of consolidation with the adjacent reserve and capable of realisation in accordance with the BRP's estimates in terms of this BR Plan.
- 5.6.2 It is assumed that the Company will be absolved from its rehabilitation obligations upon the sale of the respective Assets.

5.7 General Risks

- 5.7.1 The sale of the mining reserves not being capable of being sold either due to it not being economically feasible for mining purposes or due to the rehabilitation costs associated with same.
- 5.7.2 The final verification and agreement of the quantum of Creditors' claims takes longer than expected or if the records of the Company are irreconcilable with the Claims received.
- 5.7.3 Unforeseen litigation of any nature whatsoever, from any cause of action whatsoever.
- 5.7.4 Rehabilitation costs exceed the amounts estimated by the BRP.
- 5.7.5 Loss of support for the process from farmers.
- 5.7.6 The deterioration of general market conditions and the drop in coal prices.
- 5.7.7 Unforeseen damages claims arising from the cancellation of any contracts or agreements of any nature whatsoever.
- 5.7.8 Any challenges to this BR Plan, the rejection thereof or any amendments thereto.
- 5.7.9 Any regulatory challenges of any nature whatsoever.
- 5.7.10 Loss of support from the Post Commencement Financier.
- 5.7.11 Any unforeseen circumstances, outside of the control of the BRP of any nature whatsoever, howsoever arising, that impact on business rescue.
- 5.7.12 Material discrepancies in the information made available to the BRP by the directors, shareholder and any third parties.

6 Administrative Provisions Regarding Claims

6.1 Proof of claims

- 6.1.1 Creditors reflected in this BR Plan shall be regarded by the BRP as Creditors for the amounts for which they so appear to be Creditors, and as Secured or Preferent Creditors to the extent that such security or preference is acceptable in accordance with the Insolvency Act. Notwithstanding the aforesaid, the BRP reserves the right to dispute any claim up until the Substantial Implementation Date.
- 6.1.2 Any particular Creditor or any amount, claim, security or preference not reflected herein shall be deemed to have been rejected, in which event that Creditor shall be required to prove its Claim.

6.2 Disputed claims

- 6.2.1 The BRP does not admit disputed claims referred to and dealt with in this plan and hereby records the continued dispute with regards to these claims. Disputed claims include claims where the Creditor may rely on security or reservation of ownership and the value or nature of the security is in dispute.
- 6.2.2 For purposes of these Proceedings the BRP will not allow the holders of disputed claims to exercise their voting interest, unless otherwise determined by the BRP.
- 6.2.3 Upon the adoption of this BR Plan the disputed claims will remain disputed and the rights of the company to dispute such claims and such parties remain unaffected by this BR Plan, except to the extent that in the event that such disputed claims either become settled between the parties or determined or liquidated in any legal forum, that such agreed or liquidated claims would then have been compromised in terms of the provisions of this business rescue plan and such creditors would then be entitled to payments from the company equal to those of the other concurrent creditors of the company.
- 6.2.4 The BRP may, at any stage during the Proceedings, accept any disputed claim, which claim shall then be dealt with in accordance with this BR Plan.

6.3 Contingent claims

- 6.3.1 Upon the adoption of this BR Plan any contingent claims shall be deemed as disputed claims and the rights of the company to dispute such claims and such parties remain unaffected by this BR Plan, except to the extent

that in the event that such disputed contingent claims either become settled between the parties or determined or liquidated in any legal forum, that such agreed or liquidated claims would then have been compromised in terms of the provisions of this business rescue plan and such creditors would then be entitled to payments from the company equal to those of the other concurrent creditors of the company.

6.4 Late claims

- 6.4.1 Creditors who, for whatever reason, did not submit their claims to the BRP prior to the Adoption Date, may at any time up until 90 calendar days after the Adoption Date, submit to the BRP, documentation in support of their claim against the Company and upon receipt and acceptance thereof by the BRP such claims will be considered valid and form part of the adopted BR Plan.
- 6.4.2 Creditors who for whatever reason are not included herein and who do not submit their claims to the BRP within 90 days after the Adoption Date will be deemed to have abandoned their right to participate in any distribution under this BR Plan.

7 General Provisions

7.1 Procedure to amend the BR Plan in the future should it become impossible to implement

- 7.1.1 Should the BR Plan be adopted and if, in the opinion of the BRP, the BR Plan can no longer be implemented then the BRP will notify all Affected Persons of this fact.
- 7.1.2 If the BRP at this stage continues to believe that business rescue will yield a better return for creditors than liquidation, the Proceedings shall not end and the BRP will have 15 business days, or such longer time as the creditors agree to, after this notice to publish a revised BR Plan.
- 7.1.3 The provisions of Section 151 - 153, and other applicable Sections, will apply afresh to the revised BR Plan and the process of the possible adoption thereof.

7.2 General

- 7.2.1 The BRP reserves the right, should it come to his attention that material information has been withheld or additional information is brought to his attention, to amend this BR Plan.
- 7.2.2 This BR Plan specifically provides for each particular repayment proposal as full settlement of that particular creditor's claim/s against the Company. Upon the adoption and subsequent implementation of this plan, each

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creditor will lose the right to enforce any part of their claim which is deemed to be written off in terms of this plan.

- 7.2.3 To the extent required in terms of Section 112(1)(a), read with Section 115, of the Act the adoption of this BR Plan shall constitute the necessary authority required for the BRP to dispose of the greater part of the Assets or undertaking of the Company. To the extent that any sale or disposal of any or all or the greater part of the Assets or undertaking of the Company took place prior to the adoption date it shall be ratified with retrospective effect to the effective date of such sale or disposal as defined in the relevant transaction agreement.

8 Certificate²³

I, Zaheer Cassim, do solemnly declare as follows:

1. I am the licensed appointed business rescue practitioner for the Company practicing from 461 Fehrsen Street, Brooklyn, Pretoria.
2. The facts and information contained herein falls within my personal knowledge and is to the best of my knowledge true, correct, accurate and up to date unless stated otherwise in this plan.
3. In preparing the plan, I have not undertaken an audit of the information provided by the directors and staff of the company, although where practical, I have endeavored to satisfy myself of the accuracy of such information. While every effort has been made to establish the accuracy of such information, I can give no warranty in this regard save to confirm that, to the best of my knowledge and belief, such information is reasonably accurate, complete and up to date.
4. Projections provided by myself are estimates made in good faith on the basis of factual information and assumptions as set out in the statement required by section 150 (2) (c) (iv).
5. The proposed plan of the Company was not conceived to deceive any affected persons.

ELECTRONICALLY PUBLISHED THEREFORE UNSIGNED

Zaheer Cassim

Dated: 14 September 2015

²³Section 150 (4) (a) & (b)

- 9 Annexure A – List of Fixed Assets**
- 10 Annexure B – List of Creditors**
- 11 Annexure C – Offer from PC's Transport**
- 12 Annexure D – Projected Income Statement**
- 13 Annexure E – Projected Balance Sheet**
- 14 Annexure F – Projected Cash Flow**