

LILY MINE UPDATE

22 April 2016

Pre-amble

The Lily Mine was placed into voluntary Business Rescue in 4 April 2016. The Business Rescue Practitioner (BRP), Rob Devereux of Strategic Turnaround Solutions (Sturns), was appointed on 11 April 2016.

Business Rescue affords the company Makonjwaan Imperial Mining Company (Pty) Limited "MIMCO", which is the owner of the Lily Mine, protection and time to restructure the business and to re-open the mine. The mine was placed into Business Rescue, following the tragic collapse of the Crown Pillar in early February, This collapse effectively closed a fully operational gold mine in a very short space of time thus rendering the Company unable to generate income of any sort. It also left approximately 650 persons jobless.

Business Rescue

The Company was placed in business rescue not because of mismanagement or because market conditions. The disaster that has occurred has left the Company with no ability to generate a means of income and has thus rendered the Company financially distressed.

The process of business rescue allows for a moratorium on legal proceedings against the Company thus allowing the Company to restructure its debt, ultimately reopen the mine and save the business and more importantly jobs.

The Business Rescue Plan requires significant funding to develop a new incline shaft to reopen the mine as the collapse rendered the old shaft inaccessible and that area is extremely unstable and dangerous. This new development will take approximately 6 months. It is imperative that funding be secured to commence this operation.

The Company has a sound business built on solid foundations with a life of mine in excess of 10 years. The success of the business is reliant on funding to develop the decline and every effort is being made to raise the necessary funding from government and private sources.

JOINT STATEMENT

Mr M Mc Chesney
Chief Executive Officer

R C Devereux
Business Rescue Practitioner