



**July Monthly Report**  
**Makonjwaan Imperial Mining Company (Pty) Limited**  
**“Lily Mine”**

**Status of the Mine**

The Mine remains closed and is secured as it is a dangerous area and as such is a no go Zone. The Company has employed the services of TSU Security Services a high calibre Security Company to secure the mine as well as its assets.

The Zamma Zamma threat that has been contemplated in the Press has been eliminated.

**Business of the Company**

Due to the nature of the disaster the mine is not producing any gold any has effectively been mothballed incurring minimal costs.

Employee costs are covered under the Employees section.

**Investigations into the accident that occurred on 5 February 2016**

The internal investigation in terms of S11 of the Mine Health and Safety Act is ongoing and is being led by Attorney’s Hogan Lovells. This investigation includes representations from management as

well as industry specialists and has been ongoing for 3 months and is likely to continue for another 3 months.

### **Status of the recovery of the Container**

The project to try and retrieve the container will only be started once the access decline has been completed and access to that area is safe. This exercise will be conducted prior to the opening of the mine. Compensation to the families and workers that were trapped underground as promised by the Minister of Mines will occur once the funding for the complete project has been raised.

### **Political activity**

The issue regarding the Lily Mine has attracted a large media audience and has been compounded by the lack of performance by Afrocan which were to have injected R11 million USD into the Company.

The Practitioner and Management continue to engage with the Media on all levels.

### **Employees**

Employees have been offered Severance Packages and a significant amount of people have opted for this option. Employees have been seconded to Barbrook Mine mainly to ensure compliance with Mining Regulations and to allow for ongoing essential services.

Some employees have resigned.

Employees will be deployed to assist in the rework of a mine dump in Barbrook Mine and once funding is established employees will be deployed to develop the access decline and ventilation new shaft.

### **Business Rescue Plan**

The inability of AfoCan to inject R 11million USD into the group has delayed the development of the Access Decline. Luckily the only item lost has been time and no direct financial loss has been suffered by the Group. This project will commence once new funding has been secured.

As discussed employees have been seconded to Barbrook Mine and the Daylight Tailings Project will start next month. This is a Barbrook Mine initiative and should double Gold output.

Also next month the training and upliftment project will start. Various option and service providers are being engaged to undertake this project and a rollout is imminent.

### **Raising of Funding**

Old relationships regarding funding have been rekindled and this exercise is being pursued with much vigour by management of Vantage Goldfields as well as the Practitioner. Discussions are positive.

The AfroCan fiasco has also delayed discussions with the IDC so these discussions are on hold until new funders have been sourced.

**R C DEVEREUX**  
**BUSINESS RESCUE PRACTITIONER**  
**29 JULY 2016**