



STURNS

BUSINESS RESCUE PRACTITIONERS
AND TURNAROUND SPECIALISTS

October 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 Zama Zama threat that has been contemplated in the Press has been eliminated. Access to the mine is secured by armed guards at the property entrance to the mine as well as at the collapsed shaft.

On 07 October Deputy Minister G Oliphant and a delegation visited the Mine and inspected the derelict shaft, received an update of the Business Rescue Plan and addressed the families of the three persons trapped in the container

Business of the Company

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

Employee costs and initiatives are covered under the Employees section.

Investigations into the accident that occurred on 5 February 2016

The mine submitted its incident investigation report in terms of S11(5) of the Mine Health and Safety Act at the end of October 2016. The S60 investigation by the DMR is underway and includes representations from management as well as industry specialists.

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.

The Department of Social Welfare is actively engaging with the families of the deceased and that process is ongoing. The practitioner has met the families and will continue to engage with them. The company has continued paying the salaries of the deceased to each individual family.

Political activity

The issue regarding the Lily Mine has attracted a large media audience and the 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.

Activity in the area is anticipated to escalate as there is an expectation to retrieve the container immediately.

A march has taken place and a memorandum delivered to management and the business rescue practitioner demands that the container be retrieved. Management and the business rescue practitioner remain firm in their decision to access the container under safe conditions. A reply has been sent to Cosatu. The memorandum was signed by Cosatu, the ANC, the SACP and SANCO.

Employees

All Employees where offered severance packages and most people opted for this option. The Unions have sanctioned this process. Staff that have accepted severance packages will be employed on the same terms and conditions as they were previously employed.

Approximately forty employees have resigned and one hundred have been redeployed to the Barbrook Mine. As from early December the Daylight project of reworking an old mine dump will employ further Lily employees.

Once funding has been secured, the establishment of the new decline shaft will commence and this will employ the balance of the employees.

Business Rescue Plan

The business plan continues to be implemented the major items outstanding being securing of finance and development of the new decline.

Raising of Funding

The practitioner is currently engaged with discussions with four potential investors whom wish to acquire a stake in the Vantage Goldfields Group. Furthermore, alternative means of funding the decline have been identified and these are being considered.

Investors require that their identities remain confidential.

A funder has agreed to fund the full amount of USD15 million to reopen the mine by way of a streaming agreement. Reserve bank approval has been acquired by the company to do the transaction. A setback has occurred which is currently being addressed. We cannot commit to timing of the flow of funds.

Rob Devereux

Business Rescue Practitioner