

JO BLOCK MINING (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T1518/05

**REPORT OF THE JOINT LIQUIDATORS LDR VAN DER MERWE, AV HAMMAN & JM DAMONS, IN
TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED
AT A SECOND MEETING OF CREDITORS, MEMBERS & CONTRIBUTORIES TO BE HELD BEFORE THE
MASTER OF THE HIGH COURT PRETORIA ON TUESDAY 27 FEBRUARY 2007 AT 10AM**

ORDER OF THE COURT AND MEETINGS

Nature of Liquidation	Special Resolution in terms of Section 351 of the Companies Act
Date of liquidation	20 September 2005
Date of provisional Order	N/A
Date of Final Order	N/A
Provisional appointees	LDR vd Merwe, AV Hamman & JM Damons
Date of 1 st meeting of creditors	9 January 2006
Final appointees	LDR vd Merwe, AV Hamman & JM Damons

History and information of the Company

- 1 According to the Registrar of Companies the company was incorporated under registration number 1996/000699/07.

Registered Address

- 2 The registered address of the company is Rosemary Forum Building 356 Rosemary Street, Lynwood Pretoria.

Directors

- 3 It appears from my investigations the following persons consented to serve as directors:

- 3.1 P C F Lancaster
3.2 D G A Sekele
3.3 M E Smit

JO BLOCK MINING (PTY) LTD (IN LIQUIDATION)
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Share Capital

- 4 We are unable to comment on this issue as we have not been provided with the statutory books and records of the Company.

Business of the Company

- 5 The main business of the company was contract mining.

Auditors

- 6 The auditors of the company are Compendium (Pretoria) Inc, who also acted as Company Secretary(?)

STATEMENT OF AFFAIRS

- 7 We are in possession of a Statement of Affairs as required in terms of Section 363 of the Companies Act No 61 of 1973 as amended.

SECTION 79(A) : FINANCIAL STATEMENT OF ASSETS AND LIABILITIES

- 8 The following represents the assets and liabilities of the company at date of liquidation as per the statement of affairs. Unless otherwise stated, these figures only represent estimates of the assets and liabilities and will change depending on the amounts of realisation of unsold assets and claims submitted for proof.

ASSETS

IMMOVABLE PROPERTY	NOTES	AMOUNT	AMOUNT
None			
MOVABLE ASSETS			
Machinery & Equipment	(a)		500,000.00
Claims against 3 rd parties	(b)		
TOTAL ASSETS			
LIABILITIES			
<u>Secured</u>	(a)		
<u>Preferent Creditors</u>			
Receiver of Revenue	(c)		1,200,000.00
Salaries	(d)		490,000.00
<u>Concurrent Creditors</u>			
Trade Creditors	(c)		4,465,823.21
TOTAL LIABILITIES			

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MASTER'S REFERENCE NUMBER : T1518/05

DEFICIT			
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NOTES

The statement of assets and liabilities must be read in conjunction with the following notes:

Movable assets

- (a) The Machinery, Property Plant & Equipment are valued at R500,000.00 in the Statement of affairs. A dispute exists between the liquidators and JCI Ltd with regard to the entitlement of R1,980,000.00, being the proceeds of the sale of assets to Jongingozi (Pty) Ltd.

By agreement the repayments by Jongingozi are held in trust pending resolution of the dispute.

Claims against 3rd parties

- (b) The second meeting of creditors will be postponed in order to conduct an enquiry into the affairs of the company and in particular its claims against 3rd parties, emanating from its business activities.

According to the records of the company it had not received payment for its services, in particular from Pertex Mining amounting to approximately R6,000,000.00. The liquidators will report in this regard in greater detail in due course.

- (c) Entries as per the statement of affairs.
- (d) According to the records of the Trade Union Solidariteit.

These figures do not take into account any costs of administration and are subject to change and/or modification.

CAUSES OF THE COMPANY'S FAILURE

- 9 The Managing Director attributes the failure of the company to the fact that the company was simply unable to conduct its mining activities profitably. To complicate matters even further they experience labour action, including a downing of tools with great financial detriment to the company, resulting in the liquidation of the company.

REPORT TO THE MASTER IN TERMS OF SECTION 400 OF THE COMPANIES ACT

- 10 It is not our intention at this stage to submit a report to the Master of the High Court. However, we are still investigating this aspect and if necessary, a detailed report will be submitted to the Master in due course.

JO BLOCK MINING (PTY) LTD (IN LIQUIDATION)
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MASTER'S REFERENCE NUMBER : T1518/05

SECTION 402(d) : PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS

- 11 At this stage it is not known whether the former director or officer of the company can be held personally liable for the debts of the company. A report will be submitted, should it become necessary.

LEGAL PROCEEDINGS

- 12 We have no knowledge of any legal proceedings pending by or against the company.

ENQUIRY

- 13 The liquidators intend to postpone the 2nd meeting of creditors in order to conduct an enquiry in to the affairs of the company and in particular to investigate the extent of amounts due to the company by 3rd parties.

BOOKS AND RECORDS

- 14 We have taken control of the books and records found at the offices Mr Morrison Smit.

PROGRESS AND PROSPECTS OF WINDING UP

The liquidators will continue to investigate the affairs of the company and in particular the disputes regarding the ownership of the movable assets as well as the amount due by 3rd parties.

LEASES

- 15 We are not aware of any lease agreements entered into by the company.

ESTIMATED DIVIDEND

- 16 At present it is unlikely that concurrent creditor will receive a dividend, Any recovery will first be applied in payment of dividends to the preferent creditors. Concurrent creditors are therefore advised not to prove claims.

Creditors will be advised if the situation changes.

MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

- 17 Such directions as required of creditors are contained in the draft resolutions numbers 1 – 13 which is submitted for consideration and adoption by the creditors at the second meeting of creditors in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the company in liquidation to continue.

JO BLOCK MINING (PTY) LTD (IN LIQUIDATION)
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MASTER'S REFERENCE NUMBER : T1518/05

SIGNED at SANDTON on this _____ day of February 2007

L D R VD MERWE

A V HAMMAN

J M DAMONS

JOINT LIQUIDATORS

JO BLOCK MINING (PTY) LTD (IN LIQUIDATION)
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MASTER'S REFERENCE NUMBER : T1518/05

RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE THE MASTER OF THE HIGH COURT PRETORIA, ON TUESDAY, 27 FEBRUARY 2007 AT 10AM.

RESOLVED THAT:

- 1 The report of Liquidator or Joint Liquidators, as the case may be, hereinafter referred to as (the Liquidator"), as submitted be received and adopted and all his actions referred to therein be and are hereby confirmed, ratified and approved.
- 2 All actions of whatsoever nature heretobefore taken by the Provisional Liquidator and/or Liquidator be and are hereby confirmed, ratified and approved.
- 3 The Liquidator be granted the authority and is vested with all the powers mentioned in Section 386(4)(a) – (i) of the Companies Act No 61 of 1973, as amended, such powers to be exercised at his sole and absolute discretion.
- 4 The Liquidator be and is hereby authorised in his sole and absolute discretion to:
 - 4.1 Take legal advice on any question of law affecting the administration and distribution of the company;
 - 4.2 Institute or defend on behalf of the company any action or other legal proceedings of a civil nature for the recovery of monies due to the company or otherwise and subject to the provisions of any law relating to criminal procedure, institute any criminal proceedings;
 - 4.3 Hold any enquiry into the affairs of the company and/or any matter relating thereto;
 - 4.4 Investigate and institute legal proceedings for the recovery of any voidable or undue preferences, voidable dispositions of property or any other impeachable transactions of whatsoever nature and to abandon same at any time;

JO BLOCK MINING (PTY) LTD (IN LIQUIDATION)
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MASTER'S REFERENCE NUMBER : T1518/05

- 4.5 Write up the books of the company as may be required, and if necessary, to produce a balance sheet, audited or not, as at the date of liquidation, either for the purpose of investigating the affairs of the company, establishing the claims of creditors, or any other purpose.
- 5 The Liquidator be and is hereby authorised in his sole and absolute discretion to employ and engage the services of attorneys and/or counsel (senior and/or junior) and/or accountants and/or bookkeepers and/or any employee of the insolvent and/or recording agents and/or any other person who in the sole discretion of the Liquidator may be of assistance in the winding-up of the company in relation to any matter referred to in 4 above and further to pay all the costs thereof of whatsoever nature out of the estate as costs incurred in the liquidation.
- 6 The Liquidator be and is hereby authorised to collection any debts due to the company and for the purpose thereof to sell or compound or compromise any of these debts for such sum and upon such terms and conditions as he in his sole discretion may deem fit, and to accept any part of the debt in settlement thereof, and to grant an extension of time for the payment of any such debt, and to abandon any debt which he in his sole discretion may deem to be irrecoverable.
- 7 The Liquidator be and is hereby authorised to dispose of any movable and immovable property of the company, whether in his possession or under his control now or to come into his possession or under his control in the future by public auction, private treaty or public tender upon such terms and conditions as he in his sole and absolute discretion shall determine and to abandon any such assets for which he can find no purchaser or abandon them to a secured creditor at the value placed thereon by such creditor or at such value as is agreed upon by the Liquidator and the creditor if such creditor's claim is secured by such assets and to sign all such documents as may be necessary to give effect to such disposition.
- 8 The Liquidator be and is hereby authorised and empowered in his sole discretion to compromise and admit any claim against the company of whatsoever nature and howsoever arising and whether disputed or not and whether actual, contingent, prospective, conditional, unconditional, assessed, unassessed, liquidated or unliquidated as a liquidated claim in terms of Section 78(3) of the Insolvency

JO BLOCK MINING (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T1518/05

Act No 24 of 1936 as amended, read with Section 339 of the Companies Act No 61 of 1973, as amended, at such amount as may be agreed upon by the Liquidator, provided that proof thereof has been tendered at a meeting of creditors.

- 9 The Liquidator be and is hereby authorised to make application for the destruction of books and records of the estate six months after the confirmation of the Final Liquidation and Distribution Account.
- 10 The Liquidator be and is hereby authorised to perform any act or exercise any power for which he is not expressly required by the Companies Act No 61 of 1973, as amended, to obtain the leave of the Court.
- 11 The Liquidator be and is hereby authorised to submit to the determination of arbitrators any dispute concerning the company or any claim or demand by or upon the company.
- 12 The Liquidator be and is hereby authorised to carry on or discontinue any part of the business of the company insofar as may be necessary for the beneficial winding-up thereof.
- 13 The Liquidator be and is hereby authorised to exercise *mutatis mutandis* the powers conferred upon a Liquidator by Section 35 (uncompleted acquisition of immovable property before liquidation) and 37 (effect of liquidation upon a lease) of the Insolvency Act No 24 of 1936, as amended, read with Section 339 of the Companies Act No 61 of 1973, as amended.
- 14 The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Liquidator.