

MID MINING GROUP (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G427/04

REPORT OF THE JOINT LIQUIDATORS, LDR VAN DE MERWE, G RAMALHO, E M MOTALA, N MARNITZ, L KLOPPER & J M 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 AND CONTRIBUTORIES TO BE HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON WEDNESDAY, 23 FEBRUARY 2005 AT 10:00

ORDER OF THE COURT AND MEETINGS

1. The Company was placed in provisional liquidation by an Order of the High Court of South Africa (Transvaal Provincial Division) on 16 February 2004, and the final Order was granted on 30 March 2004. The Master of the High Court, Johannesburg appointed us as provisional liquidators on 19 May 2004.
2. The first meeting of creditors and contributories was held before the Master of the High Court, Johannesburg on Wednesday, 8 September 2004. At this meeting no claims were proved.
3. No voting took place at the first meeting of creditors and we were appointed as joint liquidators on 23 September 2004.

History and information of the Company

4. According to the Registrar of Companies the company was incorporated under registration number 01/004510/07.

Registered Address

5. The registered address of the company is 22 Johanna van der Merwe Street, Midwes Building, Klerksdorp.

Directors

6. It appears from our investigations, the following persons consented to serve as directors:
 - Ian Robert Haupt
 - Delia Haupt

Shareholding

7. According to our records the authorised shares of the company are held by the following individuals or as nominees:
 - Ian Robert Haupt – 50%
 - Delia Haupt – 50%

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Business of the Company

8. The principal business of the company was conducting a mining contractor business.

STATEMENT OF AFFAIRS

9. We have not received the statutory statement of affairs from the former directors of the company.

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

10. The company had no assets and to date we have not received any notice of claims against the company.

CAUSES OF THE COMPANY'S FAILURE

11. MID Mining Group (Pty) Ltd formed part of the so-called MID Mining group, of which MID Mining cc, was the major component. The MID Mining Group of companies had a good business relationship with Arm Gold, (which later merged with Harmony Gold Mining) for more than 7 years.

As a result of alleged criminal activities within the MID Mining Group, Harmony Gold/Armgold terminated all existing agreements between themselves and the MID Mining group of companies. MID Mining could therefore not continue its mining activities and could not generate an ongoing income to cover its day-to-day operation expenses.

MID Mining was not in a position to meet its liabilities, and an ex parte application was brought for the liquidation of the company.

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

12. We will submit a report in terms of Section 400(2) of the Companies Act, No 61 of 1973 as amended should it become necessary.

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

13. We will submit a report in terms of Section 400(2) of the Companies Act, No 61 of 1973 as amended should it become necessary.

LEGAL PROCEEDINGS

14. We are not aware of any legal proceedings by or against the company .

ENQUIRY

15. Based on the facts known to me at this stage we do not at present intend convening an enquiry in this matter.

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BOOKS AND RECORDS

16. We have received the books and records of the company.

PROGRESS AND PROSPECTS OF WINDING UP

17. As stated above we are not at present investigating the possibility of continuing with litigation and investigating the dispossession of shareholding by the company.

LEASES

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

ESTIMATED DIVIDEND

19. At present it appears unlikely that concurrent creditors will receive a dividend.

MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

20. Such directions as required of creditors are contained in the draft resolutions numbers 1 – 14 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.

SIGNED at Randburg on this 2nd day of February 2005.

LDR VAN DER MERWE

G RAMALHO

E M MOTALA

N MARNITZ

L KLOPPER

J DAMONS

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RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON WEDNESDAY, 23 FEBRUARY 2005 at 10:00

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 heretofore 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;
 - 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.

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- 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 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.

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- 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.

q.q. CREDITORS