

SWORN STATEMENT

(In support of a Notice Beginning Business Rescue Proceedings)

I, the undersigned

STONE PHUMELELE SIZANI

IDENTITY NUMBER: 540302 5791 089

do hereby make oath and say:

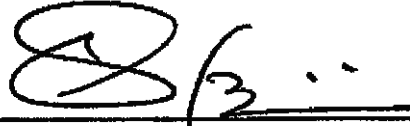
- 1 I am a South African Citizen and a director of **Elitheni Coal (Pty) Limited** ("the Company") with registration number **2001/002173/07** and business address at **Elitheni Coal Mine, Guba Hoek, Machubeni, Eastern Cape, PO Box 4, Indwe 5445, South Africa.**
- 2 The contents of this sworn statement are true and correct and, unless stated otherwise, the facts contained herein fall within my own personal knowledge and belief.
- 3 I was duly appointed as director of the Company on the 1st of March 2011 pursuant to the resignation as director by **Edward David Cox.**
- 4 I make this sworn statement in support of the Company's notice to commence business rescue proceedings as contemplated in terms of Section 129 of the Companies Act, 71 of 2008 ("the Act").
- 5 On 5th of June 2015, the board of directors of the Company unanimously resolved that the Company voluntarily commence business rescue proceedings as envisaged in terms of the Act. The resolution will be filed together with this sworn statement.
- 6 The relevant facts upon which the resolution were founded include:
 - 6.1 The Company's main business is that of mining coal.



- 6.2 According to the Company's management accounts prepared for the period ending on 30 June 2014 the Company is indebted to its creditors in an amount of R454 Million.
- 6.3 The Company requires time in order to restructure its affairs, debt and equity so that the creditors of the Company are afforded maximum benefit.
- 6.4 As mentioned in 7 below the Company is financially distressed as envisaged in terms of the Act.
- 6.5 Funding from sources such as shareholder loans and loans the company's financiers has ceased or is about to cease.
- 6.6 The Company is faced with the situation where it needs to realise its assets or to procure further funding to best effect and to negotiate with its creditors which process will be best achieved under business rescue proceedings as envisaged in terms of the Act.
- 7 As a director I have concluded that the Company is "financially distressed" as defined in section 128 of the Act as it is reasonably unlikely to be able to pay all its debts as they become due and payable within the immediately ensuing six months and/or the Company is reasonably likely to become insolvent within the immediately ensuing six months.
- 8 There appears, in my opinion, to at least be a reasonable prospect that creditors will directly benefit from the Company being afforded additional time to restructure its affairs, business, property, debt, other liabilities and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis.
- 9 Business rescue will allow the Company to realise its assets, procure additional funding or to achieve a compromise or come to an arrangement acceptable to its creditors and other stakeholders.
- 10 The Business Rescue process will allow for:
- 10.1 The temporary supervision of the Company, and for the management of its affairs, business and property;

Handwritten signature and initials, possibly 'P.Y.' followed by a large stylized signature.

- 10.2 A temporary moratorium on the rights of claimants against the Company or in respect of property in its possession;
- 10.3 The development and implementation, if approved, of a plan to realise the Company's assets will result in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company.



STONE PHUMELELE SIZANI

I certify that:

- I the deponent acknowledged to me that:
- (a) he knows and understands the contents of this declaration;
 - (b) he has no objection to taking the prescribed oath;
 - (c) he considers the prescribed oath to be binding on her conscience;
- II the deponent thereafter uttered the words "I swear that the contents of this declaration are true, so help me God";
- III the deponent signed this declaration in my presence at the address set out hereunder on this the 8th day of JULY 2015.



COMMISSIONER OF OATHS

**TAFLIA LAUREN YESORSKY
34 PLEIN STREET, CAPE TOWN
COMMISSIONER OF OATHS
PRACTISING ATTORNEY
REPUBLIC OF SOUTH AFRICA.**