

ASA METALS PROPRIETARY LIMITED
REGISTRATION NUMBER 1996/015726/07

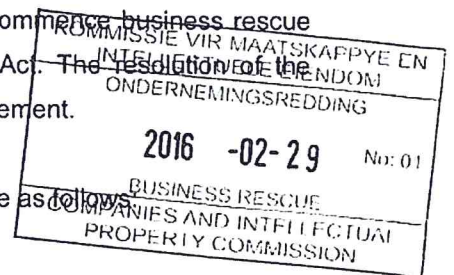
SWORN STATEMENT

I, the undersigned

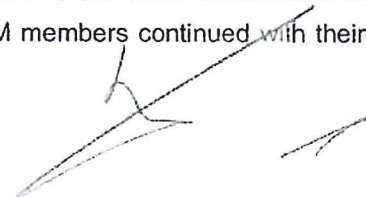
AZWIDOHWI ALDOLPHUS MUNYAI

do hereby make oath and state that:

1. I am a major male and the Company Secretary of ASA Metals Proprietary Limited with registration number 1996/015726/07, with its registered address at 16th Floor, Sinosteel Plaza, 159 Rivonia Road, Morningside, Sandton, 2146 (the "Company").
2. The facts contained herein are true and correct and are further within my personal knowledge, unless the context indicates otherwise.
3. I was duly appointed as the Company Secretary of the Company on 08 October 2012.
4. I make this sworn statement in support of the resolution of the board of directors of the Company as contemplated in section 129 (3)(a) of the Companies Act 71 of 2008 (the "Companies Act") (the "Resolution"). I am further duly authorised by the Resolution, to depose to this sworn statement on behalf of the board of directors and the Company
5. On 29 February 2016, the board of directors of the Company, by unanimous round robin resolution, resolved that the Company voluntarily commence business rescue proceedings as envisaged in terms of the Companies Act. The resolution of the board of directors will be filed together with this sworn statement.
6. The relevant facts upon which the resolution is founded are as follows:
 - 6.1. The ferrochrome and chromite ore markets have deteriorated over the past 6 months at an unprecedented rate and to an unprecedented level.



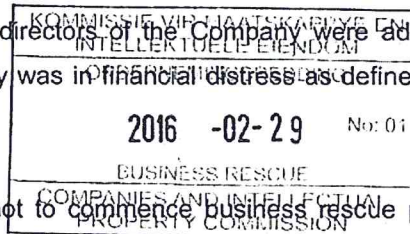
- 6.2. The Company planned for and managed the deterioration of the chrome market and the management and the board of directors remained confident that the anticipated deterioration of the chrome market could be managed without the need to place the companies under business rescue.
- 6.3. However, in November 2015, the Chief Executive Officer of BTG Pactum ("BTG"), a Brazilian company, was unexpectedly and suddenly arrested by authorities in that country on suspicion of obstructing an investigation into corruption at the Brazilian state run oil company, Petrobras.
- 6.4. At that time, the Company was in an advanced stage of negotiation with BTG to speed up payments for ferrochrome products, which would have remarkably improved the Company's cash flow position.
- 6.5. The Company was also in final negotiations with BTG and Portnex regarding a financing agreement, which would have seen at least two of its furnaces and the Company's wholly owned subsidiary Dilokong Chrome Mine Proprietary Limited ("DCM") returning to full operating capacity in January 2016.
- 6.6. However, the unexpected arrest of the Chief Executive Officer of BTG resulted in an immediate termination of all future projects by BTG as well as the discontinuation of the cash flow financing arrangement, which the Company was negotiating with BTG at that time.
- 6.7. During November 2015, 253 members of the National Union of Mineworkers ("NUM") and employees of the Company and DCM embarked on an impromptu and unprotected strike by staging an underground sit-in at DCM. These employees refused to return to surface and it necessitated the Company and DCM applying to the Labour Court for an order directing the employees to desist with their unlawful conduct and to return to surface. The employees only returned to surface some 4 days after they commenced their unlawful underground sit-in. DCM is a wholly owned subsidiary of the Company and supplies chromite ore to the Company for the production of ferrochrome.
- 6.8. Thereafter, the Company and DCM continued with negotiations and discussions with the NUM, but these discussions failed to resolve the impasse and the NUM members continued with their unprotected strike



action, to which the Company and DCM have issued a defensive lock-out notice in response.

- 6.9. This labour unrest caused DCM to shut down mining operations resulting in a combined estimated loss of approximately R187 million to the Company and DCM.
- 6.10. During 2014 and 2015, the Company also suffered widespread unrest within the communities surrounding the DCM mining and the Company's smelter operations which resulted in the blockading of access roads hampering the Company's ability to continue operating its furnaces. Over and above this, the Company had to incur additional security costs of several millions of Rand in order to protect its employees and property.
- 6.11. During the course of 2015, the Company and DCM were also issued with 12 notices by the Department of Mineral Resources health and safety inspectors in terms of section 54(1)(a) of the Mine Health and Safety Act, 29 of 1996, which resulted in the ad hoc halting of mining and smelter operations. These instructions resulted in 50 days of production lost during the calendar year which converted into an estimated loss of R156 million in revenue.
- 6.12. Towards the end of November 2015, the ferrochrome price and chromite ore prices further sharply deteriorated resulting in significantly less revenue being generated by the Company than anticipated.
- 6.13. These factors have all contributed to an acute cash flow shortage, resulting in the Company becoming financially distressed as defined in the Companies Act.

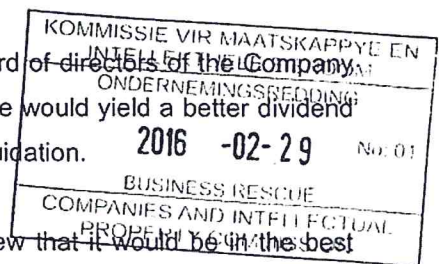
7. On 29 January 2016, the board of directors of the Company were advised by its management team that the Company was in financial distress as defined in section 128(1)(f) of the Companies Act.



8. At the time, the Company elected not to commence business rescue proceedings and, on 5 February 2016, issued a notice in terms of section 129 (7) of the Companies Act (the "Notice").

9. The Notice advised the affected parties, as defined in the Companies Act, of the reasons why it was not going into business rescue. These reasons can briefly be summarised as follows:

- 9.1. The majority Chinese shareholder of the Company was in advanced negotiations with its financiers at the time and reputational risks of business rescue would put those negotiations in jeopardy;
- 9.2. The Company had appointed an independent business advisory firm to assist the Company in developing a proposal to its creditors to satisfy their debt; and
- 9.3. The Company could concurrent to this proposal compilation process conclude their plans to 'weather' the global commodities rout by placing operations on care and maintenance until prices recover.
10. During the process of compiling the proposal to creditors and subsequent to the issuing of the section 129 (7) notice as referred to above, the Company and DCM were each faced with a liquidation application by two creditors. In order to avoid liquidation and so to achieve the aim of having enough time to put a proposal to creditors, the Company was required to settle with these creditors.
11. The Company was also, in this time, required to make payments and issue security to certain essential creditors in order to procure their services to keep the Company operating and to generate income.
12. These events, together with the existing financial position of the Company negatively affected the Company's ability to make the proposal to creditors notwithstanding the assistance of the independent advisors, because, in the absence of trade creditors being prepared to hold off in taking enforcement action in relation to their claims until the proposal has been made, the Company cannot proceed to make such proposal.
13. Following the events that are outlined above, the board of directors of the Company is of the view that a proposal made in business rescue would yield a better dividend for its creditors and certainly a better dividend than liquidation.
14. The board of directors of the Company are of the view that it would be in the best interest of the Company to place it in business rescue. Discussions will be initiated with the Company's bankers and institutional lenders to obtain funding for business rescue.

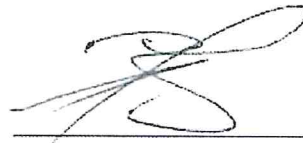


15. The business rescue of the Company will allow the business rescue practitioner to complete the task of placing the Company's assets on care and maintenance, alternatively, to rent out its assets so as to preserve the assets thus generating income for the Company contributing to the fixed cost base, but in any event, would allow the business rescue practitioners and the independent advisors to develop a comprehensive plan to rescue the business.
16. Furthermore, business rescue will allow for:
- 16.1. The temporary supervision of the Company and for the management of its affairs, business and property;
- 16.2. A temporary moratorium on the rights of claimants against the Company or in respect of property in its possession; and
- 16.3. The development and implementation, if approved, of a plan to rescue the Company by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximizes the likelihood of the Company continuing in existence on a solvent basis, or
- 16.4. The development and implementation, if approved, of a plan to realise the Company's assets which will result in a better return for the Company's creditors and/or shareholders than would be the case in an immediate liquidation of the Company.
17. I further confirm that at the time of adopting the resolution and at the time of deposing to this sworn statement, there is no pending application for the liquidation of the Company (either by itself or by a creditor).
18. A list of the litigation that the Company is involved in is attached hereto marked Annexure "A".




AZWIDOHWI ALDOLPHUS MUNYAI

I HEREBY CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED THAT HE/SHE KNOWS AND UNDERSTANDS THE CONTENTS OF THIS AFFIDAVIT, WHICH WAS SIGNED AND SWORN TO BEFORE ME AT Sandton ON THIS THE 29 DAY OF FEBRUARY 2016, THE REGULATIONS CONTAINED IN GOVERNMENT NOTICE NO 3619 OF 21 JULY 1972 AND NO 1648 OF 19 AUGUST 1977 HAVING BEEN COMPLIED WITH.



COMMISSIONER OF OATHS

PATRICIA FREDA BLAAUW
Commissioner of Oaths
Reference 107/7/10 Randburg 05/07/2010
22 Fredman Drive
Sandton

KOMMISSIE VIR MAATSKAPPYE EN
INTELLEKTUELE EIENDOM
ONDERNEMINGSREDDING
2016 -02-29 No: 01
BUSINESS RESCUE
COMPANIES AND INTELLECTUAL
PROPERTY COMMISSION

