

SWORN STATEMENT

I, the undersigned

BRETT RAYNOR GODFREY

IDENTITY NUMBER: 820728 5029 081

Do hereby declare under oath as follows:

INTRODUCTION

1. I make this Affidavit as the sole director of the company named below in terms of Section 129 of the Companies Act 71 of 2008 as amended from time to time (hereinafter referred to as the Act), which is **KLEINFONTEIN COLLIERY (PTY) LTD REG NO: 2003/017639/07**, a private limited company trading in the coal mining sector in South Africa.
2. I am an adult male and the authorized individual pursuant to the resolution of the director of the company and I am the duly authorized representative.
3. The facts contained in this Affidavit falls within my personal knowledge and I confirm the contents hereof in respect of the contents of the Affidavit to be true and correct.
4. I am accordingly duly authorized to depose to the Affidavit as the authorized individual of the company having its registered address at **Alice Lane 3, 5th Floor, 11 Alice Lane, Sandton 2196.**

KOMMISSIE VIR MAATSKAPPE EN INTELLEKTUELE EIENDOM	
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RESOLUTION TO COMMENCE WITH BUSINESS RESCUE

5. On the 16th January 2020 the board of the company passed a resolution in terms of Section 129 (1) of the Act to commence with business rescue proceedings and immediately thereafter place the company under supervision of a business rescue practitioner.
6. This Affidavit deals with certain of the relevant facts upon which the resolution of the board is founded.

FINANCIAL DISTRESS

7. The Director of the company reasonably believes that the company is financially distressed due to the fact it appears to be reasonably unlikely that the company will be able to pay of all its debts as they fall due and payable within the immediately ensuing six (6) months, as contemplated in section 128 of the Companies Act.

I will deal with this in more detail below.

8. The value of the company's assets including the value of goodwill exceeds its liabilities. The company however faces immediate and severe cash flow constraints.

KOMMISSIE VIR ALTERNATIEF EN INTELLEKTUELE EIENDOM
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9. The company has come into financial distress and will remain so in the ensuing six (6) months due to fact that the company has a large number of take agreements with customers until early 2019 and due to no fault of the company, these contracts were abruptly cancelled. The company together with a third party had signed an Eskom Coal Supply Agreement however the third party neglected to cooperate in implementing the contract, it was

however anticipated that the coal supply agreement would eventually be implemented.

10. This resulted in the company having no immediate significant income for approximately 6 months and placed it in significant financial distress. The company eventually cancelled the arrangement and engaged with alternate suppliers. During this period, the company incurred monthly expenditure with little income. The impact was a rapid build up of creditors and debt against an understanding that the eventual trading would rectify the financial position of distress.
11. The company is in the process of finalizing new Eskom coal supply agreements, which agreements are anticipated to be lucrative in value and thereby sufficient to allow the repayment of the accrued debt, albeit over a structured period of time.
12. Further, the company is currently engaged in continuous disputes, resulting in disruptions at the instance of one of its appointed contractors, whereby the latter purports to enforce unduly onerous financial penalties, unduly hampering the smooth day to day operations of the company. It is believed that the penalties are unjust, which if allowed to continue, will lead to the possible demise of the company.
13. In order to maintain its ability to trade successfully, the director resolved for a temporary supervision of the company, and of its management of its affairs, business and property along with a temporary moratorium on the rights of claimants against the company or in respect of property in its possession. The process shall allow an interrogation of onerous and/or unjust and/or unlawful penalty impositions along with an appropriate restructure of the company.
14. Accordingly, the director has resolved for the current protection afforded by Chapter 6 of the Companies Act, 2008 (as amended) (hereinafter referred to as the Act) (proceedings).
15. The practitioner will in addition to that set out herein above, have the relevant legislative mechanisms to consider the impact of the Company's obligations in accordance with Section 136 (2) together with certain other ancillary relief as set out in sections 140 and 141 of the Act.

2008 (as amended) (hereinafter referred to as the Act)
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PROPERTY COMMISSION

REASONABLE PROSPECT OF BUSINESS RESCUE

16. The company, if given the opportunity under the supervision of a business rescue practitioner, will be able to negotiate with the debtors and creditors and thereby settle any delays or disputes amicably and independently in isolation from causing the company to grind to a stand still.
17. In order to achieve this, it is crucial for the company to be allowed to commence business rescue proceedings and in that period trade unhindered, in the ordinary course of its business, pursuant to the provisions of Chapter 6 of the Companies Act, 2008. This may include post rescue finance during the business rescue proceedings as contemplated in section 135.
18. If management, in conjunction with an appointed Business Rescue Practitioner, is afforded a fair and reasonable opportunity to restructure its affairs, business, collection and payment of its debt and other liabilities and implement such in a proposed business rescue plan, I am of the opinion that the company has a reasonable prospect of success and therefore the company can be rescued.

[Signature]
 DEPONENT

Sworn to and signed before me at Sandton this 23rd day of January 2020 by the abovementioned Deponent, who acknowledged that he knows and understands the contents of this Affidavit and he has no objections to taking the prescribed oath which reads as follows: "I swear that the contents of this Affidavit is true, so help me God" and further that he acknowledges that he regrets the said prescribed oath as binding on his conscience, which oath was duly administered by me as required by law.

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[Signature]
 COMMISSIONER OF OATHS

FULL NAME:
 BUSINESS ADDRESS:
 CAPACITY:
 AREA:

Anneke Corine Wolmarans
 Commissioner Of Oaths Ex Officio
 Attorney
 90 Rivonia Road, Sandton, 2196
 Ground Floor, North Wing
 +27 (0) 11 589 9000

[Handwritten mark]