

SWORN STATEMENT

I, the undersigned,

ZHIYU FAN

(Passport Number: EF 4853297)

do hereby state as follows –

- 1 I have been and continue to be a director and Managing Director of NKWE PLATINUM (SOUTH AFRICA) PROPRIETARY LIMITED (Registration number 2002/000339/07) ("**Company**") (appointed on the 14th June 2019), a company with limited liability which has its registered address and principal place of business at 2nd Floor, Building 18, Woodlands Office Park, 20 Woodlands Drive, Woodlands Sandton.
- 2 I am duly authorised to depose to this sworn statement on behalf of the Company.
- 3 I am one of two current directors of the Company. My co-director is Mr Kai Zheng. On 27 April 2021 we, as the board of the Company, resolved to place the Company into business rescue proceedings ("**Business Rescue**").
- 4 This Sworn Statement is made by me on behalf of the Company to support the commencement of Business Rescue in terms of Section 129 of the Companies Act, 71 of 2008 ("**the Act**").
- 5 With this Sworn Statement, I intend to provide the relevant information that is required in order to demonstrate that the Company should be placed in Business Rescue.
- 6 The information contained in this Sworn Statement and the opinions expressed in the Sworn Statement relate to the financial difficulties of the Company and how –
 - 6.1 the Company's business, or at least portions thereof, can be rescued and continue as a going concern as an alternative to liquidation; or
 - 6.2 the Company can pay a higher dividend to its creditors than that which would become payable to creditors if the Company were to be liquidated.



FINANCIAL DISTRESS

- 7 The Company is 70% owned by Nkwe Platinum Limited ("Nkwe Platinum") and 30% owned Blue Nightingale Trading 709 Proprietary Limited.
- 8 The Company commenced business as a mining contractor in which it held a number of projects. The Company's main objective was to conduct contract mining services and related activities to Nkwe Platinum (who is currently the registered mining right holder for an undivided 74% share of the mining right No 203 MR, situated at De Kom 252 Kt, Hoepakrantz, 291, Kt, and portions 1 and remaining extent of Garatouw 282 Kt ("the Mining Right"). The remaining 26% undivided share in the Mining Right is held by Genorah Resources (Pty) Ltd ("Genorah").
- 9 The Company has historically been reliant on receipt of funding from Nkwe Platinum. Nkwe Platinum has provided financial support to the Company in the form of both interest-bearing and non-interest bearing loans ("**NKP Loans**").
- 10 On 24 April 2021, the Company received a written notice from Nkwe Platinum ("**the Notice**"), advising the Company that Nkwe Platinum would immediately cease to provide any further financial support to the Company. The cessation of financial support would be with immediate effect; i.e. with effect from the date of the Notice.
- 11 Accordingly, no further amounts will be capable of being drawn-down by the Company in terms of the loan facilities made available by Nkwe Platinum to the Company from time to time and Nkwe Platinum will not provide the Company with any other form of financial assistance. The effect of the cessation of funding is that the Company will not have funds available to pay its liabilities, as and when they become due over the foreseeable future.
- 12 In addition, Nkwe Platinum has, in the Notice, demanded repayment of the amount of AUD15,6m, with effect from the date of the Notice. Nkwe Platinum has, in the Notice, reserved all of its rights to call for repayment of the balance of the NKP Loans together with any and all interest accrued thereon, as and when Nkwe Platinum deems appropriate
- 13 The Company has no other financial means to support its continued operations, working capital or creditor obligations.

14 As at 31 March 2021, being the last month-end prior to this notice being prepared, the Company's assets and liabilities were as follows:

14.1	Current liabilities:	_____R421.2m
14.2	Non-current liabilities:	R7.8m
14.3	Nkwe Platinum:	R405.9m (included above as part of Current Liabilities)
14.4	Total liabilities:	R429.0m
14.5	Current Assets:	R26.1m
14.6	Non-current Assets:	R1 168.6m

15 In addition, the Companies material payment obligations for the next six months amount to R338.0m, largely relating to creditors (R13.9m), payroll (R24.3m), SLP (R5.8m), Essential early mine works expenditure (R275.9m).

16 In spite of the above, there appears to be a reasonable prospect of rescuing the Company, as envisaged in terms of Section 129(1)(b) of the Act.

17 Insofar as legal proceedings are concerned, I am not aware of any legal proceedings that are pending as against the Company.

18 The Company is therefore financially distressed, within the meaning of Section 128 of Chapter 6 of the Act, in that, *inter alia* –

18.1 the company is not factually insolvent on its balance sheet (in terms of section 128(1)(f)(ii) of the Act);

18.2 In its present circumstances, the Company is not able to raise sufficient working capital from third parties or from its shareholders, given the weakness of its balance sheet; and

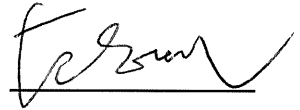
18.3 by reason of all the foregoing circumstances it appears reasonably unlikely that the company will be able to pay all of its debts as they fall due for payment within the ensuing six months (in terms of section 128(1)(f)(i)).

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REASONABLE PROSPECT OF RESCUE

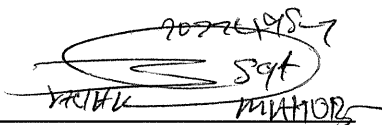
- 19 Notwithstanding the above, the board of the Company, which includes myself, believe that there is a reasonable prospect of rescuing the business of the Company, if action is taken immediately and if the Company commences Business Rescue. If the Company is placed under supervision, initiatives can be taken by a business rescue practitioner, when duly appointed, to take the following steps –
- 19.1 imposing an immediate temporary moratorium on all payments to creditors in terms of section 133 of the Act;
 - 19.2 negotiating the sale of the Company's business or part thereof as a going concern, or of its assets, or the shares held in the Company to potential purchasers, at a value higher than in a liquidation, and where certain employees of the company could retain their jobs;
 - 19.3 considering the possible suspension or cancellation of the Company's obligations in terms of section 136(2) of the Act;
 - 19.4 continuous engagement with stakeholders to retain value in the Company and its assets (including without limitation its subsidiaries);
 - 19.5 a restructure of the debt of the Company with its creditors and possibly obtaining financing for the Company to continue its trading activities;
 - 19.6 completing the projects that are currently in; and
 - 19.7 engage in discussions with various parties regarding post commencement financing and related terms.

20 Accordingly, the Company through me as its director, maintains that the company is financially distressed, but that there remains a reasonable prospect of rescuing the company and, accordingly, that the Company needs to be placed in Business Rescue.



ZHIYU FAN

I certify that this affidavit was signed and sworn to before me at SANDTON on this the 28 day of APRIL 2021 by the deponent who acknowledged that he/she knows/knew and understands/understood the contents of this affidavit, has/had no objection to taking this oath, considers/considered this oath to be binding on his/her conscience and uttered the following words: 'I swear that the contents of this affidavit are both true and correct, so help me God.'


COMMISSIONER OF OATHS
Name: MAHOBASA ZM
Address: 2110 MAJOR SANDTON
Capacity: POLICE SANDTON

