

DILOKONG CHROME MINE PROPRIETARY LIMITED

REGISTRATION NUMBER 1978/002668/07

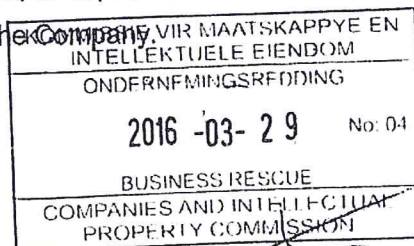
SWORN STATEMENT

I, the undersigned,

AZWIDOHWI ADOLPHUS MUNYAI

do hereby make oath and state that:

1. I am a major male and the Company Secretary of Dlokong Chrome Mine Proprietary Limited with registration number 1978/002668/07, with its registered address at 16th Floor, Sinosteel Plaza, 159 Rivonia Road, Morningside, Sandton 2146 (the "Company").
2. The facts contained in this affidavit are true and correct and save where otherwise stated or where the converse appears from the context, within my personal knowledge.
3. 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.



4. On 24 March 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 was filed on 24 March 2016.

5. The relevant facts upon which the resolution is founded are as follows:
 - 5.1 The Company is a wholly owned subsidiary of ASA Metals Proprietary Limited (Registration number 1996/015726/07) ("ASA Metals"). ASA Metals is also the only company to which the Company supplies chromite ore material.

 - 5.2 The ferrochrome and chromite ore markets have deteriorated over the past 7 months at an unprecedented rate as well as to an unprecedented level. The decline in the chromite ore market resulted in the financial distress of ASA Metals.

 - 5.3 During November 2015, 253 members of the National Union of Mineworkers ("NUM") and employees of the Company and ASA Metals embarked on an impromptu and unprotected strike by staging an underground sit-in at the Company's premises. These employees refused to return to surface and it necessitated the Company and ASA Metals 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.

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- 5.4 Thereafter, the Company and ASA Metals 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 ASA Metals issued a defensive lock-out notice in response.
- 5.5 This labour unrest caused the Company to shut down mining operations resulting in a combined estimated loss of approximately R187 million to the Company and ASA Metals.
- 5.6 During 2014 and 2015, the Company also suffered widespread unrest within the communities surrounding the Company's mining and the ASA Metals' smelter operations which resulted in the blockading of access roads hampering the ASA Metals' 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.
- 5.7 During the course of 2015, the Company and ASA Metals 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.
- 5.8 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 and ASA Metals than anticipated.



- 5.9 ASA Metals commenced business rescue proceedings on 29 February 2016, resulting in the financial support of the Company, as a wholly owned subsidiary of ASA Metals, being withdrawn. Unless permitted to restructure its operations in business rescue, the Company cannot survive economically without the direct support of its holding company.
6. The board of the Company is certain that the Company's financial and operational affairs can be restructured to return it to profitability and in doing so to yield a dividend to its creditors that is significantly better than any liquidation dividend.



DEPONENT

I hereby certify that the terms of Regulation 1258 published in Government Gazette No. 3619 of 21 July 1972 has been complied with and that the Deponent has acknowledged that he knows and understands the contents of the foregoing Affidavit, which was signed and sworn to before me at Midburg on this the 29 MARCH 2016.



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POLICE SERVICE

ANNEXURE "A" – Schedule of litigation for ASA Metals (Proprietary) Limited (the "Company")

NO.	PARTIES	NATURE	STATUS
1.	Applicant – NUM obo Lucas Mohlala First Respondent – ASA Metals Second Respondent – the Company Third Respondent – Kleinjan S Du Toit Fourth Respondent – Lesley Masla Fifth Respondent – Wei Lui Sixth Respondent – Fengzhi Nan Seventh Respondent – Honglu Xu Eighth Respondent – Nombulelo Hlohlhlanhla Mkumane Ninth Respondent – Tshillo Christopher Luvhanl	Applicant was granted reinstatement in terms of an arbitration award which was made an order of court. In the Labour Court Applicant sought to enforce the court order by way of contempt proceedings which order was granted.	Respondents applied for leave to appeal the court order, applicant opposed and cross appealed the order. Matter is pending before the Labour Court.
2.	First Applicant – NUMSA Second Applicant – Michael Rakgoale First Respondent – Metal and Engineering Industries Bargaining Council Second Respondent – Moahloli Nyama Third Respondent – the Company/ASA Metals	In the Labour Court, applicants instituted review proceedings to have an arbitration award in terms of which the second applicants' dismissal was found to be substantively fair reviewed and set aside.	Notice of Motion and Founding Affidavit does not comply with the rules of the Labour Court, wrote to applicant highlighting irregularities, amended notice received. No further steps as envisaged in the Labour Court rules have been taken by the applicants.
3.	Applicant – NUM obo Maroga and 262 Respondent – the Company/ASA Metals	Employees referred the matter to commission for conciliation mediation and arbitration claiming unfair dismissal following an unprotected strike.	Referred to the Labour Court.



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