
**SWORN AFFIDAVIT IN TERMS OF SECTION 129(3)(a) OF THE COMPANIES ACT 71 OF 2008
IN RELATION TO THE BUSINESS RESCUE PROCEEDINGS OF VANCHEM VANADIUM
PRODUCTS (PROPRIETARY) LIMITED (REGISTRATION NUMBER: 2008/004002/07)**

I, the undersigned, **Enrico Reato** (ID Number: 5607165053080) do hereby state under oath as follows-

1. I am a director of Vanchem Vanadium Products Proprietary Limited (the "**Company**"). The Company has its registered address at Van Eck Road, Ferrobank, Emalahleni.
2. Save where the contrary is stated or appears from the context, the facts to which I depose in this affidavit are within my personal knowledge and are to the best of my belief both true and correct.
3. On 16 November 2015, the board of directors of the Company adopted a resolution, *inter alia*, for the Company to voluntarily begin business rescue proceedings and place itself under supervision. As appears from the resolution, I am authorised to represent the Company and sign all required documents to give effect to the business rescue resolution.
4. I make this affidavit setting out the facts relevant to the grounds on which the business rescue resolution was founded –
 - 4.1 Due to Mapochs Mine Proprietary Limited which is the sole supplier of the Company's vanadium ore raw material having been placed in voluntary business rescue and having suspended its operations, the Company has been unable to source the necessary raw materials required for its operations and has had to suspend its operations for 4 months since May 2015.
 - 4.2 There is no reasonable certainty on whether and when the operations of Mapochs will recommence and at what price Mapochs will be prepared to supply suitable vanadium ore to the Company.
 - 4.3 The Company's shareholders have informed the Company that they are not prepared to continue to financially support the Company unless the Company has a reasonable prospect of being able to economically source vanadium ore and to resume its operations.



- 4.4 Without further financial support from its shareholders, it is unlikely that the Company will be able to pay its existing debts.
- 5. In light of the above, the Company is reasonably unlikely to be able to pay its debts that are due and payable within the ensuing six months.
- 6. Accordingly, the Company resolved that the business is financially distressed and to consider what options are open to it.
- 7. The Board has decided that voluntary business rescue is in the best interests of the Company as it will allow for 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 maximises the likelihood of the Company continuing in existence on a solvent basis or, if it is not possible for the Company to so continue in existence, results in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company.
- 8. The Company is not currently involved in any litigation save for a Labour Court dispute under case number J1869/15 between the National Union of Metalworkers of South Africa ("Numsa") and the Company. Numsa as the applicant in this case contend that the Company does not fall within the ambit of the MEIBC Main Agreement but under a House Agreement. The Company denies the allegations and intends to defend its case.

Reed

DEPONENT

I certify that his affidavit was signed and sworn to before me at Sandton on this the 16th day of November 2015, the deponent who acknowledgement that he knew and understood the content of this affidavit, had no objection to taking this oath, considered this oath to be binding on his conscience and who uttered the following word: "I swear that the content of this affidavit are true, so help me God".

KATHERINE JENNIFER MARGARET McFIE
 COMMISSIONER OF OATHS
 PRACTISING ATTORNEY, RSA
 FASKEN MARTINEAU
 INANDA GREENS
 54 WIERDA ROAD WEST
 SANDTON

K. A. ...
 KOMMISSIE VIR MAATSKAPPYE EN
 INTELEKTUELE EIENDOM
 ONDERNEMINGSRECHTING
 COMMISSIONER
 2015 -11- 17 No: 04
 BUSINESS RESCUE
 COMPANIES AND INTELLECTUAL
 PROPERTY COMMISSION