



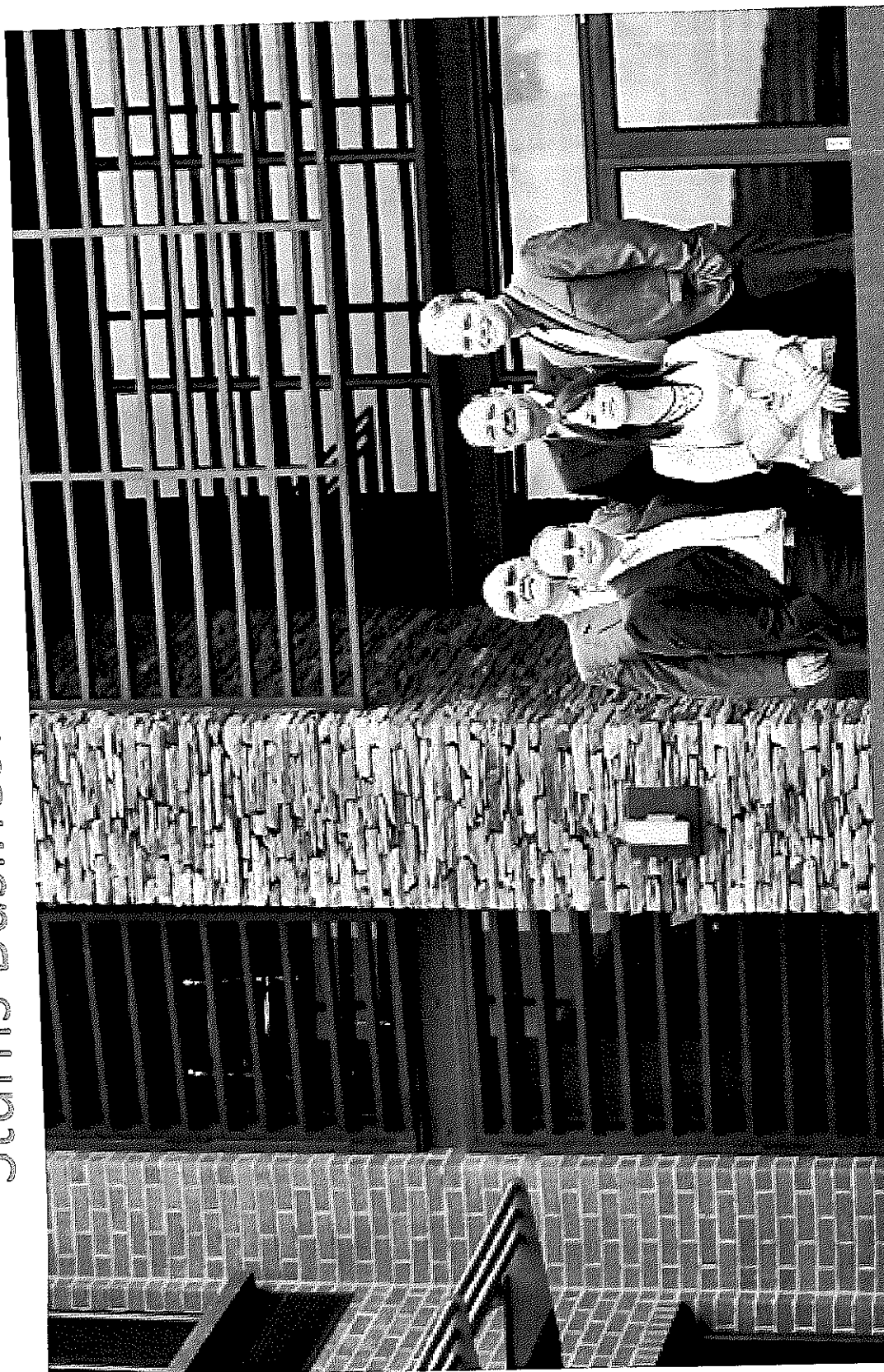
# STURNS

BUSINESS RESCUE PRACTITIONERS

STURNS Business Rescue Practitioners

170209 pwriters

# Sturns Business Rescue Practitioners



• Based in Greenstone Johannesburg

**STURNS**  
BUSINESS RESCUE PRACTITIONERS



# Business Rescue

- **It is a process whereby a Company that is in financial distress has the option not to go into liquidation, but opt to be placed under “Administration” and to avail itself to protections, restructure it’s affairs and trade out of it’s current distressed position**



**STURNS**  
BUSINESS RESCUE PRACTITIONERS



# Business Rescue

## **The Practitioner:**

- is an Officer of the Court
- has full management control
- may delegate powers
- may remove and appoint people
- has powers in terms of the Act
- must report irregularities
- must be impartial



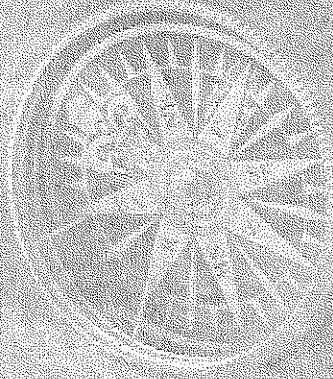
**STURNS**  
BUSINESS RESCUE PRACTITIONERS



# Business Rescue

## The Practitioner:

- must investigate the affairs of the Company
- must develop a rescue plan
- may at any time liquidate the Company
- must conduct proceedings in terms of the Act



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BUSINESS RESCUE PRACTITIONERS

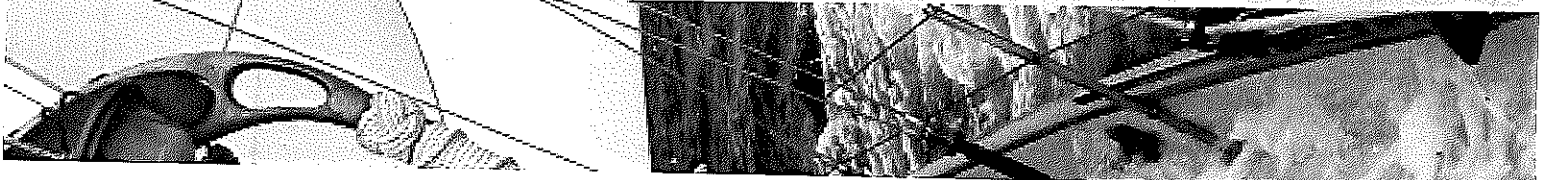
# **Makonjwaan Imperial Mining Company (Pty) Limited**

Known as "The Lily Mine" and the Company is a  
wholly owned Subsidiary of the Vantage  
Goldfields group



**STURNS**

111 PARKSIDE DRIVE, FRANKFURT, SOUTH AFRICA







# Timeline of events

- Crown Pillar Collapse – 5 February 2016
- Voluntary Business rescue – 4 April 2016
- Date of Voting & Acceptance of Plan – 25 May 2016
- AfroCan Funding due – 30 June 2016
- Quasi streaming agreement agreed – 30 Nov 2016



**STURMS**

BUSINESS RESCUE SPECIALISTS



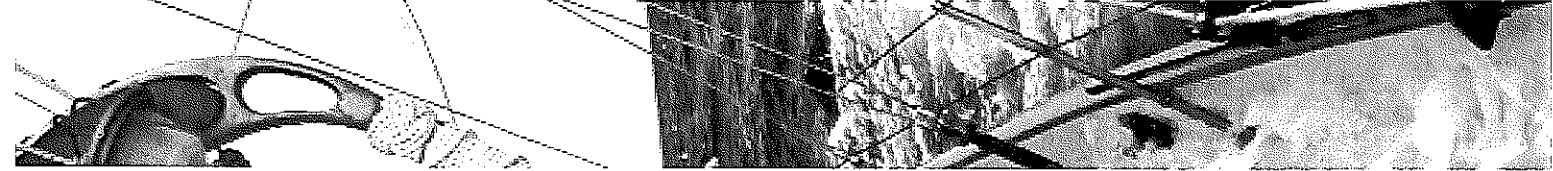
# Timeline of events

## Investigations

- Company initiates reasons for collapse in terms of S102 of the Mines Health & Safety Act - Feb 2016
- DMR extensions granted for investigations
- Company submits S11(5) Report – 31 Oct 2016
- S60(1) of Mines Health & Safety Act investigation complete 18 Jan 2017
- Inquiry date not set



**STURMS**  
BUSINESS OF THE FUTURE THROUGH



# Timeline of new events

- Barbrook Mine placed into Business Rescue - 12 Dec 2017
- Vantage Goldfields (Pty) Ltd placed into Business Rescue – 12 December 2017



**STURNS**

111 BARBROOK MINE, 12 DECEMBER 2017



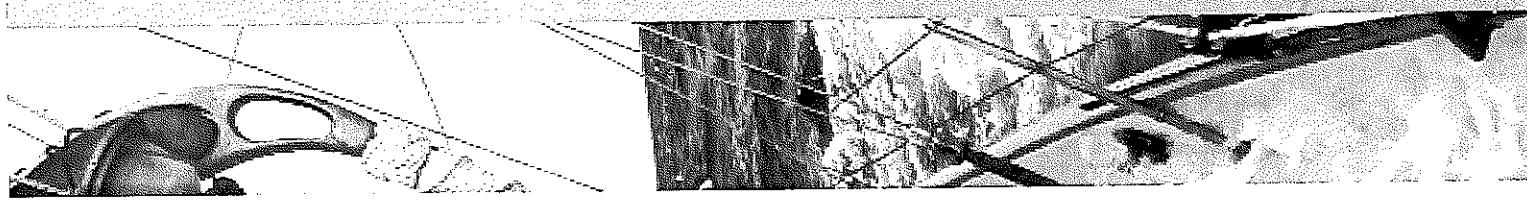
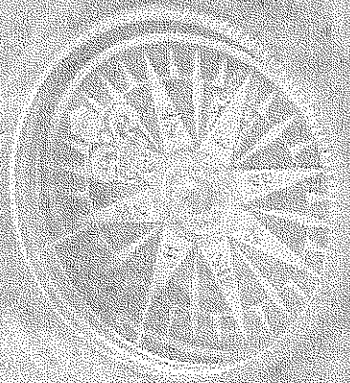


# Business Rescue

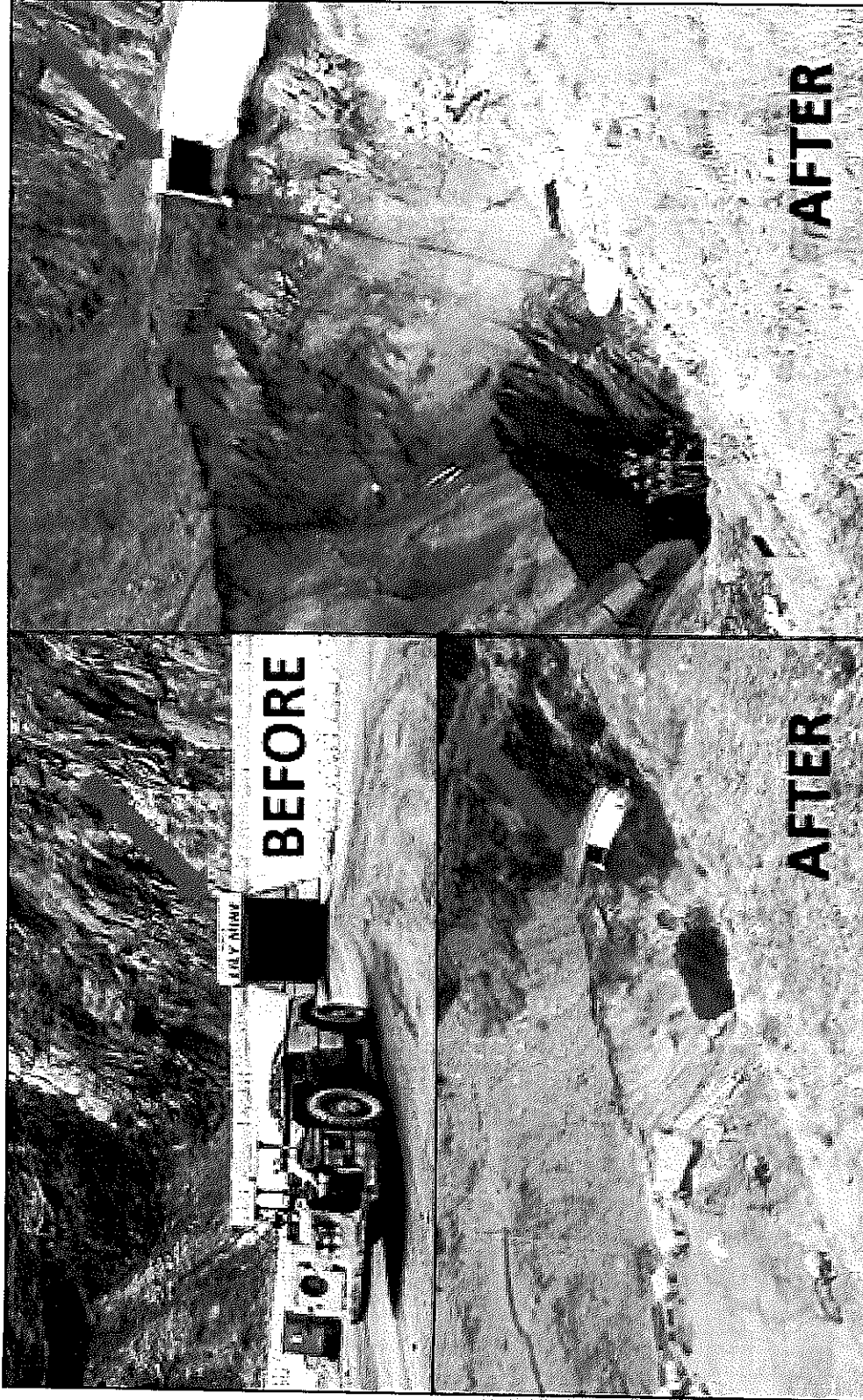
## LILY MINE



**STURNS**  
BUSINESS RESCUE PRACTITIONERS



# THE FIRST COLLAPSE

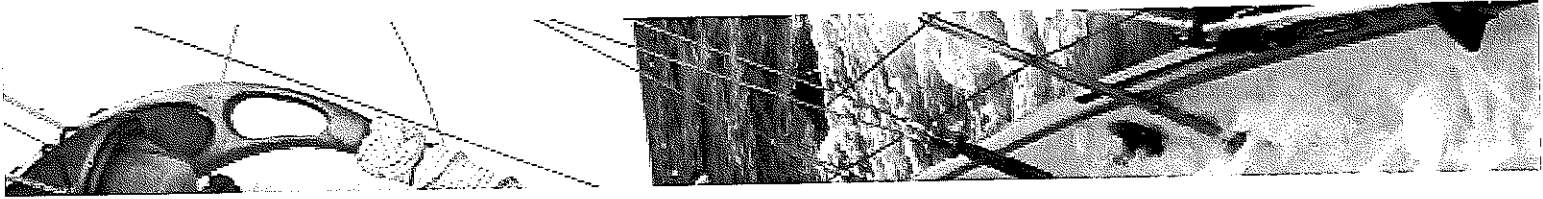
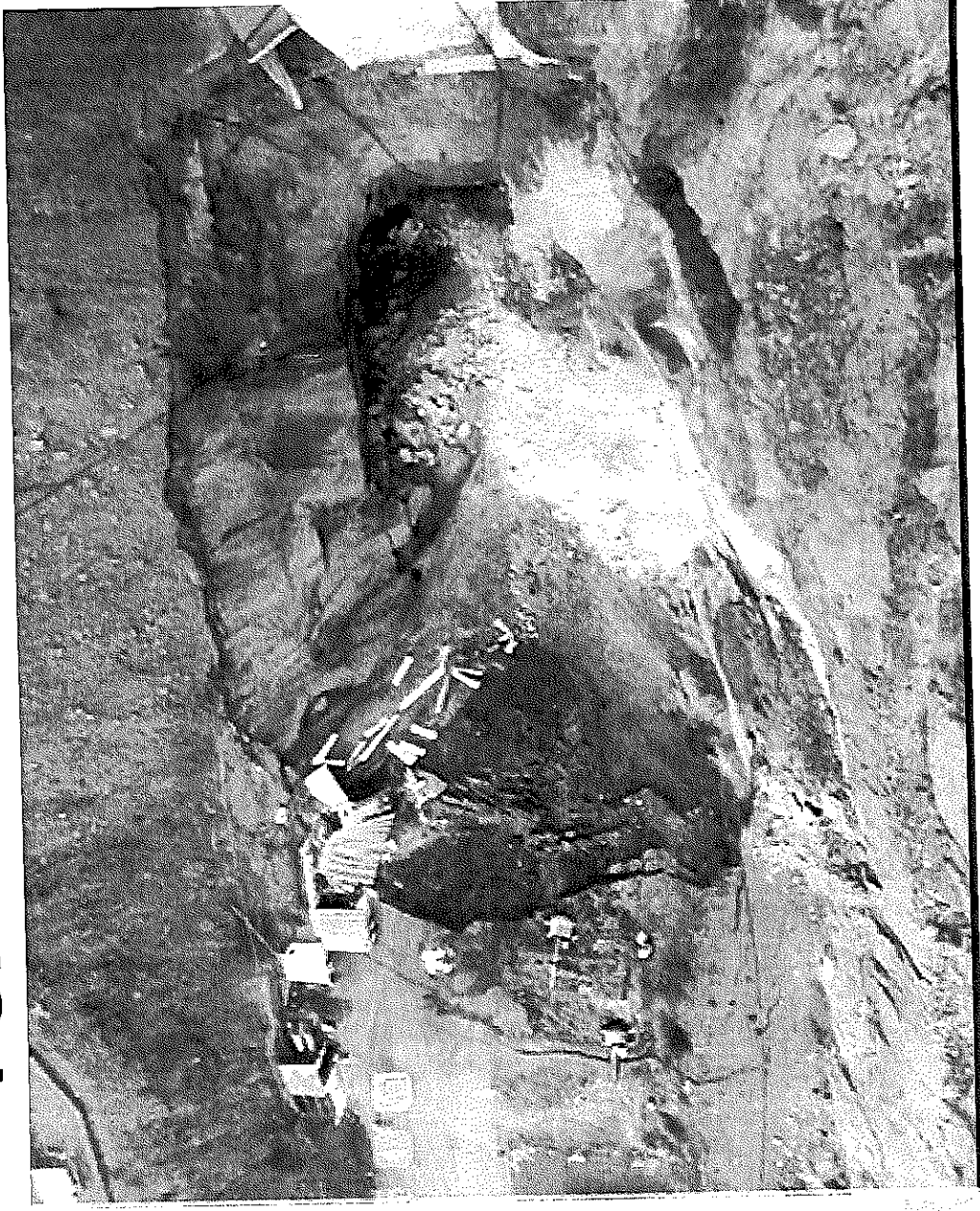


**STURMS**

BUSINESS MACHINE CORPORATION



# FURTHER COLLAPSES



**STURMS**

LEBENSWEISER FÜR DIE PROJEKTWIRTSCHAFT

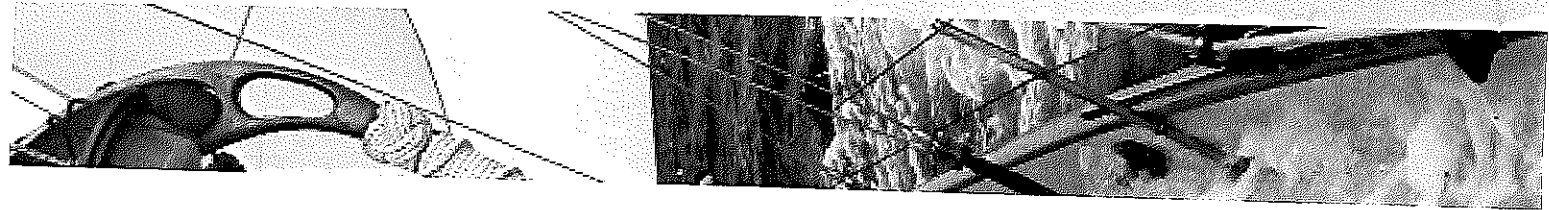


# CURRENT STATUS



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BUSINESS DEVELOPMENT









**Business Rescue**

**SUPPORT OF THE  
FAMILIES**



**STURNS**

BUSINESS RESCUE PRACTITIONERS



# Trapped Miners

Pretty Nkambule

Yvonne Mnisi

Solomon Nyirenda



**STURMS**  
BUSINESS RESILIENT PEOPLE OPPORTUNIS



# Ex Garcia Payments to Families and Employees

R200 000 to the three families

R50 000 to each employee trapped underground

R 4.35 Million in total

The Company will honour the payments in the Business Rescue Plan and this is included in the fund raising initiatives



**STURMS**

BY APPOINTMENT TO THE COURT OF SALES

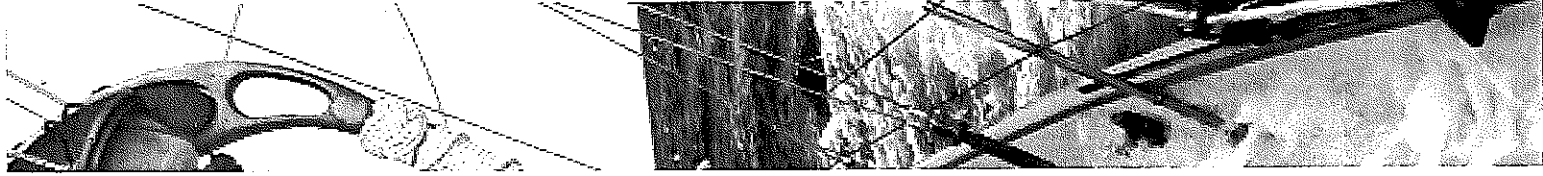


# SUPPORT OF THE FAMILIES

- They families continue to receive the salaries of each miner from the Company
- The Company and Union meet them on a weekly basis.
- The Department of Social Development offer support.
- Food parcels
- Accommodation
- Government grants
- Other



**STURMS**  
BUSINESS RESILIENT PROPOSITIONS





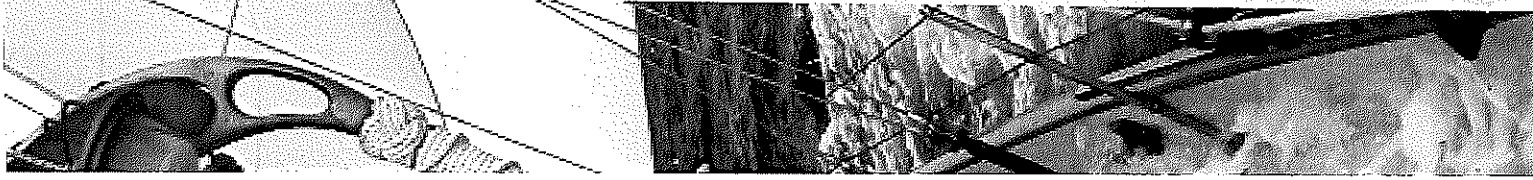
# REMEMBRANCE SERVICE

- A remembrance service arranged by the Company was held on the mine on 5 February 2017.
- This was in agreement and with consultation with the families .
- The event was apolitical, and was represented by the Company, Labour and the Government.



**STURMS**

STURMS BERGWERKE AG

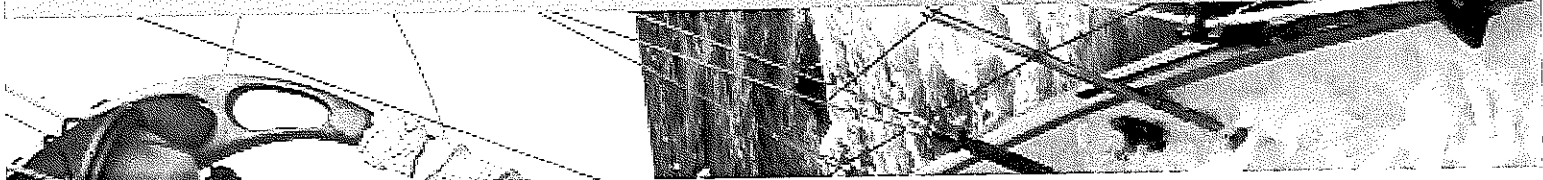
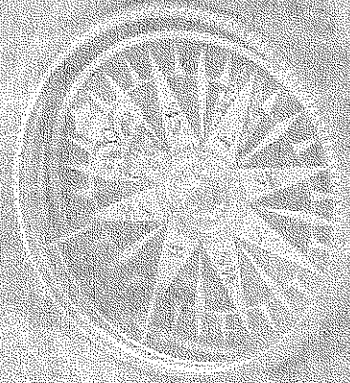


# Business Rescue

# LILY MINE PLAN



**STURNS**  
BUSINESS RESCUE PRACTITIONERS



# THE PLAN LILY MINE

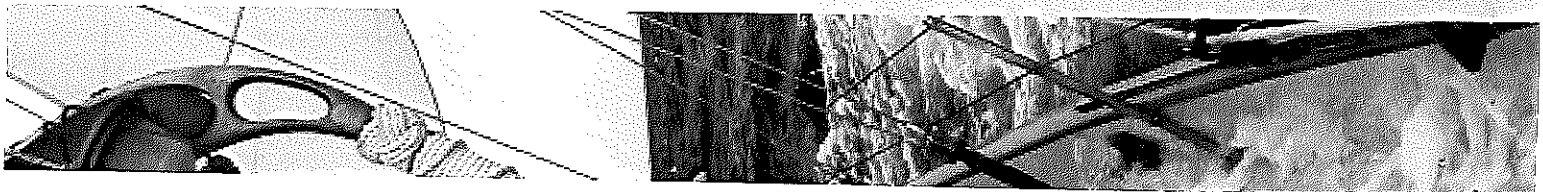
The plan is based on the following fundamentals:

- Job retention
- Reopen the mine as soon as possible



**STURNS**

COLLIERY & MINING EQUIPMENT







# PLAN IS BASED ON 4 PREMISES

- New Lily access Project
- Daylight Tailings Project
- Secondment of staff to Barbrook Mine
- Training and up-skilling Project



**STURNS**  
BUSINESS RESILIENT PROJECTS

# Deployment of resources

Staff will be deployed as follows:

New access project	232pl @R4 402 000 pm
Daylight tailings	145pl @R2 254 000 pm
Barbrook secondment	60pl @R1 001 000 pm
Training and up-skilling	45pl @R 525 000 pm

Total salary and wage bill of R8 183 000  
re-deployed



**STURNS**

LEARNERS' SUPPORT PROGRAMME

# Lily Debt

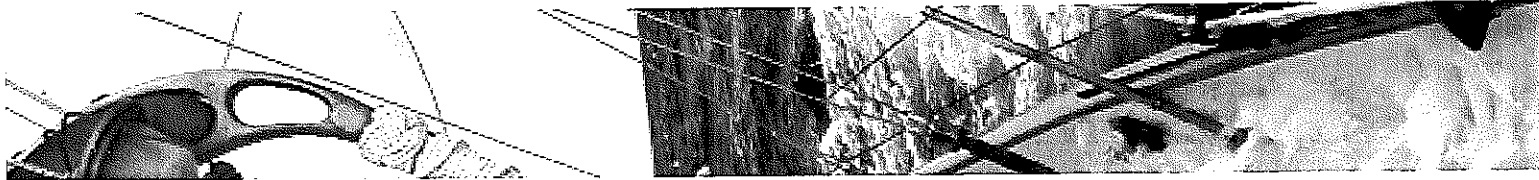
Secured Creditors – R15 Million

Preferred Creditors - R 51.5 Million.

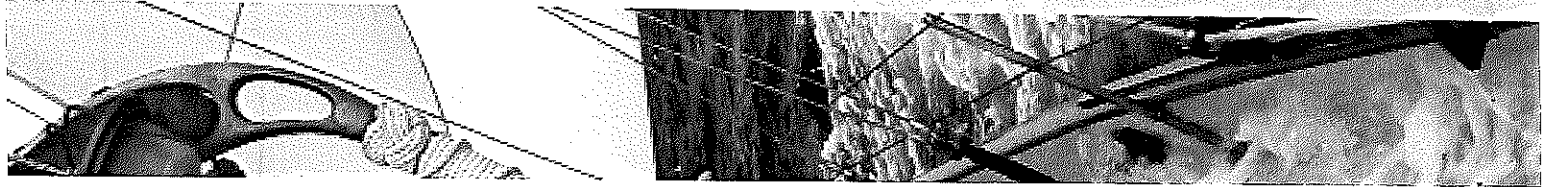
Concurrent Creditors of R 50 Million



**STURNS**  
BUSINESS DEVELOPMENT CORPORATION





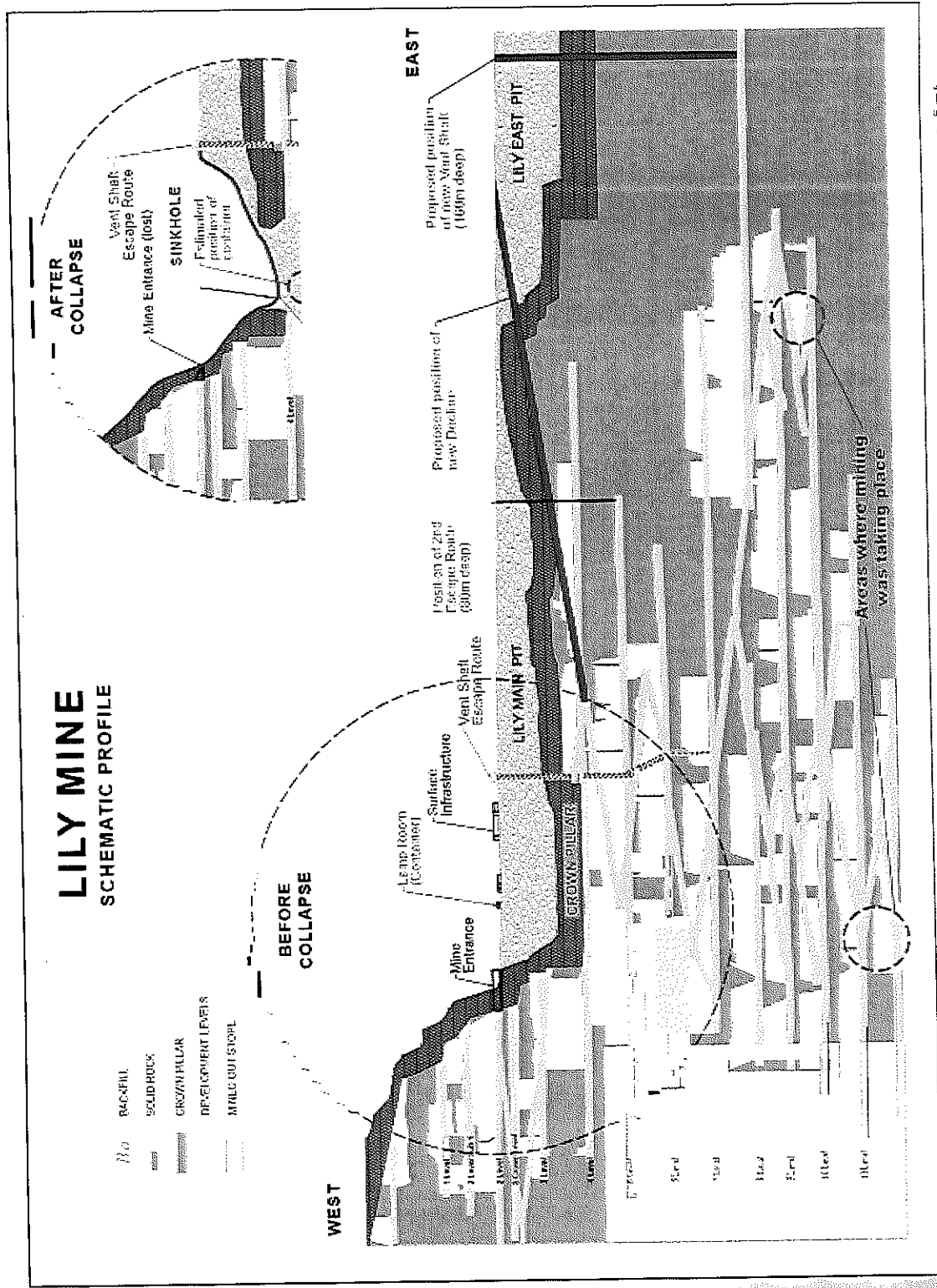


# LILY NEW ACCESS PROJECT



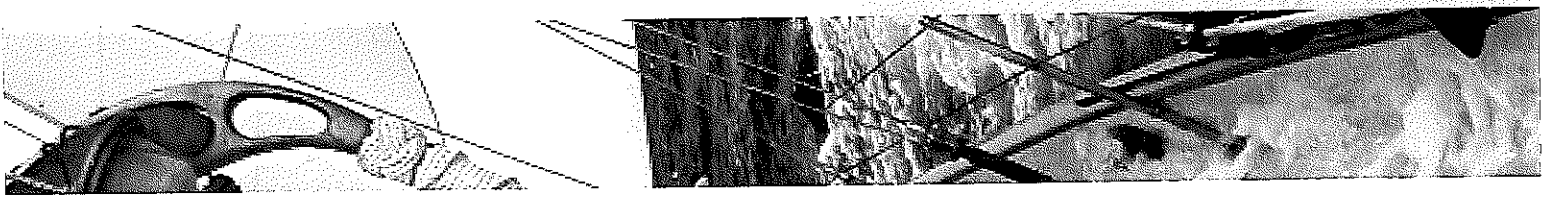
**STURNS**  
BUSINESS RECHERCHES ET COMMERCES

# Design of Decline and Ventilation Shaft

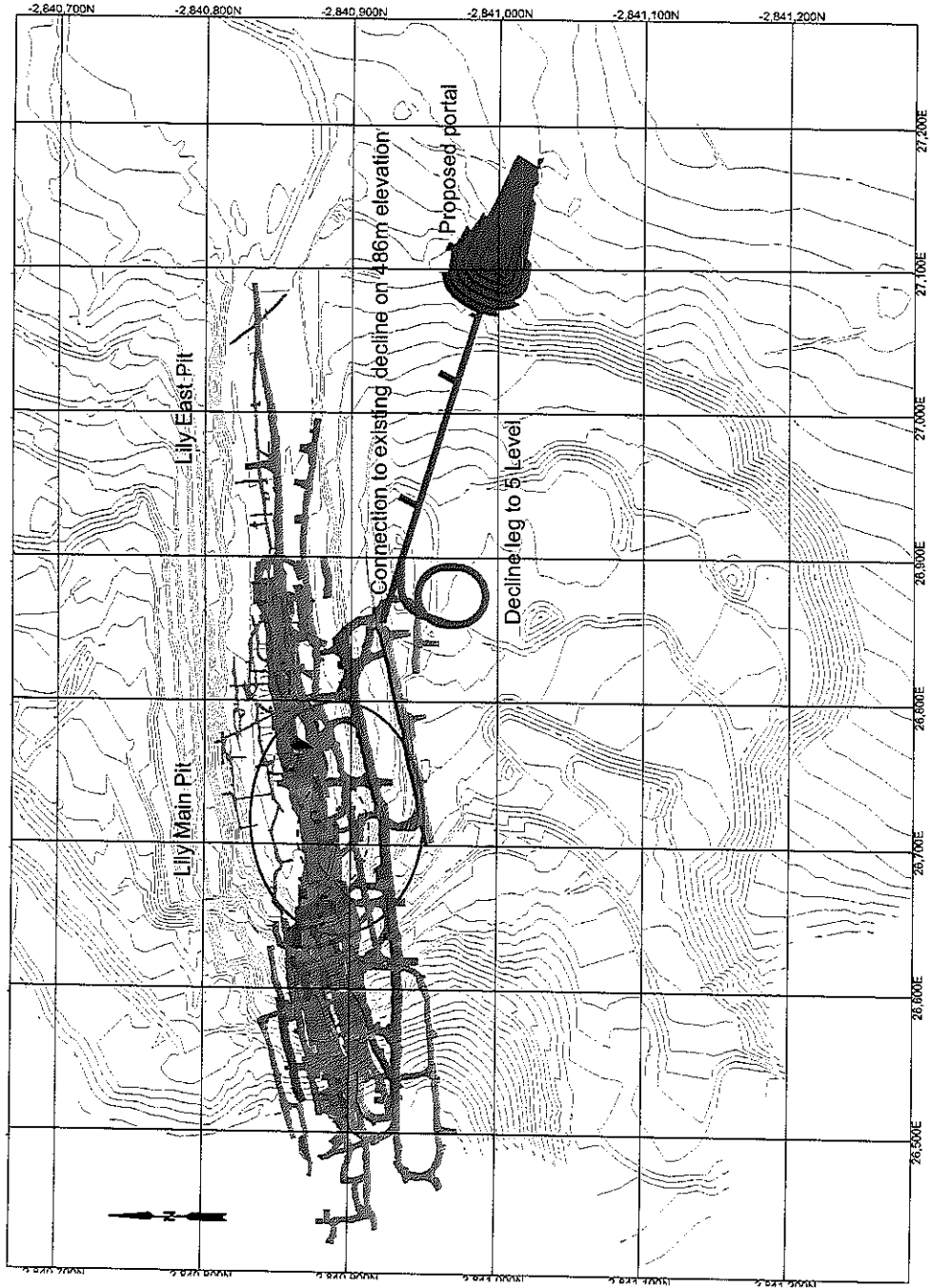


# STURNS

DUNDEE OFFICE: 01382 411041, 411042, 411043

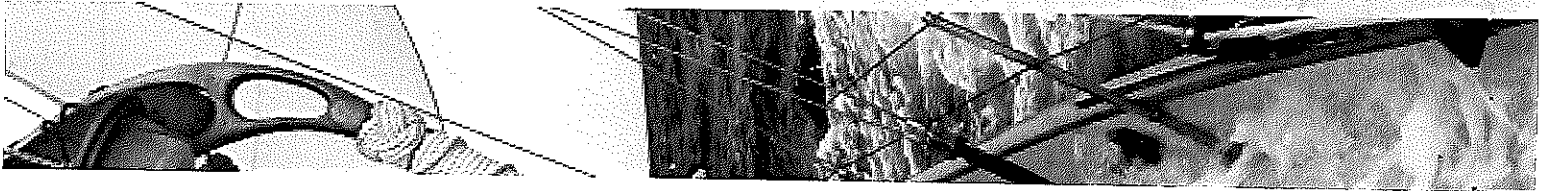


# ARIAL VIEW



# STURNS

ULSINER'S MINERAL PROJECTS INC.

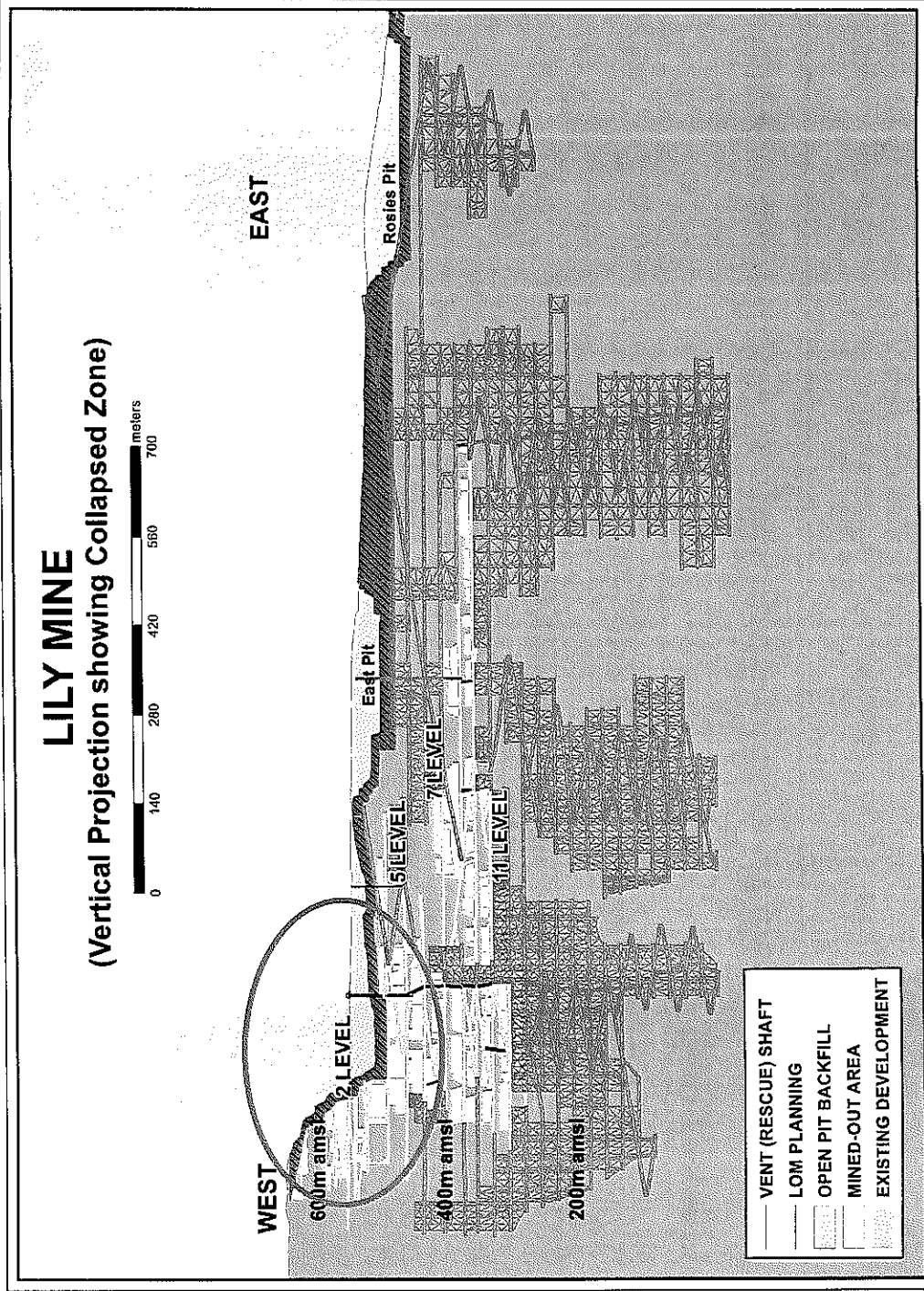




# MINING AREA

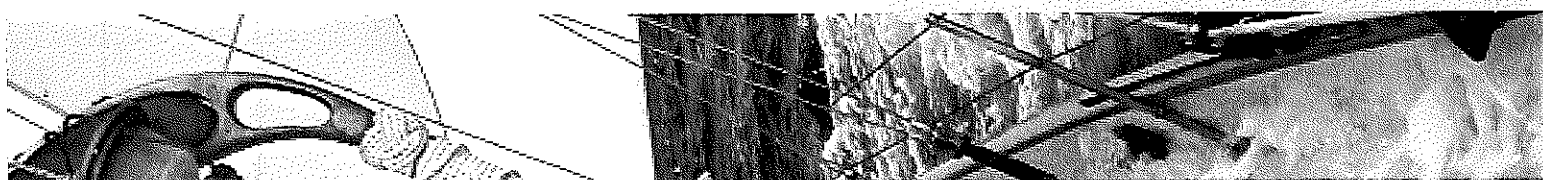
## LILY MINE

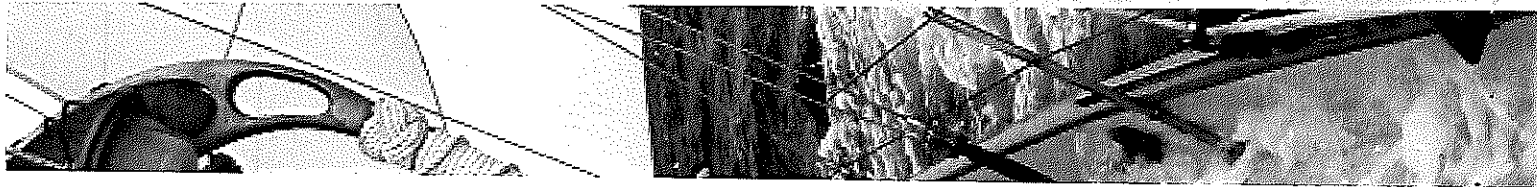
(Vertical Projection showing Collapsed Zone)



# STURNS

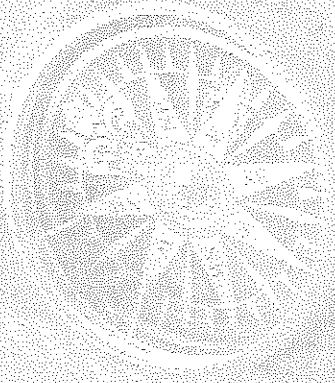
LIJUNES-RECHU PROJECTIONS





## LILY NEW ACCESS PROJECT

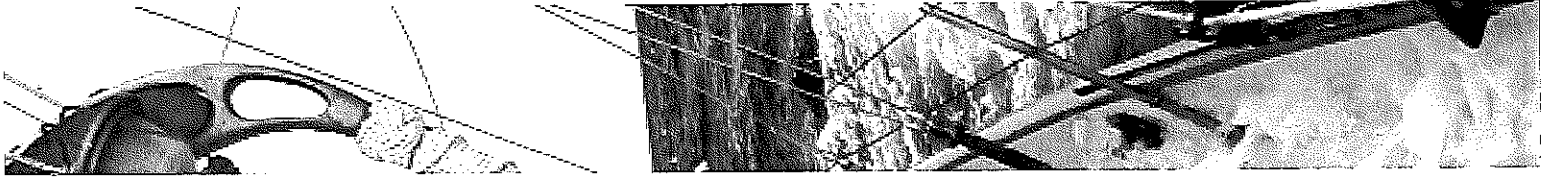
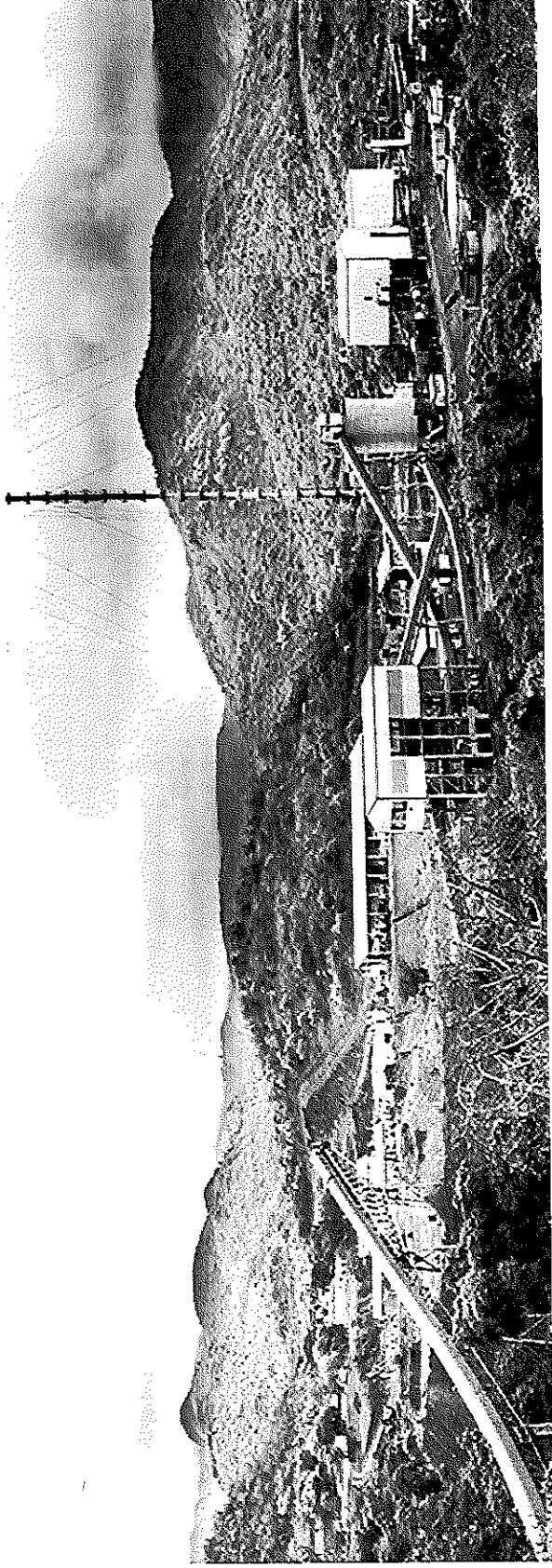
- Preliminary design report and costing complete – Bara Consulting
- Cost approximately R130 million
- Further working capital required R60million
- Compromise to Creditors
- 6 to 8 month project
- 4 shifts operating 7 days a week
- In house project



**STURMS**

BUSINESS SPECIAL PROJECTS

# DAYLIGHT TAILINGS PROJECT



**STURMS**  
BUSINESS DEVELOPMENT PROJECTS



# DAYLIGHT TAILINGS PROJECT



**STURNS**

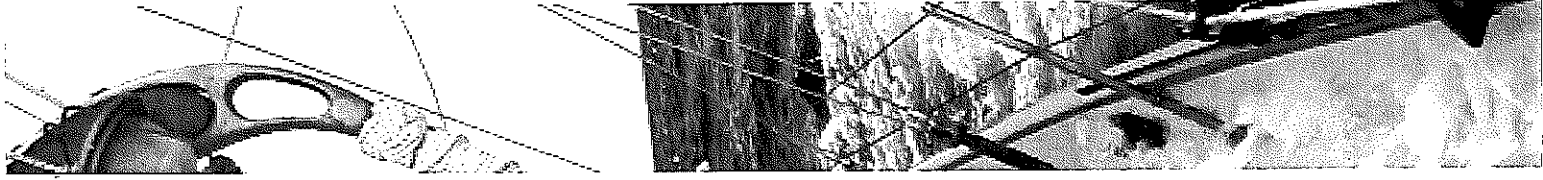
INDUSTRIAL & COMMERCIAL PROJECTS

## DAYLIGHT TAILINGS PROJECT

- Project to be undertaken by Barbrook mine
- Recycle tailings dump nearby
- Geological and feasibility study complete
- 8 month project
- 25000 tons milled at 1.6 grams per ton
- Gold recovered at 50%
- 20 kg gold per month
- Breakeven project
- Barbrook mine will rent the Lily processing plant and excess equipment to generate R 800K for Lily costs

**STURNS**

DEURSELSRECHTSPRACKE



# Business Rescue

# FUNDING INITIATIVES



**STURNS**

BUSINESS RESCUE PRACTITIONERS

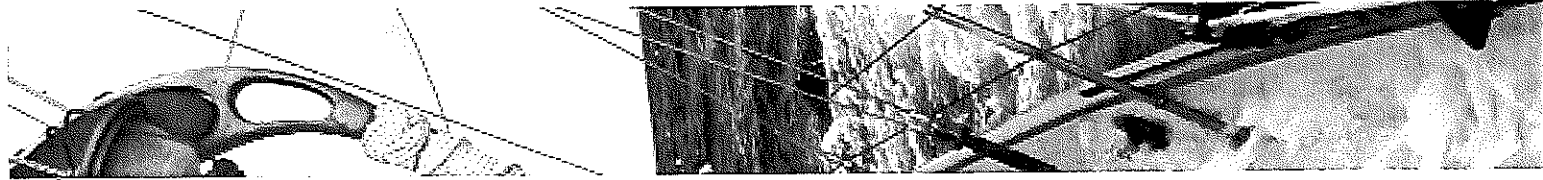


# AFROCAN

- The Afrocan initiative was started in November of 2015 and went quite after the disaster of 5 February 2016.
- It was revived in April and excluded Lily Mine.
- In May the investment was to include funding for the Lily Mine
- Funding never occurred



**STURNS**  
BUSINESS RECOVERY CONSULTING



# QUASI STREAMING

- R200 million was raised by way of an effective gold loan.
- Interest effective 28%
- Payable over a minimum of 7 years using all of Lily's production.
- Lily has no value for at least 7 years



**STURMS**

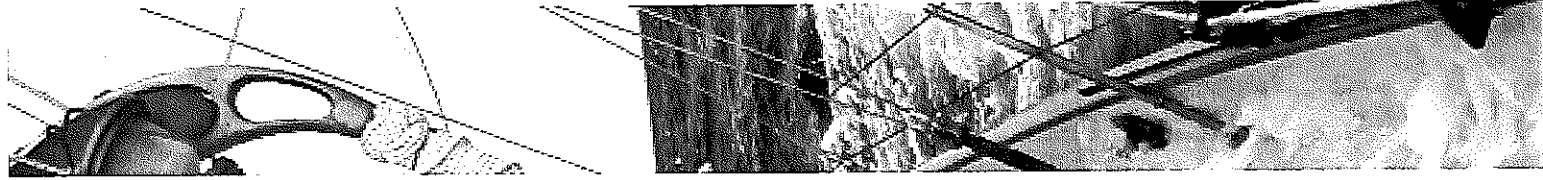
BUSINESS RESULTS REPORT 2013

# FUND RAISING

- A number of Fund Raising Specialists in the Mining Sector as well as in the Financial Services have been engaged to raise the Lily R 200 Million.
- The Practitioner and the Company have approached the potential Mining Investors in South Africa and abroad.
- The IDC and PIC have been canvased for investment.
- Funding is by way of loan, equity, mezzanine finance, streaming, and quasi capital.



**STURNS**  
PUBLIC FINANCIAL INSTITUTION





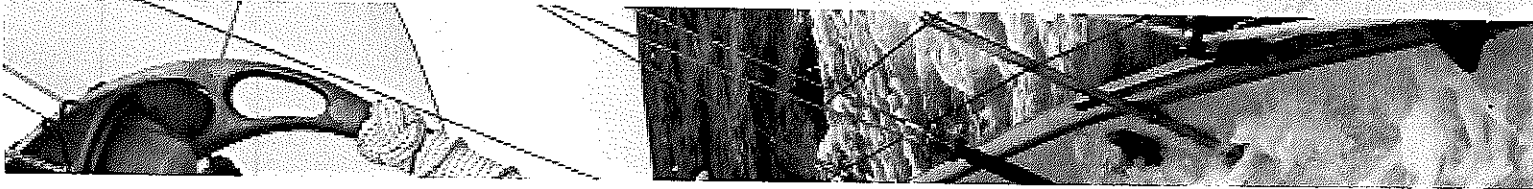
# FUND RAISING BARRIERS

- The Mine is small producing roughly 30 000 oz annually
- The reluctance of existing shareholders to recapitalise the Mine is an issue.
- The placing of Barbrook and Vantage has impacted on the Lily Fund Raising efforts requiring an additional R 100 million



**STURNS**

MEMBERSHIP MANAGEMENT

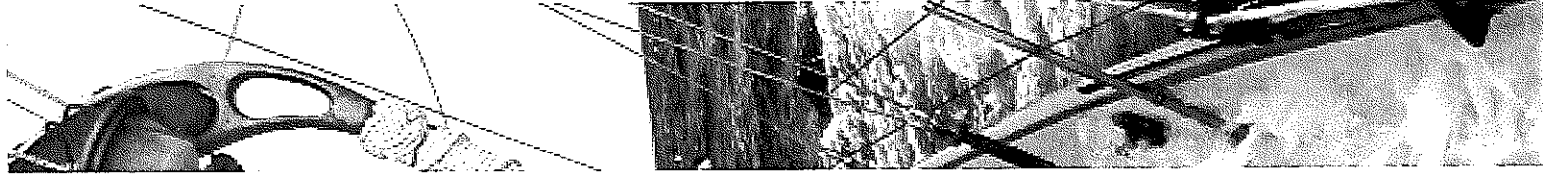


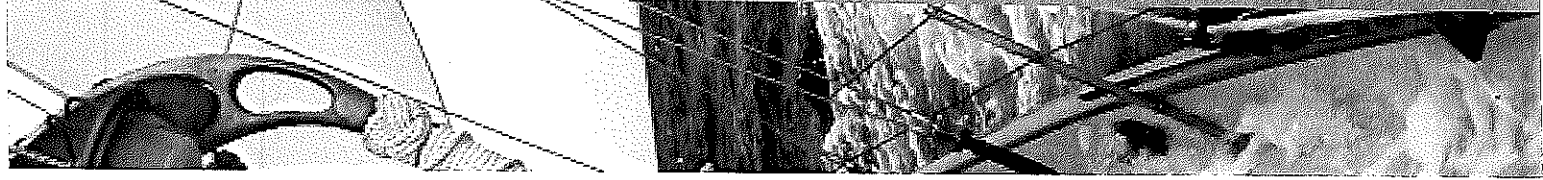
# FUND RAISING BARRIERS

- The Lily Mine had a stigma attached to it
- Utterances by the Minister that the Mine would not be opened if the container was not retrieved had a negative effect on potential funders.
- The “Nenegate” saga had a negative impact on investors.
- The potential downgrade of the Country by rating agencies had an impact on investors.



**STURMS**  
BUSINESS RESEARCH CONSULTING





**EFFECT OF  
Business Rescue  
of  
BARBROOK &  
VANTAGE GOLDFIELDS  
on  
the Rescue of  
LILY MINE**



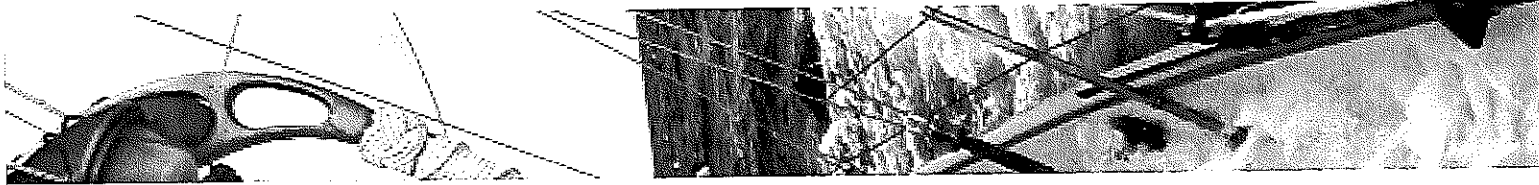
**STURNS**  
BUSINESS RESCUE PRACTITIONERS

# REASONS FOR VANTAGE GOLDFIELDS BUSINESS RESCUE

- Vantage Goldfields relies on the Lily Mine and Barbrook Mine to generate its income
- With both Mine distressed Vantage Goldfields is unable to pay its debts.



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BUSINESS RESCUE SPECIALISTS





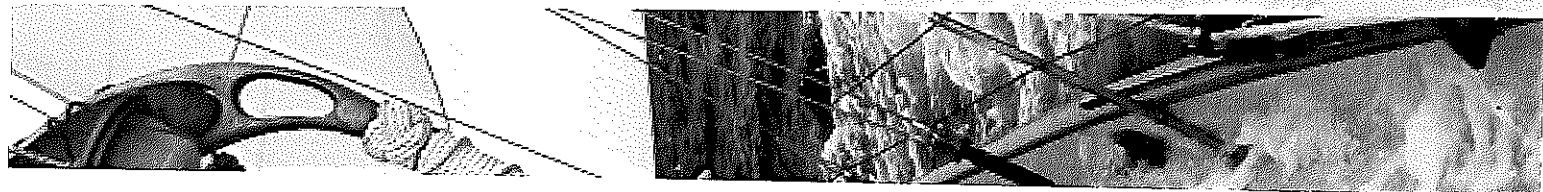
# VANTAGE GOLDFIELDS DEBT

Secured debt - Standard Bank – R 20 million

Concurrent debt – R 2.1 million



**STURNS**  
BUSINESS VALUERS & ACCOUNTANTS

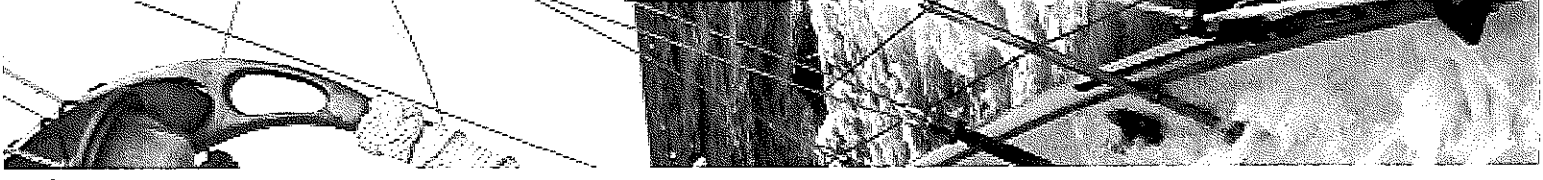


# REASONS FOR BARBROOK MINES BUSINESS RESCUE

- Barbrook Mine is a developing operation.
- Barbrook and Lily Mine are in close proximity of one another and share services like management, official appointments, stores, magazine, etc.
- Without the Lily Mine, Barbrook has had to carry all costs
- The delay of the Daylight Project as well as unrest in the area has hampered gold production.
- Barbrook produces about 7 000 oz annually



**STURNS**  
CORPORATION



# **BARBROOK MINES DEBT**

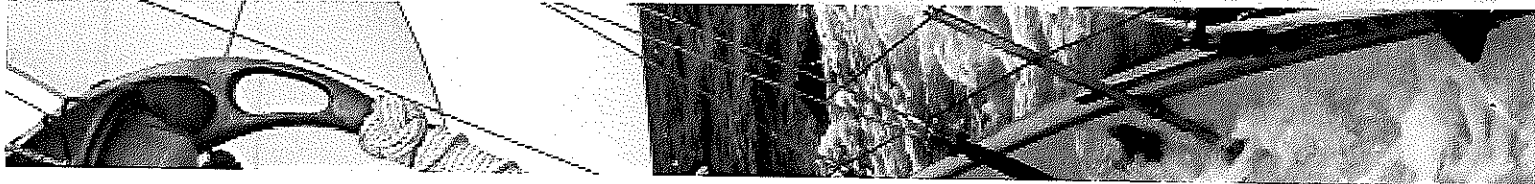
**Preferred creditors – R 13 million**

**Concurrent creditors – R 10 million**

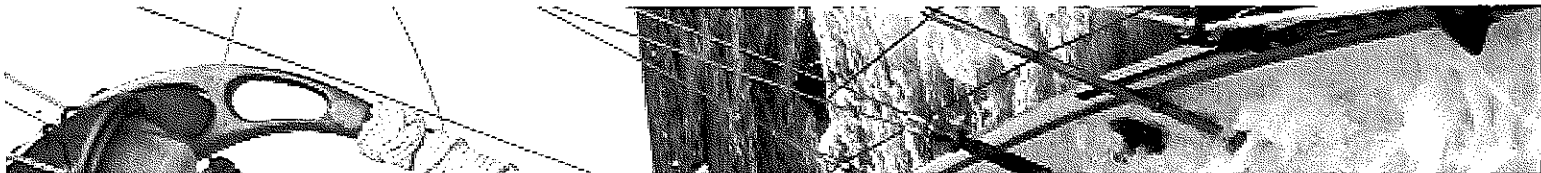


**STURNS**

INCORPORATED IN SOUTH AFRICA

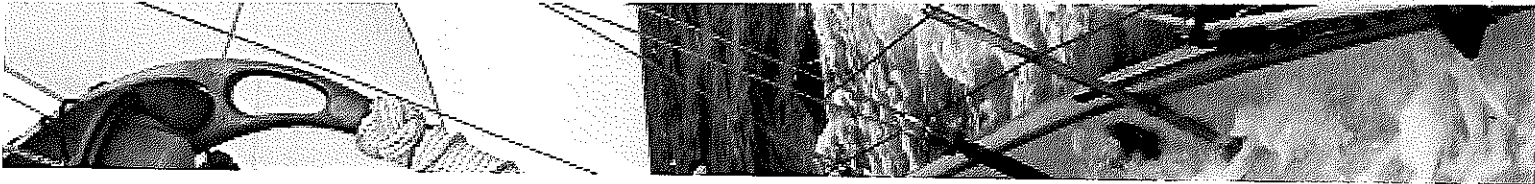


# JOINT LILY AND BARBROOK PLANT



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BUSINESS DEVELOPMENT





# BARBROOK MINES FUNDING REQUIREMENTS

An additional R 100 million is required to reopen Barbrook mine to upscale mining operations and enhance the processing plant as well as settle creditors



**STURMS**

117, PRAEMER, BELLEVUE, 11008172



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BUSINESS RESCUE PRACTITIONERS

**GUIDING YOU THROUGH  
THE RESCUE PROCESS**

