



REPORT TO CREDITORS AND AFFECTED PERSONS

3 January 2022

Arqomanzi's latest notice to creditors dated 15 December 2021 ("Notice") is yet another step in their strategy of blatant lies, false narratives and unfounded allegations made by Arqomanzi and its associates, including Herrick, his collaborator Arendse as well as his companies SSC and Flaming Silver, and Mazibuko who has been their mouthpiece during the Inquest proceedings (the "Arqomanzi Parties"). They seek to maliciously discredit and undermine Vantage, its related companies and its officers ("Vantage Group"), to delay and disrupt the business rescue of the Vantage companies, and the reopening of the Lily and Barbrook mines by the Vantage Group

This is part of a campaign which in 2019, Judge Roelofse then characterised the efforts of Arqomanzi to try to acquire creditors' claims as "*innovative manoeuvring*". This "*innovative manoeuvring*" has also included multiple Court actions, media interviews and scurrilous attacks not only against Vantage and its officials, but also the BRPs, intended to influence the business rescue process and to ultimately wrestle the control of Lily and Barbrook Mines from Vantage.

Vantage has been focusing on implementing the business rescue of the Vantage companies rather than engaging in media campaigns like the Arqomanzi Parties. However, the Vantage Group will no longer tolerate these ongoing lies and false and defamatory allegations by the Arqomanzi Parties and will be taking a number of criminal and other actions against them, including complaints now pending before the Broadcasting Complaints Commission of South Africa (BCCSA). Whilst several legal processes are *sub judice*, most importantly the Inquest proceedings, Vantage provides further information about these matters and its response to the Notice below.

THE POSITION OF VANTAGE AS TO THE BUSINESS RESCUE PROCEEDINGS - THE FACTS

The clear facts are:

- Vantage remains the owner and controller of the Vantage companies and their mines;
- Vantage is committed to the business rescue of the Vantage companies and reopening of the Lily and Barbrook mines. The Vantage companies in business rescue have approved business rescue plans, and Vantage has the necessary funding and expertise and experience to complete the business rescue and reopening and successful operation of the Lily and Barbrook mines, which will provide significant benefits to Vantage's employees, creditors, suppliers, the local community and other stakeholders.
- In stark contrast, Arqomanzi does not have valid business rescue plans, its proposal will not result in the rescue of the Vantage companies nor reopening of the mines, and it does not have the funding, capability, expertise or experience to be able to do so.

Other important facts which are detailed below are:

- **Criminal complaints have been filed against Arqomanzi, Herrick and Mazibuko *inter alia* pursuant to the provisions of the Inquests Act 58 of 1959;**
- **Arqomanzi's allegations concerning Vantage's funding for its business rescue plans are false and a complete fabrication;**
- **Arqomanzi does not have the funding to implement its proposal and it continues to mislead and deceive the BRPs, creditors, employees and other stakeholders;**
- **Arqomanzi's proposals are not valid business rescue plans as they do not provide for the rescue of the Vantage companies nor for the reopening of the Lily and Barbrook mines;**
- **Arqomanzi's innovative manoeuvring seeks to undermine the business rescue process and is driven totally by self-interest;**
- **Arqomanzi's incessant litigation has caused significant damage and detriment to the Vantage companies, their employees, creditors, the local community and other stakeholders;**
- **The Arqomanzi Parties do not have the capability, expertise or experience to reopen or operate the Vantage mines; and**
- **Arqomanzi's proposed meeting is not an official meeting and has no legal standing or effect and will be used by the Arqomanzi Parties to continue to peddle their blatant lies and it should be ignored .**

Vantage is committed to the business rescue of the Vantage companies and reopening of the Lily and Barbrook mines

It has now been ten months since the BRPs started implementing Vantage's business rescue plans for the Vantage companies. By now all creditors would have been paid and the mines would have been reopened, employees would have been working again and suppliers and contractors would have been receiving business, had those approved plans been allowed to proceed.

Vantage remains committed to implementing the Vantage plans to rescue the Vantage subsidiaries, including promptly paying employees and other outstanding creditors and reopening both the Lily and Barbrook mines, once the Arqomanzi Parties have been disposed of.

The Vantage Group has provided significant funding to the Vantage companies in business rescue, totalling more than R100 million, including to fund costs of security and care and maintenance to facilitate the reopening of the mines, and will continue to do so. This provides evidence of our funding capacity and commitment.

Vantage and its principals have a strong track record over many years which clearly evidences their ability to finance, construct and manage several major mining projects, located in South Africa and elsewhere around the world.

Vantage has the plans, funding capability, expertise and experience to complete the business rescue and reopening and successful operation of the Lily and Barbrook mines,

Vantage is grateful for the enormous support that it receives from affected parties including creditors, employees, unions and the impoverished community and will continue to act in their best interests.

Criminal complaints have been filed against Arqomanzi, Herrick and Mazibuko pursuant to the provisions of the Inquests Act 58 of 1959

The Notice contains content which intends to prejudice, influence and anticipate the proceedings and findings of the Lily Mine Inquest which is currently underway in the Mbombela Magistrate's Court. The Inquests Act 58 of 1959 specifically prohibits such conduct. Criminal complaints have been filed against Arqomanzi, Herrick and Mazibuko in this regard.

The Inquest proceedings are continuing and Vantage will not comment on the Inquest proceedings in line with the directives of the Presiding Magistrate. If Herrick has any contribution to make to the Inquest proceedings, he should follow due process to testify and submit himself to cross-examination. Vantage is confident that the Inquest proceedings will fully traverse all the relevant evidence so as to determine the findings to be made during the proceedings. It is regrettable (but expected) that Arqomanzi is utilising the Inquest proceedings to try to taint Vantage and its officials.

Arqomanzi's allegations concerning Vantage's funding for its business rescue plans are false and a complete fabrication.

The Arqomanzi Parties have made false and defamatory allegations regarding a letter from HSBC provided to the BRPs. These allegations are without merit and are completely fabricated.

Confirmation has been provided to the BRPs that the HSBC letter is genuine. Further the HSBC Premier Banking section has confirmed that:

- the bank maintains the highest levels of privacy and confidentiality regarding its clients to the highest standards under all applicable laws and would not provide information to other persons without the specific written instructions of its client; and
- they have never been contacted by Herrick or anyone else representing Arqomanzi and they would never have provided confidential client information to them under any circumstances.

In any event, that letter is irrelevant as it expired long ago and other funding has been arranged by the Vantage Group to implement Vantage's business rescue plans and reopen the Lily and Barbrook mines.

Vantage also has serious concerns about the letter purportedly from HSBC produced by Arqomanzi to support its allegations. Vantage believes the letter is fabricated as the bank would never have provided confidential information about a client to a third party, and investigations have not been able to verify the existence or identity of the person who purportedly signed Arqomanzi's letter.

The Arqomanzi Parties have repeatedly made these false allegations in communications to creditors and other stakeholders and in the media. In particular Herrick made these false and defamatory allegations in a recent TV Interview on SABC. A complaint in relation to that interview has been lodged

and is pending with the BCCSA. Criminal complaints have also been filed against Herrick and his co-perpetrators.

Vantage also intends to file other criminal complaints against the Arqomanzi Parties in relation to other significant matters uncovered by Vantage.

Arqomanzi does not have the funding to implement its proposal and it continues to mislead and deceive the BRPs, creditors, employees and other stakeholders

Arqomanzi has not contributed even one Rand to the Vantage companies in business rescue to support those companies, which evidences the fact that it does not have funding to do so.

Since the failed acquisition by Arendse's company Flaming Silver when it failed to provide funds to complete the purchase and then when Arqomanzi tried to seize control of the Vantage companies and their mines, it has been clear that Arqomanzi has never had the necessary funding and still does not have funding to implement its proposal or reopen the mines.

The irony of Arqomanzi's recent allegations, is that Arqomanzi itself concocted a series of letters purporting to provide proof of their funding, but which do nothing of the sort, and are clearly fabricated and intended to mislead and deceive the BRPs, creditors and others.

This includes a letter provided to the BRPs which Arqomanzi claims in January 2021 satisfied the BRPs about its funding. That letter was fabricated and the only thing it did was mislead and deceive the BRPs. Subsequent investigations have clearly shown that the concocted letters do not provide any real proof of funds nor any commitment to provide funding to Arqomanzi.

It can be safely assumed that the "*proof*" that Arqomanzi claims it will provide at its proposed meeting will be similarly fabricated and unconvincing.

Arqomanzi's lack of funding is also confirmed by its latest proposal which does not provide for any funding for the reopening of the mines.

The clear facts remain that Arqomanzi, has never had, and still does not have, the funding to implement its proposal or reopen the mines, and it continues to mislead and deceive the BRPs, creditors, employees and other stakeholders to their significant detriment.

Arqomanzi's proposals are not valid business rescue plans as they do not provide for the rescue of the Vantage companies nor for the reopening of the Lily and Barbrook mines

Arqomanzi has provided five different proposals to the BRPs, all of which have been invalid as business rescue plans.

Arqomanzi's latest proposal is similarly invalid as it will not result in the rescue of the Vantage companies or the reopening of their mines. Further their proposal:

- is significantly less favourable to creditors than Vantage's business rescue plans, particularly the amounts and timing for payments;
- does not provide for the re-employment of employees;
- will strip out all the mining and other assets of MIMCO.

Arqomanzi's proposal is therefore another frustration tactic, as it will not result in the rescue of the Vantage companies or the reopening or operations of their mines and Arqomanzi does not have the funding, capability, expertise or experience to be able to do so.

Arqomanzi's innovative manoeuvring seeks to undermine the business rescue process and is driven totally by self-interest

For many years the Arqomanzi Parties have implemented a series of reprehensible and cunning tactics to undermine, delay and disrupt the business rescue of the Vantage companies and the reopening of their mines. Judge Roelofse called this "*innovative manoeuvring*". In more recent proceedings Arqomanzi has stated it is doing this so it can try to force through a vote to approve its own proposal. This is being done to wrestle control of the Vantage mines for effectively nothing, resulting in significant detriment to creditors, employees and other stakeholders.

Far from acting in the interests of creditors, employees and other stakeholders, Arqomanzi is trying to totally disenfranchise them and override the previous approvals by creditors of Vantage business rescue plans. Instead Arqomanzi is acting totally in its own self-interest by trying to vote and ram through its own invalid and unfunded proposal, which is significantly less favourable to creditors, employees and other stakeholders than Vantage's approved business rescue plans.

Herrick's claims that Arqomanzi is a responsible, ethical and good corporate citizen, are clearly false based upon the facts.

It is particularly reprehensible that Arqomanzi has been acquiring the claims of long-suffering employees and other creditors for a fraction of the value of those claims. This is intended to give Arqomanzi complete control over those claims and the right to receive payment in respect of the full amount of those claims. Rather than employees and other creditors being paid their full entitlements under Vantage's business rescue plans, they will not receive a cent more. Instead Arqomanzi will be entitled to receive the full payment for such claims. This means that Arqomanzi has effectively paid nothing for those claims and it has appropriated the benefits that employees and other creditors should have rightly received.

Vantage continues to dispute that Arqomanzi is a substantial creditor of the Vantage companies and these matters are the subject of appeals to the courts.

If Arqomanzi had not delayed and disrupted the implementation of Vantage's business rescue plans, all employees and creditors would have received payment of their full entitlement under those plans more than ten months ago, and by now employees would already have been working at the reopened mines.

Arqomanzi's incessant litigation has caused significant damage and detriment to the Vantage companies, their employees, creditors, the local community and other stakeholders.

The rescue of the Vantage companies and reopening of the Lily and Barbrook mines continue to be delayed and frustrated by Arqomanzi's incessant litigation.

The Arqomanzi Parties have been litigating with the Vantage Group for three years, in ten different actions. This has caused significant damage and detriment to the Vantage Group, particularly the Vantage companies in business rescue, their employees, creditors, the local community and other stakeholders.

This incessant campaign of litigation started in 2019 with an unsuccessful action by Arendse's company (Flaming Silver) when Vantage terminated an agreement for the acquisition of the Vantage companies because the purchaser breached its obligation to complete the purchase and was never able to produce the funding to do so. The lack of funding is a recurrent and consistent modus operandi for the Arqomanzi Parties. The validity of that termination was upheld by the court. Despite this SSC / Arendse continue to make spurious counter-claims. In response Vantage now intends to pursue them for significant damages for breach, which are estimated at several hundred million Rand representing costs incurred by Vantage and losses arising from the delay in the reopening of the mines, and will then seek to bankrupt SSC and Arendse if necessary.

Arqomanzi then entered the fray by commencing litigation trying to block the implementation of Vantage's business rescue plans claiming to be a creditor of one of the Vantage companies, which Vantage has always disputed. Ironically Arqomanzi then breached the orders of the court by failing to provide valid business rescue plans and by not being able to provide funding for its proposal (yet again). Since then there has been a flurry of further actions which are just futile delaying tactics.

Vantage has concerns about various aspects of two recent judgments and is appealing those judgments and is confident about its appeals. The effect of those appeals is that all court orders are suspended so, contrary to Arqomanzi's allegations, there is no obligation on the BRPs or Vantage to comply with any orders.

It is reprehensible that the Arqomanzi Parties persist with their incessant litigation when they have no valid plans for the reopening of the mines or the business rescue of the Vantage companies and no funding to be able to do so.

These actions by the Arqomanzi Parties are aimed at undermining, delaying and disrupting the rescue of the Vantage companies, to the detriment of employees, creditors and the community.

The Arqomanzi Parties do not have the capability, expertise or experience to reopen or operate the Vantage mines

Herrick and Arendse are serial litigators with a track record of failing to fulfil their obligations. Neither of them has ever delivered on the establishment of a mining project nor the operation of any mines. They totally lack the capability, expertise or experience to reopen or operate the Vantage mines.

Herrick claims to have been the CEO of Taung Gold for 10 years from 2010, during which all he managed to do was to commission feasibility studies for two projects which still remain unfunded and

undeveloped. Herrick has never obtained funding for, developed or operated a mining project or mine, and he does not have the experience and capability to be able to do so.

Arendse, through his company SSC, has been a BEE partner and investor in various mining companies, however, he has never developed a mining project or operated a mine. What he has done is engage in a constant stream of litigation with those companies and other investors where SSC / Arendse have been accused, and found, on multiple occasions to have breached their obligations, particularly regarding providing funding.

As part of the failed acquisition of Vantage, Arendse had been appointed as a director of Vantage. However, he was removed as a director as he acted in breach of his duties as a director and in conflict of interest, including by fraudulently providing a letter to the Director General of Mineral Resources and Energy purporting to be from Vantage, when he had no authority to do so. Vantage will be taking steps to have Arendse banned from acting as a director or officer of any companies. Further, Vantage will be commencing proceedings against Arendse for the significant loss and damage caused by his breach of duties and obligations.

The track record of the Arqomanzi Parties clearly shows that they lack the credibility, capability, expertise and experience to be able to reopen and operate the Vantage mines.

Arqomanzi's proposed meeting is not an official meeting and has no legal standing or effect and will be used by the Arqomanzi Parties to continue to peddle their blatant lies and it should be ignored

Arqomanzi is purporting to convene a meeting of creditors. This is complete nonsense as Arqomanzi does not have the authority to do so. Any meeting proposed by them is not an official meeting and has no legal standing or effect under the business rescue process.

Arqomanzi has already foreshadowed that it proposes to continue to peddle a series of lies about its proposal and lack of funding.

One can be certain that as with previous events staged by Arqomanzi it will be a media circus. Presumably Herrick and Arendse will try to spin the illusion that they have funding for their proposal by pretending to conjure a bag of cash from some mysterious investor from Timbuktu.

The Arqomanzi Parties repeatedly have shown themselves to lack any credibility regarding their proposals and the availability of funding, and this will just be another opportunity for them to mislead and deceive creditors and other stakeholders.

There is no obligation for the BRPs or any creditor or other stakeholders to attend the meeting and Vantage recommends that creditors and others simply ignore the invitation from Arqomanzi and any further communications from them.

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