
MINUTES OF THE FIRST MEETING OF CREDITORS HELD IN TERMS OF SECTION 147 OF THE COMPANIES ACT, 2008

Date: 31 May 2017

Time: Scheduled Time - 12h00
Commencement Time: 12h20
Closed: 13h01.

Venue: The Kimberley Club
42 Currey Street,
Kimberley, Northern Cape Province

Welcome & Introduction

1. All persons were asked to sign the attendance register.
2. Peter van den Steen ("van den Steen") opened the meeting and welcomed all creditors.

Ratification of Appointment

3. van den Steen advised that the company was placed in provisional liquidation on 23 March 2017, but that thereafter its status was converted to business rescue, with the court confirming the nomination of van den Steen and Trevor Murgatroyd ("Murgatroyd") as the joint interim business rescue practitioners ("BRPS").
4. van den Steen advised that this meant that their appointment as BRPs was interim and required ratification by a simple majority of creditors, voting the value of their claims.
5. van den Steen advised that once their appointment had been ratified, they could commence with their job as BRPs.
6. van den Steen advised that all creditors had been given a ballot paper to cast their vote for this purpose.

Reasonable Prospects of Success

7. van den Steen explained the background to business rescue and the protection that the moratorium on claims against the company provides to enable the BRPs to develop and prepare a plan to rescue the company, as an alternate to liquidation.
8. van den Steen explained that if the company was placed in liquidation, it would lose its mining rights and the liquidator would be obligated to sell assets in order to recover some benefit for the creditors.
9. van den Steen advised that from the BRPs' investigations to date (which had been limited given the time between their interim appointment as BRPs, and this meeting) the BRPs were of the view that there is a reasonable prospect of rescuing the company, based on the plan that was previously presented to all the creditors (but which has been delayed in its implementation and by litigation) and that the BRPs would test the feasibility of the plan.
10. Van den Steen summarised the salient features of the previous plan presented to creditors -
 - a. the construction of the Wouterspan Plant had been completed;
 - b. the ramp up to 200 000 cubed metres per month is in progress and is the target in the plan;
 - c. the reduction of costs;
 - d. the disposal of redundant and sub-economic assets to raise cash; and
 - e. shareholder funding – shareholders having already advanced USD8million and agreed to a postponement of the repayment of their loans.
11. Van den Steen confirmed that the company is operating on a cash-on-delivery ("COD") basis.

Creditors' Claims

12. Van den Steen advised that –
- there is a moratorium on all pre-business rescue claims;
 - pre-business rescue claims will be dealt with in the business rescue plan;
 - the BRPs will look at utilising a dispute resolution mechanism to resolve disputed claims;
 - the BRPs will assess all claims and reconcile them with the company's records, and to the extent that the amounts differ, the BRPs will request source documents to support the claims;
 - creditors are to submit their claims on or before 30 June 2017;
 - claim forms can be accessed from businessrescue@rockwelldiamonds.com and on the website www.rockwelldiamonds.com/business-rescue-updates/ (which contains a link to each of the companies which have been placed under business rescue).
13. The following questions were asked –
- Q1:** How are you with post commencement finance (“PCF”)?
- A1:** van den Steen advised that the shareholders had undertaken to provide PCF. Murgatroyd advised that most suppliers are being paid on a COD basis and that there is no credit generally being incurred by the company.
- Q2:** A creditor advised that his company had provided printer and copying services to the company on credit and he asked how his company is affected by COD?
- A2:** Murgatroyd advised that the BRPs and the creditor would need to have a separate discussion but that credit incurred during business rescue could be regarded as PCF.
- Q3:** Would Ms Brenda Barreto be able to confirm that she agrees with invoices because to make copies of all of the sources documents is going to be a file full of stuff?
- A3:** Murgatroyd stated that there is a 1 page claim form which can be completed and sent to the BRPs and that if the BRPs note that there is a difference between the company's records and the claim form, then the BRPs will investigate the claim further.

Creditors' Committee

14. van den Steen advised that creditors can determine whether they would like to form a creditors' committee and appoint those members at the first meeting of creditors.
15. van den Steen noted that the purpose of the creditors' committee is to engage with the BRPs, but that it can be agreed that the BRPs engage with the full body of creditors instead, as and when necessary.
16. Van den Steen advised that the creditors are entitled at any stage to engage with the BRPs but that there is no obligation on the BRPs to have meetings more often than is required by the Companies Act.
17. Brenda Barreto confirmed that there are 107 creditors of the company and van den Steen confirmed that 22 were present at the meeting.
18. Murgatroyd requested that the creditors notify the BRPs as to who the members of the creditors' committee are if they form such a committee.

Extension of Date of Publication of Plan

19. van den Steen advised that a business rescue plan must be published within 25 business days after the appointment of the BRPs.
20. van den Steen advised that given the size of the company and the complexity of the issues that it has, it will not be possible to publish a business rescue plan within the timeframe of the Companies Act.

21. The BRPs requested creditors to consent to extending the date for the publication of the plan to on or before 30 September 2017 and requested all creditors to complete the ballot form in this regard.

Questions & Answers

22. The following questions were asked by the creditors:

- Q1:** Slurry Master stated that if the date is extended to 30 September 2017 interest will build on the claims. How does this affect the creditors' claims? Will this not worsen the problem if the timeframe is increased?
- A1:** van den Steen advised that –
- it does worsen the problem;
 - the terms of the agreement will determine whether interest may be charged;
 - the BRPs make provision for interest and deal with this in terms of the business rescue plan;
 - if there is enough money, then interest will be recognised but if there is insufficient money, creditors will need to forgo their interest claim; and
 - creditors will vote on the full value of their claim, as recognised by the BRPs.
- Q2:** Slurry Master asked whether the document the creditors must submit is up to...
- A2:** van den Steen advised that the line in the sand is the date of the commencement of business rescue and that the claim that is to be submitted is up to the date of the commencement of business rescue.
- Q3:** Frank Cohen asked - insofar as 30 September 2017 is concerned - what happens if circumstances arise where the BRPs can publish the plan before this date?
- A3:** van den Steen advised that the business rescue plan will be published on or before 30 September 2017. Van den Steen advised that if the plan cannot be published by 30 September 2017, the BRPs will revert to creditors for an additional extension, failing which the BRPs would (preferably not) have to go to court to ask for an extension.
- Q4:** Sondre Vervoer en Gas Bk asked what the next step is in relation to the business rescue plan?
- A4:** van den Steen advised that –
- meetings will be held with the employees and their representatives;
 - the BRPs will investigate the affairs of the company;
 - the BRPs will consider the company's current plans;
 - the BRPs will consider the company's funding requirements;
 - all this information, and the claims, will be reflected in a business rescue plan;
 - the plan will stipulate the recovery that creditors can expect juxtaposed to what they can expect to receive on a liquidation of the company (following the preparation of a liquidation report by an independent third party);
 - the plan will be published in advance of the meeting and there will be opportunities for creditors to engage with the BRPs after the publication of the plan and before the vote, if requested by the creditors; and
 - critical decisions, that the BRPs feel they cannot make unilaterally, will be put to the vote of the creditors.
- Q5:** Mr Miller advised that he is a landowner and has a valid contract with the company in terms of which the company pays him on a monthly basis for the disturbance of his land. He asked if he would still have to submit invoices to the company.
- A5:** van den Steen advised that he must continue as he did before and that the processes that creditors have followed up until now must be followed, in addition to submitting claim forms for pre-commencement claims
- Q6:** C-Rock's attorneys asked whether the directors furnished the BRPs with a statement of affairs in terms of section 142 of the Companies Act and the other matters therein contemplated.
- A6:** van den Steen advised that they have requested such statement in writing from the board of directors and the BRPs are awaiting the response.
- Q7:** C-Rock's attorneys asked whether they had discussed the time frame in which the board must do so?

- A7:** Murgatroyd stated that a response is required within a week from the meeting (one week from 31 May 2017).
- Q8:** C-Rock's attorney stated that the company was obliged to give the BRPs the statement of account within 5 days...
- A8:** Murgatroyd stated that the BRPs may agree to extend the time.
- Q9:** C-Rock's attorneys asked if the BRPs will share the information with affected parties once they receive it?
- A9:** Murgatroyd stated that he needed to take legal advice on the question.
- Q10:** Slurry Master asked if he was correct in stating that business will be continuing as usual. He stated that –
- speaking on behalf of the people who do business with the company, that it is important for the creditors that the mine survives as it is business for the creditors;
 - he would like to see a commitment from the company to continue to do business;
 - he is willing to write-off interest but wants market-related prices; and
 - he wants to keep the company alive and thus the company must keep the creditors alive.
- A10:** van den Steen advised that the point of business rescue is not to kill the business but it is to have an on-going trading entity. Van den Steen advised that the boxes one has to tick are very simple as the questions are -
- a) Can this business meet its financial obligations as they become due and payable in the next 6 months?
 - b) Is the Company solvent?
 - c) Is the Company liquid?
 - d) Have the BRPs implemented all provisions of the business rescue plan?
- van den Steen advised that if all of the answers to these questions are answered in the affirmative, the BRPs can apply to court to take the company out of business rescue and the creditors will supply an entity that is a going concern, hopefully for a long period of time.
23. van den Steen advised that the ballot papers would be collected and the votes counted.
24. van den Steen advised that the requisite majority in value of creditors voted in support of the ratification of the appointment of the BRPs as well as for the extension of the publication date of the business rescue plan to 30 September 2017.