

**WADETHRU SECURITY (PTY) LTD T/A MEGAMORE (IN LIQUIDATION)**  
**("the Company")**

**MASTER'S REFERENCE NUMBER : T2687/02**

**REPORT OF THE JOINT LIQUIDATORS, MR J F KLOPPER AND MR T G NELL, IN TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE THE MAGISTRATE OF JOHANNESBURG ON TUESDAY, 05 NOVEMBER 2002 AT 09:00**

**ORDER OF THE COURT AND MEETINGS**

- 1 The Company was liquidated by an order of the High Court of South Africa (Transvaal Provincial Division) on 13 June 2002. In terms of Section 348 of the Companies Act No 61 of 1973, the date of liquidation is deemed to be the date upon which the application for liquidation was issued by the Registrar of the High Court. We confirm that the application was issued on 5 April 2002 and creditors should calculate their claims up and until 5 April 2002. The Master of the High Court appointed us Joint Provisional Trustees on 21 June 2002 under his certificate of appointment number T2687/02.
- 2 The first meeting of creditors and contributories was held before the Magistrate of Johannesburg on 08 September 2002. At this meeting no voting took place and we were finally appointed Joint Liquidators on 19 September 2002.

**History and information of the Company**

- 3 According to the Registrar of Companies the company was incorporated under registration number 1998/012111/07.

**Registered Address**

- 4 The registered address of the company is Block B Groundfloor, Unit Two, Omnipark, Sailor Malan Avenue, Aeroton, Johannesburg.

**Directors**

- 5 According to the Registrar of Companies and investigations done by us, it appears that the following persons consented to serve as directors, but not all were still directors as at date of liquidation:
  - 5.1 Johan Dique;
  - 5.2 Andre Dique;
  - 5.3 Patrick Arpin;
  - 5.4 Petrus Kirstein;

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5.5 Martin Radloff;

5.6 Janet Horner;

5.7 Keith Elsmore.

**Business of the Company**

6 The main business of the company was mining and resale of gold extracted from Brand #2 Shaft, Welkom.

**STATEMENT OF AFFAIRS**

7 We have not been placed in possession of a Statement of Affairs as required in terms of Section 363 of the Companies Act No 61 of 1973, as amended.

**SECTION 79(A): FINANCIAL STATEMENT OF ASSETS AND LIABILITIES**

8 The following represents the assets and liabilities of the company at date of liquidation. Unless otherwise stated, these figures only represent estimates of the assets and liabilities and will change depending on the amounts of realisation of unsold assets and claims submitted for proof.

**ASSETS**

<b>IMMOVABLE PROPERTY</b>	<b>NOTES</b>	<b>AMOUNT</b>	<b>AMOUNT</b>
None			
<b>MOVABLE ASSETS</b>			
Ore at Brand #2 Shaft	(1)		To be determined
Plant and mining equipment (as per valuation)	(2)		700,000.00
Debtors	(3)		5,704,196.90
<b>TOTAL ASSETS</b>			<b>6,404,196.90</b>
<b>LIABILITIES</b>			
<b><u>Secured</u></b>			
G.M.R.S (reservation of ownership)		649,574.85	
<b><u>Preferent Creditors</u></b>			
Employees' salaries		179,754.07	
SARS		Unknown	
<b>Concurrent creditors (approximate)</b>	(4)	7,539,056.30	
<b>TOTAL LIABILITIES</b>		<b>8,368,385.22</b>	
<b>DEFICIT</b>			<b>-1,964,188.32</b>

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**NOTES**

The statement of assets and liabilities must be read in conjunction with the following notes:

**(1) Ore at Brand #2 Shaft**

We are currently in the process of obtaining an independent opinion of the value of the ore at the bottom of the shaft. As soon as we have a realistic valuation and assessment of the ore, we will investigate various options of how to get the ore to the surface and what the costs implications of such an exercise will be.

**(2) Plant and mining equipment**

Creditors should bear in mind that the plant and mining equipment have not been used for the past 7 months which have led to the deterioration of the plant and equipment. It is our intention to sell the plant and equipment after the second meeting of creditors.

**(3) Debt collected**

The amount reflected represents debt collected to date. It may be possible that further amounts will be recovered at a later stage.

**(4) Concurrent creditors**

The amount reflects creditors who have submitted claims at the first meeting of creditors. We expect to receive additional claims which will be submitted at the second meeting of creditors.

**CAUSES OF THE COMPANY'S FAILURE**

- 9 The directors of the company attribute the failure of the company to the fact that the company could not meet substantial payments owed to Harmony Gold Mining Company in respect of the purchase of the shaft. As a result control of the shaft was taken back by Harmony due to the company's non-performance in terms of the purchase agreement.

**REPORT TO THE MASTER IN TERMS OF SECTION 400 OF THE COMPANIES ACT**

- 10 We will submit a report in terms of Section 400(2) of the Companies Act, No 61 of 1973 as amended should it become necessary.

**SECTION 402(d) PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS**

- 11 At this stage there is no reason to believe that the former directors or officers of the company can be held personally liable for the debts of the company. A report will be submitted, should it become necessary.

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**LEGAL PROCEEDINGS**

- 12 We are aware of litigation instituted by the company prior to liquidation. These matters are being considered and we will obtain legal advice as to whether to proceed with the litigation or not.

**ENQUIRY**

- 13 The Master of the High Court has convened an enquiry in terms of Sections 417 & 418 of the Companies Act No 61 of 1973. The enquiry will proceed on 29 & 30 October 2002.

**BOOKS AND RECORDS**

- 14 We have taken control of the books and records found at the offices of the company, but are not in possession of all documentation. This aspect is being investigated.

**PROGRESS AND PROSPECTS OF WINDING UP**

- 15 We will continue to collect outstanding debts of the company. It is our intention to sell all assets of the company after the second meeting of creditors. We will also proceed with further investigations.

**LEASES**

- 16 We are not aware of any lease agreements entered into by the company.

**ESTIMATED DIVIDEND**

- 17 There is no danger of a contribution being levied upon concurrent creditors and therefore we enclose claim documentation for your completion and return to our offices no later than close of business on 31 October 2002.

**MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS**

- 18 Such directions as required of creditors are contained in the draft resolutions numbers 1 – 14 which are submitted for consideration and adoption by the creditors at the second meeting of creditors in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the company in liquidation to continue.

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SIGNED at Randburg on this 16th day of October 2002.

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**J F KLOPPER**

**JOINT LIQUIDATOR**

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**T G NEL**

**JOINT LIQUIDATOR**

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**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE THE MAGISTRATE JOHANNESBURG, ON TUESDAY, 5 NOVEMBER 2002 at 09:00**

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**RESOLVED THAT:**

- 1 The report of Liquidator or Joint Liquidators, as the case may be, hereinafter referred to as (the Liquidator"), as submitted be received and adopted and all his actions referred to therein be and are hereby confirmed, ratified and approved.
- 2 All actions of whatsoever nature heretobefore taken by the Provisional Liquidator and/or Liquidator be and are hereby confirmed, ratified and approved.
- 3 The Liquidator be granted the authority and is vested with all the powers mentioned in Section 386(4)(a) – (i) of the Companies Act No 61 of 1973, as amended, such powers to be exercised at his sole and absolute discretion.
- 4 The Liquidator be and is hereby authorised in his sole and absolute discretion to:
  - 4.1 Take legal advice on any question of law affecting the administration and distribution of the company;
  - 4.2 Institute or defend on behalf of the company any action or other legal proceedings of a civil nature for the recovery of monies due to the company or otherwise and subject to the provisions of any law relating to criminal procedure, institute any criminal proceedings;
  - 4.3 Hold any enquiry into the affairs of the company and/or any matter relating thereto;
  - 4.4 Investigate and institute legal proceedings for the recovery of any voidable or undue preferences, voidable dispositions of property or any other impeachable transactions of whatsoever nature and to abandon same at any time;

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- 4.5 Write up the books of the company as may be required, and if necessary, to produce a balance sheet, audited or not, as at the date of liquidation, either for the purpose of investigating the affairs of the company, establishing the claims of creditors, or any other purpose.
- 5 The Liquidator be and is hereby authorised in his sole and absolute discretion to employ and engage the services of attorneys and/or counsel (senior and/or junior) and/or accountants and/or bookkeepers and/or any employee of the insolvent and/or recording agents and/or any other person who in the sole discretion of the Liquidator may be of assistance in the winding-up of the company in relation to any matter referred to in 4 above and further to pay all the costs thereof of whatsoever nature out of the estate as costs incurred in the liquidation.
- 6 The Liquidator be and is hereby authorised to collection any debts due to the company and for the purpose thereof to sell or compound or compromise any of these debts for such sum and upon such terms and conditions as he in his sole discretion may deem fit, and to accept any part of the debt in settlement thereof, and to grant an extension of time for the payment of any such debt, and to abandon any debt which he in his sole discretion may deem to be irrecoverable.
- 7 The Liquidator be and is hereby authorised to dispose of any movable and immovable property of the company, whether in his possession or under his control now or to come into his possession or under his control in the future by public auction, private treaty or public tender upon such terms and conditions as he in his sole and absolute discretion shall determine and to abandon any such assets for which he can find no purchaser or abandon them to a secured creditor at the value placed thereon by such creditor or at such value as is agreed upon by the Liquidator and the creditor if such creditor's claim is secured by such assets and to sign all such documents as may be necessary to give effect to such disposition.

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- 8 The Liquidator be and is hereby authorised and empowered in his sole discretion to compromise and admit any claim against the company of whatsoever nature and howsoever arising and whether disputed or not and whether actual, contingent, prospective, conditional, unconditional, assessed, unassessed, liquidated or unliquidated as a liquidated claim in terms of Section 78(3) of the Insolvency Act No 24 of 1936 as amended, read with Section 339 of the Companies Act No 61 of 1973, as amended, at such amount as may be agreed upon by the Liquidator, provided that proof thereof has been tendered at a meeting of creditors.
  
- 9 The Liquidator be and is hereby authorised to make application for the destruction of books and records of the estate six months after the confirmation of the Final Liquidation and Distribution Account.
  
- 10 The Liquidator be and is hereby authorised to perform any act or exercise any power for which he is not expressly required by the Companies Act No 61 of 1973, as amended, to obtain the leave of the Court.
  
- 11 The Liquidator be and is hereby authorised to submit to the determination of arbitrators any dispute concerning the company or any claim or demand by or upon the company.
  
- 12 The Liquidator be and is hereby authorised to carry on or discontinue any part of the business of the company insofar as may be necessary for the beneficial winding-up thereof.
  
- 13 The Liquidator be and is hereby authorised to exercise *mutatis mutandis* the powers conferred upon a Liquidator by Section 35 (uncompleted acquisition of immovable property before liquidation) and 37 (effect of liquidation upon a lease) of the Insolvency Act No 24 of 1936, as amended, read with Section 339 of the Companies Act No 61 of 1973, as amended.



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- 14 The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Liquidator.

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**q.q. CREDITORS**