

African Minerals Limited (in administration)
Victoria Place, 31 Victoria Street
Hamilton, HM10
Bermuda

(Registered under the laws of Bermuda under registration number 34816)

PRACTICE STATEMENT LETTER

To: the Scheme Creditors (as defined below)

11 June 2020

THIS PRACTICE STATEMENT LETTER CONCERNS MATTERS WHICH MAY AFFECT YOUR LEGAL RIGHTS AND ENTITLEMENTS AND YOU MAY THEREFORE WISH TO TAKE APPROPRIATE LEGAL ADVICE ON ITS CONTENTS.

Dear Sir / Madam,

Proposed scheme of arrangement in relation to African Minerals Limited (in administration) (the “Company”) pursuant to Part 26 of the Companies Act 2006 (as amended) (the “Companies Act”) (the “Scheme”)

1. PURPOSE OF THIS PRACTICE STATEMENT LETTER

- 1.1 We write to you in our capacity as Joint Administrators of the Company.
- 1.2 Unless otherwise indicated, defined terms in this Practice Statement Letter have the meanings set out in Annex A to this letter.
- 1.3 We refer to the Joint Administrators’ progress report for the period 1 January 2019 to 30 June 2019 which was published on the Administration Website and which stated that a structure had been substantially progressed by which certain outbound claims of the Company’s estate would be assigned to a creditor recovery vehicle. We also refer to the Joint Administrators’ progress report for the period 1 July 2019 – 31 December 2019 which was also published on the Administration Website and which stated that a scheme of arrangement would be put forward pursuant to which creditors of the Company will receive a further interim distribution which they can elect to invest in that creditor recovery vehicle.
- 1.4 This Practice Statement Letter relates to the Scheme. It is written pursuant to, and in accordance with, the procedure and guidance laid down by the High Court in the Practice Statement.
- 1.5 In accordance with the Practice Statement, the purpose of this Practice Statement Letter is to inform you of:
- (a) the Joint Administrators’ decision to cause the Company to propose the Scheme to the Scheme Creditors;
 - (b) the objectives which the Scheme is designed to achieve;
 - (c) the Joint Administrators’ decision to cause the Company to apply to the High Court to seek an order convening a single Scheme Meeting;

- (d) the class composition of the Scheme Creditors for the purpose of voting on the Scheme at the Scheme Meeting; and
- (e) the reasons why the Joint Administrators consider the High Court has jurisdiction in relation to the Scheme.

2. **WHAT IS A SCHEME OF ARRANGEMENT?**

- 2.1 A scheme of arrangement is a statutory procedure under English law which allows a company to agree a compromise or arrangement with its creditors (or classes of creditors), and for the terms of that compromise or arrangement to bind any non-consenting or opposing minority creditors.
- 2.2 If the High Court is satisfied at the convening hearing that the proposed scheme of arrangement has a prospect of being approved by creditors, and that the proposed class or classes of scheme creditors for voting purposes have been correctly constituted, the High Court will order the scheme meeting or meetings for the relevant classes of creditors to be convened.
- 2.3 In order to become effective, a scheme of arrangement must be:
 - (a) approved by a majority in number (above 50%) representing at least 75% in value of each class of creditors present and voting at the scheme meeting(s);
 - (b) sanctioned by the High Court; and
 - (c) delivered to the Registrar of Companies with a copy of the court order sanctioning the scheme.
- 2.4 If the scheme of arrangement becomes effective, it will bind the company and all the members of the classes of creditors according to its terms, including those creditors who did not vote on the scheme or who voted against it, irrespective of where in the world those creditors reside or have their seat.

3. **SCHEME CREDITORS AND SCHEME CLAIMS**

- 3.1 This Practice Statement Letter is addressed to “**Scheme Creditors**”, being legal or natural persons who have Provable Claims (including, for the avoidance of doubt, any Admitted Claim whether unpaid or paid in part).
- 3.2 This Practice Statement Letter has been sent to those persons who the Joint Administrators believe are or may be Scheme Creditors. This letter has also been made publicly available by the Company on the Administration Website and by the Information Agent on <https://glas.agency/2019/11/01/african-minerals-limited-practice-statement-letter/>. A hard copy can be made available at the office of the Information Agent at the address specified in paragraph 19.4 upon request to the Information Agent using the email address or telephone number provided in paragraph 19.4.
- 3.3 This Practice Statement Letter also contains certain information relevant to Bondholders of the Company. A copy has been made available to Bondholders by the Bond Trustee via the Clearing Systems.
- 3.4 In the event that you have assigned, sold or otherwise transferred your interest (or any part thereof) in your Provable Claims, you are requested to forward a copy of this letter to the person or persons to whom you have assigned, sold or otherwise transferred such interest. If you intend to assign, sell or otherwise transfer your interest (or any part thereof) in your Provable Claims, you are requested to forward a copy of this letter to the person or persons to whom you intend to assign, sell or otherwise transfer such interest.
- 3.5 If you have not proved in the Administration and believe you have a Provable Claim, you must submit a proof of debt in respect of such Provable Claim as soon as possible, and on the assumption that the Scheme becomes effective, by the Bar Date (as explained in paragraphs 13 and 15 below).

3.6 If you have not proved in the Administration and do not believe that you have a Provable Claim, you do not need to take any further action, however you will not be entitled to receive any dividends in the Administration or any distributions made pursuant to the Scheme, and you will be prevented from proving for any Provable Claim after the Scheme becomes effective (as further explained in paragraph 15 below).

4. **PROPOSED SCHEME**

4.1 The Joint Administrators intend to cause the Company to apply to the High Court at a court hearing in the Companies Court, Royal Courts of Justice, Rolls Building, Fetter Lane, London EC4A 1NL (the “**Scheme Convening Hearing**”), expected to be held via video-link and accessible by telephone, on a date no earlier than 29 June 2020, for an order granting the Company certain directions in relation to the Scheme, including permission to convene a meeting of the Scheme Creditors for the purpose of considering and, if thought fit, approving the Scheme.

4.2 The precise date on which the Scheme Convening Hearing will take place will be notified to Scheme Creditors by announcement on the Scheme Website as soon as it has been confirmed by the High Court.

5. **BACKGROUND TO THE SCHEME**

5.1 The Company was incorporated on 26 March 1986 in Canada, and was later registered under the laws of Bermuda on 29 January 2004 as an exempted company. The Company is a mineral exploration and development company. Prior to 16 April 2015, it indirectly held significant interests in an iron ore mine (the “**Tonkolili Mine**”) and related infrastructure projects in Sierra Leone, West Africa (the Tonkolili Mine, together with such projects, shall be referred to collectively as the “**Project**”) through:

- (a) the Company’s 100% ownership of four companies registered in Bermuda, namely TIO, African Minerals Engineering Limited, ARPS and African Power Limited (together, the “**Bermuda HoldCos**”); and
- (b) the Bermuda HoldCos’ majority shareholding in three companies registered in Sierra Leone, namely TIO SL, ARPS SL and African Power (SL) Limited (together, the “**OpCos**”).

5.2 As an exempted company, the Company did not carry on business domestically within Bermuda. Prior to 7 April 2015, its shares were admitted to trading on the Alternative Investment Market of the London Stock Exchange. Prior to its administration in March 2015, its main business and commercial activities were carried out from London at all material times.

5.3 On 29 March 2012, SISG completed a major investment in the Company and its subsidiaries by investing US\$1.5 billion in return for 25% of the shares of the OpCos. Pursuant to the arrangements which were agreed at the time of the investment, this investment consideration was paid into and held in certain accounts with China Development Bank in Hong Kong (the “**CDB Accounts**”). SISG’s interest in the OpCos was novated to its subsidiary, SSHR upon consummation of the transaction.

5.4 By a written agreement dated 5 April 2013, the Company (as parent guarantor), TIO SL and ARPS SL (as borrowers), TIO, ARPS and TIO Trading Limited (as group guarantors), SBSA and SB (as mandated lead arrangers), SB (as account bank, agent and security agent) and SBSA (as original lender) entered into a US\$250 million pre-export finance facility agreement (the facility being referred to herein as the “**PXF Facility**”), and the facility agreement being referred to herein as the “**PXF Facility Agreement**”).

5.5 In satisfaction of the conditions precedent set out in the PXF Facility Agreement, the Company (as chargor) and SB (as chargee) executed charges dated 5 April 2013 over its shares in ARPS and TIO (the “**Charged Shares**”) as security for its guarantee of the borrowings of the OpCos under the PXF Facility (the “**Share Charges**”).

- 5.6 As disclosed in various RNS announcements made by the Company during the relevant period, in 2014 the Company's financial performance was adversely affected by, amongst other things, a reduction in iron ore prices, and the Ebola epidemic in Sierra Leone. In light of these and other issues, and the Company's need to service its debt, including the PXF Facility, discussions began in the summer of 2014 between the Company and SSHR, over the timing of the release of US\$284 million from the CDB Accounts. In August 2014, both parties agreed to authorise the release of all funds to meet the liquidity needs of the Project.
- 5.7 By the beginning of November 2014, US\$182 million had been released from the CDB Accounts to fund working capital needs, but SSHR's cooperation to effect the previously agreed release of the balance of US\$102 million was not forthcoming.
- 5.8 On 20 November 2014, trading of the Company's ordinary shares on the Alternative Investment Market was suspended. In the absence of the release of the restricted cash, in order to address the immediate liquidity issues which the Project then faced, the Company sought to engage with SSHR and other parties over a disposal of part of the Company's holding in the Project for a fair market value.
- 5.9 In early December 2014, in the absence of sufficient working capital, the Company initiated a temporary controlled shut down of its operations in Sierra Leone. Without release of the restricted cash, the Company was unable to complete planned cost reduction strategies which would return the operations to cash flow positive status at the then relatively low iron ore prices.
- 5.10 During December and early January, negotiations took place between the Company and SSHR, with the involvement of the Government of Sierra Leone, over the sale of part of the Company's interest in the Project to SSHR (or another subsidiary of SISG). A memorandum of understanding between the parties was developed and initialled for identification only, though never signed.
- 5.11 By early February, SSHR had agreed the release of a further US\$19.7 million from the CDB Accounts, but there was no further engagement on the acquisition of the Company's interest in the Project. The cash was applied to the payment of December and January salaries and taxes due in Sierra Leone, and some other essential payments to fund the care and maintenance of the asset. The remaining balance of funds within the CDB Accounts was US\$82.4 million.
- 5.12 Given SSHR's refusal to permit the CBD Accounts to be released, the Company was unable to service the PXF Facility and defaulted on payments due under the PXF Facility in late November 2014, December 2014 and January 2015, in an aggregate amount of US\$31,249,999. The Company entered into negotiations with the PXF Facility lenders with respect to a potential sales process.
- 5.13 Whilst these discussions with the PXF Facility lenders were continuing, on 27 February 2015, the Company was notified that Shandong Steel Hong Kong Zengli Limited ("**SSHK**"), a subsidiary of SISG, had acquired all of the rights and obligations of all the existing lenders under the PXF Facility. On the same day, Standard Advisory London Limited, as agent, served a notice of acceleration on the borrowers of the PXF Facility of all amounts due and payable under the PXF Facility on the basis of the failure to make scheduled repayments of principal of the PXF Facility, and demanded the guarantee against the Company. Also on 27 February 2015, the borrowers of the PXF Facility were given 31 days' notice of the resignation of (i) Standard Advisory London Limited as agent and (ii) SB as security agent.
- 5.14 On 31 March 2015, Madison Pacific Trust Limited ("**Madison Pacific**"), a Hong Kong incorporated trustee services company, was appointed as a replacement facility agent and security agent under the PXF Facility. Madison Pacific was then instructed by SSHK to enforce the Share Charges.
- 5.15 By an application presented to the Chancery Division of the High Court on 26 March 2015, the Company applied for an administration order on the basis that it was cash-flow and balance sheet insolvent, and that its centre of main interest was in England. The Company thereby submitted to the jurisdiction of the courts of England and Wales.

- 5.16 Mr Ian Colin Wormleighton and Mr Neville Barry Kahn of Deloitte LLP were appointed as the joint administrators of the Company by the order of Mr Kevin Prosser QC (sitting as a deputy judge of the Chancery Division of the High Court) dated 26 March 2015 (the “**Order**”). Mr Neville Barry Kahn retired as a partner of Deloitte LLP and Mr Nicholas Guy Edwards replaced him as a joint administrator on 6 August 2018. Pursuant to paragraph (1) of the Order, the affairs, business and property of the Company are to be managed by the Joint Administrators during the period for which the Order is in force. Pursuant to the order of District Judge Lambert dated 10 March 2016, the Joint Administrators’ appointment and the term of the Company’s administration were extended until 25 March 2018. Pursuant to the order of District Judge Alan Johns QC dated 19 March 2018, the Joint Administrators’ appointment and the term of the Company’s administration were extended until 25 March 2020. Pursuant to the order of District Judge Mauger dated 18 March 2020, the Joint Administrators’ appointment and the term of the Company’s administration were extended until 25 March 2022.
- 5.17 Immediately following their appointment, the Joint Administrators sought to protect and preserve the assets of the Company, including engaging with SSHK and SISG (together, “**Shandong**”) and Madison Pacific regarding the enforcement action and seeking orders from both the UK and HK courts. The Joint Administrators instructed Akin Gump LLP to advise on relevant matters arising during the administration, including advice on the enforcement action taken by Shandong.
- 5.18 At the date of the Joint Administrators’ appointment, the sale process being run by Madison Pacific was already close to conclusion. In particular, Madison Pacific had announced that it was looking for indicative bids by 16 March 2015 with a view to concluding a transaction by mid-April. The reason given for the urgency of the sale was the onset of the rainy season in April / May, together with concerns apparently expressed to Madison Pacific by the Government of Sierra Leone that the mine should restart operations as soon as possible.
- 5.19 In their discussions, the Joint Administrators sought to understand the sale process better and to ensure that the Company’s interests were being properly dealt with in the circumstances. The Joint Administrators also took the view that the sale process was subject to the statutory moratorium which had come into effect on their appointment.
- 5.20 Subsequently, on 13 April 2015 in the absence of confirmation from Madison Pacific that it intended to observe the moratorium, and in the absence of satisfactory answers to their questions to both Madison Pacific and Shandong regarding the sale process, the Joint Administrators made an urgent application to the High Court. The application sought a letter of request from the English High Court to the High Court of the Hong Kong Special Administrative Region, where Madison Pacific and SSHK are located, seeking their assistance in giving effect to the statutory moratorium to that process. Although the English High Court was prepared to grant the orders sought by the Joint Administrators, the subsequent request for assistance from the Hong Kong Court was declined.
- 5.21 The Joint Administrators were informed on 20 April 2015 that the Charged Shares were sold to SSHR on 16 April 2015. Full details of the sale were not provided to the Joint Administrators, but it is understood that the consideration provided by SSHR was effectively its agreement to repay the amounts then outstanding under the PXF Facility (approximately US\$170 million). The Company was also discharged from its obligations as guarantor of the PXF Facility.
- 5.22 In December 2015, the Administrators received approximately US\$34 million in respect of the RenCap litigation.
- 5.23 Pursuant to District Judge Lambert’s order on 10 March 2016, the Joint Administrators were given permission to make distributions, and the Administration was thereby converted into a distributing administration. An interim dividend of 0.77p in the £ was declared on 26 July 2016, and paid shortly thereafter. The Company currently has a certain amount of cash available for distribution to the Scheme Creditors after deducting estimated costs and reserves.

- 5.24 In the circumstances, the Joint Administrators considered the possibility of commencing the Enforcement Related Claims against certain individuals and entities to seek damages in respect of the above facts and matters. The Joint Administrators considered the merits and practical implications of bringing the Enforcement Related Claims on behalf of the Company and undertook preparatory work with an intention to commence the Enforcement Related Claims. Around the same time, the Joint Administrators engaged in discussions with certain creditors who wished to see the Enforcement Related Claims litigated and certain other creditors whose commercial objective was instead to recover the maximum cash distributions as soon as possible.
- 5.25 In late 2017, the Joint Administrators commenced discussions with certain of the Company's largest creditors, namely CRM, Jianlong and an ad hoc committee of Bondholders representing approximately 40% in aggregate of the principal value of all Bonds (the "**Ad Hoc Committee**"), with respect to a structure by which: (i) the Joint Administrators would declare a dividend of the available cash remaining in the Company's estate; (ii) the Enforcement Related Claims could be transferred to a special purpose vehicle in which those creditors of the Company who wished to obtain a share of any recoveries from litigating the Enforcement Related Claims would receive a beneficial interest in exchange for contributing their pro rata portion of the available cash in order to fund the litigation; and (iii) those creditors of the Company who preferred to obtain their share of the available cash, would be entitled to receive a cash distribution, would not fund the litigation of the Enforcement Related Claims and would not share in any recoveries resulting from the litigation. Legal counsel to the Bond Trustee has confirmed to the Joint Administrators that certain holders intend to make a CRV Election pursuant to the terms of the Scheme in order to obtain a beneficial interest in the special purpose vehicle.
- 5.26 In order to ascertain the extent to which third parties might be interested in acquiring the Enforcement Related Claims (and at what price), the Joint Administrators launched a public sales process of the Enforcement Related Claims on 16 March 2020. The sales process was open to any person, and was advertised on the Administration Website. Further, forty parties (or their legal advisers on their behalf) were individually contacted by the Joint Administrators' advisers and invited to participate. Such parties included the Company's largest creditors, Shandong, Madison Pacific and others who were considered to be potentially interested in investing in assets of this type (including distressed investors, special situations funds and litigation funders). A number of parties engaged with the process, and were provided with access to a confidential data room containing a significant amount of information about the Enforcement Related Claims. Ultimately, however, no parties submitted bids to acquire the Enforcement Related Claims for cash and only one party submitted a bid of any sort. After consideration, and consultation with certain significant creditors, the Joint Administrators declined this bid on the basis that it did not present a better result for the Company's creditors as a whole than the Transaction.

6. **THE PURPOSE OF THE SCHEME**

- 6.1 The purpose of the Scheme is to provide a mechanism for the distribution of the Company's cash and its interest in the Enforcement Related Claims in a way which enables creditors to elect to receive the form of consideration which best suits their interests. Pursuant to the Scheme, all ordinary, unsecured creditors of the Company have the opportunity, but not the obligation, to obtain a share of any recoveries from the Enforcement Related Claims, whilst those creditors who do not wish to obtain a share of any recoveries from the Enforcement Related Claims will instead receive an immediate cash distribution.
- 6.2 Pursuant to the Scheme, each Scheme Creditor will be entitled to receive or direct the application of its Pro Rata Allocation of Scheme Consideration in accordance with the terms of the Scheme.
- 6.3 The Scheme will effect a compromise between the Company and the Scheme Creditors pursuant to which each Scheme Creditor will agree to release a proportion of its Admitted Claims in consideration for receiving its Pro Rata Allocation of Scheme Consideration. The aggregate value of the Admitted Claims to be released will be equal to the amount of the Scheme Consideration.

7. **WHO WILL BE AFFECTED BY THE SCHEME**

7.1 From the Scheme Effective Date, all Scheme Creditors (including those who do not vote in favour of the Scheme), the Joint Administrators and the Company will be bound by the terms of the Scheme, along with the CRV Trustee and the Information Agent. The CRV Trustee and the Information Agent will be required to undertake to be bound by the Scheme or will agree to take certain steps required in relation to the Scheme.

7.2 The Bond Trustee holds an Admitted Claim in respect of the Bonds. The Scheme will compromise the Admitted Claim held by the Bond Trustee, which will have corresponding implications for claims held by Bondholders. Each Bondholder will be given the opportunity, but not the obligation, to elect whether to receive an immediate cash distribution or to cause the cash distribution they would otherwise be entitled to receive to be contributed to the CRV in exchange for an interest in the CRV, which will allow the Bondholders to obtain a share of any recoveries from the Enforcement Related Claims. The Bond Trustee will cause Bondholders to be offered the opportunity to make that election via the Clearing Systems.

8. **THE TERMS OF THE SCHEME**

8.1 The detailed terms of the Scheme will be included in the Scheme Documentation which will be made available to the Scheme Creditors via the Scheme Website.

8.2 The Scheme is required to:

- (a) bind all Scheme Creditors to the compromise set out in paragraph 6.3 above;
- (b) effect the exchange of a proportion of Scheme Creditors' Admitted Claims for Scheme Consideration;
- (c) effect the absolute and irrevocable release and discharge of any and all other Claims that each Scheme Creditor, the Company, and the Joint Administrators have or may have against (among others) each other, each member of the Ad Hoc Committee and each of their respective officers, directors, employees, agents, advisers and representatives arising directly or indirectly out of, from or in connection with the implementation of the Scheme and the Transaction; and
- (d) grant the Company and Joint Administrators authority on behalf of Scheme Creditors to enter into the Scheme Documentation to which Scheme Creditors are party in order to implement the Transaction.

8.3 The occurrence of the Scheme Effective Date will be conditional on (i) the delivery of the Court Order to the Registrar of Companies, and (ii) the Company and the CRV Trustee entering into the Deed of Assignment, pursuant to which the Joint Administrators will exercise their powers under paragraphs 59 and / or 60 of Schedule B1 and paragraphs 2, 9, 12 and / or 23 of Schedule 1 of the Insolvency Act to transfer the Enforcement Related Claims to the CRV Trustee. The final-form draft Deed of Assignment will be appended to the Explanatory Statement. As well as provisions which are common to most assignment deeds, the draft Deed of Assignment contains the following specific features which the Joint Administrators wish to bring to the attention of the Scheme Creditors:

- (a) the Company shall provide certain documentation and information to the CRV Trustee or to the CRV Trustee's nominated representative solely for the purpose of considering, evaluating, prosecuting to their conclusion, or settling the Enforcement Related Claims;
- (b) the Joint Administrators and the Company benefit from exclusions of liability regarding the transfer of the Enforcement Related Claims;

- (c) the Joint Administrators and the Company expressly confirm that they make no representations whatsoever as to the validity or prospects of success of the Enforcement Related Claims, or that any of the documents provided to the CRV Trustee pursuant to the Deed of Assignment support the Enforcement Related Claims;
- (d) until such time as the Company exits administration, the Company shall cooperate with the CRV Trustee's reasonable requests for assistance, subject to certain conditions; and
- (e) the CRV Trustee agrees not to commence proceedings in relation to the Enforcement Related Claims unless and until it has obtained an after the event or similar insurance policy to cover any potential adverse cost liability of the Company and the Joint Administrators in connection with the proceedings in relation to the Enforcement Related Claims in an amount of at least £10 million or other satisfactory arrangements have been put in place to cover the Joint Administrators and the Company for any potential adverse cost liability in connection with the assignment of the Enforcement Related Claims and the performance of their obligations under the Deed of Assignment.

9. SUPPORT FOR THE TRANSACTION

9.1 Following the commencement in 2017 of negotiations amongst the Joint Administrators, Jianlong, CRM and the Ad Hoc Committee, on 21 November 2018, the Bondholders approved an extraordinary resolution (the "**Extraordinary Resolution**") which, amongst other things:

- (a) approved the Transaction, including the proposed distribution of cash by the Company to its creditors and the option for creditors to elect to direct that cash to a creditor recovery vehicle to pursue the Enforcement Related Claims which the Company would assign to that vehicle;
- (b) directed the Bond Trustee to enter into the Memorandum of Understanding in the then-current form or such revised form as approved by a committee of Bondholders ("**MoU Committee**"), which contemplated that the Bond Trustee would vote its Admitted Claim in favour of the Transaction; and
- (c) authorised the Bond Trustee to do all things necessary to give effect to the Transaction, if so instructed.

9.2 Following approval of the Extraordinary Resolution by 99.47% of the Bondholders that voted (including CRM), the Bond Trustee and Jianlong jointly proposed to the Administrators the Memorandum of Understanding.

9.3 The Memorandum of Understanding was subsequently revised and the revised form was approved by the MoU Committee as contemplated by the Extraordinary Resolution.

9.4 By a letter dated 8 June 2020 (the "**MoU Committee Letter**"), the MoU Committee instructed the Bond Trustee to, amongst other things:

- (a) vote in favour of the Scheme; and
- (b) receive the Scheme Consideration on behalf of, and on trust for, the Bondholders (and therefore the Bond Trustee will not make a CRV Election).

9.5 The Memorandum of Understanding was entered into by the Joint Administrators and the Bond Trustee on 11 June 2020, and it expressly contemplates that CRM and Jianlong will accede to it after execution by the Bond Trustee and Joint Administrators. It is currently with Jianlong and CRM for signature.

9.6 The Memorandum of Understanding sets out high level terms of the Scheme and contains legally binding commitments from the Bond Trustee (who shall not be required to take any action unless

authorised and properly instructed to do so), and, upon execution, Jianlong and CRM to (among other things):

- (a) cooperate in good faith with the other parties to the Memorandum of Understanding and the Joint Administrators and use commercially reasonable endeavours to successfully implement the Transaction in accordance with the Memorandum of Understanding;
- (b) vote in favour of any resolution or other matter requiring the approval of that party, including the Scheme, and execute and deliver (or authorise a person to execute and deliver on its behalf) within any applicable time period, any document or notice in order to implement the Transaction; and
- (c) not challenge or object or support any challenge or objection to any terms of the Transaction, the Scheme or any other process which is proposed to implement the Transaction.

9.7 The obligations of the parties to the Memorandum of Understanding will automatically terminate on the earliest to occur of:

- (a) if the Scheme is not approved by the requisite consent thresholds at the Scheme Meeting, the date of the Scheme Meeting;
- (b) if the High Court declines to sanction the Scheme, the date on which the High Court does so;
- (c) if the Scheme has not become effective by the Long Stop Date, the Long Stop Date; and
- (d) the Scheme Effective Date.

9.8 In addition, the Memorandum of Understanding may also be terminated by the Majority Creditors (as defined in the Memorandum of Understanding) upon two (2) Business Days' notice to the Company if:

- (a) the Company fails to file a claim form in respect of the Scheme with the High Court by 22 June 2020; or
- (b) the Scheme Convening Hearing does not occur by 29 June 2020.

9.9 No fees, payments (other than the payments to be made pursuant to the terms of the Scheme) or other inducements have been, or will be, paid or otherwise made by the Company to any Scheme Creditor pursuant to the terms of the Memorandum of Understanding or the Scheme.

9.10 In light of the position agreed with the Company's largest creditor, and in anticipation that Jianlong and CRM will execute and become bound by the Memorandum of Understanding, the Joint Administrators considered (and continue to consider) it appropriate to propose a scheme of arrangement reflecting the terms agreed.

9.11 The Joint Administrators are recommending that all Scheme Creditors support the Scheme on the basis that they: (i) are satisfied with the fairness and appropriateness of the Scheme, and (ii) consider that the Scheme represents a fair outcome for all Scheme Creditors.

10. SCHEME CONSIDERATION

10.1 Pursuant to the terms of the Scheme, in exchange for each Scheme Creditor agreeing to release a proportion of its Admitted Claims, each Scheme Creditor will be entitled to receive or direct the application of its Pro Rata Allocation of Scheme Consideration in accordance with the terms of the Scheme.

10.2 Subject to paragraph 10.3, each Scheme Creditor shall be entitled to receive its Cash Consideration on the Distribution Date. No action is required from a Scheme Creditor to be entitled to receive its Cash

Consideration on the Distribution Date. Any cash to be distributed to Scheme Creditors in accordance with the terms of the Scheme shall be made by the Company using the payment details for each Scheme Creditor that have been communicated to the Joint Administrators. **If your bank details have changed from the details which you last communicated to the Joint Administrators, you must provide updated details to the Joint Administrators as soon as possible, and at the latest by the Bar Date. Failure to do so may result in a delay to cash payments being made to you, or payments being made to the incorrect bank account.**

- 10.3 Subject to paragraph 10.4, each Scheme Creditor shall be entitled, in its sole discretion, to elect to direct the Company to transfer an amount equal to its Cash Consideration to the CRV Trustee in exchange for the CRV Trustee issuing CRV Interests to that Scheme Creditor in a nominal amount equal to its Pro Rata Allocation of Scheme Consideration (being a “**CRV Election**”). If a Scheme Creditor makes a CRV Election, that Scheme Creditor shall be entitled to have its name (or the name of its nominee) entered on the CRV’s beneficiary register by the CRV Trustee on the Distribution Date and shall thereafter be entitled to share in the property of the CRV and in any proceeds and/or recoveries accrued by litigating the Enforcement Related Claims.
- 10.4 A Scheme Creditor wishing to make a CRV Election to receive (or wishing that any nominee receives) the CRV Interests to which it is entitled in connection with the terms of the Scheme must ensure that it completes a CRV Election Letter. To complete such CRV Election Letter, a Scheme Creditor will be required to, among other things, represent and warrant in writing that it (or its nominee) is either (i) with respect to U.S. Scheme Creditors, a “qualified institutional buyer” as defined in Rule 144A under the US Securities Act; (ii) an “accredited investor” as defined in Rule 501(a) of Regulation D under the US Securities Act; or (iii) outside the United States, (A) a non-U.S. person receiving the CRV Interests outside of the United States in an “offshore transaction” in reliance on Regulation S of the US Securities Act, and (B) in the European Economic Area, a Scheme Creditor who is not a retail investor (a “retail investor” is defined as a person who is one (or more) of: (x) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (y) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (z) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The Scheme will prescribe a date by which Scheme Creditors will be required to submit a CRV Election Letter (and all necessary accompanying documents) to the CRV Trustee and Information Agent in order to make a CRV Election (being the “**CRV Election Deadline**”). All Scheme Creditors must submit their CRV Election Letter (and accompanying documents) to the CRV Trustee and Information Agent, and will also be required to comply with KYC requirements, details of which will be set out in full in the Explanatory Statement.
- 10.5 Any CRV Interests required to be issued to Scheme Creditors in connection with this Scheme shall be issued by the CRV to Scheme Creditors directly, and not by or through the Company or the Joint Administrators. The CRV Trustee will administer and procure the issuance of CRV Interests in accordance with the terms of the Scheme. The Company’s and the Joint Administrators’ obligations to provide Scheme Consideration to a Scheme Creditor that has made a CRV Election shall be wholly discharged and satisfied by the Company transferring an amount in cash equal to that Scheme Creditor’s Cash Consideration to the CRV Trustee. Neither the Company nor the Joint Administrators shall be liable for any failure by the CRV to issue CRV Interests in connection with the Scheme.
- 10.6 Details of the steps that each Scheme Creditor will need to take in order to make a CRV Election and receive CRV Interests will be set out in full in the Explanatory Statement.
11. **OPPORTUNITY FOR BONDHOLDERS TO MAKE ELECTIONS**
- 11.1 As mentioned in paragraph 7.2, the Bond Trustee holds an Admitted Claim which will be compromised by the Scheme.

- 11.2 In accordance with the Extraordinary Resolution and MOU Committee Letter, the Bond Trustee has been instructed to:
- (a) vote the Admitted Claim it holds in favour of the Scheme;
 - (b) receive the Scheme Consideration on behalf of, and on trust for, the Bondholders (and therefore the Bond Trustee will not make a CRV Election); and
 - (c) solicit elections of Bondholders to allow Bondholders, subject to paragraph 11.3, to elect either to receive their share of the Cash Consideration received by the Bond Trustee (the “**Bonds Cash Consideration**”) in accordance with the terms of the Trust Deed and the CRV Agreement or to direct the Bond Trustee to transfer an amount equal to its share of the Bonds Cash Consideration to the CRV Trustee in exchange for the CRV Trustee issuing CRV Interests to that Bondholder in a nominal amount equal to its share of the Bonds Cash Consideration (being a “**Bondholder CRV Election**”).
- 11.3 Any cash to be distributed to Bondholders shall be paid by the Bond Trustee via the Clearing Systems and shall be net of any amounts provided for in the Trust Deed and the Extraordinary Resolution. If a Bondholder makes a Bondholder CRV Election, subject to completion of all required KYC, anti-money laundering and similar requirements reasonably required by the CRV Trustee, that Bondholder shall be entitled to have its name (or the name of its nominee) entered on the CRV’s beneficiary register by the CRV Trustee on or around the date of the Distribution Date and shall thereafter be entitled to share in the property of the CRV and in any proceeds and/or recoveries accrued by litigating the Enforcement Related Claims.
- 11.4 A Bondholder wishing to make a Bondholder CRV Election will be required to, among other things, represent and warrant in writing that it (or its nominee) is either (i) with respect to U.S. Bondholder, a “qualified institutional buyer” as defined in Rule 144A under the US Securities Act; (ii) an “accredited investor” as defined in Rule 501(a) of Regulation D under the US Securities Act; or (iii) outside the United States, (A) a non-U.S. person receiving the CRV Interests outside of the United States in an “offshore transaction” in reliance on Regulation S of the US Securities Act, and (B) in the European Economic Area, a Bondholder who is not a retail investor (a “retail investor” is defined as a person who is one (or more) of: (x) a retail client as defined in point (11) of MiFID II; (y) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (z) not a qualified investor as defined in the Prospectus Regulation).
- 11.5 Details of the steps that each Bondholder will need to take in order to make a Bondholder CRV Election and receive CRV Interests will be set out in full in a notice to be published by the Bond Trustee via the Clearing Systems.
- 11.6 For the avoidance of doubt, (i) any distribution of cash to Bondholders shall be administered by the Bond Trustee, and shall not be the responsibility of the Company or the Joint Administrators, and (ii) any CRV Interests required to be issued to Bondholders in connection with a Bondholder CRV Election shall be issued by the CRV to Bondholders directly, and not by or through the Company or the Joint Administrators.
12. **VOTING ON THE SCHEME**
- 12.1 In light of the COVID-19 pandemic, as of the date of Practice Statement Letter it is unclear whether government guidance relating to social-distancing will allow for a Scheme Meeting to be held in person. The Administrators are cognisant that even if social-distancing rules are relaxed by the date of the Scheme Meeting such that the Scheme Meeting is able to be held in person, certain Scheme Creditors may nevertheless be reluctant to attend.

- 12.2 Therefore, the Scheme Meeting will be conducted by video conference. Details of how to access the Scheme Meeting will be set out in full in the Explanatory Statement.
- 12.3 If you are a Scheme Creditor, you are entitled to attend and vote on the Scheme at the Scheme Meeting via video conference, pursuant to your allocated Voting Value. If you wish to appoint the Chairman or a nominee to act as your proxy at the Scheme Meeting, you must submit a Proxy Form to the Information Agent by a certain date prescribed in the Explanatory Statement (being the “**Voting Instruction Deadline**”).
- 12.4 As mentioned in paragraph 11.2, the Bond Trustee has been instructed to vote the Admitted Claim that it holds in favour of the Scheme. Therefore, if you are a Bondholder, you do not need to take any further action in respect of voting on the Scheme and you are not entitled to attend the Scheme Meeting.
- 12.5 If you believe you have a Provable Claim but have not yet submitted a proof of debt, you are urged to do so as soon as possible. If you have not submitted a proof of debt by the Record Date you will not be able to Vote at the Scheme Meeting. Any Scheme Creditor submitting a proof of debt in respect of a Provable Claim who wishes to appoint a proxy to Vote on its behalf at the Scheme Meeting is encouraged to submit a Proxy Form at the same time as it submits its proof of debt to the Information Agent and the Company, and in any event prior to the Voting Instruction Deadline.
- 12.6 Details of the steps that each Scheme Creditor will need to take in order to appoint a proxy to Vote on its behalf at the Scheme Meeting will be set out in full in the Explanatory Statement.
- 12.7 Voting Values will be calculated by the Joint Administrators: (i) in respect of Admitted Claims, in accordance with the proof of debt received and accepted by the Joint Administrators; and (ii) in respect of Undetermined Provable Claims, in accordance with the Voting Value determined by the Joint Administrators and communicated by the Joint Administrators to the relevant Scheme Creditor by the Initial Determination Date if the proof of debt relating to the Undetermined Provable Claim is received by the Record Date.
- 12.8 The Chairman shall retain sole discretion to determine the Voting Value of any Scheme Creditor at the Scheme Meeting.
- 12.9 Voting Values have been calculated by the Joint Administrators solely for the purpose of calculating the value of Votes cast at the Scheme Meeting, in order to determine whether the Scheme has been approved by the requisite majority of Scheme Creditors, and will not be determinative or indicative of the Joint Administrators’ views as to the validity or value of an Undetermined Provable Claim, nor what entitlements to Scheme Consideration will derive from/attach to such Provable Claim.
- 12.10 For the purposes of ascertaining whether a majority in number of Scheme Creditors have Voted in favour of the Scheme, each Scheme Creditor will have one vote relevant to their Claim(s).
13. **VERIFICATION AND ADJUDICATION OF PROVABLE CLAIMS; ADEQUATE RESERVE**
- 13.1 All proofs of debt in respect of Undetermined Provable Claims and which are received by the Company and the Information Agent by the Bar Date will be considered by the Joint Administrators who shall determine whether to accept or reject such Claims, in whole or in part, as soon as reasonably practicable.
- 13.2 The Joint Administrators’ determination whether to accept or reject a proof of debt in respect of Undetermined Provable Claims will be based upon a review of the proof of debt and any documents submitted by the relevant Scheme Creditor in support of such Claim and by applying the same principles and rules which govern the valuation and admission of proofs of debt by a liquidator in a winding-up in England and Wales including, if necessary, discounting any future Claims to their

present value and estimating the value of any Claims that do not have a certain value because they are unascertained or subject to a contingency or for any other reason.

- 13.3 Any proof of debt in respect of Provable Claims should be accompanied by any documentation or evidence that you wish the Joint Administrators to consider in support of your Undetermined Provable Claim.
- 13.4 In the event that a Scheme Creditor is dissatisfied with the Joint Administrators' determination under paragraph 13.2, that Scheme Creditor may apply to the High Court for such decision to be reversed or varied in accordance with the rules applicable to appeals against decisions on proof as set out in the Insolvency Rules.
- 13.5 Upon receipt of any proof of debt in respect of Provable Claims by the Bar Date, the Joint Administrators shall as soon as reasonably practicable, in their sole discretion, set aside from the Scheme Consideration such amounts as they consider necessary in order to adequately reserve for the Undetermined Provable Claims (including with respect to any catch up distributions that may be payable with respect to the Undetermined Provable Claims) (each an "**Adequate Reserve**" and together, the "**Adequate Reserves**"). Upon an Undetermined Provable Claim being finally determined and accepted as an Admitted Claim in accordance with the procedure outlined in paragraphs 13.1 to 13.4, the Scheme Creditor holding such Claim (and any of their successors and assigns) shall be deemed to have held such Admitted Claim at the Bar Date for the purposes of the Scheme, and in particular shall be entitled to receive or direct the application of its Pro Rata Allocation of Scheme Consideration. Details of the timing of a distribution of Scheme Consideration to such Scheme Creditor will be set out in full in the Explanatory Statement.
- 13.6 Upon final determination of all Undetermined Provable Claims, the Information Agent shall make an announcement upon the Scheme Website confirming this fact and the amount of any residual amount of Adequate Reserves.
- 13.7 If, after all payments to which Scheme Creditors are entitled to receive or direct the application of from the Adequate Reserves have been made, there is a residual amount of Adequate Reserves in excess of £10,000, the Company shall make a distribution in cash (a "**Second Distribution**") to all Scheme Creditors in accordance with their Pro Rata Allocation. Scheme Creditors shall have no ability to make a CRV Election with respect to a Second Distribution. The Information Agent shall notify Scheme Creditors of the Company's intention to make a Second Distribution and the timing of such distribution via an announcement on the Scheme Website and the Bond Trustee shall notify the Bondholders of the same through the Clearing Systems.
- 13.8 If there is no residual amount of Adequate Reserves or the residual amount is £10,000 or less, the Joint Administrators will retain such amount and it will be treated in the same way as other cash of the Company in the ongoing Administration.

14. **CONSTITUTION OF CLASSES**

- 14.1 In order for the Scheme to become effective, it must be approved by a majority in number representing not less than 75% in value of those Scheme Creditors who Vote at the Scheme Meeting. Where creditors have rights which are so dissimilar as to make it impossible for them to consult together with a view to their common interest, they must be split into separate classes and a separate Scheme Meeting must be held for each class.
- 14.2 The Joint Administrators have considered the present rights of each of the Scheme Creditors, the way in which those rights will be affected under the Scheme and having taken legal advice, privilege in which is not waived, have concluded that the Scheme Creditors fall into a single class for the purposes of voting on the Scheme at the Scheme Meeting.

14.3 The Joint Administrators have considered the class composition of the Scheme and consider that the rights of the Scheme Creditors are the same or not so dissimilar as to make it impossible for them to consult together with a view to their common interest because:

- (a) as unsecured creditors of the Company, the Scheme Creditors rank *pari passu* as between themselves in the Company's capital structure; and
- (b) if the Scheme becomes effective in accordance with its terms, those rights will be compromised in materially the same way.

14.4 The Joint Administrators are of this view because all Scheme Creditors will receive the same entitlements under the Scheme, namely the right to receive or direct the application of its Pro Rata Allocation of the Scheme Consideration in accordance with the terms of the Scheme.

14.5 Accordingly, it is proposed that the Scheme Meeting will be convened for the purposes of considering and, if the Scheme Creditors think fit, approving the Scheme.

15. **BAR DATE**

15.1 The Scheme will prescribe a date (the "**Bar Date**") by which Scheme Creditors will be required to submit proofs of debt in respect of Provable Claims (other than Admitted Claims) to the Company and the Information Agent in order to establish if they have an Admitted Claim and, if so, that they are entitled to receive Scheme Consideration applicable to such Claim. The Bar Date will be the date falling one (1) week after the Scheme Effective Date.

15.2 The Joint Administrators consider that this is appropriate in view of the lengthy period for which the Company has been in Administration already and the processes of proving and adjudication of Claims and the making of distributions which have occurred in that period.

15.3 Scheme Creditors who hold Admitted Claims are not required to submit further proofs of debt in respect of their Provable Claim.

15.4 **If you believe that the value of your Admitted Claim has changed from the value which has been accepted by the Joint Administrators, you must inform the Joint Administrators and the Information Agent (and submit any supporting documentation which you consider relevant) as soon as possible, and in any event no later than the Bar Date.**

15.5 **Scheme Creditors who fail to submit a proof of debt with respect to their Provable Claims by the Bar Date will irrevocably and unconditionally release and waive any entitlement to assert such Claims, meaning that they will not be able to recover or receive any payments for such Claims in the Administration (even if further assets become available for distribution after the Scheme Effective Date), and they will not be entitled to receive any Scheme Consideration pursuant to the Scheme in respect of such Claims. Such Scheme Creditors will be prevented from proving for any Provable Claim after the Bar Date, and such Claims will be fully and irrevocably extinguished.**

15.6 Given the length of time since the commencement of the Administration and the high-profile nature of the Administration, the Joint Administrators consider the imposition of the Bar Date to be reasonable in the circumstances.

16. **JURISDICTION**

16.1 In establishing whether it has jurisdiction to sanction the Scheme under the Companies Act and in accordance with Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (the "**Recast Judgments Regulation**") (which continues to apply pursuant to Article 67(1)(a) of the Agreement on the Withdrawal of the United Kingdom of Great Britain and

Northern Ireland from the European Union and the European Atomic Energy Community, as implemented pursuant to the European Union (Withdrawal Agreement) Act 2020), the High Court will consider whether it has jurisdiction over both (i) the Company and (ii) the Scheme Creditors.

- 16.2 The Company considers that the High Court has jurisdiction in relation to the Company for the purposes of the Scheme under the Companies Act because the Company is a company which is liable to be wound up in England and Wales. Further, as to the exercise of that jurisdiction, the Company considers that it has a sufficient connection with England and Wales to justify the sanctioning of the Scheme by the English court, because, among other things, although the Company is established under the laws of Bermuda, the Company entered into administration in England on 26 March 2015 on the basis that its centre of main interest was in England. Since then, its centre of main interests has continued to be in England, given that all actions taken by the Joint Administrators have occurred in England. Further, the Company has no assets in Bermuda, and the Joint Administrators do not intend to propose a parallel scheme of arrangement in Bermuda or seek recognition of the Scheme in Bermuda.
- 16.3 As to the High Court's jurisdiction under the Recast Judgments Regulation, the High Court has in previous cases proceeded on the assumption that the Recast Judgments Regulation applies to an application to sanction a scheme of arrangement, without actually deciding whether a scheme of arrangement is within the material scope of that regulation. On that assumption, the High Court was satisfied that it had jurisdiction over non-U.K. domiciled scheme creditors under Article 8 of the Recast Judgments Regulation, on the basis that at least one scheme creditor is domiciled in England and that it is expedient to assume jurisdiction over all of the scheme creditors to avoid the risk of irreconcilable judgments resulting from separate proceedings. In the present case, the Company believes that at least sixteen Scheme Creditors are domiciled in England.
- 16.4 Further, to the extent that any of the Company's contracts with Scheme Creditors contain exclusive jurisdiction clauses in favour of the courts of another EU Member State (so as to fall within Article 25(1) of the Recast Judgments Regulation), the Joint Administrators will rely on Article 26(1) of the Recast Judgments Regulation, which has been held to confer jurisdiction on the High Court over any Scheme Creditor who has lodged a proof of debt in the Company's administration (see *In re Lehman Brothers International (Europe) (in administration)* [2018] EWHC 1980 (Ch), [2019] Bus LR 1012, per Hildyard J at [182]-[183]). The Joint Administrators are unaware of any Scheme Creditors within Article 25(1) of the Recast Judgments Regulation which did not lodge a proof of debt in the Administration.
- 16.5 For these reasons, the Joint Administrators consider that the High Court has the necessary jurisdiction in relation to the Scheme.

17. SCHEME CONVENING HEARING

- 17.1 As noted above, the Scheme Convening Hearing is expected to take place on 29 June 2020 via video link and accessible by telephone, where the Company will draw any issue raised by Scheme Creditors to the High Court's attention. Scheme Creditors have the right to attend themselves or through counsel and make representations at the Scheme Convening Hearing, the date of which will, as stated above, be notified to the Scheme Creditors once it is known.
- 17.2 This Practice Statement Letter is intended to provide Scheme Creditors with sufficient information regarding the Scheme so that, should they wish to raise issues that relate to the jurisdiction of the High Court to sanction the Scheme, or argue that the proposals outlined above for convening the Scheme Meeting are inappropriate, or to raise any other issue in relation to the constitution of the Scheme Meeting or which might otherwise affect the conduct of the Scheme Meeting, they may attend and be represented before the High Court at the hearing of the application for the order to convene the Scheme Meeting.
- 17.3 Scheme Creditors should be aware that the High Court has indicated that issues which may arise as to the constitution of meetings of creditors or which otherwise affect the conduct of those meetings

(“**Creditor Issues**”) or which affect the jurisdiction of the High Court to sanction a scheme of arrangement should be raised at the Scheme Convening Hearing. If they do not do so, while Scheme Creditors will still be able to appear and raise objections at a later court hearing to sanction the Scheme, the High Court would expect them to show good reason why they did not previously raise any Creditor Issues or jurisdictional issues in respect of the proposals for convening of the Scheme Meeting. Scheme Creditors should therefore raise such issues at the Scheme Convening Hearing.

- 17.4 If the High Court orders the Scheme Meeting to be convened at the Scheme Convening Hearing, then the Scheme Creditors will have the opportunity to raise objections at a second and final High Court hearing (the “**Scheme Sanction Hearing**”) at which the High Court will decide whether to exercise its discretion to sanction the Scheme (assuming that the Scheme is approved at the Scheme Meeting by the requisite majorities). The Scheme Sanction Hearing is anticipated to be held on or around 27 July 2020.

IMPORTANT: If any Scheme Creditor has comments as to the constitution of the Scheme Meeting which is proposed, or any other issues which they consider should be raised with the High Court, they should in the first instance and as soon as possible contact Akin Gump LLP using the contact details set out in paragraph 19.4 below.

18. SCHEME WEBSITE

- 18.1 The Information Agent has set up the Scheme Website (<https://glas.agency/african-minerals-limited>) to disseminate information about the Scheme and to facilitate implementation of the Scheme. Scheme Creditors may download documents relating to the Scheme from the Scheme Website. Copies of the Scheme Documentation shall also be made available to any of the Scheme Creditors in hard copy free of charge upon request to the Information Agent.
- 18.2 If a Scheme Creditor encounters any technical difficulties in accessing any Scheme Documentation via the Scheme Website or wishes to request hard copies of the Scheme Documentation, please contact the Information Agent using the details set out in paragraph 19.4 below.

19. NEXT STEPS

- 19.1 As noted above, we anticipate that the Scheme Convening Hearing will take place on or about 29 June 2020. Scheme Creditors will be notified in advance if there is a change to the proposed date. Provided that the High Court grants permission to the Company to convene the Scheme Meeting, shortly following the Scheme Convening Hearing Scheme Creditors will be provided with (amongst other things) the following important documents:
- (a) a notice convening the Scheme Meeting;
 - (b) the Explanatory Statement;
 - (c) a copy of the Scheme, which will be included in the Explanatory Statement; and
 - (d) an instruction packet, comprising a form of Proxy Form and CRV Election Letter, pursuant to which a Scheme Creditor may appoint a proxy to Vote on its behalf at the Scheme Meeting, may make a CRV Election and give the requisite confirmations in order to receive the Scheme Consideration to which it is entitled,
- (together, the “**Scheme Documentation**”).
- 19.2 As set out in paragraph 11 above, the Bond Trustee will publish a notice via the Clearing Systems as to the steps that each Bondholder must take in order to make a Bondholder CRV Election and receive CRV Interests.
- 19.3 The Scheme Documentation will also be made available by the Information Agent to the Scheme Creditors via the Scheme Website.

- 19.4 If you have any questions in relation to this Practice Statement Letter or the Scheme, please contact the Information Agent and/or the Company's English solicitors, Akin Gump LLP, using the contact details below:

Information Agent

GLAS Specialist services Limited
45 Ludgate Hill
London EC4M 7JU
Phone: +44 (0) 20 3597 2940
Fax: +44 (0) 20 3070 0113
Email: LM@glas.agency
Attention: Liability Management – AML

Akin Gump LLP

Eighth Floor, Ten Bishops Square
London E1 6EG
Phone: +44(0)20 7012 9600
Fax: +44(0)20 7012 9601
Email: africanminerals@akingump.com
Attention: Ms. Liz Osborne and Mr. Richard Hornshaw

- 19.5 If you have any questions in relation to any issues related to the Bond Trustee or the Bondholder CRV Election, please contact the Bond Trustee's solicitors, Skadden Arps, using the contact details below:

Skadden, Arps, Slate, Meagher & Flom (UK) LLP

40 Bank Street
Canary Wharf
London E14 5DS
Attention: Peter Newman
Phone:+44(0)20 7519 7061
Email: peter.newman@skadden.com

Yours faithfully

A handwritten signature in black ink, consisting of a large, stylized 'I' followed by a long horizontal stroke that tapers to the right.

Ian Wormleighton

Joint administrator acting as agent for and on behalf of African Minerals Limited (in administration without personal liability).

ANNEX A

“**Ad Hoc Committee**” has the meaning given to such term in paragraph 5.25.

“**Adequate Reserve(s)**” has the meaning given to it in paragraph 13.5

“**Administration**” means the administration of the Company under the order of the High Court dated 26 March 2015.

“**Administration Expense**” means any expenses, disbursements, remuneration or other costs and liabilities incurred in the course of the Administration including those set out in paragraphs (a) to (j) at Rule 3.51(2) of the Insolvency Rules and including all debts and liabilities referred to in paragraphs 99(4) and 99(5) of Schedule B1 to the Insolvency Act.

“**Administration Website**” means [http://www.deloitte-insolvencies.co.uk/a-c/african-minerals-limited-and-african-minerals-engineering-limited-\(both-in-administration\).aspx](http://www.deloitte-insolvencies.co.uk/a-c/african-minerals-limited-and-african-minerals-engineering-limited-(both-in-administration).aspx).

“**Admitted Claim**” means any ordinary unsecured Claim against the Company (whether in respect of unpaid principal, interest or otherwise) which is not an Expense Claim, which is or has been admitted by the Joint Administrators in accordance with Rule 14.7 of the Insolvency Rules or has been admitted in accordance with Rule 2.77 of the Insolvency Rules.

“**ARPS**” means African Railway & Port Services Limited.

“**ARPS SL**” means African Railway & Port Services (SL) Limited.

“**Bar Date**” has the meaning given to it in paragraph 15.1.

“**Bermuda HoldCos**” has the meaning given to it in paragraph 5.1(a).

“**Bondholder**” means each person who is entitled to the beneficial interest in a particular principal amount of the Bonds held by a person who is from time to time shown in the records of Euroclear or Clearstream (other than Clearstream, if Clearstream shall be an account holder of Euroclear, and Euroclear, if Euroclear shall be an account holder of Clearstream) as the holder of a particular principal amount of the Bonds.

“**Bondholder CRV Election**” has the meaning given to it in paragraph 11.2(c).

“**Bonds**” means the US\$400 million 8.50% convertible bonds due 2017 issued by the Company.

“**Bonds Cash Consideration**” has the meaning given to it in paragraph 11.2(c).

“**Bond Trustee**” means Wilmington Trust (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF in its capacity as trustee under the Bonds, acting on instructions from the MoU Committee, and for the benefit of, the Bondholders.

“**Business Day**” means a day on which banks are open for business in London (excluding, for the avoidance of doubt, Saturdays, Sundays and public holidays).

“**Cash Consideration**” means with respect to a Scheme Creditor, its Pro Rata Allocation of Scheme Consideration in cash.

“**CDB Accounts**” has the meaning given to it in paragraph 5.3.

“**Chairman**” means chair of the Scheme Meeting.

“**Charged Shares**” has the meaning given to it in paragraph 5.5.

“Claim” means all claims, actions, Proceedings, demands, rights, counterclaims, complaints or causes of action, be they known or unknown, incurred solely or jointly or as principal, surety or in any other capacity, present, future or contingent, of any nature whatsoever and howsoever arising, whether arising in equity, common law, statute, or by reason of breach of contract, statutory duty or trust, for contribution, or for interests, costs or disbursements, as a result of a restitutionary claim, or in respect of any tortious or negligent act or omission (whether or not loss or damage caused thereby has yet been suffered) or otherwise, whether in existence now or coming into existence at some time in the future, whether the amount is fixed or liquidated or is capable of being ascertained by fixed rules or as a matter of opinion, whether filed or unfiled, whether asserted or unasserted, including those which arise hereafter upon a change in the relevant law, whether or not in the contemplation of the relevant person at the date hereof, and including:

- (a) any “Debt” as defined in Rule 14.1(3) of the Insolvency Rules; and
- (b) any Liability.

“Clearing Systems” means Euroclear and Clearstream.

“Clearstream” means Clearstream Banking, *société anonyme*.

“Companies Act” means the Companies Act 2006 (as amended).

“Company” means African Minerals Limited (in administration), a company with its registered address at Victoria Place, 31 Victoria Street, Hamilton, HM10 Bermuda.

“Court Order” means an office copy of the order of the High Court sanctioning the Scheme under section 899 of the Companies Act.

“Creditor Issues” has the meaning given to it in paragraph 17.3.

“CRM” means China Railway Materials Company Limited, of Room 901, Tower C, Guo Hai Plaza, No. 17 Fuxing Road, Hai Dian District, Beijing, 100036, P.R. China.

“CRV” means the creditor recovery vehicle to be established as a Cayman STAR trust on or prior to the Scheme Meeting.

“CRV Agreement” means the declaration of trust governing the CRV.

“CRV Election” has the meaning given to it in paragraph 10.3.

“CRV Election Deadline” has the meaning given to it in paragraph 10.4.

“CRV Election Letter” means a letter by which a Scheme Creditor makes a CRV Election, a form of which will be attached to the Explanatory Statement.

“CRV Interest” means ordinary interests of nominal value £1.00 per interest in the CRV.

“CRV Trustee” means the Cayman trustee of the CRV to be incorporated as a private trust company.

“CRV Trustee Undertaking” means the undertaking from the CRV Trustee to the Company, the Scheme Creditors and the High Court to be entered into on or before the date of the Scheme Sanction Hearing to, amongst other things, enter into the Deed of Assignment and be bound by the terms of the Scheme.

“Deed of Assignment” means the deed of assignment to be entered into between, among others, the Company and the CRV Trustee in relation to the Enforcement Related Claims, a form of which will be attached to the Explanatory Statement.

“Distribution Date” means the date falling ten (10) Business Days after the Bar Date.

“Enforcement Related Claims” means all of the Company’s rights, claims and interests related to the events and circumstances that preceded the Company’s entry into administration relating to a demand being made under a guarantee issued by the Company in respect of certain financial indebtedness of the Company’s then subsidiaries and the subsequent related security enforcement process, including but not limited to any claim under or in relation to any shareholders’ agreement relating to any former subsidiary of the Company, any breach of fiduciary duty by any person who was or purported to be or acted in any manner consistent with being a director of the Company, any breach of duty by a mortgagee in relation to the security enforcement process, or any other contractual, tortious, breach of duty or other claim against any of SSHR, SSHK, any other affiliate of SISG, Madison Pacific or any current or former officer, director, employee, consultant, agent, partner, member or shareholder of any entity affiliated with SISG or Madison Pacific, including but not limited to Cui Jurong and Li Qiang.

“Euroclear” means Euroclear Bank S.A./N.V..

“Expense Claims” means Claims relating to Administration Expenses.

“Explanatory Statement” means a statement given in accordance with section 897 of the Companies Act explaining (among other things) the effect of the compromise or arrangement proposed by the Scheme.

“High Court” means the High Court of Justice in England and Wales at the Royal Courts of Justice, sitting at the Rolls Building, Fetter Lane, London EC4A 1NL.

“Information Agent” means GLAS Specialist Services Limited.

“Initial Determination Date” means the date falling one Business Day prior to the Scheme Meeting.

“Insolvency Act” means the Insolvency Act 1986.

“Insolvency Rules” means the Insolvency (England & Wales) Rules 2016.

“Jianlong” means Jianlong (Hong Kong) International Trade Co. Limited and Hong Kong Jianlong Resources Co. Limited, both of Flat/Room 1201, 12/F Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong.

“Joint Administrators” means Ian Colin Wormleighton and Nicholas Guy Edwards of Deloitte LLP, PO Box 810, London EC4A 3TR in their capacity as joint administrators of the Company, and any other person who is appointed as an administrator of the Company, each acting as agent only for and on behalf of the Company and without personal liability.

“Liability” means any debt, liability or obligation whatsoever (including under any guarantee) whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation and under whatever law, and whether it arises at common law, in equity or by statute, in England and Wales or in any other jurisdiction or in any other manner whatsoever.

“Long Stop Date” means 31 December 2020.

“Madison Pacific” has the meaning given to it in paragraph 5.14.

“Memorandum of Understanding” has the meaning given to it in paragraph 9.3.

“MoU Committee” has the meaning given to it in paragraph 9.1(b).

“MoU Committee Letter” has the meaning given to it in paragraph 9.4.

“OpCos” has the meaning given to it in paragraph 5.1(b).

“**Order**” has the meaning given to it in paragraph 5.16.

“**Practice Statement**” means the Practice Statement (Companies: Schemes of Arrangement) [2002] 1 WLR 1345 issued by the High Court on 15 April 2002 which provides non-statutory guidelines on the best practice to be followed by a company proposing to enter into a scheme of arrangement with its creditors under Part 26 of the Companies Act.

“**Pro Rata Allocation**” means in respect of a Scheme Creditor, the proportion borne by the aggregate amount of its Admitted Claims as at the Bar Date (including Admitted Claims deemed to have been held at the Bar Date) to the aggregate amount of all Admitted Claims of all Scheme Creditors as at the Bar Date (including Admitted Claims deemed to have been held at the Bar Date).

“**Proceeding**” means any process, action or other legal proceedings (including, without limitation, any demand, arbitration, alternative dispute resolution, judicial review, adjudication, execution, seizure, distraint, forfeiture, re-entry, lien, enforcement of judgment or enforcement of any security).

“**Project**” has the meaning given to it in paragraph 5.1.

“**Provable Claim**” means a Claim provable in the Administration, in accordance with Rule 14.2 of the Insolvency Rules, other than an Expense Claim.

“**Proxy Form**” means the proxy form to be completed on behalf of each Scheme Creditor (other than an Bondholder) wishing to appoint a proxy to vote in its behalf at the Scheme Meeting, a form of which will be attached to the Explanatory Statement.

“**PXF Facility**” has the meaning given to it in paragraph 5.4.

“**PXF Facility Agreement**” has the meaning given to it in paragraph 5.4.

“**Recast Judgments Regulation**” has the meaning given to it in paragraph 16.1.

“**Record Date**” means 5:00 p.m. (London time) on 13 July 2020.

“**Registrar of Companies**” means the registrar of companies within the meaning of the Companies Act.

“**SB**” means Standard Bank plc.

“**SBSA**” means The Standard Bank of South Africa Limited.

“**Scheme**” means the proposed scheme of arrangement in relation to the Company pursuant to Part 26 of the Act.

“**Scheme Consideration**” means an amount equal to £7,805,747 (which shall represent unpaid principal of any Admitted Claim).

“**Scheme Convening Hearing**” has the meaning given to it in paragraph 4.1.

“**Scheme Creditors**” has the meaning given to it in paragraph 3.1.

“**Scheme Documentation**” has the meaning given to it in paragraph 19.1.

“**Scheme Effective Date**” means the date on which the Scheme becomes effective in accordance with its terms.

“**Scheme Meeting**” means a meeting of the Scheme Creditors for the purpose of considering and, if thought fit, approving the Scheme.

“**Scheme Sanction Hearing**” has the meaning given to it in paragraph 17.4.

“**Scheme Website**” means <https://glas.agency/african-minerals-limited>.

“**Second Distribution**” has the meaning given to it in paragraph 13.7.

“**Shandong**” has the meaning given to it in paragraph 5.17.

“**Share Charges**” has the meaning given to it in paragraph 5.5.

“**SISG**” means Shandong Iron & Steel Group Co., Ltd (山東鋼鐵集團).

“**SSHK**” means Shandong Steel Hong Kong Zengli Limited.

“**SSHR**” means Shandong Steel Hong Kong Resources.

“**TIO**” means Tonkolili Iron Ore Limited.

“**TIO SL**” means Tonkolili Iron Ore (SL) Limited.

“**Tonkolili Mine**” has the meaning given to it in paragraph 5.1.

“**Transaction**” means all actions, steps and transactions contemplated by the Scheme and the Deed of Assignment.

“**Trust Deed**” means the trust deed dated 10 February 2012 made between the Company and the Bond Trustee.

“**Undetermined Provable Claim**” means a Provable Claim in respect of which a proof of debt has been submitted in accordance with Rules 14.3 and 14.4 of the Insolvency Rules by the Bar Date, where such proof of debt is still to be finally adjudicated upon by the Joint Administrators or is the subject of determination by the High Court or in respect of which the 21-day period in Rule 14.8(2) of the Insolvency Rules has not expired.

“**US Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Vote**” means the exercise of a Scheme Creditor’s vote to approve or reject the Scheme at the Scheme Meeting and “**Voted**” and “**Voting**” shall be construed accordingly.

“**Voting Instruction Deadline**” has the meaning give to it in paragraph 12.3

“**Voting Value**” means in respect of a Scheme Creditor, the value attributed to all Admitted Claims of that Scheme Creditor.