



KLEINFONTEIN COLLIERY (PTY) LTD

(IN BUSINESS RESCUE)

REGISTRATION NUMBER: 2003/017639/07

**BUSINESS RESCUE STATUS REPORT IN TERMS OF SECTIONS
132 AND 141 OF THE COMPANIES ACT, 71 OF 2008 READ
WITH REGULATION 125 OF THE COMPANIES ACT FILED BY
THE BUSINESS RESCUE PRACTITIONER LDR VAN DER MERWE**

LDR van der Merwe

October 2020

1. IMPORTANT INFORMATION AND ACTIONS

	Date
Board of directors passes resolution for Business Rescue on	2020/01/16
Notice of resolution filed with CIPC on	2020/01/24
Notice to affected parties on filing for Business Rescue on	2020/01/30
Company nominated a BRP on	2020/01/24
CIPC confirmed certification of BRP on	2020/01/24
File notice to CIPC re BRP appointment on	2020/01/24
Publish notice to affected parties of BRP appointment on	2020/01/30
First meeting of creditors held on	2020/02/05
First meeting of employees held on	2020/02/05
Publish Business Plan on/ due by	2020/07/21
Publish notice of meeting to consider proposed Business Rescue Plan on	2020/07/21
Meeting to determine the future of the business held on	2020/07/31

2. CURRENT STATUS OF BUSINESS RESCUE PROCEEDINGS

Kindly note: This status report must be read together with all previous status reports and that the information contained in this status report is a record of events and/or information that have transpired subsequent to the publication of the previous month's status report:

2.1 Progress on Implementation of the Adopted Business Rescue Plan

2.1.1 Following notification to Creditors of the determination of the Claims of Creditors as required in terms of the adopted BR Plan, the BRP received notice from the following parties seeking to review such determination:

2.1.1.1 Genet Mineral processing; and

2.1.1.2 Inceku Mining.

2.1.2 Following further notice to Creditors of the intended review by the above mention parties, the BRP received notice that the following parties wish to intervene in the review of the determination of the claim of Genet Mineral Processing:

2.1.2.1 SG Coal; and

2.1.2.2 Inceku Mining.

2.1.3 Arbitrators have been appointed for both reviews. Timelines are to be agreed for the submission from the participating parties and it is anticipated that these reviews will be conducted in early 2021.

2.1.4 The BRP has made payment to SG Coal of the net proceeds of the VAT refund collected, as provided for in the BR Plan.

3. Financial Progress with the implementation of the BR Plan

KLEINFONTEIN COLLIERY (PTY) LIMITED (IN BUSINESS RESCUE) Post Adoption reporting as against BR Plan			
	Totals to Date	BR Budget	2020/10
Gross proceeds from the realisation of assets by BRP			
	34,260,813.93	154,150,296	80,000.00
Plant & Machinery	0.00	12,000,000	0.00
Other fixed assets	0.00	0	0.00
Stock and materials	15,571,013.93	66,258,979	80,000.00
Accounts Receivable	0.00	52,305,101	0.00
Immovable Properties	0.00	13,586,215	0.00
VAT refund	15,589,800.00	0	0.00
Mining Right	0.00	10,000,000	0.00
Cash and cash equivalents	3,100,000.00	0	
Less-Expenses incurred by the BRP			
	11,819,576.84	25,662,923	3,322,250.51
Business rescue services (12 months)	2,970,768.57	6,629,231	205,921.00
Monthly running cost care and maintenance	8,638,844.60	14,243,655	3,022,803.34
Legal and professional fees	209,963.67	4,790,036	93,526.17
Balance of proceeds after expenses	22,441,237.09	128,487,372	-3,242,250.51

3.1 Coal Sales:

3.1.1 With very little interest in ROM during October the team focussed their attention on the wash plant, closing on the agreement with the new operator and commissioning the plant.

3.2 Collections and Other Realisations:

3.2.1 No additional realisations during the month of September.

3.3 Total Operating Expenses:

3.3.1 For October operating expenses came in at just more than R3million. These costs included additional once off expenses related to the commissioning of the wash plant and the commencement of payments in respect of the rehabilitation guarantee.

3.3.2 It should be noted that the Company has reached an arrangement with its guarantors regarding payment for the annual premium to secure the guarantee, provided for its ongoing rehabilitation. This annual premium amounts to some R6million per annum and will by agreement be paid monthly going forward.

3.4 Continued Coal Sales:

3.4.1 As previously reported sales of coal stock remain challenging. Disposing of the ROM, as is, has proven difficult, whilst there remains demand for beneficiated product.

3.4.2 With the decision to recommission and operate the wash plant, we intend to beneficiate a significant portion of the current ROM product going forward. This process commenced with some effort and excitement in late October.

3.5 Wash Plant:

3.5.1 Following extensive consideration and engagement we were presented with several proposals relating to the operation of the wash plant. We are pleased to report that we have concluded these engagements and that the BRP has selected his preferred operator for the wash plant.

3.5.2 All agreements and preparations to commence operating the wash plant was concluded during October and as planned the plant was duly commissioned before the end of October.

3.5.3 The operation of the wash plant will serve a dual purpose, to not only beneficiate the Company's own ROM, but to leverage beneficiation of external coal as well.

3.5.4 It is anticipated that the operation of the wash plant will greatly enhance the realisation of value for the ROM and further significantly reduce the monthly cost burden of the BR process.

3.6 Debtors:

3.6.1 The 2Seam/Eskom arbitration was set to commence in October, but frustratingly we have been advised that it has been postponed until February 2021.

3.7 Properties:

3.7.1 We remain dependant on a Court process by the Seller to secure clearances from the local authorities before we can take transfer of the properties into the name of Kleinfontein.

3.8 Mining Right:

3.8.1 We have not commenced any discussion regarding the disposal of the mine. Discussions and planning for this phase will commence in November with and anticipated focus on its disposal in early 2021.

3.9 Other Important Aspects:

- 3.9.1 The Plant has been targeted by armed criminals on a number of occasions of late. Our contracted security firm, management and staff are working with the SAPS in effort to address this scourge of criminality.

LDR van der Merwe
Business Rescue Practitioner

30 November 2020