

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

1. Important Information and Actions

•Board of directors passes resolution for Business Rescue on	16/01/2020
•Notice of resolution filed with CIPC on	24/01/2020
•Notice to affected parties on filing for Business Rescue on	30/01/2020
•Company nominated a BRP on	24/01/2020
•CIPC confirmed certification of BRP on	24/01/2020
•File notice to CIPC re BRP appointment on	24/01/2020
•Publish notice to affected parties of BRP appointment on	30/01/2020
•First meeting of creditors held on	05/02/2020
•First meeting of employees held on	05/02/2020
•Publish Business Plan on/ due by	22/07/2020
•Publish notice of meeting to consider proposed Business Rescue Plan on	22/07/2020
•Meeting to determine the future of the business held on	31/07/2020

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- Arbitrations
 - 2.1.1 There is nothing further to report under this heading at present
- 2.2 Coal Sales:
 - 2.2.1 The Company has now disposed of all its available and saleable ROM. Most of the Slurry stockpile remains unsold however small batches of Slurry are being sold on an ad hoc basis.
 - 2.2.2 The exposed coal in the pit has been blasted and is expected to be moved to the wash plant area by the end of October 2021.
- 2.3 Total Operating Expenses:
 - 2.3.1 Total operating expenses remain within the budgeted projections, but for the significant costs, as previously reported, of having to service the statutory required rehabilitation guarantee.
 - 2.3.2 limited access to trains in the industry contains to hamper the movement and sale of product.
- 2.4 Wash Plant:
 - 2.4.1 The Wash plant continues to operate well, with the focus now almost exclusively on beneficiation of external party coal.
 - 2.4.2 The Company has during October and November 2021 engaged with a substantial number of potential toll washing clients and this has resulted in an oversubscription for toll washing services. Challenges still remain regarding the duration of such toll washing agreements however interest in toll washing arrangements has seemingly stabilised for the benefit of the Company.
- 2.5 Debtors:
 - 2.5.1 An interlocutory application to introduce new evidence was launched by Eskom, however such application was dismissed with costs.
 - 2.5.2 Following closing arguments, the arbitration award will be handed down.
- 2.6 Properties:
 - 2.6.1 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, but these assets have been included in the parcel of assets made available for sale through the public process detailed below.

2.7 Mining Right:

2.7.1 As with the properties and the wash plant the mining right has been included in the parcel of assets made available for sale, as provided for in the BR Plan.

2.8 Dispose of the assets of Kleinfontein:

2.8.1 The BRP conducted a bespoke disposal process on 16 November 2021 that sought the sale of the business of the Company, by way of a private boardroom bid process.

2.8.2 This bespoke process has resulted in the BRP identifying a purchaser for the business of the Company and the BRP and the Company's attorneys are currently finalising the commercial terms of such a transaction.