Wescoal Mining (Pty) Ltd (In Business Rescue)

Registration Number: 1999/005845/07

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 joint business rescue practitioners Dawie van der Merwe, Lance Schapiro and Grant Chittenden

29 August 2025

1. Important Information and Actions

• Board of directors passes resolution for Business Rescue on	25/08/2023
• Notice of resolution filed with CIPC on	25/08/2023
• Notice to affected parties on filing for Business Rescue on	01/09/2023
• Company nominated a BRP on	25/08/2023
• CIPC confirmed certification of BRP on	28/08/2023
• File notice to CIPC re BRP appointment on	28/08/2023
• Publish notice to affected parties of BRP appointment on	01/09/2023
• First meeting of creditors held on	11/09/2023
• First meeting of employees held on	11/09/2023
• Publish notice requesting time extension - circular 6	28/02/2024
• Publish notice confirming time extension agreed to by creditors to publish proposed business rescue plan - circular 7	01/03/2024
• Published proposed business rescue plan	28/06/2024

2. Current Status of Business Rescue Proceeding

Kindly note: This is the 20th monthly report submitted by the BRPs. As is required by law the BRPs will going forward provide Affected Parties with a monthly report, updating such parties on the progress of the business rescue process.

Each subsequent status report must be read together with all previous status reports and that the information contained in the most recent report only contain a record of events and/or information that have transpired subsequent to the publication of the previous month's status report.

3. Current Operations

3.1 Elandspruit:

3.1.1 As previously reported the opencast operation commenced during February 2025 with first coal produced. Although the operations have generated sufficient revenue to justify operations, the ongoing operational issues referenced in previously reports, specifically in terms of the crush and screen operation remain a challenge.

3.1.2 The operational team continue to engage with our mining contractor and sub-contractor to improve efficiencies. This will be tracked in the weekly Joint Operations Committee meetings.

3.1.3 The BRPs continue to engage with various stakeholders and interested parties to secure off takes beyond the Eskom CSA contract with Neosho which is up for review in September 2025. The BRPs confirm that there is guaranteed offtake in terms of the existing Masemanzi agreement until December 2025. Initial discussions to extend this timeframe have been initiated.

3.1.4 As a result of *inter-alia,* low tonnages produced, the quality of the coal and geological challenges, as well as the market, a decision was made in agreement with Lehumo Mining during July 2025 to stop the underground operations. August has seen the contractor continuing with actions of dismantling and decommissioning, with the aim to seal the hole by the end of September 2025. This is not expected to have an impact on the dividend to creditors since the operation was operating on a "wash-your-face" model.

3.1.5 The BRPs are in the process of determining what is required from the Company post closure of the underground operations, specifically in relation to ongoing monthly costs and any regulatory requirements. These are however not expected to be material.

3.2 Khanyisa:

3.2.1 Operations at Khanyisa have been on care and maintenance for some time, with some short-term project approved to access some lower grade stockpiles on site.

3.2.2 The position remains unchanged from previous reports.

3.3 Processing Plant:

3.3.1 The Wescoal processing facility has been identified as one of the prime sources of revenue and all effort has been made to commence toll washing operations on site over the last twenty odd months. It is critical that this operates in conjunction with the open cast for the financial model as forecast in the adopted BR Plan to give maximum returns.

3.3.2 A toll washing agreement was concluded during July 2025, whilst. The parties spent August preparing the site and washing an initial 5,000 tons of product to test performance and product specifications. This included, conducting inductions, sweeping the floors and the onboarding of third-party service providers.

3.3.3 The Company anticipates that up to 85,000 tons of product may be processed for the month of September based on initial projections. This will have a significantly positive impact on cash flow going forward if successful.

4. Additional Matters

4.1 Various other matters have also needed to be dealt with, and next steps considered, being *inter alia*:

4.1.1 On 15 July 2025, the Department of Water Affairs conducted an audit at Elandspruit. An action plan is under way to ensure compliances and normalise relations with the Department. The entity is unable to return discard to the pit at this time, meaning that an alternative plan will need to be considered since for washed product to be processed. This is ongoing.

4.1.2 Engagement with the BRPs of Arnot Opco regarding the ongoing proceedings of that business rescue.

4.1.2.1 Pursuant to the judgement out of the Supreme Court of Appeal relating to the business rescue proceedings of Arnot Opco, we have had a number of engagements with the business Rescue practitioner of Arno Opco as well as a number of other interested parties.

4.1.2.2 What ultimately transpires at Arnot Opco will have a significant impact on Wescoal Mining's business rescue proceedings and as such the BRPs remain engaged with the BRPs of Arnot Opco in redesigning its proposed business recue plan.

4.1.3 Environmental Aspects at Wescoal Mining:

4.1.3.1 The non-compliance with environmental requirements on all the Wescoal Minig Site is substantial. As recorded on the adopted Business Rescue Plan, one of the key objectives of the business rescue process is to remediate as much of these non-compliances.

4.1.3.2 To this end, the current contract mining agreement provides not only for ongoing rehabilitation, but also the establishment of a rehabilitation fund, the proceeds of which is intended to be utilised efficiently towards better environmental management. This fund is now active, and we are hopeful that the rehabilitation projects, funded by this fund, will be implemented in the coming weeks.

4.1.4 Lender Group

4.1.4.1 Quarterly lender group presentations and meetings were held on 13 August 2025. Based on a proposal requested by Salungano pertaining to Elandspruit, further information was requested by the lender group. The BRPs are hoping to meet with the Lender Group and Salungano executive in September 2025 to discuss the proposal.

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