



## 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

31 January 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 11<sup>th</sup> 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. Publication and Adoption of Proposed Business Rescue Plan

- 3.1 The proposed business rescue plan, as published on 28 June 2024, was adopted by creditors at the 2<sup>nd</sup> meeting of creditors held on 12 July 2024.

## 4. Current Operations

### 4.1 Elandspruit:

- 4.1.1 The 1<sup>st</sup> of 2 coal resources operated by Wescoal. The operations at Elandspruit consist of both an underground operation as well as an open cast operation.
- 4.1.2 It is with some optimism that we are able to report that an agreement has been concluded with a mining contractor. The annual shut down on large vehicle transport delayed the mobilisation until early January. Site established commenced in earnest in January and it is anticipated that production will commence in terms of the Eskom CSA in February 2025.
- 4.1.3 As previously reported the underground operations continue on the “wash your face model” as from 6 October 2023. Affected parties are referred to early reports for more detail on these operations.

### 4.2 Khanyisa:

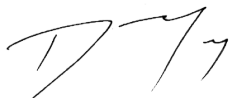
- 4.2.1 Operations at Khanyisa have been on care and maintenance for some time, with some short-term project approved to access some lower grade stockpiles on site.
- 4.2.2 To date, approximately 120,000 tonnes of lower grade coal has been sold and removed off site.
- 4.2.3 The BRPs entered into a sale agreement of approximately 50,000 tonnes coal. There has been a delay in the commencement of mining operations as result of significant amount of water flowing back into the pit due to *inter-alia* the rainy season.
- 4.2.4 The BRPs continue to explore various options relating to the future of the Khanyisa colliery and are in discussions with various parties as proposed in the adopted business rescue plan.

#### 4.3 Processing Plant:

- 4.3.1 The Wescoal processing facility has been identified as a prime source of revenue and all effort has been made to commence toll washing operations on site. 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.
- 4.3.2 The BRPs have concluded a number of beneficiation agreements with 3<sup>rd</sup> parties, but have demanded that a sizeable deposit be payable before processing will commence.
- 4.3.3 In order to bridge current financial requirements, the BRPs continue to sell fines, slurry and remaining product at the processing plant to fund operations.

#### 5. Additional Matters

- 5.1 Various other matters have also needed to be dealt with, and next steps considered, being *inter alia*:
  - 5.1.1 Arnot Business Rescue and ongoing litigation (ongoing) - judgment in the matter of MASHWAYI PROJECTS (PTY) LTD & OTHERS v WESCOAL MINING (PTY) LTD & OTHERS//CASE NO: 1157/2023 was handed down end January 2025. The BRPs will consider it and meet with various stakeholders in February 2025 to consider the impact of the judgement and next steps;
  - 5.1.2 Ongoing assessment of the required rehabilitation at all sites and related guarantees issued, including specific action plans required pertaining to the process;
  - 5.1.3 A quarterly report for the lender group has been prepared and a meeting with the lender group will be scheduled in over the next 30 days;
  - 5.1.4 Interaction with the DMRE is ongoing on matters such as the SLP and ongoing compliance requirements.



**Dawie van der Merwe**  
Joint Business Rescue Practitioner