



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

26 August 2024

1. Important Information and Actions

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| • 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 7th 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 With the consent of the creditors holding the majority voting interest, the publication date of the proposed business rescue plan was previously extended to 29 February 2024.
- 3.2 A further Notice (circular 6) was sent to creditors on 28 February 2024. With this request, the BRP's proposed that the date to publish the proposed business rescue plan be extended to 28 June 2024. The notice confirming acceptance was published on 1 March 2024.
- 3.3 The proposed business rescue plan, as published on 28 June 2024, was adopted by creditors at the 2nd meeting of creditors held on 12 July 2024.

4. Current Operations

4.1 Elandspruit:

- 4.1.1 The 1st of 2 coal resources operated by Wescoal. The operations at Elandspruit consist of both an underground operation as well as an open cast operation. Upon the adoption of the Business Rescue Plan, the BRPs have instituted a transaction process requesting bidders to operate the entity's largest resource, being the open cast mine at Elandspruit.
- 4.1.2 As per the adopted Business Rescue Plan, it has been agreed that a transaction should be concluded whereby the successful bidder will operate the opencast on a royalty basis. This proposal is set out in more detail in the adopted Business Rescue plan. Parties were identified and invited to participate in the process which is expected to culminate in the selection of a preferred bidder by end August 2024 by the BRPs. Contracting will then follow.
- 4.1.3 The BRPs will continue to engage with Eskom and Sasol as 2 potential future clients for the coal produced at Elandspruit. These interactions will continue post the adoption of the proposed business rescue plan in July, with a view to supplement the proposed transaction as per 4.1.2 above.
- 4.1.4 Underground operations continued. In terms of the adopted Business Rescue Plan, it is required that a new agreement is concluded with the contractors regarding operations and the entrance adit.

4.2 Khanyisa:

4.2.1 Operations at Khanyisa have been on care and maintenance for some time.

4.2.2 The BRPs will 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 BRPs identified the Wescoal processing facility as a prime source of revenue and all effort has been made to commence toll washing operations on site.

4.3.2 The BRPs will continue to explore various options relating to the future of the Processing Plant and are in discussions with various parties as proposed in the adopted business rescue plan.

5. Cost Saving Measures

5.1 The BRPs have set out a proposed cash flow, together with related savings in the adopted Business Rescue Plan.

5.2 High costs do however remain for key lines such as security, electricity supply and insurances/guarantees which we hope to address in the proposed transactions.

6. Proof of Claims

6.1 Creditors who have queries pertaining to their claims (accepted or otherwise) are encouraged to please direct these to wescoal@claimform.co.za.

7. Additional Matters

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

7.1.1 Arnot Business Rescue and ongoing litigation (ongoing);

7.1.2 Ongoing assessment of the required rehabilitation at all sites and related guarantees issued, including specific action plans required pertaining to the process plant and meetings scheduled with Muhanga.

Dawie van der Merwe

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