



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

30 May 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 17th 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 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.
- 3.1.2 As previously reported the opencast operation commenced during February 2025 with 1st coal produced. The ramp up continues to take place and we hoped to reach target of 100,000 tons per months within the first 2-3 months. This has been hampered by operational issues, but progress is being made with steady monthly improvements. We are hoping to stabilise in June/July. The run of mine produced is in the short term (for a 12 month) being delivered to Eskom on the back of the rectification plan of one of the Company's sister companies.
- 3.1.3 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. We are in the process of revisiting the existing underground agreement to include planning for life of mine. Further geological studies are underway with drilling planned. Production has slowed in May as we faced these challenges. We are considering opportunities to mine under the Eskom power lines, as well as opportunities to mine to the west.

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 To date, approximately 140,000 tonnes of lower grade coal has been sold and removed off site.
- 3.2.3 As previously reported, there has been a delay in the commencement of mining operations as a result of water flowing back into the pit. There has been significant progress made to remove the water and as a result, the BRPs are hopeful that mining operations can commence during Q3 of 2025.

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- 3.2.4 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.

3.3 Processing Plant:

- 3.3.1 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.
- 3.3.2 The BRPs continue to explore various options relating to beneficiary agreements with 3rd parties. These are ongoing with various opportunities being investigated. Over the past 18 months, no less than 20 potential suppliers of ROM have been identified and engaged with, none of whom have been able to perform to date.
- 3.3.3 In order to bridge current financial requirements, the BRPs continue to sell fines, slurry and remaining product at the processing plant to fund operations. Fines are on final run out, but we continue to explore the slurry sales.

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 Ongoing assessment of the required rehabilitation at all sites and related guarantees issued, including specific action plans required pertaining to the process;
- 4.1.2 Interaction with the DMRE is ongoing on matters such as the SLP and ongoing compliance requirements.
- 4.1.3 The business rescue proceedings of Arnot Opco:
- 4.1.3.1 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.
- 4.1.3.2 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 rescue plan.
- 4.1.4 Environmental Aspects at Wescoal Mining:
- 4.1.4.1 The non-compliance with environmental requirements on all of the Wescoal Mining Site are 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.

- 4.1.4.2 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.



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