



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 October 2024

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 10th 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 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.
- 4.1.2 The BRPs have concluded the public process identified their preferred operator for the opencast operations at Elandspruit. None of the parties to the tender were able to provide an off-take agreement of their own. A decision thus made to select the party with the best pricing proposal and implementation proposal, including specifically rehabilitation and returns, and to pursue an off-take with Neosho. Contractual negotiations are currently underway and the BRPs are confident that operations at the Elandspruit opencast operations will resume soon.
- 4.1.3 A transaction document is in circulation and a ramp up to production could be achieved within a 3-4 week period once signed.
- 4.1.4 The Neosho rectification has in principal been agreed at 100k tons per month, with pricing to be finalised initially until March 2025, but needs to be extend for a 12 month period. We are awaiting a Eskom CSA letter.
- 4.1.5 Underground operations continue on the “wash your face model” as from 6 October 2023. 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. These are being negotiated. This will include various aspects from marketing to health and safety, legal appointments and cost recoveries. Further geological studies and actions are ongoing to re-visit underground reserves and planning. The current sustainable reserve for Underground is circa 200k tons, leaving around 6 months. The BRPs are looking to extend this and require studies pertaining to the wetlands and areas under the power lines. The BRPs will also assess the impact on the Open Cast mining areas.

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, currently underwater. The purchaser has made significant progress with regards to the removal of water and the BRPs expect mining operations to commence in November 2024.
- 4.2.4 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 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 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.
- 4.3.3 In order to bridge current financial requirements, the BRPs have sold 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);
- 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 is scheduled for November 2024;
- 5.1.4 Interaction with the DMRE is ongoing on matters such as the SLP and ongoing compliance requirements.



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