



ARNOTOPCO

TENTH BUSINESS RESCUE STATUS REPORT

Report in terms of Section 132(3) of the Companies Act 71 of 2008 (as amended)

Full Name: Arnot Opco Proprietary Limited (in business rescue)

Registration Number: 2019/072282/07

Registered Office: Farm Rietkuil 491 JS

Private Bag X3

Rietkuil

1097

BRP: Phahlani Mkhombo – Genesis Corporate Solutions

Address: GCS House, 61 Akkerboom Street,
Zwartkop Ext4, Centurion 0157

Date of Appointment: 10 October 2022



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1. Introduction

- 1.1. This Report is prepared in terms of section 132(3) of the Companies Act, 2008 (as amended) ("**the Companies Act**") in respect of the business rescue proceedings of Arnot Opco Proprietary Limited (in business rescue) ("**the Company**").
- 1.2. The purpose of this Report is to update creditors and affected persons on the progress of the business rescue proceedings of the Company.
- 1.3. This Report is required if a company's business rescue proceedings have not been finalised within three months after the commencement of the business rescue proceedings.
- 1.4. The Report must be read together with other reports previously issued, in the business rescue proceedings of the Company, in terms of section 132(3) of the Act.

2. Business Rescue Update

2.1. Court Case

Creditors will recall that Wescoal Mining Proprietary Limited (in business rescue) ("Wescoal") and Salungano Group Limited ("Salungano") launched an urgent court application ("the application"), as first and second applicants against the Company, Mr. Phahlani Lincoln Mkhombo ("Mkhombo") in his capacity as the business rescue practitioner of the Company ("the BRP"), Ndalamo Coal Proprietary Limited ("Ndalamo") and Mashwayi Projects Proprietary Limited ("Mashwayi") as the first, second, third and fourth respondents, respectively.

The application was heard on 21 September 2023 in the High Court of South Africa, Gauteng Division, Johannesburg. Judgement was handed down on 02 October 2023 by Judge Stuart Wilson, who heard the same application.

Following the judgement, the first and fourth respondents, respectively Mr. Mkhombo, Arnot and Mashwayi sought leave to appeal against the judgement of 02 October 2023, wherein the Judge concluded that a variant of the business rescue plan ("Plan") to rescue Arnot under the provision of Chapter 6 of the Companies act 71 of 2008 ("the Act") had been lawfully adopted at a meeting of Arnot's creditors on 28 July 2023.

The application for leave to appeal was heard on 30 October 2023 in the High Court of South Africa, Gauteng Division, Johannesburg.

Judgment for leave to appeal and interim execution of the Plan was handed down on 31 October 2023 by Judge Stuart Wilson who heard the same application. The following order was granted:

- The first, second and fourth respondents are granted leave to appeal to the Supreme Court of Appeal against the whole judgment and order dated 2 October 2023;
- The third respondent's application for interim execution is refused; and
- The costs of the application for leave to appeal, and the application for interim execution, will be costs in the appeal.

3. Operational Update and Business Rescue Initiatives

3.1. Operational Update

The Company continues to mine only from 11 shaft, producing coal from section 1 and section 2 which has been deployed at the south main panel ("SMD") area.

The Company is forecasting the following production for December 2023 and January 2024:

- **December 2023 (51 663 tons)**
 - ☞ Section 1: 29 784 tons
 - ☞ Section 2: 21 879 tons
- **January 2024 (70 750 tons)**
 - ☞ Section 1: 35 882 tons
 - ☞ Section 2: 34 928 tons

3.2. Business Rescue Initiatives

3.2.1. Rectification: The mine started with coal rectification supply through an Eskom Holdings SOC Ltd ("Eskom") approved source in October 2023 and is in the process of ramping up the rectification coal deliveries from the source to 50,000 tons in December 2023. Additional potential rectification sources are being engaged in an effort to accelerate the catch-up on the under-delivered tonnages to Eskom.

3.2.2. Toll Washing: In addition, the Company is in the process of securing clients for toll-washing purposes following the recent recommissioning of the DMS Wash Plant. The allocated capacity for third-party coal processing is 90,000 tons a month, and for the

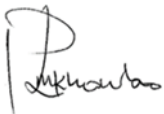
month of December 2023, the Company has received an order for 50,000 tons of toll washing, which order will increase to 90,000 tons in Q1 2024.

3.2.3. Mini Pits: The Company has been engaging surface rights owners of the identified opencast mini pits. The surface rights are amenable to concluding discussions with the Company pending the finalization of the ongoing commercial negotiations and granting the Integrated Water Use License over the properties. The latter is imminent. Additional drilling programme will be required on the properties, including the appointment of a contract miner.

4. Closing Remarks

- 4.1. The BRP will keep creditors and other affected persons abreast of any developments, should a need arise.
- 4.2. The BRP undertakes to continue providing monthly reports to the Creditors, CIPC and other affected persons on the progress of the business rescue proceedings as required by Act.
- 4.3. All queries regarding the business rescue proceedings of the Company may be addressed to: ArnotOpcobr@gcs-sa.co.za. Creditors are reminded that all relevant notices and documents (including the Applications) are available online at this link: <https://arnot-opco.com/business-rescue/>

Yours faithfully,



Phahlani Mkhombo
Business Rescue Practitioner
Arnot Opco Proprietary Limited (in Business Rescue)
11 December 2023