



ARNOTOPCO

THIRTEENTH 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



Contact us

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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. Creditors will recall that the application for leave to appeal was heard on 30 October 2023 in the High Court of South Africa, Gauteng Division, Johannesburg, and the judgment for leave to appeal and interim execution of the Business Rescue Plan ("Plan") was handed down on 31 October 2023.
- 2.2. The appeal process in the Supreme Court of Appeal ("SCA") remains pending and have not been finalised.
- 2.3. The parties have applied for an accelerated schedule and have agreed on dates to filing of their respective heads of argument. Creditors and other affected persons will be advised once a date has been set for the hearing of the appeal.



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3. Operational Update and Business Rescue Initiatives

3.1. Operational Update

The underground coal-winning activities at 11 Shaft are still on stoppage until termination discussions with the underground contractor are concluded, which discussions are at an advanced stage. In the interim, the Company continues to supply coal to Eskom through the rectification process while ensuring adequate care and maintenance of the underground workings.

3.2. Business Rescue Initiatives

3.2.1 Coal Rectification

In February 2024, the Company delivered 132,785 tonnes through rectification process to Eskom, falling slightly short of the previously communicated target of 150,000 tonnes for the month. The rectification ramp-up follows a change to 3-shift cycle on logistics operations and will further be bolstered by the recently completed belt extension project at the rectification coal stockpiling area aimed at increasing handling and loading capacity.

The Company continues to engage Eskom on the approval of additional sources for rectification as part of the turnaround strategy to deal with the supply under-delivery. The interventions mentioned above, together with other cost-containment measures have started to improve monthly operational losses.

3.2.2 DMS Wash Plant

The Company has concluded discussions with the coal handling and processing contractor on the start-up of the DMS Wash Plant. It is anticipated that with effect from 1 April 2024, the DMS Wash Plant will be operational. This development will enable the Company to improve on its coal quality management processes, including fulfilling toll washing commitments reported previously.



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3.2.3 Opencast Mining

The Company signed the Mooifontein surface rights purchase agreement with Eskom in December 2023, which allows the mine immediate access to the properties and commencement of mining activities.

As previously reported, the Company has engaged various stakeholders and potential parties to mine the Mooifontein reserve, including the provision of the necessary capital to fund the establishment, box cut construction, associated surface and auxiliary infrastructure.

Following from the above, the creditors are hereby informed that I have appointed Plantcor Mining and Plant Hire (Pty) Ltd (“Plantcor”) as the opencast contract miner to mine the Mooifontein pits, Pit 1A and Pit 2, concurrently. This follows the conclusion and signature of Heads of Agreement (“HoA”) by the parties on 6 March 2024.

The HoA sets out the key terms and conditions of definitive agreements currently being drafted and outlined below are the salient terms of the HoA:

1. The contract mining shall be for a period of 5 years for the concurrent mining of the Pits;
2. Plantcor will fund the required capital expenditure for the box cut development and associated infrastructure up to an amount of R102 million (“CAPEX PCF”);
3. Plantcor will be the sole marketer of coal earmarked for export markets over the contracted amount of coal undertaking to be delivered by Plantcor; and
4. Plantcor to provide a working capital facility of up to R20 million.

The legal teams of the respective companies are in the process of finalizing definitive agreements in respect of the above.



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A steering committee (“SteerCo”) has been established by the parties to commence with project execution across all key workstreams. The creditors will be informed of project timelines relating to establishment, commencement of the works and expected date for ‘first coal’ once the SteerCo has considered all key workstreams and developed a schedule.

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 on this link: <https://arnot-opco.com/business-resscue/>

Yours faithfully,

Phahlani Mkhombo
Business Rescue Practitioner
Arnot Opco Proprietary Limited (in Business Rescue)
19 March 2024



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