



ARNOTOPCO

FOURTEENTH 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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013 297 8008
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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

The appeal process in the Supreme Court of Appeal ("SCA") remains pending and have not been finalised. A date for the hearing is yet to be established. Creditors and other affected persons will be advised once a date has been set for the hearing of the appeal.

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. The 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 March 2024, the Company delivered 156,165 tonnes through the rectification process to Eskom, marginally higher than the 150,000 tonnes target for March 2024. The rectification ramp-up follows a change to a 3-shift cycle in logistics operations. It will further be bolstered by the recently completed belt extension project at the rectification coal stockpiling area, which aims to increase handling and loading capacity.



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The Company continues to engage Eskom in approving 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 commenced the recommissioning of the DMS Wash Plant on 1 April 2024. This development will enable the Company to improve its coal quality management processes, including fulfilling toll washing commitments reported previously. As expected, the plant is experiencing minor operational glitches, but the operational team is managing these challenges as they encounter them.

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 been engaging various stakeholders and potential parties to mine the Mooifontein reserve, including providing 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 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 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 contract term; and
4. Plantcor will provide a working capital facility of up to R20 million.

The legal teams of the respective companies are finalising definitive agreements with respect to 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 the establishment, the commencement of the works, and the 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.
- 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 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)
15 April 2024



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