



ARNOTOPCO

TWELFTH 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

011 513 3000
013 297 8008
talktous@arnotopco.com
www.arnot-opco.com



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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. You 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 expedited date and agreed on dates to filing of their respective heads of argument. The 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



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The underground coal-winning activities at 11 Shaft are still on stoppage until termination discussions with the underground contractor are concluded, which will be followed by site de-establishment. The Company continues to supply coal to the Arnot power station through the approved rectification process, while ensuring adequate care and maintenance of the underground workings as previously reported.

3.2. Business Rescue Initiatives

3.2.1 Coal Rectification

During January 2024, the Company delivered 116 000 tonnes through the rectification process to Eskom. The mine continues implementing plant and logistics initiatives to ramp up the rectification supply to approximately 150 000 tonnes starting from February 2024, and it is well on track to achieving this target.

Several potential rectification sources are being engaged and presented to Eskom for approval. The achievement of the above rectification tonnages and cost-containment initiatives will ensure that the mine can operate with minimal operational losses while implementing other strategic initiatives.

3.2.2 Third-Party Coal Processing

The Company has been engaging its coal handling and processing contractor to start up the DMS Wash Plant pursuant to the conclusion of a coal processing agreement with a third party i.e., toll washing agreement. The agreement contemplates a minimum of 50 000 tonnes a month of coal to be processed through the wash plant on a prepaid basis. The current plant configuration can accommodate up to 90 000 tonnes a month.

3.2.3 Opencast Mining



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The Company signed the Mooifontein surface rights purchase agreement with Eskom in December 2023 on terms that allow the mine immediate access to the properties to commence with mining activities.

Pursuant to the above, there has been various engagements and discussions with key stakeholders and discussions are at an advanced stage with a potential party identified to mine the Mooifontein pits.

The Company has initiated a process of engaging the Department of Water and Sanitation (“DWS”) on the amendment of the Integrated Water Use License (“IWUL”) in respect of the mini/small pits.

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,



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ARNOTOPCO

Phahlani Mkhombo
Business Rescue Practitioner
Arnot Opco Proprietary Limited (in Business Rescue)
21 February 2024



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