



ARNOTOPCO

FORTY-THIRD 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 other 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 status quo remains unchanged. The appeal in the *Salungano Group Limited v Mashwayi Proprietary Limited and Others* was heard by the Constitutional Court on 19 February 2026, and judgment has been reserved. Creditors will be informed of the outcome once the Court hands down its decision.

3. Operational Update and Business Rescue Initiatives:

3.1. Mooifontein Pit 1A (“Pit 1A”)

In August, the company produced 126,531 tonnes of run-of-mine (ROM) coal from Pit 1A and 241,794 bulk cubic metres of waste stripping. During the month, approximately 76,516 tonnes were delivered to Eskom, and approximately 45,000 tonnes were sold on the spot market. The remaining coal was carried forward as inventory for the following month. The mining contractor removed 45,168 cubic meters of overburden (soft material) from the second mining box on the southern side of Pit 1A. This development is expected to support a production ramp-up, with Pit 1A targeting at least 150,000 tonnes per month from October 2026.



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3.2. Consolidated Pits (Pits 2, 3, and 5)

The establishment of Pit 2 has commenced, with the appointed mining contractor currently developing the box-cut. To date, approximately 241,796 cubic metres of overburden (soft material) have been stripped as part of the pre-production mining activities. Box-cut development is expected to continue for approximately two more months, after which the contractor is anticipated to intersect the first coal late in September 2026. This milestone will mark the commencement of coal production from Pit 2 and support the mine's planned production growth

Eskom has granted Arnot consent to initiate a drilling programme on Eskom-owned land (Farm Mooifontein 448-JS, Portion 5). Progression to mining at Pits 3 and 5 remains conditional upon the conclusion of engagements with surface rights holders, completion of the required drilling programmes, and receipt of all outstanding regulatory approvals.

The resettlement programme remains on track, with construction of replacement housing currently in progress for the thirteen (13) families residing on the Pit 2 property. Completion of the housing units is anticipated by the end of September 2026, in accordance with the approved resettlement schedule.

3.3. Underground Mining Operations

A mining contractor has been appointed to develop and operate the underground mining reserve at 12 Shaft. The contract mining agreement has been finalised.

3.4 Special Projects Update

- 3.4.1. **Mooifontein Access Road Construction:** Creditors and other affected persons are hereby notified that the Company has appointed a contractor to construct the permanent access road that will service all opencast reserve areas, in particular Pit 1A and the Consolidated



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Pits. The road forms part of the critical surface and auxiliary infrastructure development projects, which are expected to be completed in November 2026

- 3.4.2. **Coal Handling and Processing Plant (CHPP) Upgrades:** Creditors and other affected persons are hereby notified that the Company is currently upgrading its CHPP through its appointed plant operation and maintenance contractor. The upgrades follow a detailed investigation of the plant, from run-of-mine (ROM) receipt through dense medium separation (DMS) to product handling, which identified the bottlenecks constraining throughput. The purpose of the upgrades is to debottleneck plant operations, eliminate disruptions and introduce flexibility into the system, thereby increasing plant efficiency and availability and improving ease of operation.

The project is being carried out in two phases. Phase 1 comprises the replacement of the Drewboy bath with a DMS cyclone, together with the associated pumps, the replacement of the discard drain-and-rinse screen and the modification of the related structure and chutework. During this phase a new ROM feed conveyor will also be installed, allowing opencast ROM crushed to -50 mm to be trucked and fed directly to the DMS plant via the existing DMS feed silo, along with new product and transfer conveyors, chutework and flop gates that will introduce flexibility into the product handling system and allow for the production and separate stockpiling of multiple products.

Phase 2 comprises the supply and installation of a new double-roll ROM crusher to replace the existing ring-roll crusher, which will reduce power consumption and the proportion of fines inherently generated by the ring-roll crusher, as well as the installation of a product double-roll crusher to allow larger-sized coal to be washed where required.

Phase 1 is expected to be completed by November 2026. Progress against the project programme will be reported in subsequent status reports.

- 3.4.3. **Marketing:** With Eskom's under-offtake expected to persist, reducing customer concentration and securing alternative demand are critical strategic priorities. The Business



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Rescue Practitioner and management are accordingly accelerating market diversification to mitigate commercial risk, protect revenue, strengthen operational resilience and preserve the value of the business. Although market engagement remains at an early stage, initial indications are encouraging and point to credible opportunities to establish alternative sales channels, broaden the customer base and improve the sustainability of the business.

4. Closing Remarks:

- 4.1. The BRP will keep creditors and other affected persons abreast of any new 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)
31 August 2026



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