

**BASIL READ MINING SOUTH
AFRICA (PTY) LIMITED
(IN BUSINESS RESCUE)**

First Creditors Meeting

26 SEPTEMBER 2023

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AGENDA

1. Welcome
2. Business Rescue Process
3. Background
4. Actions to Date
5. Opinion of Business Rescue Practitioner
6. Proof of Claims
7. Creditors' Committee
8. Conclusion



1ST MEETING OF CREDITORS

1. Welcome
2. 1st Meeting of Creditors of Basil Read Mining SA (Pty) Limited (“the Company”)
3. Objectives of the First Meeting of Creditors
4. The **main objectives** of today’s meeting are as follows:
 - The BRP needs to inform creditors as to whether or not there is a reasonable prospect of a successful Business Rescue (Opinion);
 - The appointment of a Creditors’ Committee; and
 - The receipt of Claims from Creditors.



DEFINITION OF BUSINESS RESCUE

Business Rescue involves proceedings to facilitate the rehabilitation of a company that is financially distressed by providing for:

- A temporary supervision of the company, and of the management of its affairs, business and property; and
- A temporary moratorium on the rights of claimants against the company or in respect of property in its possession.



OBJECTIVE OF BUSINESS RESCUE

The development and implementation of a Business Rescue Plan that either:

- A. Rescues the company by restructuring its affairs, business, property, debt and other liabilities and equity in a manner that maximizes the likelihood of the company continuing its existence on a solvent basis; OR

- B. A process that results in a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company.



BUSINESS RESCUE TIMELINE

Salient dates to the business rescue

Event	Date
Board resolution to commence business rescue proceedings in terms of section s129(1)	6 September 2023
Appointment of Siviwe Dongwana as interim business rescue practitioner in terms of section 129(3)(b)	12 September 2023
Notice to all Affected Parties	15 September 2023
Notice of First Meeting of Creditors	21 September 2023
The First Meeting of Creditors	26 September 2023
The Publication of the Business Rescue Plan	13 October 2023
Meeting to consider and vote on the Business Rescue Plan	27 October 2023



DEFINITION: FINANCIAL DISTRESS

Financial distress is defined in the Companies Act – in reference to a company at any particular time:

- It appears to be reasonably **unlikely** that the company will be **able to pay** all of its debts as **they become due and payable** within the immediately ensuing 6 months; or
- It appears to be **reasonably likely** that the company **will become insolvent** within the immediately ensuing 6 months



CAUSES OF FINANCIAL DISTRESS

1. Operating losses
2. Loss of business
 - Loss of Gamsberg Contract – August 2023
 - Remaining Contracts – profitable but small
 - No immediate pipeline of work
 - No adequate cash runway to carry the business
3. Call on basil Read Limited (in business rescue)
Lenders' security



OPINION: BUSINESS RESCUE PRACTITIONER

The Practitioner is of the opinion that, notwithstanding inevitable risks and challenges, there is a reasonable prospect of a successful Business Rescue, based on the following:

- Structured cession of/ exit from certain contracts
- Termination of employment contracts
- Sale of remaining assets

This process will achieve a better outcome for all stakeholders than a liquidation.

All options will be investigated, together with input from stakeholders.



TERMINATION OF BUSINESS RESCUE PROCEEDINGS (1)

In terms of the Act, should the Practitioner at **any time** conclude there is **no longer a reasonable prospect** of rescue, the BRP **must** advise affected persons and apply to court for an order discontinuing the proceedings and placing the Company into liquidation.



TERMINATION OF BUSINESS RESCUE PROCEEDINGS (2)

Termination of Business Rescue Proceedings

- The BR Plan proposed is rejected and proceedings are not extended.
- The court orders the conversion of the Business Rescue Proceedings into liquidation.
- The Practitioner concludes that the Company is no longer in financial distress.
- The Practitioner files a notice of substantial implementation of the approved Plan.



BUSINESS RESCUE WATERFALL

Order of Priority Provided in terms of the Companies Act:

1. The Business Rescue Costs, including but not limited to legal costs, the costs of the advisors, operating costs and other costs associated with the Business Rescue.
2. Pre-Commencement Secured Creditors, in respect of such encumbered asset.
3. Employees for their Employment during Business Rescue (Post-Commencement Employees).
4. Secured Post-Commencement Creditors.
5. Unsecured Post-Commencement Creditors.
6. Remuneration, reimbursement or expenses relating to Employment prior to Business Rescue.
7. Pre-Commencement Concurrent Creditors.



PROOF OF CLAIMS

- Outstanding amounts for services rendered and goods delivered prior to the commencement date of the business rescue proceedings, are subject to the moratorium.
- A claim form will need to be submitted for such amounts - these claims will be reconciled to the Company's records and any discrepancies investigated.
- Claims will be dealt with in terms of the Business Rescue Plan.
- The claim forms have already been provided with the notice for this meeting



CREDITORS' COMMITTEE

Functions, Duties and Membership of the Creditors' Committee

- A committee, appointed in terms of section 147 of the Companies Act, may:
 - Consult with the Practitioner about any matter relating to the Business Rescue Proceedings; and
 - Receive and consider reports relating to the Business Rescue Proceedings.
- Members need to be independent creditors or an authorised agent of an independent creditor.
- It is the view of the Practitioner that the input of a pro-active Creditors' Committee will add significantly to the process and will be helpful in achieving the goals set out in the Business Rescue Plan.



COMMUNICATION CHANNELS

General Enquiries

- The Practitioner will communicate timeously with all stakeholders, in writing, as required by the Act.
- A Frequently asked Questions (FAQ) will be published on:
- Further information relevant to the Business Rescue Proceedings can be found on the website link <https://www.basilread.co.za/brpbrm.php>.
- Creditors' queries relating to ongoing payment terms, claims and or general queries can be directed to the email address brmbusinessrescue@basilread.co.za.



COMMUNICATION CHANNELS

Creditors

- Creditor queries relating to Business Rescue proceedings and or the formulation of a Plan to be through the Creditors Committee
- The Practitioner will meet with the chairperson of the Creditors Committee as and when required.
- Committees will be advised of these meetings and minutes of these meetings will be provided.

Employees

- The Practitioner will engage the remaining employees of the company directly



Q & A



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