

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

First Employees Meeting (Section 148)

26 September 2023

# Disclaimer

The details contained in this presentation are limited in nature, solely for the attention of the Creditors and Other Stakeholders of **BAIL READ MINING SOUTH AFRICAN (PTY) LIMITED** (“the Company”) and do not purport to contain all of the information relating to the various headings set out in this presentation.

Save where expressly otherwise stated, the Business Rescue Practitioner (“the Practitioner ”) has assumed and relied upon the accuracy and completeness of all information on which this presentation is based and has also assumed that any financial information reproduced herein and/or provided by their sources is complete, accurate, not misleading and based on reasonable assumptions. However, the BRP is not making any warranty or representation, express or implied, as to the accuracy or completeness of the information contained herein, or as to the reasonableness of the assumptions on which any of the same is based.

This presentation also contains historical and forward-looking financial information. These may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations and statements regarding future realisations. Such information and statements are subject to various risks and uncertainties, many of which are difficult to predict, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information or balance sheets.

Save to the extent expressly confirmed in writing by the Practitioner; this presentation should not be relied upon as financial and legal advice recommending any particular course of action. Furthermore, this presentation shall not be considered as legal, tax, accounting or similar specialist advice by the Practitioner or any other person. Further, notwithstanding any other term of this disclaimer and to the maximum extent permissible under applicable law, the Practitioner and his advisors expressly disclaim any and all liability for the contents of, or for omissions from, this document or any written or oral communication transmitted or made to any person in connection with this presentation.

In furnishing this presentation, the Practitioner does not undertake any obligation to provide access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. The views expressed herein are subject to change. The business and financial position is subject to change which may not be reflected herein. This presentation should only be construed in light of the presentation to which it relates.



# AGENDA

1. Welcome
2. Meeting Objectives
3. Business Rescue (Definition, Objective)
4. Actions to Date
5. Background & Causes
6. Opinion of Business Rescue Practitioner
7. Employees' Committee
8. Conclusion



# 1<sup>ST</sup> MEETING OF EMPLOYEES

1. 1<sup>st</sup> Meeting of Employees of Basil Read Mining SA (Pty) Limited (“the Company”)
2. 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 an Employees’ Committee.
  - Organised labour representatives.



# 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 the 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 and Employees	21 September 2023
The First Meeting of Creditors and Employees	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.



# EMPLOYEES' COMMITTEE

## Functions, Duties and Membership of the Employees' Committee

- A committee, appointed in terms of section 148 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 employees or representative
- 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
- Creditors' queries relating to ongoing payment terms, claims and or general queries can be directed to the email address:



# 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



Your go to partner for business



Your go to partner for business