



ANDALUSITE RESOURCES

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Co. Reg. No. 2000/029268/07

30 April 2020

Attention: **All Affected Persons**

Andalusite Resources Proprietary Limited (In Business Rescue)

STATUS REPORT FOR ANDALUSITE RESOURCES PROPRIETARY LIMITED (IN BUSINESS RESCUE)

In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008, as amended ("**Act**") when the business rescue proceedings of a company have not concluded within 3 months of the date on which they started, a business rescue practitioner is required to –

1. prepare a report on the progress of the business rescue, and update it at the end of each subsequent month until the end of the business rescue proceedings; and
2. deliver the report and each update to each affected person and the High Court of South Africa, Gauteng Local Division, Johannesburg ("High Court") (when business rescue proceedings commenced by way of an order of the High Court).

I hereby provide you with the seventh report on the status of the Company's business rescue proceedings.

President Ramaphosa has declared Covid-19 to be a national disaster in terms of the Disaster Management Act 57 of 2002 (DM Act). On 23 April 2020 President Ramaphosa announced that, in line with a risk-adjusted strategy providing for varying levels of lockdown restrictions (i.e. level 1 (least restrictive) to level 5 (most restrictive)), South Africa will move from level 5 to level 4 from 1 May 2020. However, it appears that different levels of restrictions may be declared (ad hoc) across different provinces based on, *inter alia*, the risk of transmission and the health sector's readiness to respond to infections. In addition, it appears that the varying levels of

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restriction will not necessarily reduce progressively to level 1 and higher levels or restrictions may be re-imposed.

Prior to 16 April 2020, no mining activities were allowed whatsoever. However, in a recent amendment to the regulations issued in terms of the DM Act, mining operations have been recognised as an "essential service" and mining operations were allowed, but had to be conducted at a reduced employment capacity of not more than 50%, other than for coal production for Eskom which could scale up to full employment. From 1 May 2020 (and subject to finalisation of the guidelines/directives/regulations relating to the various lockdown levels), when South Africa moves to level 4 restrictions, mining operations may increase employment capacity in phases up to 100%.

For more information, please visit <https://sacoronavirus.co.za/>.

Regarding the status of the business rescue proceedings, please note that:

1. Sales process:

As a result of the ongoing national lockdown, negotiations with bidders have been delayed, bidders have been requested to confirm their willingness/ability to proceed with the sale and, accordingly, the ultimate finalist from the preferred bidders has not been decided.

2. Investec Bank Limited's legal proceedings:

The position, as set out in the notice to Affected Persons of 18 March 2020, remains unchanged.

3. Publication of the plan:

At this stage, for the reasons set out above, in light of the extension of the national lockdown to 30 April 2020 and the implementation thereafter of varying levels of restrictions (level 4 from 1 May 2020 for an unknown period), I require an extension for the publication of the business rescue plan. I accordingly request affected persons to permit a further extension of the date to publish the plan to 1 June 2020.

In this regard, insofar as any affected person may have an objection to this request for an extension, that person is kindly required to note such objection in writing by not later than 17h00 (South African time) on 6 May 2020.

Please note that, if in respect of any affected person, I do not receive a written objection to this requested extension by not later than 17h00 (South African time) on 6 May 2020, then such failure to so object in writing will be construed as a vote by such affected person in favour of my request for an extension and such affected person will be deemed to have approved my request for an extension.



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As the full impact of the COVID-19 pandemic is uncertain and the situation is fluid, I will continue to evaluate the situation and keep you apprised of any and all pertinent developments in respect of this business rescue.

If you have any requests or queries, you are welcome to direct them to gavin.gainsford@gcwapadmin.co.za and sean.christensen@gcwapadmin.co.za

All relevant notices circulated to the affected persons of the Company, to date, have been published on the company's website at www.AndalusiteResources.com

Gavin Gainsford

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