



ANDALUSITE RESOURCES

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Co. Reg. No. 2000/029268/07

27 December 2020

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

- 1 In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008, as amended ("Companies 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 –
 - 1.1 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
 - 1.2 deliver the report and each update to each affected person and the High Court of South Africa, Gauteng Local Division, Johannesburg ("High Court") (in circumstances where business rescue proceedings commenced by way of an order of the High Court).
- 2 I hereby provide you with a status report of the Company's business rescue proceedings.
- 3 Capitalized words not otherwise defined in this notice shall have the meaning ascribed to them in the Business Rescue Plan published on 27 November 2020 (as amended on 7 December 2020) ("Business Rescue Plan").
- 4 At the virtual meeting in terms of section 151 of the Companies Act, held on 8 December 2020 at 13h00, creditors voted in favour of the ARM Offer and approved the Business Rescue Plan. The Business Rescue Plan was adopted with the support of 91% of creditors present and voting at the meeting.
- 5 Since 8 December 2020, I have commenced with the implementation of the terms of the Business Rescue Plan.
- 6 The Business Rescue Plan is subject to the fulfilment of the following suspensive conditions:-
 - 6.1 the fulfilment or waiver, as the case may be, of the suspensive conditions to the ARM sale of business agreement. These are the suspensive conditions that still need to be fulfilled –
 - 6.1.1 in relation to the **rehabilitation and environmental obligations of the Company**, by not later than 2 months after the ARM Approved BR Plan Date, the (i) release of the Company of all indemnities given to Lombard in relation to such obligations, (ii) provision by ARM of its own indemnities, (iii) to the extent required, the issue of new guarantees to the DMR, and (iv) transfer of the rehabilitation asset to ARM;

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- 6.1.2 not later than 4 months after the ARM Approved BR Plan Date, **competition/merger approval** (if required);
- 6.1.3 not later than 12 months after the ARM Approved BR Plan Date, **Ministerial consent in terms of section 11 of the MPRDA**; and
- 6.1.4 within 5 Business Days after the above suspensive conditions have been fulfilled/waived, **confirmation of cancellation of certain registered encumbrances over certain sale assets**.
- 6.2 payment of the Purchase Price under the ARM sale of business agreement to the Company in full (which is required to occur within 5 business days after all the suspensive conditions to the ARM sale of business agreement have been fulfilled or waived, as the case may be. Without giving any commitment in this regard, it is anticipated that (due to the length of time it typically takes to obtain Ministerial consent in terms of section 11 of the MPRDA) it may take approximately 12 months for all of these suspensive conditions to be fulfilled); and
- 6.3 all outstanding Business Rescue Costs having been paid; and
- 6.4 a Distribution having been paid to Creditors, and/or a mechanism having been put in place for the payment of a Distribution to Creditors.
- 7 Once all the suspensive conditions set out in 6.1 to 6.4 have been fulfilled, I will be in a position to release the Company from business rescue.
- 8 If you have any requests or queries, you are welcome to direct them to gavin.gainsford@gcwwadmin.co.za and sean.christensen@gcwwadmin.co.za
- 9 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
- 10 I will continue to keep you apprised of the developments with this business rescue as they unfold.

Yours Faithfully

Gavin Gainsford

Business Rescue Practitioner of Andalusite Resources Proprietary Limited (In Business Rescue)