

SAIL MINERALS (PTY) LIMITED

Meeting in terms of section 151 of the Companies Act

25 February 2022

MEETING TO RESUME AT 12H00

Agenda

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| 1. Introduction | 3 - 5 |
| 2. Proposed Business Rescue Plan | 6 - 12 |
| 3. Business Rescue vs. Liquidation | 13 - 15 |
| 4. Opinion of the Business Rescue Practitioner | 16 - 17 |
| 5. Address by the Employees' Representative | 18 - 19 |
| 6. Invite Discussion | 20 - 22 |
| 7. Questions | 23 - 24 |
| 8. Voting | 25 - 27 |
| 9. Conclusion | 28 - 29 |



1. INTRODUCTION

Meeting in terms of Section 151 of the Companies Act

- **The objectives of today's meeting are to:**

1. Introduce the proposed business rescue plan for consideration by the creditors, and if applicable, by the shareholders.
2. Inform the meeting whether the practitioner continues to believe that there is a reasonable prospect of the company being rescued.
3. Provide an opportunity for the employees' representatives to address the meeting.
4. Invite discussion, and entertain and conduct a vote, on any motions in terms of section 152 to:
 - I. Amend the proposed plan, in any manner moved and seconded by holders of creditors' voting interests, and satisfactory to the practitioner; or
 - II. Direct the practitioner to adjourn the meeting in order to revise the plan for further consideration.
5. Call for a vote for preliminary approval of the proposed plan.



Introduction

❑ Questions

- This meeting is being held electronically via MS Teams.
- Questions can be raised on MS Teams in the Q&A function during this meeting.
- We will attempt to deal with as many questions as possible at the end of the presentation; however, priority will be given to questions pertaining to the consideration of the plan and the adoption thereof.
- Affected persons are requested to include their name and the company they represent with their questions, as anonymous questions will not be addressed.

❑ Voting

- Creditors were encouraged to exercise a vote by proxy, as per the Section 151 notice sent out with the plan on 11 February 2022.
- Proxy forms were required to be submitted before 17h00 on Thursday, 24 February 2022 to BusinessRescue@sailchrome.com.
- An opportunity will be granted to Creditors to submit their proxy forms during the meeting if they have not done so previously.
- In respect of any motion in terms of section 152 by way of email to BusinessRescue@sailchrome.com.



2. PROPOSED BUSINESS RESCUE PLAN

Companies Act Purpose and Objective of Business Rescue

Companies Act Purpose for Business Rescue

- The purpose of the Companies Act, in relation to business rescue as provided in s7(k) is to “provide for the efficient rescue and recovery of financially distressed companies, in a manner that balances the rights and interests of all relevant stakeholders”.

Objective of Business Rescue

- The objective of business rescue, as set out in section 128(1)(b)(iii) of the Companies Act is to develop and implement a plan that 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 in existence on a solvent basis; or
 - If the aforementioned is not possible, results in a better return for the company’s creditors or shareholders than would result from the immediate liquidation of the company.



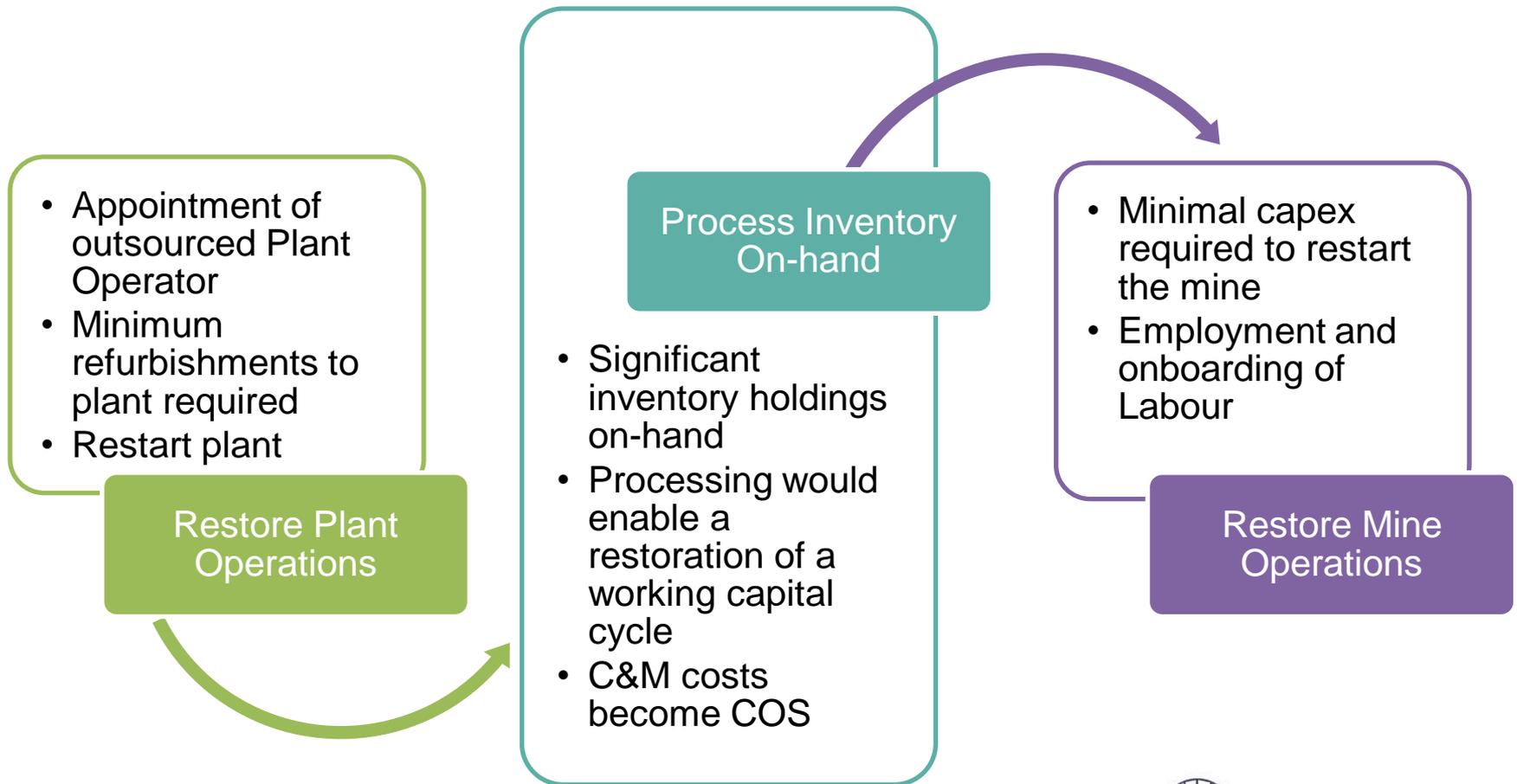
Business Rescue Timeline

The following summary sets out the salient dates on which certain events have taken place during Business Rescue:

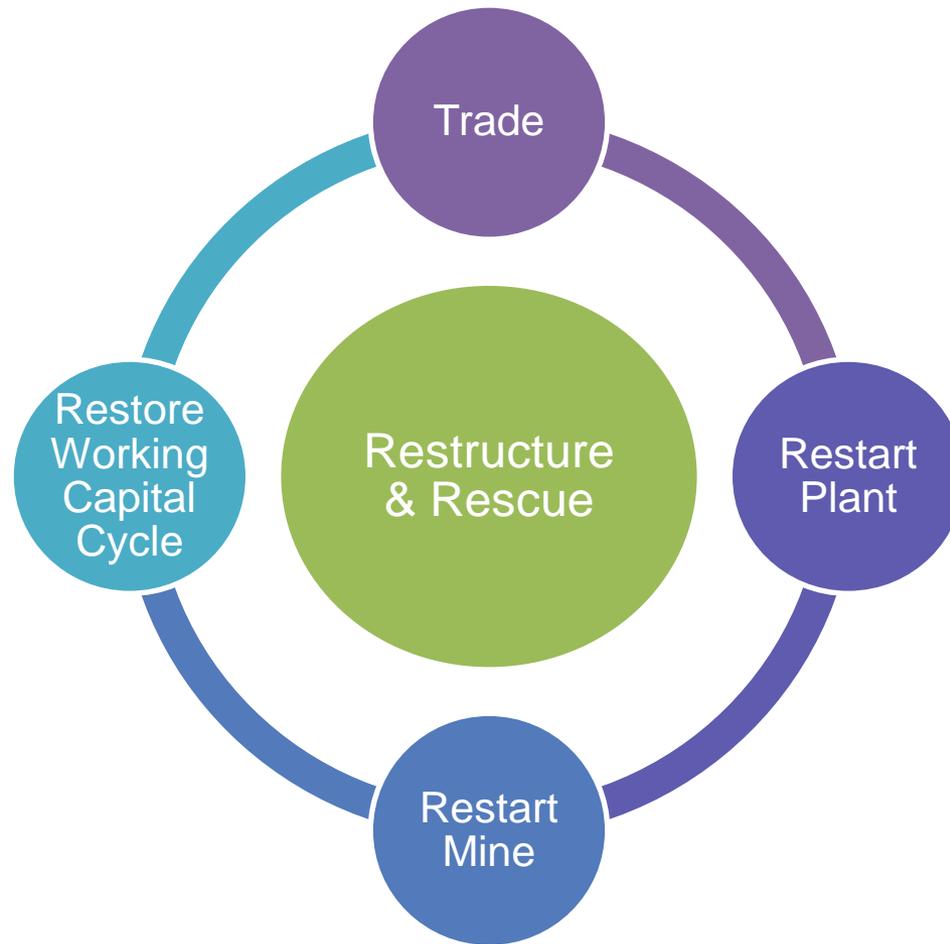
Event	Date
Court Order Commencing Business Rescue	21 September 2021
Interim BRP Appointed	21 September 2021
First Creditors' Meeting and Ratification of BRP Appointment	6 October 2021
First Employees' Meeting	6 October 2021
Request for an extension to publish the Business Rescue Plan	22 October 2021
Request for an extension to publish the Business Rescue Plan	21 January 2022
Publication of the Business Rescue Plan	11 February 2022
Consultations with Affected Persons on the Business Rescue and proposed Business Rescue Plan	22 September 2021 – 20 January 2022
Further Consultations with Affected Persons on the Published Business Rescue Plan	14 February 2022 – 24 February 2022
Section 151 Meeting	25 February 2022



Restart operations



Recap – Key elements to the rescue



Update on PCF

□ Post-Commencement Funding (PCF)

- PCF required – R75m
- Ongoing engagements with two parties to obtain PCF
- One party has provided a firm commitment to provide funding, subject to some conditions including:
 - Approval of the business rescue plan
 - Finalisation of certain conditions that relate to commercial arrangements.



Conditions for the business rescue to come into operation and be fully implemented

This Business Rescue Plan and the implementation is subject to the conditions listed below being fulfilled:

- The adoption of the Business Rescue Plan in terms of section 152 of the Companies Act;
- The provision of the necessary PCF;
- The conclusion of an agreement with Sail Contracting in regard to its plant and mining equipment (in principle agreement with liquidators); and
- The conclusion of an agreement with BCM and the Company to secure ROM.



Conditions for the business rescue to come into operation and be fully implemented (continued)

In the event that the aforesaid conditions on the previous slide are not fulfilled, the BRP will:

- Publish a notice to Affected Persons, informing them of the conditions that could and could not be fulfilled and providing an update on the Business Rescue to date; and
- Convene a meeting of Affected Persons to discuss the notice and conduct a vote on whether Creditors want the Business Rescue to proceed in accordance with Objective B (i.e. proceed with a wind-down of the Company's assets) or apply to court for an order discontinuing the Business Rescue and placing the Company into liquidation in terms of section 141(2)(a)(ii) of the Companies Act.



Conditions for the business rescue to come into operation and be fully implemented (continued)

- As required in terms of section 150(2)(c)(i)(bb) of the Companies Act, the Business Rescue Plan will be fully implemented upon the finalisation of the Proposed Restructure, the fulfilment of the aforementioned conditions and payment of the Final Distribution (i.e. the Substantial Implementation Date).



3. BUSINESS RESCUE VERSUS LIQUIDATION

Business Rescue vs. Liquidation

	Business Rescue	Liquidation
Continuation of Business	<ul style="list-style-type: none"> Business will continue on a solvent basis, suppliers and employees continue earning income. 	<ul style="list-style-type: none"> Business ceases to operate negatively affecting employees and suppliers (and their employees).
Timing	<ul style="list-style-type: none"> The Business Rescue Plan will be implemented in a far shorter time frame than liquidation proceedings. 	<ul style="list-style-type: none"> Liquidation is likely to take more than 24 months.
Voting Process	<ul style="list-style-type: none"> Requires approval: <ul style="list-style-type: none"> 75% of creditors (not split by class); 50% of independent creditors; and 50% of security holders (if the plan alters their rights). 	<ul style="list-style-type: none"> Liquidator discretion to realise in terms of second meeting resolutions.
Fees	<ul style="list-style-type: none"> Business Rescue costs will be significantly lower than the liquidation costs. 	<ul style="list-style-type: none"> The estimated fees a liquidator would be entitled to in terms of the liquidation would be higher.
Employment	<ul style="list-style-type: none"> Creates job opportunity for the former employees of Sail Contracting and the current employees of the Sail Group. 	<ul style="list-style-type: none"> All employee contracts will be immediately suspended. Employees would be entitled to receive a maximum amount of R32 000.00 per staff member. This amount will only be received once the final liquidation and distribution account has been approved at the end of the liquidation process which can take up to 24 months.



Probable Dividend

Class of Creditor	Business Rescue	Liquidation
Secured pre-commencement	100 cents	30 cents
Employees	100 cents	Limited to R32 000
PCF	100 cents	N/A
Concurrent / Unsecured creditors	5 cents	0 cents



4. OPINION OF THE BUSINESS RESCUE PRACTITIONER

Opinion of the Business Rescue Practitioner

It is the view of the BRP that, notwithstanding inevitable risks and challenges, if the Business Rescue proceeds in terms of the proposed plan, same will result in a manner that balances the rights and interests of all relevant stakeholders.



5. ADDRESS BY THE EMPLOYEES' REPRESENTATIVE

Address by the Employees' Representative

Employee Representative



ADAMANTEM

6. INVITE DISCUSSION

Invite Discussion

Invite discussion, and entertain and conduct a vote on any motions in terms of section 152 to:

- Amend the proposed plan, in any manner moved and seconded by holders of creditors' voting interests, and satisfactory to the practitioners; or
- Direct the practitioners to adjourn the meeting to revise the plan for further consideration.

MEETING TO RESUME AT 12H55



Proposed Amendments

- There have been no proposed amendments



7. QUESTIONS?

Questions

- The Meeting will be adjourned for 15 minutes to allow the BRP to consolidate and consider all questions.
- The Meeting will then be reconvened to respond to the list of consolidated questions.



8. VOTING

Voting

Required Voting

- The Plan will be approved on a preliminary basis if:
 - it was supported by the holders of more than 75% of the creditors' voting interests that were voted;
 - and the votes in support of the proposed plan included at least 50% of the independent creditors' voting interests, if any, that were voted.
- The preliminary approval of the Plan will constitute the final adoption of the Plan if it does not alter the rights of the holders of any class of the Company's securities.

Binding Nature of the Plan

- In terms of s152(4) of the Act, a Plan that has been adopted is binding on the Company, creditors and shareholders, irrespective of whether such person
 - was present at the meeting;
 - voted in favour of the adoption of the Business Rescue Plan; or
 - in the case of creditors, had proven their claims against the Company.

Voting

- By way of a proxy form



9. CONCLUSION

Conclusion

- Thank you to everyone who submitted their votes in regard to the approval of the proposed business rescue plan.
- The BRP confirm that:
 - The approval of the business rescue plan was supported by the holders of more than 75% of the creditors' voting interests that were voted, which included at least 50% of the independent creditors' voting interests; and
 - The business rescue plan does not alter the rights of the holders of any class of the Company's securities.
- In the circumstances, the business rescue plan has been approved and has been finally adopted in terms of section 152 of the Companies Act.
- The BRP will circulate the details relating to the result of the vote by way of a notice published to all affected persons.
- The BRP will now proceed with implementing the adopted business rescue plan.
- We thank you for your attendance, the meeting is now closed.





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