

Basil Read Holdings Limited
Incorporated in the Republic of South Africa
Registration Number 1984/007758/06
Share Code: BSR ISIN: ZAE 000029781
("Basil Read Holdings" or "the Company" or "the Group")

UPDATE TO THE BASIL READ LIMITED BUSINESS RESCUE PLAN

1. Update to the Business Rescue Plan

Shareholders are referred to the last announcement released on SENS on 27 September 2023 in relation to the Business Rescue proceedings for Basil Read Limited ("BRL"), a subsidiary of the Company.

Given that the Business Rescue proceedings of BRL have not been concluded within three months of the commencement thereof, the Business Rescue Practitioners ("BRPs") publish a monthly update report in terms of section 132(3)(a) of the Companies Act 71 of 2008 ("Companies Act"). In this regard, thirty one update reports are available on www.matusonsassociates.co.za/basilread/. These update reports should be read in conjunction with the Business Rescue Plan.

The latest Update Report indicate the following:

- 1.1 BRL has completed all the construction contracts that were earmarked for completion with the Employers having issued the Performance Certificates in this regard. BRL is now targeting the commercial close out, which includes final account determination and return of Construction Guarantees for two contracts in namely:
 - 1.1.1 TCTA (Olifants River Water Resources Development Project - Phase 2);
 - 1.1.2 Eskom Medupi Building Project.
- 1.2 The aggregate contingent liability in the form of construction guarantees have been reduced to R25.046 million versus R1.1 billion at the beginning of the Business Rescue proceedings.
- 1.3 BRL continues to pursue contract claims as it relies heavily on claims proceeds to meet its commitments. Although there has been considerable progress in obtaining favourable rulings with respect to certain of these claims, some Employers continue withholding

payments necessitating additional legal action to enforce the rulings. Thus, the timing of receipts of funds for these claims remains uncertain. Whilst the Company remains committed to realising claims to meet its commitments, the BRPs wish to highlight that to the extent that the pursuit of these claims continues into the future, the benefit to be derived therefrom may diminish.

- 1.4 The BRPs have reported no further developments in the realisation of the non-core assets given the prevailing depressed economic conditions domestically and globally.
- 1.5 One of the primary objectives of the Business Rescue Plan was the optimisation, safeguarding and preservation of the retained businesses. In September 2023, the directors of Basil Read Mining SA (Pty) Limited (in business rescue) ("BRMSA") resolved to place BRMSA and its subsidiary entities into voluntary business rescue as BRMSA was deemed to be in distress.

BRMSA had incurred operating losses of R73 million for the seven months ended 31 July 2023 and experienced negative cashflows over the same period. In July 2023, BRMSA lost its largest contract at the Gamsberg zinc mine when Vedanta Zinc Incorporated terminated its contract with BRMSA. BRMSA had no other significant contracts in the pipeline and the remaining contracts are relatively small and do not generate sufficient revenue and cash flow to carry the current overheads.

Following the termination of the Gamsberg contract the lenders, who provided the post commencement funding of BRL, concerned about the potential deterioration in the value of their security, called on the assets of BRMSA and the BRMSA entities, which were previously pledged as security. A number of auctions were advertised for the sale of these assets.

The proceeds from the realisation of the BRMSA assets, have been utilised to settle in full all secured post commencement funding.

1.6 The BRPs remain of the view that a full implementation of the Business Rescue Plan will achieve a better result than a liquidation.

2. Impact on the Company and resultant non-compliance issues

2.1 Subsequent to the Business Rescue proceedings initiated at BRMSA, which resulted in the commencement of the sale of the BRMSA assets to settle the post commencement finance, the remaining business entities of the group will be wind down after the completion of the Business Rescue Plan.

2.2 The BRPs are of the view that there will be no value left after the settlement of the creditors to return to shareholders.

2.3 Due to the ongoing Business Rescue proceedings of BRL and the uncertainty it has caused at Group level, the Company has not been in a position to release any financial results, since BRL was placed in Business Rescue in June 2018, and will not be in a position to release interim financial results for the 6 months ended 30 June 2023.

2.6 The Company and the BRPs are of the view that, as a result of the ongoing Business Rescue proceedings and the resultant unavoidable non-compliance with the JSE Listings Requirements, it is no longer feasible to maintain the Company's listing on the JSE.

The Company has engaged with the JSE regarding the potential termination of its listing and will advise shareholders of the outcome of this process in due course.

Bedfordview
31 January 2024
Company secretary
Emmaus Holdings (Pty) Limited

JSE Sponsor
Grindrod Bank Limited