

Business Turnaround

# Engaged



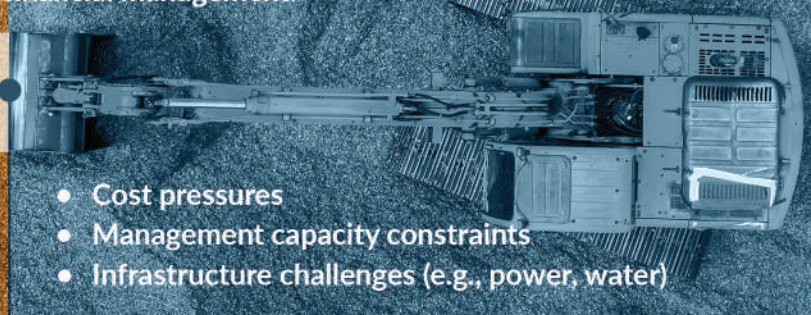
# ADAMANTEM

## Protecting Value Beyond the Mining Cycle

Working collaboratively with management teams to navigate the complexities of the mining sector, Engaged Business Turnaround and Adamantem offer comprehensive solutions to maximise financial performance across the commodity spectrum. Our work in optimisation, turnaround and business rescue enhances value through better operations, asset realisation, and strategic financial management.

### Key Challenges in Mining

- Under-investment in junior mining
- Cyclicity and volatile commodity pricing
- Lack of investor confidence
- Cost pressures
- Management capacity constraints
- Infrastructure challenges (e.g., power, water)



### Comprehensive Support for Sustainable Mining

Engaged Mining Turnaround and Adamantem employs a multi-disciplinary approach to ensure mining assets' sustainability and profitability.

Engaged ADAMANTEM  
Corporate Finance

Skilled teams with specialist mining experience:





## Optimisation, turnaround & rescue – creating and protecting shared value for all stakeholders

Our tested approach to optimisation, turnaround and business rescue provides a framework that enhances value through better operations, asset realisation, and strategic financial management. This approach aligns closely with the longer-term return horizons of investors backing mining projects, and the need for shared value that many of SA's stakeholders in the industry will continue to have for decades to come.

Optimisation and turnaround offer a range of benefits to operating businesses in mining, including enhanced free cash flow, better operating margins and lower G&A and cash costs. Should the asset need to enter business rescue, we have extensive experience managing this process for the benefits of all mining stakeholders.

## Engaged Mining

Engaged BT adopts a stakeholder driven approach balancing South Africa's complex needs in optimising the financial performance of mining assets. Our multi-disciplinary teams are able to focus on protecting value for shareholders; prolonging employment opportunities and paying salaries for staff, ensuring that surrounding communities continue to enjoy the benefits of economic activity in their region, and providing regulators with visibility on plans to support the asset and ensure it can maintain its socio-economic and legal commitments.

By conducting an independent business review or an in-depth "health check" on a mining business, we can provide a detailed assessment of the current business model's efficacy, and how it may be adjusted to maximise profitability and outcomes for all stakeholders.

### This includes:

- Detailed analysis of the income statement and balance sheet
- "LTM" (Last 12 months) analyses of key financial trends that identify where and how distress commenced in the business
- Insight into the operational business model
- Review of key contracts in the business
- Assessment of management skills and experience
- Consideration of major risks to the business, including legal disputes
- Deep dive into cash flow forecasts

## Creditors

Business rescue usually results in substantially better returns for creditors than liquidation. This is primarily because businesses can continue to operate, potentially generating revenue that can be used to pay off debts. Liquidation typically yields lower returns for creditors, as assets are often sold at deeply discounted distressed prices.

**Asset Realisation:** Business rescue allows for the sale or transfer of valuable assets, such as mining rights, which can be executed with ministerial consent. In liquidation, such rights are extinguished and revert to the state, leaving creditors without asset recovery.

**Binding Business Rescue Plan:** Once a business rescue plan is adopted, it is binding on all creditors, and their claims are usually compromised as part of the process. The business rescue process is designed to maximise overall recovery for creditors compared to a liquidation.

**Post-Commencement Finance (PCF):** Business rescue allows companies to secure new financing during the process, which is prioritised over existing unsecured claims. This financing is crucial for maintaining operations and can significantly enhance the company's ability to recover and repay creditors.

**Encouraging Investment:** The structured nature of business rescue can attract new investors willing to inject capital into the distressed company. This influx of funds can further improve the prospects for creditor recovery.

**Tailored Recovery Plans:** Business rescue practitioners (BRPs) develop specific plans that consider creditor interests and company viability. This collaborative approach inevitably leads to more effective restructuring than a straightforward liquidation.

**Potential for Continued Operations:** By allowing businesses to continue trading while restructuring, business rescue preserves jobs and supplier relationships, indirectly benefiting creditors by maintaining a viable customer base.

# Shareholders & Investors

## Shareholders

**Potential for Recovery:** Business rescue aims to rehabilitate financially distressed companies, providing a structured opportunity for them to regain solvency. This process can lead to enhanced recovery of shareholder value compared to liquidation, where shareholders almost always receive nothing.

**Retention of Ownership:** During business rescue, shareholders have the opportunity to retain their ownership stakes if the company successfully restructures. In contrast, liquidation usually results in the loss of all equity, as the liquidation framework is structured around selling assets, usually at deep discounts, to satisfy creditor claims.

**Rights in Proceedings:** Shareholders have specific rights during business rescue, including the right to participate in discussions and be consulted on the business rescue plan. This allows them to influence decisions that may affect their investment.

**Voting on Plans:** If a proposed business rescue plan alters shareholders' rights, they have the right to vote on its adoption. This process ensures that shareholders can voice their opinions and shape the direction of the company.

**Asset Value Realisation:** Business rescue can facilitate better management of valuable assets, such as mining licenses, which may be lost in liquidation. The ability to sell or transfer these assets under a business rescue framework can help maximise shareholder value.

**Post-Commencement Finance (PCF):** The ability to secure PCF during business rescue provides liquidity for operations and restructuring. This support substantially enhances prospects for recovery, ultimately benefiting shareholders by improving overall business health.

**Focus on Sustainability:** Business rescue emphasises long-term viability and operational stability. By allowing companies to restructure rather than liquidate, shareholders benefit from a potentially revitalised company that can generate returns over time.

**Mitigation of Job Losses:** A successful business rescue can preserve jobs and maintain relationships with suppliers and customers, contributing to a more stable operational environment.

## Investors

**Potential for Increased Asset Realisation:** During business rescue, assets can be valued and sold as part of a going concern rather than through forced sale in liquidation. This process often results in higher asset values because the company can negotiate sales based on its operational potential and existing contracts, rather than distressed sale prices typical in liquidation.

**Strategic Restructuring:** Business rescue allows companies to reorganise, renegotiate contracts, and address unprofitable areas. This strategy can result in increased efficiency and profitability, ultimately boosting investor confidence and potential returns.

**Regulatory Support:** Business rescue is often viewed more favourably by regulators compared to liquidation. This can enhance investor confidence, as it demonstrates commitment to maintaining operations and regulatory compliance during restructuring.

**Acquisition Potential:** Business rescue can attract third-party investors looking for opportunities to acquire distressed assets or businesses. Business rescue allows for accelerated M&A processes to take place in order to transfer ownership in a significantly reduced timeframe for the benefit of both investors and existing stakeholders. Investors may benefit from this if they hold equity or debt in the company, as successful restructuring can lead to increased company value.

**Market Confidence:** Successfully navigating a business rescue can enhance investor confidence in the company's management and operational viability. This renewed confidence can lead to increased investment opportunities and potentially higher stock prices as the market reacts positively to recovery efforts.



## Unions & Labour (Benefit):

### Job Security

Business rescue aims to preserve jobs, allowing employees to retain their positions during the restructuring process.

### Continued Remuneration

Depending on the circumstances, employees can continue to receive their salaries and benefits throughout the business rescue proceedings, ensuring financial stability.

### Participation Rights

Employees and unions have the right to participate in the business rescue process, including being notified of developments and voting on the rescue plan where employee debt exists.

### Protection Against Retrenchments

Any proposed retrenchments must comply with labour laws, providing a level of protection against sudden job losses.

### Access to Information

Employees can access financial information about the company, enabling them to understand its situation and advocate for their interests.

### Potential for Improved Conditions

The restructuring process may lead to enhancements in working conditions or employment terms as part of the turnaround strategy.

### Collective Bargaining Power

Unions can negotiate on behalf of employees during the business rescue process, ensuring that their rights and interests are represented.

## Communities

**Job Preservation:** Business rescue efforts aim to keep mining operations running, helping to preserve jobs. The stability this provides is crucial for local economies that often rely heavily on the employment provided by mining companies.

**Continued Local Economic Activity:** By maintaining operations, business rescue supports local businesses and services that depend on the mine's workforce. This can help sustain community livelihoods and prevent economic hardship associated with mine closures.

**Involvement in Decision-Making:** Business rescue processes often encourage greater engagement with local communities. Mining companies may seek input from community members regarding operations and rehabilitation plans, fostering a sense of ownership and collaboration and leading to improved relationships between companies and communities.

**Focus on Sustainable Practices:** Business rescue plans may include commitments to environmental rehabilitation and sustainable practices, which can benefit mining communities by mitigating the negative impacts of mining activities. This may also lead to improved mine closure and rehabilitation strategies, ensuring that land is restored in a way that benefits the community after mining ceases.

**Skills Development and Training:** Business rescue provides an opportunity for companies to focus on skills development for employees and community members. Training programs can enhance employability and prepare individuals for future job opportunities within or outside the mining sector.

**Mitigation of Illegal Mining:** By keeping legitimate mining operations active through business rescue, communities may see a reduction in illegal mining activities that often occur in abandoned or distressed areas. This can lead to improved safety and security for residents.

## Regulatory Engagement in Business Rescue

Various government departments interact with mining companies during a Business Rescue process. These Departments must seek consent from the Business Rescue Practitioners (BRPs) to enforce any actions concerning regulatory provisions during business rescue. This requirement ensures that the BRPs' plans and actions are not disrupted by regulatory enforcement, fostering a collaborative environment aimed at rescuing the company.

By pro-actively working with the Business Rescue Practitioners, the Departments can ensure that the best outcome is achieved for all stakeholders involved, particularly local communities which may be affected the most.

### The Department of Mineral Resources and Energy (DMRE)

**Compliance Management:** The DMRE is responsible for ensuring that mining companies comply with various regulatory requirements, including environmental rehabilitation. During business rescue, the DMRE monitors compliance with financial provisions for mine rehabilitation and can initiate compliance management processes if deficiencies are identified.

**Financial Provisions:** Mining companies are required to contribute to a Mine Rehabilitation Fund. The DMRE reviews these financial provisions annually, and can utilise these funds for rehabilitation if a company fails to do so.

However, during business rescue proceedings, the DMRE cannot enforce this regulation without a court order, which underscores the need for cooperation with the BRP.

**Database Management:** The DMRE maintains a database of licensed mines and their owners, including details on their financial provisions. This information is crucial for monitoring compliance and ensuring that mining companies fulfil their obligations during and after business rescue proceedings.

### The Department of Water and Sanitation (DWS)

**Water Use Licenses:** Mining companies must obtain water use licenses from the DWS before utilising water for their operations, and are required to maintain compliance with these licensing requirements during business rescue.

**Monitoring and Reporting:** Companies in business rescue must continue to monitor their water usage and quality, reporting this data to the DWS. This is essential to maintain compliance with environmental standards and mitigate potential impacts on water resources.

**Acid Mine Drainage (AMD):** During business rescue, DWS may engage with mining companies to ensure that adequate measures are in place to mitigate AMD risks and protect surrounding water bodies.

**Pollution Control Measures:** DWS must balance regulatory enforcement in these areas with the need to allow companies time to restructure and recover financially.

### The Department of Forestry, Fisheries and the Environment (DFFE)

**Environmental Authorisations:** During business rescue, companies are required to maintain compliance with these environmental regulations, which ensures that their operations do not negatively impact the environment.

**Monitoring and Reporting:** Companies in business rescue must monitor their environmental impact and report this data to the DFFE, maintaining their compliance with environmental standards, especially for issues like pollution and resource management.





Working closely with our partners Adamantem, Engaged BT has developed a strong track record in optimisation, turnaround and business rescue across Southern Africa's mining sector.

### Basil Read Mining

Contract mining in South Africa, Lesotho, Botswana and Namibia

#### Key deliverables:

- Review of overhead structure, head office and project specific costs
- Developed cost optimisation strategies at both head office level and various mining projects
- Initiated discussions and strategies for short and medium-term revenue enhancement activities
- Review of plant and determination of machine availability and capacity to meet required output
- Renegotiating supplier contracts to yield value for money and improve terms
- Undertook investment in new plant and negotiate financing thereof
- Sale of plant, including plant repairs for improved valuations

Renegotiation of contract with mining company for revised terms to improve profitability

### Diamond mining company

Lesotho

#### Key deliverables:

- Reviewed financial models and cashflow forecasts prepared by management for restart of mining operations
- Assess reasonability of proposed restart funding based on future performance of the mine and commodity prices
- Motivate for the refinancing and restart of mining operations following a period of care & maintenance
- Review drawdown requests in line with the agreed refinancing plan
- Working capital – capital structure review and debt restructuring with various options provided to lenders
- Engagements with regulatory authorities
- Mine visits before and after restart of mining operations including both mining and plant processing operations

### Investment Holding Company

South Africa • Iron ore mining & processing

#### Key deliverables:

- Provided restructuring advice and plans to shareholders of an investment holding company for the restructuring of the Group and its underlying subsidiaries
- Review of group structures and shareholding arrangements
- Develop a restructuring plan for the unbundling of certain group companies
- Provide advisory on various regulatory processes available to deal with financial distress in certain group companies including business rescue, liquidation and accelerated M&A sales process.
- In addition, provide comparative analysis of SA restructuring options against UK and US processes to non-resident shareholders
- Initiated and manage work performed by other professionals including legal advisors, engineering experts, liquidators and M&A professionals

### Kareevlei Mining (Pty) Ltd

South Africa

#### Key deliverables:

- Cost rationalization measures put into place to reduce cost base over time
- Assessed various options for sale of shares and claims in the mine
- Mediation of director disputes as well as stakeholder management
- Engagement with all regulatory authorities on the status of the Business Rescue process
- Sale of the company to a buyer with the correct balance sheet to complete the clean up process

### Emerging Coal Miner

South Africa

#### Key deliverables:

- Advisory on BEE shareholding agreements and structures
- Capacity building to insource mining operations and exit contract miner
- Development of a working capital model based on offtake and marketing agreements
- Determining new plant & equipment requirements factoring in the mining plan and required output and determining the capex budget
- Developed a comparative analyses of required plant & equipment and requisite cashflow modelling

## SPECIALIST TEAM



**Siviwe Dongwana**  
Managing Director  
Adamantem

CA(SA)

Siviwe is a co-founder and managing director of Adamantem Chartered Accountants (SA) a firm specialising in Restructuring & Turnaround services, including Business Rescue, and Corporate Advisory in South Africa.

A professional of three decades spreads across banking, big 4 accounting firm experience, restructuring and turnaround experience and, briefly, in the civil service. A deep interest in restructuring started with resolving perennial problems at major state-owned companies and other public sector entities to restore their capacity to deliver and do so within their budgets.

At Adamantem he has been involved in some major and complex restructuring assignments including the mining and construction sector. Siviwe's mining sector experience includes companies in the mining value chain and covers chrome, coal, diamond, gold, iron ore, PGMs and quarries.

He is a Chartered Accountant (SA) and a Senior Business Rescue Practitioner, a member of the South African Restructuring & Insolvency Practitioners Association (SARIPA) and a member of the South African Institute of Chartered Accountants' (SAICA) Business Rescue Interest Group.

He trained and qualified as a chartered accountant at Deloitte where he became partner in 2006 and worked across various divisions including Audit, Accounting & Financial Advisory, Corporate Finance and Risk Advisory.



**Ian Fleming**  
Chief Executive Officer  
Engaged Business Turnaround

CA(SA) Certified Rescue Analyst (UP)

Ian is the co-founder and CEO of Engaged Business Turnaround (EngagedBT). Under Ian's leadership, EngagedBT has successfully completed turnaround, restructuring and business rescue mandates across a multitude of industries in the 9 years since its incorporation, and is perceived as an industry leader in the operational turnaround of mid-market sized companies.

EngagedBT is particularly well known for its ability to implement its turnaround plans with hands-on operational expertise, and for "doing business rescue the way it was meant to be done", in the balanced best interest of all stakeholders.

Ian's calling for entrepreneurial and turnaround-related activities surfaced shortly after qualifying as a Chartered Accountant at Deloitte in 2001. Over the next two years he gained a solid grounding in the world of debt recovery, insolvency, corporate renewal and restructuring, working under the guidance of some of these sectors' top professionals.

In 2008 Ian co-founded Debt-IN, a professional outfit specialising in the assessment and recovery of distressed debt. Ian brought to the table an unparalleled commitment to client service excellence and an attitude that every project, no matter how difficult, deserved to be given the best possible chance of success. These values translated into strong growth for Debt-IN, with the company receiving several accolades for its ability to unlock value. Ian exited Debt-IN in 2015. With his constant need to "fix things", Ian played key roles in the proprietary turnaround and/or growth of diverse businesses between 2010 and 2016, before founding EngagedBT.

Ian's family is the proprietor of Fleming Pre-Primary Centre, a school started by his mother in 1986. The school has been operated under Ian's guidance since 2010 during which it has remained a first-choice provider of pre-primary education in its geographical area. The end of 2015 saw the establishment of a second school, the Fleming Early Learning Centre.

Ian is a licensed Business Rescue Practitioner and a member of SARIPA, SAICA and the TMA. He holds the CA(SA) qualification and the Certified Rescue Analyst qualification from the University of Pretoria.

## SPECIALIST TEAM



**Charles Larbi-Odam**

**Chairman  
Adamantem**

Association of Chartered Certified  
Accountants

Charles is the chairman of Adamantem Chartered Accountants (SA) a firm specialising in Restructuring & Turnaround services, including Business Rescue, and Corporate Advisory in South Africa.

Prior to joining Adamantem, Charles was the Country Managing Partner at Deloitte, Ghana where he successfully restructured the business from being an underperforming and unhinged business to an environment of mobility and positivity culminating in significant revenue growth and profitability.

Charles is a professional with more than two decades with experience in corporate finance; a due diligence and valuations expert and extensive experience of having worked across various sectors including but not limited to financial services, telecommunications, media, consulting and IT.

At Adamantem he has been involved in some complex restructuring assignments over the last two years. He trained and qualified as a chartered certified accountant at Deloitte where he became partner in 2007.

He is a member of the Association of Chartered Certified Accountants and a knowledgeable business leader and board director with a successful record of transforming and growing professional services business across Africa.



**Rudi Scholtz**

**Chartered Financial Analyst  
Engaged Business Turnaround**

Rudi is a seasoned corporate finance advisory executive with over 16 years of experience in corporate finance, restructuring, and turnaround services. He possesses strong analytical skills, effective communication abilities, and a calm demeanor under pressure, driving his passion for business rescue and M&A, including both distressed and growth scenarios.

Rudi is detail-oriented, deadline-driven, and adept in project management, negotiation, and critical thinking, enabling him to align tactical operations with long-term strategic objectives. He holds a Bachelor of Commerce in Investment Management from the University of Stellenbosch, an Advanced Diploma in Corporate Law from the University of Johannesburg, and an Advanced Credit Evaluation Certificate from the Johannesburg School of Finance. Rudi is also a Chartered Financial Analyst (CFA) charterholder.

**Notable transactions Rudi has advised on include:**

- Business rescue of a South African meat trader and associated logistics firm.
- Turnaround of a global chemical manufacturing company in Germany.
- Restructuring governance for a privately held hospital.
- Business rescue of Group Five, creating over 3,800 redeployment opportunities.
- Voluntary restructurings of Aveng and Stefanutti Stocks.
- Design and implementation of Sasol Khanyisa, including restructuring Sasol Inzalo.
- Disposal of the South African operations of a global dairy company.
- Restructuring and disposal of IDC's interest in Scaw Metals Group.
- Sale of Eqstra's Industrial Equipment and Fleet Management divisions.
- Restructuring of Ellies Holdings and valuation of its interest in Megatron.
- Sale of Rio Tinto's shareholding in Zululand Anthracite Colliery.
- Sale of Anglo Platinum's interest in the Bokoni mine.
- Senior debt funding for the development of the Comandante Gika hotel in Angola.



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# Protecting Value Beyond the Mining Cycle



**Gerhard van der Walt**  
Managing Senior Consultant  
Engaged Business Turnaround

B.Eng. (Metallurgical), Executive MBA

Gerhard van der Walt is a seasoned professional with over 16 years of experience in mining and contract mining, specializing in strategic sourcing and category management. His expertise encompasses the development and implementation of raw materials, reagents, mining services, and MRO strategies, including a two-year secondment in Australia.

### Key Experience:

- Mining & Contract Mining: Senior Consultant at Valere Metals, optimizing fleet size and maintenance strategies for contract mining operations.
- FMCG & Marine: Procurement Executive with a focus on capital projects, logistics, energy, and MRO strategies.
- Railways & Harbour: Category/Strategic Sourcing Manager, overseeing capital projects and logistics.
- Steel Manufacturing: Maintenance Engineer at ISCOR Steel.

### Notable Achievements:

- Anglo American: Led a global team to unlock over R500 million in value through effective management of raw materials, mining services, and infrastructure.
- Accenture: Achieved over R500 million in value through enhanced service delivery and contract management for a coal business unit.
- FMCG Company: Executed strategic sourcing initiatives that unlocked R150 million in MRO and logistics efficiencies.
- Transnet: Managed a vehicle fleet of over 8,000, realizing R600 million in value across various categories.
- Aveng Moolmans: Developed and implemented strategic sourcing strategies to enhance revenue, reduce costs, and improve equipment uptime.

Gerhard's diverse background and proven track record make him a valuable asset in driving operational efficiencies and strategic sourcing initiatives across multiple sectors.

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## Contact Us

For tailored assessments and support in mining turnaround:

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EARLY ENGAGEMENT CREATES LASTING CHANGE