



MANGO AIRLINES SOC LIMITED (in business rescue)

Registration Number 2006/018129/30

(“Mango” or “the Company”)

31 March 2022

**Status Report in terms of section 132(3) of the Companies Act 71 of 2008, as amended,
 (“Companies Act”), read with Regulation 125**

1. INTRODUCTION

In terms of section 132(3) of the Companies Act a company whose business rescue proceedings (“**BR Proceedings**”) have not ended within three months after the start of those proceedings, or such longer time as the court, on application by the business rescue practitioner (“**BRP**”), may allow, the BRP must:

- (a) prepare a report on the progress of the BR Proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
- (b) deliver the report and each update in the prescribed manner to each affected person, and to the court, if the proceedings have been the subject of a court order or the Companies and Intellectual Property Commission (“**CIPC**”), in any other case.

The BRP accordingly submits the fifth status update report.

2. SALIENT DATES

The following table sets out certain key events that took place during the BR Proceedings of the Company:

Events	Date
Board resolution commencing the BR Proceedings filed with the CIPC	16 April 2021
Commencement of the BR Proceedings	28 July 2021
Appointment of the BRP	3 August 2021
First meeting of the creditors of the Company	18 August 2021
Extension of time to publish the business rescue plan (“ BR Plan ”)	29 October 2021
Meeting to consider the BR Plan	15 November 2021
Publication of the amended BR Plan	25 November 2021
Meeting to consider the amended BR Plan	2 December 2021



3. FUNDING

On 14 March 2022 the BRP sent correspondence to the Minister of Public Enterprises to request that the balance of the outstanding funds in the sum of R399 million be paid by 18 March 2022 as the delay in making the necessary payment was negatively impacting the implementation of the adopted BR Plan. The BRP further stated that if required, legal action would be initiated to compel the Minister to release the funds, which funds had been allocated for the rescue of Mango. A response to this correspondence was not received. Therefore, on 25 March 2022 the BRP sent correspondence to the Minister of Finance, as the executive authority responsible for the administration of the national revenue fund, requesting his intervention in the matter as the delays are jeopardising the Investor Process which is already at an advanced stage, failing which the BRP would be left with no choice but to file papers with the High Court demanding payment.

The BRP was informed by South African Airways SOC Limited ("**SAA**") on 31 March 2022 that the funds from DPE had been paid into their account on that date. Accordingly, the BRP will be engaging with SAA to access the funds as a matter of urgency.

4. UPDATE ON EMPLOYEE MATTERS

As previously reported, the Company issued a notice on 26 January 2022 in terms of section 189 of the Labour Relations Act 66 of 1996 ("**LRA**") and applied for facilitation under the auspices of the Commission for Conciliation, Mediation, and Arbitration ("**the CCMA**"). To date, four consultation meetings have convened, facilitated by a commissioner appointed by the CCMA. The 60-day period prescribed by section 189A (7) expired on 31 March 2022. This notwithstanding, the Company and the Employee Representatives agreed to convene a further and final meeting on 4 April 2022 for purposes of concluding a retrenchment agreement with the parties that have accepted the improved retrenchment proposal made during the course of the facilitation. The Company will issue termination notices to the affected employees on 5 April 2022.

5. INVESTOR PROCESS

At the request of bidders, the BRP agreed to extend the deadline for submission of binding offers to 7 April 2022.

Following receipt of the binding offers, the following steps will ensue:

Event	Indicative Date
1. Evaluation of binding offers.	8 April 2022 to 20 April 2022
2. Selection of preferred bidder (Investor).	21 April 2022



3.	Negotiation and Execution of the Transaction Agreement.	22 April 2022 to 6 May 2022
4.	Preparation and submission of request for approval in terms of section 54(2)(c) of the Public Finance Management Act No 1 of 1999 ("PFMA"), read together with Mango's Significance and Materiality Framework developed and agreed upon between Mango and its executive authority ("SMF").	End April to end May 2022
5.	Regulatory approvals including Competition Commission approval obtained (to the extent necessary). This needs to be sequenced based on the preferred bidder/Investor. If it's an existing competitor then this should be commenced as soon as possible after the preferred bidder/Investor is selected.	within 60 business days of filing, which should take place not later than execution of Transaction Agreement, assuming this is an "intermediate merger"
6.	Effective date of the Transaction.	On fulfilment of the Conditions Precedent in the Transaction Agreement

In the event that there are no suitable offers received, the BRP will have to implement the wind-down plan that is incorporated in the BR Plan and further details in this regard will only be communicated in future status reports.

6. PROOF OF CLAIMS

As indicated in the previous status reports, the deadline for submission of claims was 3 March 2022, after which no new claims will be entertained. The BRP continues to evaluate the claims and has disputed other claims as he is entitled to do so.

7. CONCLUSION

The BRP remains of the opinion that there is a reasonable prospect of rescuing the Company, or that the BR Proceedings would result in a better outcome for Creditors and the shareholder of the Company than would otherwise be achieved should the Company be placed in liquidation.

Sipho Sono

Business Rescue Practitioner, Mango Airlines SOC Limited