



ANNOUNCEMENT

15 February 2024

OFF-MARKET TAKEOVER BID – PRELIMINARY VIEW – DO NOT ACCEPT THE OFFER

MC Mining Limited (**MC Mining** or the **Company**) provides the following update in relation to the off-market takeover bid by Goldway Capital Investment Limited (**Goldway**) for all of the fully paid ordinary shares on issue in the Company that the consortium of joint-bidders currently do not own for a cash price of A\$0.16 cash per share (**Takeover Offer**).

Executive Summary

- **DO NOT ACCEPT:** The preliminary recommendation of MC Mining's Independent Board Committee (**IBC**) is that shareholders **DO NOT ACCEPT** the Takeover Offer from Goldway.
- **OPPORTUNISTIC:** The IBC is of the view that the Takeover Offer is opportunistic, does not provide an appropriate premium for control and does not appear to attribute adequate value to MC Mining's assets and projects.
- **MINIMUM ACCEPTANCE CONDITION:** The Takeover Offer is subject to a minimum acceptance condition (which cannot be waived) that Goldway receives acceptances in respect of at least 50.1% of the shares not held by Goldway and the joint bidders (**Bidder Parties**). In practical terms, this means that the Bidder Parties must be interested in or acquire relevant interests in at least 82.19% of the total shares on issue (not 75%) before (i) any offer consideration will be paid to any MC Mining Shareholders who have accepted the Takeover Offer and (ii) before Goldway can act upon any intention to delist MC Mining from trading on any and all of the Company's public market exchanges.

Refer to the below **Schedule** for further details in relation to the above summary.

Full details of the IBC's formal recommendation and reasons will be included in MC Mining's Target Statement, which will include the independent expert's report as to whether in the expert's opinion, the Takeover Offer is fair and reasonable and the expert's reasons for forming that opinion.

The IBC look forward to your continuing support as we respond to the Takeover Offer.

Khomotso Mosehla
Chairman of the IBC

This announcement has been approved for release by the Company's Disclosure Committee.

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About MC Mining Limited:

MC Mining is an AIM/ASX/JSE-listed coal exploration, development and mining company operating in South Africa. MC Mining's key projects include the Uitkomst Colliery (metallurgical and thermal coal), Makhado Project (hard coking coal), Vele Colliery (semi-soft coking and thermal coal), and the Greater Soutpansberg Projects (coking and thermal coal).

Schedule

After careful consideration of the Takeover Offer provided in the Bidder's Statement dated 2 February 2024 (as supplemented by the First Supplementary Bidder's Statement dated 15 February 2024), the IBC's preliminary recommendation is that shareholders **DO NOT ACCEPT** the Takeover Offer from Goldway of A\$0.16 cash per share.

You will shortly be receiving Goldway's formal offer document, called a Bidder's Statement (being the original Bidder's Statement dated 2 February 2024 and the First Supplementary Bidder's Statement). This will be followed by the Target's Statement, which will be the IBC's formal response to the Takeover Offer.

To **NOT ACCEPT** the Takeover Offer simply **DO NOTHING** and take **NO ACTION** in relation to all documents sent to you by Goldway.

The IBC's initial view and reasons why the IBC believe the Takeover Offer should not be accepted are that the A\$0.16 Takeover Offer from Goldway:

- is opportunistic and appears to be timed to take advantage of the updated Life of Mine plan and improved production and Coal Reserves estimates for the shovel-ready Makhado steelmaking hard coking coal project;
- does not provide an adequate premium for control and falls below the average premium for a typical change of control transaction; and
- appears to attribute little or no value to MC Mining's portfolio of exploration assets and development projects.

The Target Statement will set out full particulars and reasons for the IBC's views and recommendation.

Importantly, the IBC would also like to draw shareholders attention to key conditions of the relief received by the Bidder Parties from the Australian Securities & Investments Commission (**ASIC**) under section 655A of the Corporations Act to permit them to make an off-market takeover bid for issued ordinary shares in MC Mining without contravening section 606 of the Corporations Act (**ASIC Relief Instrument**). A summary of the key conditions are provided below:

- (a) a minimum acceptance condition that Goldway receives acceptances in respect of 50.1% or more of shares in which neither Goldway, a consortium joint-bidder or any associate has a relevant interest in at the commencement of the Takeover Offer period. This defeating condition cannot be waived;
- (b) if the above acceptance condition is not met by the end of the offer period (including any extended offer period), all contracts from acceptances are rescinded and no cash consideration can be paid to those shareholders who originally accepted; and

- (c) if before the end of the Takeover Offer period, a person not associated with the Bidder Parties makes or varies a takeover offer for all shares in MC Mining and the following conditions are satisfied:
- i. the consideration offered under the rival bid is more than (or becomes more than) 105% of the value of the consideration offered under Goldway's Takeover Offer (as assessed by ASIC and notified to the Bidder Parties if the consideration offered under the rival bid is other than cash or is a combination of cash and other-than-cash consideration);
 - ii. the rival bid is or has become unconditional except for prescribed occurrence conditions (being events or circumstances referred to in subsections 652C(1) or (2) of the Corporations Act); and
 - iii. where the rival bid is a takeover bid, the offer period starts before the end of the Takeover Offer period (**Rival Bid**), then within seven days from the date that all of the above conditions are satisfied, Goldway must increase the value of its Takeover Offer price to a value that is equal to, or higher than (as assessed by ASIC), the consideration offered under a Rival Bid, otherwise the Bidder Parties will be required to accept the offers made under the Rival Bid in respect of all the MC Mining shares in which the Bidder Parties have a relevant interest by that time.

The IBC would also like to clarify an initial statement made in the Bidder's Statement received from Goldway dated 2 February 2024. In the letter to MC Mining shareholders, the Bidder Parties outline their intention to delist MC Mining from the official lists of the ASX and the JSE and to cancel from trading on AIM if, following completion of the Takeover Offer, the Bidder Parties together own or control at least 75% of the issued shares in MC Mining. Due to the minimum acceptance condition of 50.1% of non-associated shareholders outlined in the ASIC Relief Instrument, and given that the Bidder Parties represent, in aggregate, 64.3% of the issued capital in MC Mining, the Bidder Parties would require a combined relevant interest in MC Mining of at least 82.19% to affect a takeover and apply to delist the Company, subject to obtaining the necessary South African Reserve Bank approval in respect of the JSE listing.

As noted above, further details of IBC's formal recommendation will be provided in the Target's Statement. A copy will also be available on the ASX website, www.asx.com.au, and MC Mining's website, www.mcmining.co.za, as will news of any other developments in relation to the Offer.

Should you have any queries regarding the Takeover Offer and Bidder's Statement, please contact Tony Bevan, the Company Secretary, on tonyb@westozcorporate.com.au. A copy of the Bidder's Statement can be viewed on the Company's website.