MCMining LIMITED

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FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

CORPORATE DIRECTORY

REGISTERED OFFICE	Suite 8, 7 The Esplanade Mt Pleasant, Perth, WA 6153 Telephone: +61 8 9316 9100 Facsimile: +61 8 9316 5475 Email: perth@mcmining.co.za
SOUTH AFRICAN OFFICE	Ground Floor Greystone Building Fourways Golf Park, Roos Street Fourways 2191 Telephone: +27 10 003 8000 Facsimile: +27 11 388 8333
BOARD OF DIRECTORS	**Non-executive** Nhlanhla Musa Nene An Chee Sin Andrew David Mifflin Julian Hoskin Khomotso Brian Mosehla Ontiretse Mathews Senosi Yi (Christine) He Zhen (Brian) He **Executive** Godfrey Gomwe
COMPANY SECRETARY	Tony Bevan

	AUSTRALIA	**UNITED KINGDOM**	**SOUTH AFRICA**
AUDITORS	**Mazars Assurance Pty Ltd** Level 11, 307 Queen Street, Brisbane QLD 4000 Australia	**N/A**	**Mazars** 101 on Olympus Pentagon Park Bloemfontein South Africa
BANKERS	**National Australia Bank Limited** Level 1, 1238 Hay Street West Perth WA 6005 Australia	**ABSA Bank** North Campus 15 Alice Lane Sandton South Africa	

CORPORATE DIRECTORY (CONTINUED)

	AUSTRALIA	UNITED KINGDOM	SOUTH AFRICA
BROKERS	**N/A**	**Tennyson Securities** 65 Petty France London SW1H 9EU United Kingdom	**N/A**
LAWYERS	**K&L GATES** Level 31 1 O'Connell Street Sydney, NSW 2000 Australia	**N/A**	**FALCON & HUME** 2nd Floor, 8 Melville Road Illovo Johannesburg, 2196 South Africa
NOMINATED ADVISER/ CORPORATE SPONSOR	**N/A**	**Strand Hanson** 26 Mount Row London W1K 3SQ United Kingdom	**BSM Sponsors Proprietary Limited** Ground Floor, Jindal Africa Building 22 Kildoon Road Johannesburg South Africa 2196

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The reports and statements set out below comprise the half-year report presented to shareholders:

The directors of MC Mining Limited (**MC Mining** or the **Company**) submit herewith the financial report of MC Mining and its subsidiaries (the **Group**) for the half-year ended 31 December 2023. All amounts are expressed in US dollars (**$**) unless stated otherwise.

In order to comply with the provision of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the Company during or since the end of the half-year are:

Nhlanhla Nene (Chairman)	Khomotso Mosehla
Godfrey Gomwe*	Mathews Senosi
An Chee Sin	Yi (Christine) He
Andrew Mifflin	Zhen (Brian) He
Julian Hoskin	

* Executive director (Managing Director & Chief Executive Officer (**CEO**))

Review of Operations

Principal activity and nature of operations

The principal activity of the Company and its subsidiaries is the mining, exploration and development of steelmaking coking and thermal coal properties in South Africa.

The Company's principal assets and projects include:

- Uitkomst Colliery, an operating metallurgical and thermal coal mine (**Uitkomst**);
- Makhado Project, a steelmaking hard coking and thermal coal exploration and evaluation project (the **Makhado Project** or **Makhado**);
- Vele Aluwani Colliery, a semi-soft coking and thermal colliery (**Vele**) previously on care and maintenance but outsourced and recommissioned in December 2022; and
- Three exploration stage coking and thermal coal projects, namely Chapudi, Generaal, and Mopane, in the Soutpansberg Coalfield (collectively the **GSP**).

The Company's focus on safety continued with zero lost time incidents (**LTIs**) recorded during the six months under review (H1 FY2023: three incidents).

Uitkomst Colliery – Utrecht, KwaZulu-Natal (84% owned)

The Uitkomst Colliery recorded No LTI's during the period (H1 FY2023: three LTIs).

Uitkomst comprises the existing underground coal mine with a planned life of mine (**LOM**) extension directly to the north of current operations and the colliery has approximately 16 years remaining LOM. The LOM extension requires the development of adit 2k (horizontal shaft) and the development is subject to receipt of the regulatory approvals, available funds and prevailing market conditions.

Uitkomst sells a 0 to 40mm (duff) product into the metallurgical domestic market for use as pulverised coal. Uitkomst supplies sized coal (peas) products to local energy generation facilities and also sells smaller volumes of a high-ash, coarse discard coal (middlings) product.

Uitkomst's run of mine (**ROM**) coal production for the six months increased by 20% to 268,464 tonnes (**t**) (H1 FY2023: 225,389 t) following the introduction of the Operation Phenduka optimisation strategy during June 2023. The colliery had inventory of 14,422t (FY2023: 50,490t at site and port) at the end of the period. Uitkomst sold 202,715t (FY2023 H1: 104,855t) of coal during the six months consisting of 202,340t of high-grade peas and duff (H1 FY2023: 98,924t). The colliery also sold 375t of lower grade middlings coal (H1 FY2023: 5,931t).

International thermal coal prices remained under pressure during the period and the average API4 export coal price for the six months was $112/t (H1 FY2023: $265/t). Despite the depressed coal prices, Uitkomst Colliery generated pleasing results for the period with revenue of $16.3 million (H1 FY2023: $14.0 million), yielding a gross profit of $1.5 million (H1 FY2023: $3.9 million) and operating cash flows of $5.1 million (H1 FY2023: $0.1 million) with net working capital of $1.4 million (FY2023: $6.3 million) at the end of December 2023.

Makhado Coking Coal Project – Soutpansberg Coalfield, Limpopo (67.3% owned)
No LTIs were recorded at Makhado during the period (H1 FY2023: nil LTIs).

MC Mining's flagship Makhado Project is situated in the Soutpansberg Coalfield and all regulatory approvals are in place and the required surface rights over the mining and coal handling and processing plant (**CHPP**) areas have been secured. MC Mining is heavily invested in the Makhado Project as the complex regulatory environment in South Africa demanded significant capital and time investment to achieve its current 'shovel ready' status.

The development of the Makhado Project is expected to deliver positive returns for shareholders and position MC Mining as South Africa's pre-eminent steelmaking hard coking coal (**HCC**) producer. The planned CHPP annual ROM feed capacity is 4.0 million tonnes per annum (**Mtpa**) with a forecast HCC yield of 22.6% and a 17.6% yield of a 5,500k/cal thermal coal by-product. The Makhado steelmaking HCC will have an ash content of less than 10% and is expected to advantage South African steel producers as the coal could displace HCC currently imported. Development of Makhado is also expected to have a positive impact on employment and will create 650 direct jobs. The funding initiatives for Makhado continued during the period but were impacted by the takeover corporate action that commenced in September 2023, and this will be reactivated pending the outcome of the takeover offer.

The Makhado Project has the potential to produce in excess of 800,000t per annum of steelmaking HCC and over 600,000t of a 5,500kcal thermal coal byproduct. The Company continued with the detailed design of the Makhado CHPP and related infrastructure, during the period in preparation of procurement. The Company also progressed the managed tender processes to select the mining contractor as well as the operating and maintenance contractors for the Makhado CHPP and laboratory. Relevant appointments are anticipated to be confirmed in H2 FY2024. The Company also initiated early works at the Makhado Project, and these activities included:

- Construction of the main access road and the preparatory earthworks for a bridge across the Mutamba river;
- Construction of the foundations for the CHPP bulk water supply reservoirs;
- Detailed design, procurement and construction of the power supply overhead transmission line – a critical path activity;
- Refurbishment of onsite accommodation to house project construction crews; and
- Securing the site including significant progress with erection of fencing.

The potential to produce coal earlier than anticipated in the 4.0Mtpa implementation plan is being assessed and further announcements will be made as this initiative progresses.

Vele Aluwani Colliery – Tuli Coalfield, Limpopo (100% owned)

The Vele Aluwani Colliery recorded no LTIs during the period (H1 FY2023: nil LTIs).

The Vele Colliery contains over 324 million tonnes (*in situ*) of semi-soft coking and thermal coal Reserves.

The colliery was recommissioned in December 2022 after having been on care and maintenance since late CY2013. The outsourcing of operations at the colliery was identified as the optimal strategy considering the significant capital and technical investment required to restart and optimise production at the colliery. The Contract Mining Agreement was concluded with Hlalethembeni Outsource Services Proprietary Limited (**HOS**). This secured the necessary investment from a third party to de-water the opencast pit, modify and recommission the CHPP and remove a significant portion of the ongoing costs associated with the colliery. HOS is responsible for all mining and processing costs while the Company remains responsible for the colliery's regulatory compliance, rehabilitation guarantees, relationships with authorities and communities as well as the supply of electricity and water.

The recommencement of operations at Vele created approximately 245 permanent job positions and also alleviated potential 'use it or lose it' risk associated with unutilised mining assets in South Africa. The colliery produced 119,799t of saleable thermal coal in H1 FY2024 (H1 FY2023: nil t).

HOS notified the Company during December 2023 that due to production challenges, combined with elevated logistics costs and the depressed API4 coal price, it would exercise the hardship clause in the Contract Mining Agreement. This resulted in HOS downscaling operations, which was completed during January 2024, and the commencement of a production optimisation strategy. This strategy (Operation Shandukani) will potentially include, amongst others, changes to the mining methodology, as well as further modifications to the CHPP as well as securing access to rail transport at competitive prices. The evaluation of these measures is expected to take place in H2 FY2024 with the intention to improve profitability at the colliery.

The colliery's CHPP does not have the requisite fines circuits that would allow for the simultaneous production of SSCC and thermal coal. A further significant opportunity at Vele is the addition of a fines circuit to the CHPP to produce SSCC, a higher value product.

Greater Soutpansberg Projects - Soutpansberg Coalfield, Limpopo (74% owned)

The GSP reported no LTIs during the period (H1 FY2023: nil LTIs).

The three GSP is the Goup's long-term greenfield development area and contains over 7.0 billion gross tonnes *in situ* of inferred HCC, SSCC and thermal coal resources. The exploration and development of the GSP is the catalyst for MC Mining's long-term growth and positions the Company to be a potential long-term significant domestic and export steelmaking coal supplier.

The mining rights for the Mopane and Generaal project areas were legally executed during the period and the Chapudi mining right is expected to be completed during Q1 CY2024. Following this, the studies required for the environmental and water use licences are expected to commence following the construction of the Makhado Project. The South African Department of Mineral Resources & Energy (**DMRE**) has granted mining rights for the three project areas comprising the GSP, namely, Chapudi, Mopane and Generaal and the granting of the mining rights has been appealed.

Corporate

IDC loan

The Industrial Development Corporation of South Africa Limited (**IDC**) is a 6.7% shareholder in MC Mining's subsidiary, Baobab Mining & Exploration (Pty) Ltd (**Baobab**), the owner of the Makhado Project. The bank continues to provide support for the development of Makhado. MC Mining previously utilised the existing IDC loan facility to explore and develop the project and during the period, the IDC extended the date for repayment of the ZAR160 million loan ($8.7 million) plus interest thereon, to 30 September 2024.

Takeover Offer

The Company received a formal notice of intention on 2 November 2023 to make a Takeover Offer (**Takeover Offer**) for the shares in MC Mining that the Consortium does not own. The Consortium represents in aggregate 64.3% of the issued capital in the Company and included Senosi Group Investment Holdings Proprietary Limited and Dendocept Proprietary Limited, each substantial shareholders of the Company. The indicative takeover offer at a cash price of A$0.16 per share.

On 18 December 2023, MC Mining received a non-binding and indicative Takeover Offer from the Consortium. This was subsequently followed by the lodgement of the Bidder's Statement with an offer price of A$0.16, on 02 February 2024. The Takeover Offer will remain open to shareholders to 5 April 2024 (unless extended).

The Company established an Independent Board Committee (**IBC**) which, together with MC Mining's advisors, is considering the Takeover Offer and will provide a recommendation to shareholders. The current IBC recommendation, pending finalization of the independent fair and reasonableness report, is for shareholders to take no action with respect to the Takeover Offer from the Consortium.

Financial review

The loss after tax attributable to the owners of the parent for the six months under review was $5,800,961 or 1.45 cents per share compared to a loss after tax of $1,275,553 or 0.50 cents per share for the prior corresponding period.

The loss after tax for the period under review of $5,981,426 (FY2023 H1: $1,309,550). The increase in the loss for the six months compared to FY2023 H1 is attributable to:

- $2,374,273 reduction in the Uitkomst Colliery's gross profit due to 58% lower international coal prices;
- $2,073,021 increase in employee costs compared to FY2023 H1. The movement is attributable to inflationary and other related benefits as well as an increase in the number of staff during the reporting period. The Company was required to increase its technical, operational and administrative staff compliment during CY2023. This was necessary to facilitate the development of the Makhado Project and recommence operations at Vele.

The salient features of the Statement of Comprehensive Income are:

- revenue of $25,221,399 (FY2023 H1: $14,049,152) and cost of sales of $24,145,894 (FY2023 H1: $10,136,800), resulting in a gross profit of $1,076,311 (FY2023 H1: gross profit of $3,912,352);
    - revenue was adversely impacted by the decline in coal prices compared to FY2023 H1, with average API4 prices for the period declining by 58% $112/t (FY2023 H1: $265/t);
    - Uitkomst's sales volumes were 94% higher at 202,715t (FY2023 H1: 104,855t) of coal during the six months, generating revenue of $16,266,871 (FY2023 H1: $14,049,152). The 58% decline in average coal prices resulted in the colliery's revenue only improving by 16% despite the significant increase in volumes sold. The increase in sales volumes resulted in Uitkomst's cost of sales increasing by 45% to $14,722,227 (FY2023 H1: $10,136,800) with production costs benefitting from the implementation of the Operation Phenduka optimization strategy in June 2023;
    - Operations at Vele recommenced in December 2022 and the colliery earns a royalty of ZAR200/t if the API4 price is higher than $120/t. The depressed API4 prices during the reporting period adversely impacted Vele's revenue ($8,953,528 vs. FY2023 H1: nil) for the six months and cost of sales excludes the recovery of utility and other non-mining and processing expenses from HOS, the outsource mining and processing contractor.
- employee costs of $4,017,674 (FY2023 H1: $2,062,327) which included non-cash employee expenses of $227,055 (FY2023 H1: $657,524) and cash employee expenses of $3,790,619 (FY2023 H1: $1,404,803);
- Other operating income of $3,330,340 (FY2023 H1: $352,368) mainly attributable to $2,864,512 (FY2023 H1: $nil) for refunds from HOS for the provision of utilities and associated non-mining and processing costs at the Vele Aluwani Colliery;
- other administrative expenses of $5,513,502 (FY2023 H1: $1,961,130) due to increased water use license costs and holding fees charged by the IDC;
- depreciation of $95,132 (FY2023 H1: $47,914) included in administrative expenses;
- net foreign exchange loss of $107,487 (FY2023 H1: gain of $19,971) arising from the translation of borrowings and cash due to movement in the ZAR:USD and ZAR:AUD exchange rates during the period; and
- income tax expense of $170,383 (FY2023 H1: $1,045,821).

As at 31 December 2023, the Company had cash and cash equivalents of $2,020,814 compared to cash and cash equivalents of $7,499,000 at 30 June 2023. The prior period included non-operating cash arising from the rights issue completed during the period.

Authorised and issued share capital

MC Mining had 407,890,744 fully paid ordinary shares in issue as at 31 December 2023. The holders of ordinary shares are entitled to one vote per share and are entitled to receive dividends when declared.

Dividends

No dividends were declared by or paid by MC Mining during the six months.

Basis of preparation and going concern

Attention is drawn to the disclosure in the interim financial statements on the going concern assumption (refer note 2), noting that there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors are satisfied however, at the date of signing the interim financial report, that there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The directors have based this on a number of assumptions which are set out in detail in note 2 to the interim financial report. In order to meet its working capital requirements, the Group is exploring and progressing several alternative strategies to raise additional funding including, but not limited to:

- The issue of new equity for cash in the Company or its subsidiary that owns the Makhado project;
- Further debt funding including inventory prepayments and composite debt/equity instruments;
- Cash generated from the Company's collieries; and
- Further contractor BOOT funding arrangements.

The Group also has the capacity if necessary to reduce its operating cost structure in order to minimise its working capital requirements and defer the timing of any future capital raising.

The conclusion of the debt and equity raise is by its nature an involved process and is subject to successful negotiations with the external funders and shareholders. Any equity raise is likely to be subject to a due diligence process. The Group has a history of successful capital raisings to meet the Group's funding requirements. The directors believe that at the date of signing the interim financial statements there are reasonable grounds to believe that they will be successful in achieving the matters set out above and that the Group will therefore have sufficient funds to meet their obligations as and when they fall due.

Events after the reporting period

The Consortium lodged a Bidders Statement on 2 February 2024 and on 4 March 2024 the Company released its formal Target's Statement in response to the A$0.16 cash per share. Supplementary bidders statements has been received. The company anticipates releasing a supplementary target statement, including an independent Fair and Reasonable report, on or around 18 March 2024.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Rounding off of amounts

The Company is of the kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with that Instrument amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 27 of the half-year report.

The half-year report set out on pages 10 to 25, which has been prepared on a going concern basis, was approved by the board on 15 March 2024 and was signed on its behalf by:

Nhlanhla Nene	**Godfrey Gomwe**
Chairman	Managing Director & Chief Executive Officer
15 March 2024	15 March 2024

Dated at Johannesburg, South Africa, this 15th day of March 2024.

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Six months ended 31 Dec 2023 $'000	Six months ended 31 Dec 2022 $'000
Continuing operations			
Revenue	4	25,221	14,049
Cost of sales	5	(24,145)	(10,137)
Gross profit		1,076	3,912
Other operating income	6	3,330	352
Other operating gains	7	78	205
(Expected)/Reversal of credit loss	8	(4)	291
Administrative expenses	9	(9,697)	(4,089)
Operating (loss)/profit		(5,217)	671
Interest income		161	128
Finance costs		(755)	(1,063)
Loss before tax		(5,811)	(264)
Income tax expense	10	(170)	(1,045)
LOSS AFTER TAX		(5,981)	(1,309)
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		1,861	(2,373)
Total comprehensive loss for the period		(4,120)	(3,682)
Loss after tax for the period attributable to:			
Owners of the parent		(5,801)	(1,275)
Non-controlling interests		(180)	(34)
		(5,981)	(1,309)
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		(3,940)	(3,648)
Non-controlling interests		(180)	(34)
		(4,120)	(3,682)
Loss per share			
Basic and diluted (cents per share)	12	(1.45)	(0.50)

The accompanying notes are an integral part of these condensed consolidated financial statements

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31 Dec 2023 $'000	30 June 2023 $'000
ASSETS			
Non-current assets			
Development, exploration and evaluation assets	13	70,361	65,682
Property, plant and equipment		35,443	34,621
Intangible asset		391	503
Right-of-use assets	14	2,093	2,322
Other financial assets		5,729	5,239
Restricted cash	15	23	23
Total non-current assets		114,040	108,390
Current assets			
Inventories	16	1,593	4,088
Trade and other receivables		5,767	4,458
Cash and cash equivalents	15	3,383	7,499
Total current assets		10,743	16,045
Total assets		124,783	124,435
LIABILITIES			
Non-current liabilities			
Provisions		6,951	6,035
Deferred tax liability		3,655	3,648
Lease liabilities	17	1,890	1,932
Borrowings	18	44	48
Total non-current liabilities		12,540	11,663
Current liabilities			
Borrowings	18	16,937	16,296
Trade and other payables		8,398	7,881
Bank overdraft	15	1,362	-
Provisions		737	395
Tax liabilities		557	276
Lease liabilities	17	481	573
Total current liabilities		28,472	25,421
Total liabilities		41,012	37,084
NET ASSETS		83,771	87,351
EQUITY			
Issued capital	19	1,070,856	1,069,871
Accumulated deficit		(936,477)	(930,676)
Reserves		(49,521)	(50,937)
Equity attributable to owners of the parent		84,858	88,258
Non-controlling interests		(1,087)	(907)
TOTAL EQUITY		83,771	87,351

The accompanying notes are an integral part of these condensed consolidated financial statements

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Issued capital $'000	Accumulated deficit $'000	Share based payment reserve $'000	Capital profits reserve $'000	Foreign currency translation reserve $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2023	**1,069,871**	**(930,676)**	**1,992**	**91**	**(53,020)**	**88,258**	**(907)**	**87,351**
Total comprehensive profit/(loss) for the period	**-**	**(5,801)**	**-**	**-**	**1,861**	**(3,940)**	**(180)**	**(4,120)**
Loss for the period	**-**	**(5,801)**	**-**	**-**	**-**	**(5,801)**	**(180)**	**(5,981)**
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**1,861**	**1,861**	**-**	**1,861**
Performance rights issued	**-**	**-**	**260**	**-**	**-**	**260**	**-**	**260**
Performance rights vested	**985**	**-**	**(595)**	**-**	**-**	**390**	**-**	**390**
Performance rights expired	**-**	**-**	**(110)**	**-**	**-**	**(110)**	**-**	**(110)**
Balance at 31 December 2023	**1,070,856**	**(936,477)**	**1,547**	**91**	**(51,159)**	**84,858**	**(1,087)**	**83,771**
Balance at 1 July 2022	**1,045,395**	**(926,245)**	**1,263**	**91**	**(42,544)**	**77,960**	**(824)**	**77,136**
Total comprehensive profit/(loss) for the period	**-**	**(1,275)**	**-**	**-**	**(2,373)**	**(3,648)**	**(34)**	**(3,682)**
Loss for the period	**-**	**(1,275)**	**-**	**-**	**-**	**(1,275)**	**(34)**	**(1,309)**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**(2,373)**	**(2,373)**	**-**	**(2,373)**
Performance rights issued	**-**	**-**	**625**	**-**	**-**	**625**	**-**	**625**
Shares issued	**26,503**	**-**	**-**	**-**	**-**	**26,503**	**-**	**26,503**
Share issue costs	**(1,620)**		**-**	**-**	**-**	**(1,620)**	**-**	**(1,620)**
Balance at 31 December 2022	**1,070,278**	**(927,520)**	**1,888**	**91**	**(44,917)**	**99,820**	**(858)**	**98,962**

The accompanying notes are an integral part of these condensed consolidated financial statements

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Six months ended 31 Dec 2023 $'000	Six months ended 31 Dec 2022 $'000
Cash Flows from Operating Activities			
Receipts from customers		16,312	14,394
Payments to employees and suppliers		(18,122)	(14,336)
Cash (used)/generated in operations		(1,810)	58
Interest received		242	128
Interest paid		(110)	(126)
Tax paid		-	(464)
Net cash (used in)/generated in operating activities		(1,678)	(404)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(462)	(626)
Investment in exploration and evaluation assets	13	(2,773)	(732)
Increase in other financial assets		(170)	(326)
Payments for development assets	13	-	(273)
Restricted cash movement		-	(161)
Net cash used in investing activities		(3,405)	(2,118)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	23,039
Share issue costs		-	(1,620)
Lease repayments	17	(336)	(415)
Proceeds from borrowings	18	-	289
Borrowings repayments	18	(94)	(1,610)
Net cash (used)/generated in financing activities		(430)	19,683
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,513)	17,161
Cash and cash equivalents at the beginning of the half-year		7,499	1,464
Foreign exchange differences		35	333
Cash and cash equivalents at the end of the half-year	15	2,021	18,958

The accompanying notes are an integral part of these condensed consolidated financial statements

1. Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: '*Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting'*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments and assets held for sale. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in United States dollars, unless otherwise noted.

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statement. Amounts in the directors' report and the half-year financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2023 annual financial report for the financial year ended 30 June 2023, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards (**IFRS**).

Where applicable, certain comparatives have been adjusted to conform with current year presentation.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the **AASB**) that are relevant to their operations and effective for the current reporting period.

2. Going Concern

The Consolidated Group has incurred a net loss after tax for the six months ended 31 December 2023 of $5.9 million (31 December 2022: loss of $1.3 million). During the period ended 31 December 2023, net cash outflows from operating activities were $1.6 million (31 December 2022 net inflow: $0.4 million). As at 31 December 2023 the Consolidated Group had a net current liability position of $17.8 million (30 June 2023: net current liability position of $9.4 million).

During October 2023, the IDC agreed to extend the terminal drawdown date in respect of the conditional $8.7 million (ZAR245.0 million) term loan agreed to partially finance the development of the Makhado Project, also to 30 September 2024, subject to the satisfaction of the outstanding conditions.

The Directors have prepared a cash flow forecast for the twelve-month period ended 15 March 2025, taking into account available facilities, additional debt funding that although not yet concluded (is expected to be raised), and expected operational cash flows to be generated. On the basis of these equity and debt funding initiatives being successfully implemented, the forecast indicates that the Group will have sufficient cash to fund their operations for at least the twelve-month period from the date of signing this report.

These cash flow forecasts referred to above include various assumptions, including progressing several alternatives to raise the additional funding including, but not limited to:

- The issue of new equity for cash in the Company or its subsidiary that owns the Makhado Project;
- Further debt funding;
- Cash generated by the Company's Collieries;
- Further contractor BOOT funding arrangements; and
- The sale of a minority stake in the subsidiary companies holding the Makhado Project.

2. Going Concern (continued)

The conclusion of the debt and equity raise funding initiatives as included in the cash flow forecast, is by its nature an involved process subject to successful negotiations with the external funders and shareholders. In addition, any equity or debt raised is likely to be subject to a due diligence process. These conditions create a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Directors are of the opinion that the going concern basis remains appropriate the Group has a history of successful capital raisings and also has the capacity if necessary to reduce its operating cost structure in order to minimise its working capital requirements. Subject to raising the required funding, the development of the Makhado Project will subsequently commence within the twelve months following the signing of these annual financial statements.

Based on the above, the directors are satisfied at the date of signing the annual financial statements that there are reasonable grounds to believe that they will be successful in obtaining the required funding and that the Group will have sufficient funds to meet its obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate

These consolidated annual financial statements do not give effect to adjustments that would be necessary to the carrying value and classification of assets and liabilities, should the Group be unable to continue as a going concern. Such adjustments could be material.

3. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Managing Director and CEO for the purposes of resource allocation and assessment of performance is more specifically focused on the stage within the mining pipeline that the operation finds itself in.

The Group's reportable segments under AASB 8 are therefore as follows:

- Exploration
- Development
- Mining

The Exploration segment is involved in the search for resources suitable for commercial exploitation, and the determination of the technical feasibility and commercial viability of resources. As of 31 December 2023, projects within this reportable segment include four exploration stage coking and thermal coal complexes, namely the Chapudi Complex (which comprises the Chapudi project, the Chapudi West project and the Wildebeesthoek project), Generaal (which comprises the Generaal Project and the Mount Stuart Project), Mopane (which comprises the Voorburg Project and the Jutland Project) and the Makhado Project.

Vele was reclassified in the Mining segment as at 30 June 2023. The comparative figures for this report reflect the Vele Colliery in the Development segment. This segment is engaged in establishing access to and commissioning facilities to extract, treat and transport production from the mineral reserve, and other preparations for commercial production. As at 31 December 2023, no projects or collieries are reportable in this segment.

The Mining segment is involved in day to day activities of obtaining a saleable product from the mineral reserve on a commercial scale and consists of Uitkomst Colliery and the Vele Aluwani Colliery.

The Group evaluates performance on the basis of segment profitability, which represents net operating (loss)/profit earned by each reportable segment.

Each reportable segment is managed separately because, amongst other things, each reportable segment has substantially different risks.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

The Group's reportable segments focus on the stage of project development and the product offerings of coal mines in production.

The following is an analysis of the Group's results by reportable operating segment for the period under review:

For the six months ended 31 December 2023

	$'000	**$'000**	**$'000**
	Exploration	**Mining**	**Total**
Revenue	-	25,221	25,221
Cost of sales	-	(24,145)	(24,145)
Gross Profit	-	1,076	1,076
Other operating income	-	3,268	3,268
Other operating gains	1	84	85
Administrative expenses	(1,512)	(3,471)	(4,983)
Profit/(loss) before interest	**(1,511)**	**957**	**(554)**
Interest income	53	38	91
Finance costs	(253)	(462)	(715)
Profit/(loss) before tax	**(1,711)**	**533**	**(1,178)**

For the six months ended 31 December 2022

	$'000	**$'000**	**$'000**	**$'000**
	Exploration	**Development**	**Mining**	**Total**
Revenue	-	-	14,049	14,049
Cost of sales	-	(4)	(10,130)	(10,134)
Gross Profit	-	(4)	3,919	3,915
Other operating income	-	6	13	19
Expected credit loss reversed	-	-	291	291
Other operating gains/(losses)	2	2	8	12
Administrative expenses	(269)	(425)	(48)	(742)
Profit and loss before interest	**(267)**	**(421)**	**4,183**	**3,495**
Interest income	32	4	24	60
Finance costs	(272)	(318)	(311)	(901)
Profit/(loss) before tax	**(507)**	**(735)**	**3,896**	**2,654**

The following is an analysis of the Group's assets by reportable operating segment:

	31 Dec 2023 $'000	30 June 2023 $'000
Exploration	71,009	38,110
Mining	42,480	42,321
Total segment assets	113,489	80,431

Reconciliation of segment information to the consolidated financial statements:

	31 Dec 2023 $'000	31 Dec 2022 $'000
Total (loss)/profit before tax for reportable segments	(1,178)	2,654
Other operating (loss)/gains	(7)	193
Administrative expenses	(4,720)	(3,347)
Other operating income	63	334
Interest income	71	68
Finance costs	(40)	(164)
Cost of sales	-	(2)
Loss before tax	(5,811)	(264)

	31 Dec 2023 $'000	30 June 2023 $'000
Total segment assets	113,489	80,431
Unallocated property, plant and equipment	5,128	5,029
Other financial assets	4,112	3,918
Unallocated right-of-use assets	475	533
Unallocated exploration and evaluation assets	290	29,198
Unallocated current assets	1,289	5,326
Total assets	124,783	124,435

The reconciling items relate to corporate assets.

4. Revenue

Revenue consists of the sale of coal by the Uitkomst Colliery and Vele Colliery.

5. Cost of sales

Cost of sales consists of:

	31 Dec 2023 $'000	31 Dec 2022 $'000
Salaries and wages	(4,155)	(4,447)
Mining expense	(10,478)	(1,395)
Depreciation and amortisation	(1,325)	(1,208)
Logistics	(9)	579
Other direct mining costs	(3,781)	(4,275)
Inventory	(2,675)	2,322
Other	(1,722)	(1,713)
	(24,145)	(10,137)

6. Other operating income

Other operating income includes:

	31 Dec 2023 $'000	31 Dec 2022 $'000
Sale of scrap	5	10
Other	460	342
Recoveries	2,865	-
	3,330	352

7. Other operating gains

Other operating gains or losses include:

	31 Dec 2023 $'000	31 Dec 2022 $'000
Foreign exchange (loss)/profit		
Unrealised	2	(71)
Realised	(109)	91
Other	185	185
	78	205

8. (Expected)/reversal of credit loss

	31 Dec 2023 $'000	31 Dec 2022 $'000
(Expected)/reversal of expected credit losses	(4)	291
	(4)	291

9. Administrative expenses

	31 Dec 2023 $'000	31 Dec 2022 $'000
Employee costs	(4,016)	(2,079)
Depreciation and amortisation	(168)	(48)
Other	(5,513)	(1,962)
	(9,697)	(4,089)

10. Income tax expense

The income tax expense/(credit) relates to the following:

	31 Dec 2023 $'000	31 Dec 2022 $'000
Current income tax expense	267	849
Deferred tax current year	(97)	196
	170	1,045

11. Dividends

No dividend has been paid by MC Mining or is proposed in respect of the half-year ended 31 December 2023 (FY 2023 H1: nil)

12. Loss per share

12.1 Basic loss per share

	31 Dec 2023	31 Dec 2022
	Cents per share	**Cents per share**
Basic loss per share		
Basic loss per share	(1.45)	(0.50)
	$'000	**$'000**
Loss for the period attributable to owners of the parent	(5,801)	(1,275)
	31 Dec 2023	**31 Dec 2022**
	'000 shares	**'000 shares**
Weighted number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	401,778	254,493

12.2 Diluted loss per share

Diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of dilutive ordinary share that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As the Company is in a loss position, the diluted potential ordinary shares impact is anti-dilutive.

12.3 Headline loss per share (in line with JSE listing requirements)

The calculation of headline loss per share at 31 December 2023 was based on the headline loss attributable to ordinary equity holders of the Company of $5,801,000 (FY 2023 H1: $1,275,550) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2023 of 401,777,773 (FY 2023 H1: 254,493,063).

The adjustments made to arrive at the headline loss are as follows:

	31 Dec 2023 $'000	31 Dec 2022 $'000
Loss after tax for the period attributable to ordinary shareholders	(5,801)	(1,275)
Headline loss	(5,801)	(1,275)
Headline loss per share (cents per share)	**(1.45)**	**(0.50)**

13. Development, Exploration and Evaluation Assets

A reconciliation of development, exploration and evaluation assets is presented below:

Exploration and evaluation assets

	31 Dec 2023 $'000	30 June 2023 $'000
Balance at beginning of period	65,682	67,839
Additions	2,793	6,164
Movement in rehabilitation asset	27	(93)
Foreign exchange differences	1,859	(8,228)
Balance at end of period	70,361	65,682

Development assets

	31 Dec 2023 $'000	30 June 2023 $'000
Balance at beginning of period	-	17,739
Transfer to property, plant and equipment	-	(16,976)
Transfer to intangible assets	-	(594)
Additions	-	252
Movement in rehabilitation asset	-	271
Foreign exchange differences	-	(692)
Balance at end of period	-	-

14. Right-of-use assets

The Group leases various assets including land, buildings, plant and machinery and vehicles. The movement in the right-of-use assets is as follows:

	31 Dec 2023 $'000	30 June 2023 $'000
Balance at beginning of the period	2,322	3,132
Additions	-	678
Transfer to property, plant and equipment	-	(571)
Depreciation	(284)	(618)
Modification	(8)	272
Disposals	-	(238)
Foreign exchange differences	63	(333)
Balance at end of period	2,093	2,322

15. Cash and cash equivalents

	31 Dec 2023 $'000	30 June 2023 $'000
Bank balances	3,383	7,499
Bank overdraft	(1,362)	-
	2,021	7,499
Restricted cash	23	23
	23	23

The bank overdraft relates to an ABSA Bank Limited (**ABSA**) facility for $1.4 million (ZAR24.98 million). The facility is for short-term working capital requirements and potential expansion opportunities. It has a floating coupon at the South African Prime rate (currently 11.75% per annum) plus 3.0%, with a general notarial bond over Uitkomst's assets as well as a cession of the colliery's trade receivables. The facility is subject to annual review.

16. Inventory

	31 Dec 2023 $'000	30 June 2023 $'000
Consumable stores	625	512
Finished goods	985	3,595
Provision for obsolete inventory	(17)	(19)
	1,593	4,088

17. Lease liabilities

The movement in the lease liabilities is as follows:

	31 Dec 2023 $'000	30 June 2023 $'000
Balance at beginning of the period	2,505	2,942
Modification	(8)	332
Additions	-	678
Interest	139	295
Repayments	(336)	(698)
Terminations	-	(281)
Transfer to borrowings	-	(381)
Foreign exchange differences	71	(382)
Balance at end of period	2,371	2,505
Non-current	1,890	1,932
Current	481	573
	2,371	2,505

The maturity of the Group's undiscounted lease payments is as follows:

	31 Dec 2023 $'000	30 June 2023 $'000
Not later than one year	666	644
Later than one year and not later than five years	1,912	2,141
Later than five years	902	1,052
	3,480	3,837
Less future finance charges	(1,109)	(1,332)
Present value of minimum lease payments	2,371	2,505

18. Borrowings

	31 Dec 2023 $'000	30 June 2023 $'000
Opening balance	16,344	21,656
Loans acquired during the year	-	328
Transfer to share capital	-	(3,378)
Repayments	(94)	(1,678)
Reallocation of interest previously disclosed as part of accruals	-	1,228
Interest accrued	248	539
Transferred from leases	-	381
Foreign exchange differences	483	(2,732)
Balance at end of period	16,981	16,344
Non-current	44	48
Current	16,937	16,296
	16,981	16,344

Industrial Development Corporation of South Africa Limited

The IDC has provided longstanding financial support for the development of the Makhado Project. In March 2017 MC Mining secured a facility of which ZAR160 million ($8.7 million) was drawn to progress Makhado to its fully-permitted status and to partially fund the acquisition of the surface rights over the project area. The Company is required to repay the loan amount plus an amount equal to the after tax internal rate of return equal to 16% of the amount of each advance. In terms of the IDC facility, as a result of ZAR160 million of the facility being drawn, the IDC was issued with 6.7% of the shares in MC Mining subsidiary, Baobab, the owner of the Makhado Project. The IDC has extended the date for repayment date for the ZAR160 million (plus accrued interest) to 30 September 2024.

19. Issued Capital

During the reporting period the Company issued 8,225,542 ordinary shares.

	31 Dec 2023 $'000	30 June 2023 $'000
407,890,744 (FY2023: 399,665,202) fully paid ordinary shares	1,070,856	1,069,871

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Options

No options were issued during the period.

During November 2023, 4,000,000 ordinary shares of no par value in the Company's capital were issued to the CEO arising from the vesting the first tranche of the of 12,000,000 engagement share options issued to the CEO in terms of his employment contract and following MC Mining shareholder approval at the November 2022 Annual General Meeting.

Performance Rights

No performance rights were issued during the period.

During the period, 4,225,542 ordinary shares of no par value in the Company's capital were issued to staff following the satisfaction of the vesting conditions of the November 2020 tranche 2 performance rights and November 2022 tranche 1 performance rights

During November 2023, 1,164,240 performance rights relating to the November 2020 tranche 3 performance rights expired.

No further performance rights expired or were cancelled during the period.

20. Contingencies and Commitments

Contingent liabilities

The Group has no significant contingent liabilities at reporting date.

Commitments

As at 31 December 2023, the Group had a $0.2 million commitment which relate to its social and labour plan at Uitkomst Colliery. In addition to the amount provided in the consolidated statement of financial position.

In addition to the commitments of the parent entity, subsidiary companies have typical financial commitments associated with their mining rights granted by the South African DMRE.

21. Events subsequent to reporting

The Consortium lodged a Bidders Statement on 2 February 2024 and on 4 March 2024 the Company released its formal Target's Statement in response to the A$0.16 cash per share. Supplementary bidders statements has been received. The company anticipates releasing a supplementary target statement, including an independent Fair and Reasonable report, on or around 18 March 2024.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

22. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

23. Financial Instruments

Fair value of financial assets and liabilities

The fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in a current transaction between willing parties in an arm's length transaction. The fair values of the Group's financial assets and liabilities approximate their carrying values, as a result of their short maturity or because they carry floating rates of interest.

All financial assets and liabilities recorded in the consolidated financial statements approximate their respective fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3, based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities. The balances classed here are financial assets comprising deposits and listed securities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The financial assets classed as Level 2 comprise of investments with investment firms. These investments serve as collateral for rehabilitation guarantees. The third party utilised a market approach with level 2 inputs in determining the value. The inputs used to determine fair values of listed or quoted investments are based on the quoted market price at reporting period date.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no assets reclassified into/out of fair value through profit and loss (**FVTPL**) during the period nor were any assets transferred between levels.

As at 31 December 2023 ($'000)	Level 1	Level 2	Level 3	Total
Other Financial Assets	-	5,729	-	5,729
	-	5,729	-	5,729

As at 30 June 2023 ($'000)	Level 1	Level 2	Level 3	Total
Other Financial Assets	-	5,239	-	5,239
	-	5,239	-	5,239

Directors' Declaration

The Directors declare that in the directors' opinion,

1. The condensed financial statements and notes of the consolidated entity are in accordance with the following:

   a. complying with Australian accounting standards and the *Corporations Act 2001*; and

   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Nhlanhla Nene	**Godfrey Gomwe**
Chairman	Managing Director and Chief Executive Officer
15 March 2024	15 March 2024

Dated at Johannesburg, South Africa, this 15th day of March 2024.

Level 11, 307 Queen Street
Brisbane Qld 4000

GPO Box 2268
Brisbane Qld 4001
Australia

Tel: +61 7 3218 3900
Fax: +61 7 3218 3901
www.mazars.com.au

Auditor's independence declaration to the Directors of MC Mining Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Mazars Assurance Pty Ltd

M. J. Green
Director

Brisbane, 15 March 2024

Level 11, 307 Queen Street
Brisbane Qld 4000

GPO Box 2268
Brisbane Qld 4001
Australia

Tel: +61 7 3218 3900
Fax: +61 7 3218 3901
www.mazars.com.au

Independent Auditor's Review Report to the Members of MC Mining Limited

Conclusion

We have reviewed the half-year financial report of MC Mining Limited ("Company") and its subsidiaries ("Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the half-year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MC Mining Limited does not comply with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to note 2 in the financial report, which describes recent operating losses and the financial position of the Group. As stated in note 2, these events or conditions, along with other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Mazars

MAZARS ASSURANCE PTY LTD

M. J. Green
Director

Brisbane, 15 March 2023