



ANNOUNCEMENT

4 April 2024

INDEPENDENT BOARD COMMITTEE'S RESPONSE TO GOLDWAY'S FOURTH SUPPLEMENTARY BIDDER'S STATEMENT

The independent board committee (**IBC**) of MC Mining Limited (**MCM** or the **Target**) refers to the A\$0.16 off-market takeover offer by Goldway Capital Investment Limited (**Goldway**) for all of the shares in MCM not currently owned by associates of Goldway (**Offer**).

As stated in the Target's Statement dated 4 March 2024 (**Target's Statement**) and confirmed in the Supplementary Target's Statements that the IBC unanimously recommends that shareholders **DO NOT ACCEPT** the Goldway Offer, having reviewed the Independent Expert's Report (**IER**), prepared by BDO Corporate Finance (WA) Pty Ltd (**BDO**), concluding that the Offer is neither fair nor reasonable to Shareholders. The IBC continues to hold this view.

MCM has received a copy of Goldway's Fourth Supplementary Bidder's Statement dated 28 March 2024 (**Fourth Supplementary Bidder's Statement**). Goldway has continued to criticise the IBC's response and to dismiss the findings of the Independent Expert¹ in an effort to justify its A\$0.16 price which significantly undervalues MCM². BDO assessed the value of an MCM Share prior to the Offer between A\$0.214 and A\$0.356, with a preferred value of A\$0.285 per MCM Share (on a controlling interest basis). The IBC wishes to respond to the statements made by Goldway in its Fourth Supplementary Bidder's Statement:

1. IBC Response and view of the Independent Expert

Goldway has sought to "call into question the view adopted by the IBC Response, as well as that of the Independent Expert and SRK, on the value of MCM".

BDO Corporate Finance (WA) Pty Ltd (**BDO**), the Independent Expert and SRK Consulting (Australasia) Pty Ltd (**SRK**) have provided a professional independent valuation in accordance with industry standards.

The Independent Expert has concluded that the A\$0.16 Offer is **neither fair nor reasonable**. BDO assessed the value of an MCM Share prior to the Offer between A\$0.214 and A\$0.356, with a preferred value of A\$0.285 per MCM Share (on a controlling interest basis).

¹ The Independent Expert's Report (**IER**) prepared by BDO Corporate Finance (WA) Pty Ltd (**BDO**) and contained in MCM's Supplementary Target's Statement dated 18 March 2024 concluded that the Offer is **neither fair nor reasonable** to Shareholders.

² BDO assessed the value of an MCM Share prior to the Offer between A\$0.214 and A\$0.356, with a preferred value of A\$0.285 per MCM Share (on a controlling interest basis).

2. Vele Aluwani Colliery (Vele) is not on care and maintenance

Goldway has continued to falsely assert that Vele has been placed "*under care and maintenance*".

As the IBC has previously responded:

- (a) no decision has been taken to place Vele under care and maintenance;
- (b) no statutory application to the Minister of Mineral Resources and Energy has been made to place Vele under care and maintenance; and
- (c) no care and maintenance plan or program has been prepared in respect of Vele.

Goldway's claims that there are "*no stated plans or cost estimates to recommence production*" are false. The current production optimisation strategy for Vele, Operation Shandukani, is progressing and provides for how MCM and the operator, Hlalethembeni Outsourcing Services (Pty) Ltd (**HOS**), as well as representatives from Overlooked Collieries (Pty) Ltd (an associate of Goldway), plan to use the colliery for underground soft steel coking production and to optimise production.

3. The Independent Expert's Market Value approach to valuation

Goldway has claimed that, the "*Independent Expert has adopted a Market Value approach to valuation which "does not consider any potential future operating cashflow generated from MCM's assets"*".

SRK explained its adoption of the Market Approach to valuation in section 8.1 of its report: "the Mineral Assets being valued are compared with the transaction values of similar Mineral Assets under similar time and circumstances on an open market". By definition, there is no requirement to consider future operating cashflow generated by the assets using this method, which is defined in the industry standard VALMIN Code.

4. The Independent Expert has estimated a ZAR584m (A\$46m) preferred valuation of Vele

Goldway's false assertions that Vele is on care and maintenance and reference to historical costs for Vele attempts to undermine the Independent Expert's and SRK's valuation of Vele. The Independent Expert's valuation is based on comparable market transactions, based on the current standing of Vele and current and forecast market conditions. Historical costs are not relevant to the market valuation methodology used.

The IBC has previously reiterated that Vele is not on care and maintenance. The decision to downscale operations at Vele was taken by HOS, the contractor, and its subcontractors, including Overlooked Collieries (Pty) Ltd (an associate of Goldway), after consultation with MCM.

The IBC continues to be of the view that the Offer Price of A\$0.16 per Share significantly undervalues MCM and its assets.

5. The IBC states "*Shareholders who sell their Shares will forego the opportunity to participate in the exploration and production potential of MCM's development assets*"

Goldway has made various statements about the assets and resources of MCM. Goldway is attempting to justify its undervalued Offer Price by seeking to discredit the production and exploration value opportunity upside for Shareholders. If Goldway genuinely believed there was no production or exploration upside to MCM's projects it would not be offering to acquire MCM.

The Independent Expert has taken appropriate account of the Company's assets, their economic and production value.

The IER is based on the current status of MCM's assets and business, which estimates a value per MCM Share prior to the Offer between A\$0.214 and A\$0.356, with a preferred value of A\$0.285 per MCM Share (on a controlling interest basis). MCM's board and management team has changed substantially since 2010 and the IBC believes that the Company is in a strong position to complete the fundraising efforts required to advance Makhado into production in the near term.

For the reasons set out in this announcement and the Company's 21 and 25 March 2024 announcements, as well as in the Target's Statements dated 4 and 18 March 2024, the IBC confirms and reiterates its unanimous recommendation that Shareholders **DO NOT ACCEPT** the Offer.

For questions, please contact the Target Shareholder Line on +61 461 444 038 between 9.00am and 7.00pm (Sydney time) on Business Days (if calling from within Australia) or between 11am - 1pm (Johannesburg time) or 9am - 11am (London time).

The IBC looks forward to your continuing support.

Mr Nhlanha Nene
Chairman of MC Mining Limited

Mr Khomotso Mosehla
Chairman of the IBC

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

The information contained within this announcement is deemed by MCM to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

Forward-looking statements

This announcement contains forward-looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. All statements other than statements of historical fact are by definition likely to be forward-looking statements. You should be aware that such statements are predictions and are subject to inherent risks and uncertainties, many of which are beyond the control of the MCM. Refer to section 9 of the Target's Statements for details about risks associated with the Offer and MCM. These forward-looking statements are based on, among other things, MCM's assumptions, expectations,

estimates, objectives, plans and intentions and the views of the IBC as at the date of this announcement. Although MCM and the IBC believe that the expectations reflected in any forward-looking statement included in this announcement are reasonable, no assurance can be given that such expectations will provide to be correct. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

None of MCM, BDO or SRK, nor any of their respective directors, officers, consultants or employees makes any representation or warranty (whether express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any such forward-looking statements.

For more information contact

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BSM Sponsors Proprietary Limited is the nominated JSE Sponsor

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).