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MC Mining Limited

Independent Expert's Report

29 October 2026

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FINANCIAL SERVICES GUIDE

Dated: 29 October 2026

This Financial Services Guide (**FSG**) helps you decide whether to use any of the financial services offered by BDO Corporate Finance Australia Pty Ltd (**BDO Corporate Finance, we, us, our**).

The FSG includes information about:

- Who we are and how we can be contacted
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

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In October 2024, BDO Corporate Finance was engaged to prepare an independent expert report for the Company. The total fees received in connection with this engagement were approximately $65,000 (excluding GST).

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BDO Corporate Finance is a member of AFCA (Member Number 11843). Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to the Australian Financial Complaints Authority (**AFCA**) using the below contact details:

Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Email: info@afca.org.au
Phone: 1800 931 678
Fax: (03) 9613 6399
Interpreter service: 131 450
Website: http://www.afca.org.au

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CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au

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29 October 2026

The Independent Board Committee
MC Mining Limited
Suite 303, 365 Little Collins Street
Melbourne VIC 3000

Dear Independent Board Committee

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 11 June 2026, MC Mining Limited ('**MC Mining**' or '**the Company**') announced that it had entered into binding promissory note purchase agreements with Kinetic Development Group Limited ('**Kinetic**') and Eagle Canyon International Group Holding (Hong Kong) Limited ('**Eagle Canyon**'). Under the agreements, Kinetic and Eagle Canyon agreed to provide funding to MC Mining by subscribing for unsecured convertible promissory notes with principal amounts of US$6.14 million and US$3.80 million, respectively, representing an aggregate principal amount of US$9.94 million ('**Promissory Notes**').

On the maturity date, each investor may elect to convert the amount outstanding under its Promissory Notes into new ordinary shares in MC Mining at a conversion price of US$0.2089 per share, rather than receive repayment in cash. The Promissory Notes issued to Kinetic are referred to as the **'Kinetic Promissory Notes'**, and any new ordinary shares issued upon their conversion are referred to as the **'Kinetic Conversion Shares'**.

On 13 August 2026, the Company announced that it had entered into a bridge loan agreement (**'Bridge Loan Agreement'**) and a share subscription agreement (**'Share Subscription Agreement'**) with Kinetic.

Under the Bridge Loan Agreement, Kinetic agreed to provide MC Mining with an unsecured, interest-bearing bridge loan with a principal amount of US$8 million with a term of three months ('**Bridge Loan**'). The Bridge Loan provides MC Mining with access to US$8 million of funding in advance of the shareholder meeting at which approval of the relevant share issues will be sought.

Under the Share Subscription Agreement, Kinetic agreed to subscribe for new ordinary shares in MC Mining for an aggregate subscription amount of US$16 million at an issue price of US$0.2089 per share (**'Share Subscription'**). The Share Subscription is to be completed in two tranches of US$8 million each.

At completion of the first tranche (**'Tranche 1'**), Kinetic's obligation to pay the first US$8 million of the Share Subscription will be satisfied by setting off that amount against the US$8 million principal amount outstanding under the Bridge Loan (**'Bridge Loan Amount'**). Accordingly, MC Mining will not receive any additional cash upon completion of Tranche 1. Instead, the Bridge Loan Amount will be extinguished and MC Mining will issue 38,295,836 new ordinary shares to Kinetic, based on the issue price of US$0.2089 per share ('**Bridge Loan Shares**'). Any interest accrued under the Bridge Loan will remain payable separately by MC Mining to Kinetic in cash and will not form part of the Share Subscription.

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At completion of the second tranche (**'Tranche 2'**), Kinetic will pay a further US$8 million to MC Mining in cash (**'Subscription Amount'**). In consideration for that payment, MC Mining will issue 38,295,836 new ordinary shares to Kinetic, based on the issue price of US$0.2089 per share (**'Subscription Shares'**).

The proposed issues of the Bridge Loan Shares, Subscription Shares, and Kinetic Conversion Shares are collectively referred to as the **'Proposed Transactions'**.

Kinetic is the largest shareholder of MC Mining and, as at the date of our Report, holds 51.0% of the Company's issued capital. The issue of the Bridge Loan Shares, Subscription Shares, and Kinetic Conversion Shares will increase Kinetic's voting power in MC Mining from a starting point that is above 20% and below 90%. Accordingly, approval from MC Mining shareholders who are not associated with Kinetic or its associates (**'Shareholders'**) is required under item 7 of section 611 (**'Item 7 s611'**) of the *Corporations Act 2001* (Cth) (**'Corporations Act'**) for the Proposed Transactions to proceed.

Under the Share Subscription Agreement, the proposed issues of the Bridge Loan Shares and Subscription Shares are interdependent, such that each issue is conditional upon shareholder approval of the other. The Company is not currently seeking shareholder approval for any shares that may be issued upon conversion of the Promissory Notes held by Eagle Canyon.

The Independent Board Committee (**'Independent Board Committee'**) of MC Mining has requested that BDO Corporate Finance Australia Pty Ltd (**'BDO'**) prepare an independent expert's report (**'our Report'**) expressing an opinion as to whether the Proposed Transactions are fair and reasonable to Shareholders.

Monetary amounts in our Report are expressed in Australian dollars (**'A$'**), United States Dollars (**'US$'** or **'USD'**) and South African Rand (**'ZAR'**).

2. Summary and opinion

2.1 Requirement for the report

The Independent Board Committee of MC Mining have requested that BDO prepare an independent expert's report to express an opinion as to whether the Proposed Transactions are fair and reasonable to Shareholders.

Our Report is prepared pursuant to item 7 s611 of the Corporations Act and is to be included in the Notice of Meeting to assist Shareholders in their decision whether to approve the Proposed Transactions.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**'ASIC'**) Regulatory Guide 76 'Related party transactions' (**'RG 76'**), Regulatory Guide 111 'Content of expert reports' (**'RG 111'**), Regulatory Guide 112 'Independence of experts' (**'RG 112'**), Regulatory Guide 170 'Prospective financial information' (**'RG 170'**) and Information Sheet 214: Mining and resources: Forward-looking statements (**'IS 214'**).

In arriving at our opinion, we have assessed the terms of the Proposed Transactions as outlined in the body of this Report. We have considered the following:

- How the value of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis) compares to the value of an MC Mining share following the Proposed Transactions (on a minority interest basis).
- The likelihood of an alternative proposal being made to MC Mining.

- Other factors which we consider to be relevant to Shareholders in their assessment of the Proposed Transactions.
- The position of Shareholders should the Proposed Transactions not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transactions as outlined in the body of this Report and have concluded that, in the absence of an alternative proposal, the Proposed Transactions are not fair but reasonable to Shareholders.

In our opinion, the Proposed Transactions are not fair because the low, preferred and high values of an MC Mining share following the Proposed Transactions (on a minority interest basis) are lower than the low, preferred and high values of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis). However, we consider the Proposed Transactions to be reasonable because the advantages of the Proposed Transactions to Shareholders are greater than the disadvantages. In particular, the Proposed Transactions are expected to provide sufficient funding to support Makhado through to positive cumulative cash flow, thereby increasing the likelihood of future value uplift for Shareholders.

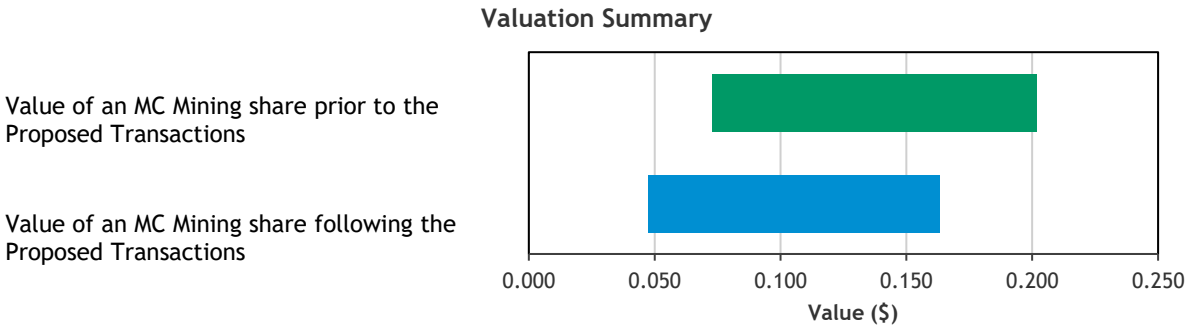
2.4 Fairness

In Section 12, we compared the value of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis), to the value of an MC Mining share following the Proposed Transactions (on a minority interest basis), as detailed below.

	Ref	Low A$	Preferred A$	High A$
Value of an MC Mining share prior to the Proposed Transactions (control basis)	10	0.073	0.137	0.202
Value of an MC Mining share following the Proposed Transactions (minority basis)	11	0.050	0.104	0.161

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that the Proposed Transactions are not fair for Shareholders. We consider the Proposed Transactions to be not fair because the low, preferred and high values of an MC Mining share following the Proposed Transactions (on a minority interest basis) are lower than the low, preferred and high values of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis).

2.5 Reasonableness

We have considered the analysis in Section 13 of this Report, in terms of the following:

- Advantages and disadvantages of the Proposed Transactions.
- Other considerations, including the position of Shareholders if the Proposed Transactions do not proceed and the consequences of not approving the Proposed Transactions.

In our opinion, the position of Shareholders if the Proposed Transactions are approved is more advantageous than the position if the Proposed Transactions are not approved.

After considering the reasonableness arguments on balance and assessing the relative value differentials as set out in our fairness assessment, we consider the strength and the quantum of the advantages of approving the Proposed Transactions to outweigh the disadvantages.

Accordingly, in the absence of any other relevant information and/or an alternate proposal we consider that the Proposed Transactions are reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1	The Proposed Transactions are expected to provide sufficient funding to support Makhado through to positive cumulative cash flow	13.2	Shareholders' interest in the Company and exposure to MC Mining's mineral assets will be diluted following the Proposed Transactions
13.1	The Proposed Transactions preserve the Company's liquidity and reduce near-term financing risk		
13.1	The additional dilution arising from Tranche 2 Share Subscription is conditional on the satisfactory progress of Makhado		
13.1	The conversion price under the Promissory Notes and the issue price under the Share Subscription Agreement is greater than our assessed valuation range of an MC Mining share		

Other key matters we have considered include:

Section	Description
13.3	Alternative proposal – we are unaware of any alternative proposals
13.4	Practical level of control
13.5	Consequences of not approving the Proposed Transactions: • Liquidity, refinancing and going-concern risk • Shareholders will retain their existing collective ownership of the Company

3. Scope of the Report

3.1 Purpose of the Report

As at the date of our Report, Kinetic currently holds 51.0% of the Company's issued capital. Section 606 of the Corporations Act ('**Section 606**') expressly prohibits the acquisition of further shares if the party acquiring the interest does so through a transaction and because of the transaction the party (or someone else's voting power in the company) increases from a starting point above 20% and below 90%.

Section 611 of the Corporations Act ('**Section 611**') provides exceptions to the Section 606 prohibition and item 7 s611 permits such an acquisition if the shareholders of MC Mining have agreed to the acquisition. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by the party to the acquisition or any party who is associated with the acquiring party.

Item 7 s611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that to satisfy the obligation to provide all material information on how to vote on the item 7 resolution the Company can commission an Independent Expert's Report. The Independent Board Committee of MC Mining have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transactions is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transactions are control transactions as defined by RG 111 and we have therefore assessed the Proposed Transactions as control transactions to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest as such the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis) and the value of an MC Mining share following the Proposed Transactions (on a minority interest basis) (fairness – see Section 12 'Are the Proposed Transactions fair?').
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 13 'Are the Proposed Transactions reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposed Transactions

Promissory Notes

On 11 June 2026, MC Mining announced that it had entered into binding promissory note purchase agreements with Kinetic and Eagle Canyon. Under the agreements, Kinetic and Eagle Canyon agreed to provide funding to MC Mining by subscribing for Promissory Notes with principal amounts of US$6.14 million and US$3.80 million, respectively, representing an aggregate principal amount of US$9.94 million.

Subsequent to the date of the agreement, Eagle Canyon have communicated to the Company that it will only be funding US$1.90 million of the original US$3.80 million.

The Promissory Notes accrue interest on the outstanding principal amount at a floating rate equal to the Reserve Bank of Australia's ('**RBA**') publicly quoted outstanding business loan rate applicable to medium-sized businesses, plus a margin of 3.0% per annum, compounded monthly ('**Promissory Notes Rate**'). Each Promissory Note matures 12 months after the date on which MC Mining first receives funds from the relevant investor.

On the maturity date, each investor may elect to convert the amount outstanding under its Promissory Notes into new ordinary shares in MC Mining at a conversion price of US$0.2089 per share, rather than receive repayment in cash.

Bridge Loan and Share Subscription

On 13 August 2026, MC Mining announced that it had entered into the Bridge Loan Agreement and Share Subscription Agreement with Kinetic.

Under the Bridge Loan Agreement, Kinetic agreed to provide MC Mining with a Bridge Loan of US$8 million, which provides MC Mining with access to US$8 million of funding in advance of the shareholder meeting at which approval of the relevant share issues will be sought.

Interest accrues on the outstanding principal amount of the Bridge Loan from the drawdown date at a floating rate equal to the RBA's publicly quoted outstanding business loan rate applicable to medium-sized businesses, plus a margin of 3.0% per annum, compounded monthly ('**Bridge Loan Interest Rate**'). Unless repaid earlier or extended at Kinetic's sole discretion, the outstanding principal amount of the Bridge Loan, together with all accrued interest, must be paid within three months of the drawdown date.

Under the Share Subscription Agreement, Kinetic agreed to subscribe for new ordinary shares in MC Mining for an aggregate subscription amount of US$16 million at an issue price of US$0.2089 per share. The Share Subscription is to be completed in two tranches of US$8 million each.

At completion of Tranche 1, Kinetic's obligation to pay the first US$8 million of the Share Subscription will be satisfied by setting off the Bridge Loan Amount. Accordingly, MC Mining will not receive any additional cash upon completion of Tranche 1. Instead, the Bridge Loan Amount will be extinguished and MC Mining will issue 38,295,836 new ordinary shares to Kinetic, based on the issue price of US$0.2089 per share. Any interest accrued under the Bridge Loan will remain payable separately by MC Mining to Kinetic in cash and will not form part of the Share Subscription.

At completion of Tranche 2, Kinetic will pay a further US$8 million to MC Mining in cash. In consideration for that payment, MC Mining will issue 38,295,836 new ordinary shares to Kinetic, based on the issue price of US$0.2089 per share.

Completion of Tranche 1 and Tranche 2 is subject to various conditions precedent, including the following:

- Receipt of the requisite shareholder approvals

- Delivery of a cash flow forecast in form and substance satisfactory to Kinetic
- The Company complying with its obligations under the Share Subscription agreement
- No material adverse effect having occurred and no event of default having occurred or continuing
- Completion of Tranche 2 is additionally subject to the Company's Makhado Project ('**Makhado**') having commenced production and Kinetic being satisfied with the Company's operating performance and progress, application of the Tranche 1 proceeds and an updated business plan and cash flow forecast.

Use of proceeds

The proposed uses of the proceeds from the Proposed Transactions are summarised below:

- Funding the general working capital requirements of the Company
- Completing the remaining civil works at the Makhado coal handling and preparation plant
- Continuing the development of Makhado's open-cut mining operations, including overburden stripping and associated mining contractor costs
- Completing supporting infrastructure, including power and water supply infrastructure
- Undertaking the commissioning and trial operations required for Makhado to transition to stable commercial production.

Shareholder and regulatory approvals

The proposed issues of the Bridge Loan Shares, Subscription Shares and Kinetic Conversion Shares will increase Kinetic's voting power in MC Mining from a starting point that is above 20% and below 90%. Accordingly, the proposed share issues require approval from Shareholders under Item 7 s611 of the Corporations Act.

The proposed issues of the Bridge Loan Shares and Subscription Shares also require shareholder approval under section 208 of the Corporations Act because Kinetic is a related party of MC Mining. No Bridge Loan Shares or Subscription Shares may be issued to Kinetic unless and until the requisite shareholder approvals have been obtained.

Capital structure following the Proposed Transactions

The table below sets out the impact of the Proposed Transactions on Shareholders' aggregate ownership interest in the Company.

Description	Shareholders	Kinetic and its associates	Total
Shares on issue prior to the Proposed Transactions	414,013,349	430,911,853	844,925,202
% holdings prior to the Proposed Transactions	**49.00%**	**51.00%**	**100.00%**
Bridge Loan Shares to be issued (Tranche 1)	-	38,295,836	38,295,836
Subscription Shares to be issued (Tranche 2)	-	38,295,836	38,295,836
Shares on issue following the issue of the Bridge Loan Shares and the Subscription Shares	**414,013,349**	**507,503,525**	**921,516,874**
% holdings following the issue of the Bridge Loan Shares and Subscription Shares	*44.93%*	*55.07%*	*100.00%*
Kinetic Conversion Shares to be issued *	-	32,195,318	32,195,318
Total shares on issue following the Proposed Transactions	**414,013,349**	**539,698,843**	**953,712,192**

Description	Shareholders	Kinetic and its associates	Total
% holdings following the Proposed Transactions	**43.41%**	**56.59%**	**100.00%**

Source: BDO analysis

* The Kinetic Conversion Shares have been calculated by dividing the total Kinetic Promissory Notes principal plus accrued interest payable at maturity by the conversion price of US$0.2089 per share. This assumes the maximum conversion by Kinetic to reflect its maximum potential shareholding under the Proposed Transactions.

Under this scenario, MC Mining, Shareholders' aggregate ownership interest in the Company will decrease from 49.00% to 43.41%.

Further details of the Proposed Transactions are set out in the Notice of Meeting.

5. Profile of MC Mining

5.1 History

MC Mining is a coal exploration, development and mining company with a portfolio of metallurgical and thermal coal assets located primarily in the Limpopo province of South Africa. The Company's flagship asset is its 67.3%-owned Makhado Project, located approximately 36 kilometres ('**km**') north of Louis Trichardt and 80 km south-east of the Company's wholly owned Vele Colliery ('**Vele**'). The Company also holds an 84% interest in the Uitkomst Colliery ('**Uitkomst**') and a 74% interest in the Greater Soutpansberg Project ('**GSP**').

The Company's primary listing is on the ASX, with a secondary listing on the Johannesburg Stock Exchange ('**JSE**'). The Company's head office is located in Melbourne, Australia.

The current directors of MC Mining are:

- Jianheng (Albert) Deng – Chairman, Interim Chief Executive Officer and Managing Director
- Yi (Christine) He – Non-Executive Director
- Ontiretse Mathews Senosi – Non-Executive Director
- Lanlan (Lily) Wang – Non-Executive Director
- Huoxin (Hevin) Wang – Non-Executive Director
- Guo Xin – Non-Executive Director
- Mei Zhang – Non-Executive Director
- Sun Qiming – Non-Executive Director

Jianheng Deng, Lanlan Wang, Guo Xin, Sun Qiming and Mei Zhang are either associates of or are nominee directors appointed by, Kinetic. As a result, MC Mining has established an Independent Board Committee comprising directors not associated with Kinetic for the purposes of the Proposed Transactions. The Independent Board Committee has appointed us to prepare our Report for inclusion in the Notice of Meeting.

5.2 Makhado Project (67.3% interest)

Makhado is a hard coking and thermal coal project located in the Soutpansberg coalfield in the Limpopo province of South Africa. Makhado covers an area of over 60 square kilometres ('**km²**') across five farms, with MC Mining owning the four properties that comprise the principal mining area.

MC Mining initially acquired a 50% interest in Makhado in August 2006 following the execution of a binding heads of agreement to combine the coal interests of MC Mining and Motjoli Resources Pty Ltd. MC Mining subsequently acquired the remaining 50% interest through its acquisition of Baobab Mining and Exploration Pty Ltd ('**Baobab**') for cash consideration of £2.5 million.

In 2013, MC Mining completed a definitive feasibility study ('**DFS**') for Makhado. The DFS contemplates an open-pit mining operation with a 16-year life-of-mine ('**LOM**'), based on the production of 12.6 million tonnes per annum ('**Mtpa**') of run-of-mine ('**ROM**') coal. This was expected to produce 2.3 Mtpa of hard coking coal and 3.2 Mtpa of thermal coal, with the potential for the resource to support a subsequent underground mining operation.

In 2015, MC Mining agreed to dispose of a 20% interest in Makhado to the Makhado Colliery Community Development Trust to ensure that Makhado would benefit local and surrounding communities. The Company also agreed to dispose of a 6.0% interest to a black industrialist, while the Industrial

Development Corporation of South Africa Ltd ('**IDC**') acquired a 6.7% interest. Following these transactions, the Company retained a 67.3% interest in Makhado.

In 2022, MC Mining completed a bankable feasibility study ('**BFS**') for Makhado. The BFS contemplated the production of approximately 25.6 million tonnes ('**Mt**') of saleable coal over a 22-year LOM using open-pit mining and coal processing methods. In August 2022, the Company updated the BFS to assess alternative development scenarios. This resulted in a revised development strategy that replaced the previously proposed staged development with the construction of a dedicated coal handling and processing plant ('**CHPP**') at Makhado.

Further optimisation increased the proposed annual ROM feed capacity of the Makhado CHPP from 3.2 Mtpa to 4.0 Mtpa. The Company subsequently completed detailed design work for the CHPP and associated infrastructure, incorporating the revised mine plan and the outcomes of the optimisation studies.

In 2023, MC Mining completed a five-year implementation plan for Makhado, which provided a detailed execution plan for the initial development of the East Pit and associated infrastructure. In June 2023, the Company announced an updated LOM plan and Coal Reserve estimate, which incorporated the surface mining of the economically mineable portions of the East, Central and West Pit deposits.

Relative to the 2022 development scenario, the updated LOM plan increased the expected mine life from 22 years to 28 years, the targeted ROM mining rate from 3.2 Mtpa to 4.0 Mtpa and the planned CHPP capacity from 2.0 Mtpa to 4.0 Mtpa. Planned saleable coal production over the LOM increased from approximately 26 Mt to 41 Mt.

During 2023, MC Mining commenced critical early works at Makhado, including construction of the main access road and earthworks for the permanent bridge across the Mutamba River. The Company also continued detailed design work for the CHPP and associated infrastructure.

During the year ended 30 June 2025 **('FY25'),** Makhado progressed into active construction and mine development. Work advanced on the CHPP and associated power, water and access infrastructure. JCI Mining (Pty) Ltd, the principal mining contractor, was appointed and commenced site establishment, with open-pit mining and development of the box cut commencing in the following quarter

During the year ended 30 June 2026 ('**FY26**'), Makhado advanced into commissioning. Open-pit mining of overburden progressed, with over 1.3 million bench cubic metres mined by March 2026 and ROM stockpiles established. The permanent mine access bridge across the Mutamba River commenced service, and the power line connecting to the national grid via the Paradise Power Station, was also commissioned.

In May 2026, construction of the CHPP was completed, with hot commissioning and plant start-up commencing. By 30 June 2026, pre-strip mining had been completed, and coal had been exposed in the open pit, with approximately 101,000 tonnes of coal mined and delivered to the CHPP. The CHPP was constructed under a vendor financing arrangement with Environmental and Process Technologies (Pty) Ltd, with US$23.3 million outstanding as at 30 June 2026 ('**Enprotec CHPP Financing**'). The Enprotec CHPP Financing is repayable by MC Mining over 60 monthly instalments at the prime lending rate plus a 2% margin.

Based on the current mine plan, MC Mining expects to produce approximately 580,000 tonnes of hard coking coal and 460,000 tonnes of thermal coal in the one-year leading up to September 2027, before ramping-up to steady state production of approximately 750,000 tonnes per annum of hard coking coal and 590,000 tonnes per annum of thermal coal.

5.3 Uitkomst Colliery (84% interest)

Uitkomst is an underground coal mine located in the Utrecht coalfields in the KwaZulu-Natal province of South Africa. The operation includes established mining and coal-processing infrastructure and historically produced metallurgical and thermal coal products for the domestic market, including smaller coal products used as pulverised coal, larger pea-sized products supplied to local energy-generation facilities and a high-ash middlings product. The Company has submitted an application to amend its water-use licence to support the proposed development of the northern extension of the mine.

MC Mining acquired Uitkomst in April 2017 under a sale of shares and claims agreement with Pan African Resources Plc. The transaction involved the acquisition of all the shares in, and claims against, Pan African Resources Coal Holdings Pty Ltd, which held a 91% interest in Uitkomst, for consideration of ZAR 275 million.

In 2018, the Company completed the sale of a 21% interest in Uitkomst to Black Economic Empowerment (‘**BEE**’) shareholders to support compliance with South Africa’s mining ownership requirements, reducing the Company’s interest to 70%. In 2022, MC Mining acquired a further 14% interest, increasing its interest to 84%. The remaining 16% interest is held by two broad-based BEE trusts.

During the year ended 30 June 2023 **(‘FY23’),** the Department of Mineral Resources & Energy (‘**DMRE**’) approved mining rights covering the remaining planned life of the operation. These rights were subsequently executed in January 2023. In June 2023, MC Mining implemented a turnaround initiative known as Operation Phenduka, which sought to increase productive time underground and improve ROM coal production and unit costs. This was followed in FY24 by Operation Shandukani, a broader production-optimisation initiative intended to improve mining and processing performance

Uitkomst produced approximately 498,600 tonnes of ROM coal and sold approximately 350,700 tonnes of coal in the year ended 30 June 2024 (‘**FY24**’). In addition, MC Mining commenced “Operation Shandukani”, a production optimisation initiative intended to improve the operational performance and profitability of the mine.

Operational performance subsequently deteriorated during FY25, due to adverse geological conditions and equipment-availability constraints. ROM coal production declined by 21.6% to approximately 390,800 tonnes and coal sales decreased to approximately 269,900 tonnes, while lower domestic thermal coal prices continued to place pressure on profitability. In response, MC Mining implemented a revised turnaround plan focused on mining efficiency, processing plant performance, cost control and product yields.

Operational and financial performance continued to deteriorate during the half-year ended 31 December 2025 **(‘HY26’).** ROM coal production decreased by 24% to approximately 140,100 tonnes and sales volumes declined by 28% to approximately 87,400 tonnes relative to the corresponding prior period. The lower production reflected geological challenges, ageing mining equipment and the increasing distance between the mine entrance and active mining areas. These factors, together with lower thermal coal prices, contributed to continued operational underperformance and cash losses.

Following a review of the operation and the alternatives available, the MC Mining Board approved the temporary suspension of mining and processing activities at Uitkomst with effect from 1 March 2026. The suspension was implemented to limit further cash outflows while preserving the operation’s assets and future strategic options. MC Mining has stated that the suspension is a hibernation measure and does not constitute a permanent closure, relinquishment of the mining right, liquidation or commencement of business rescue proceedings.

As at the date of our Report, Uitkomst remains suspended. The Company is continuing to assess potential partnerships, joint operating arrangements and other strategic alternatives. The Company reported that it had received a binding offer in respect of the operation. However, no decision had been made, and any transaction remained subject to the relevant approvals. During the June 2026 quarter, MC Mining also raised ZAR 9.9 million from the disposal of redundant equipment at Uitkomst and entered into a short-term arrangement for the processing of slurry.

Historical coal production at Uitkomst is outlined below:

Production tonnages	FY23	FY24	FY25	FY26
Uitkomst ROM (t)	444,984	498,589	390,788	140,121

Source: MC Mining's annual reports for FY23, FY24, FY25 and FY26.

5.4 Vele Colliery (100% interest)

Vele is a wholly owned semi-soft coking and thermal coal project located in the Tuli coalfield in the Limpopo province of South Africa. Vele comprises an open-pit and underground coal resource, together with established infrastructure, including a coal processing plant (**'CPP'**).

Vele historically produced thermal coal but was placed on care and maintenance in 2013 following a review of the operation's cost structures and processing capabilities. In December 2022, the CPP was recommissioned under an exclusive five-year contract mining agreement with Hlalethembeni Outsourcing Services (Pty) Ltd (**'HOS'**) (**'HOS Mining Agreement'**).

Under the HOS Mining Agreement, HOS was responsible for recommissioning, upgrading and operating the CPP, as well as arranging the mining and processing activities at Vele. HOS was also responsible for the associated mining and processing costs, while MC Mining retained responsibility for regulatory compliance, rehabilitation guarantees, engagement with regulatory authorities and local communities, and the supply of electricity and water to the colliery.

Following recommissioning, Vele produced approximately 96,700 t of thermal coal during the six months ended 30 June 2023. However, HOS subsequently experienced operational challenges and temporarily reduced activities at Vele in December 2023 while it developed a production optimisation strategy.

Operations at Vele have remained suspended since 2024. As at 30 June 2026, the Company continued to assess the geological and mine-planning information for the project and was investigating a revised business plan and a commercially viable logistics solution for future coal production.

5.5 Greater Soutpansberg Project (GSP) (74% interest)

The GSP comprises three early-stage coking and thermal coal projects, being Mopane, Generaal and Chapudi projects. The projects are located north of the Soutpansberg Mountains in the Limpopo province of South Africa, near Makhado. The GSP contains hard coking, semi-soft coking and thermal coal resources and form part of the Company's longer-term project portfolio.

The GSP are held through MbeuYashu (Pty) Ltd, in which MC Mining holds a 74% interest and its BEE partner, Rothe Investments (Pty) Ltd, holds the remaining 26% interest.

In 2013, MC Mining submitted mining right applications for each of the three project areas. The mining right for Chapudi was granted in December 2018, followed by Generaal in November 2019 and Mopane in February 2021. The grant of these mining rights was subsequently appealed.

MC Mining executed the mining rights for the Mopane and Generaal project areas during the December 2023 quarter and the mining right for the Chapudi project area during the June 2024 quarter. Accordingly, the three GSP project areas now hold granted and executed mining rights.

Development activity at the GSP has remained limited while MC Mining has prioritised the construction and commissioning of Makhado. During FY26, MC Mining reported that it had commenced work to assess and prioritise the individual GSP project areas as potential sources of hard coking coal to supplement future production from Makhado, and progressed negotiations to secure surface land access for prioritised deposits.

Further information on Makhado, Uitkomst, Vele and the GSP can be found in the independent specialist report ('**ISR**') prepared by SRK Consulting (Australasia) Pty Ltd ('**SRK**') in Appendix 5 of our Report.

5.6 Recent corporate events

IDC Loan

The IDC has provided longstanding debt funding to Baobab, MC Mining's subsidiary and holder of Makhado, to support the development of Makhado ('**IDC Loan**'). In March 2017, the IDC agreed to provide Baobab with a ZAR 240 million (US$15.5 million) facility, of which ZAR 160 million (US$10.3 million) was ultimately drawn to progress Makhado to fully permitted status and fund the acquisition of the surface rights. Following a restructuring of the facility in 2020, the IDC became entitled to a 6.7% interest in Baobab.

Following a number of extensions to the repayment terms, MC Mining entered into a settlement agreement with the IDC on 27 March 2025 to settle the outstanding debt. Under the settlement agreement, no further interest accrues on the IDC Loan and Baobab is required to repay the outstanding balance under a repayment program extending to March 2026. During FY25, Baobab repaid ZAR 120 million (US$7.4 million) and a further ZAR 200 million (US$11.3 million) during HY26.

Goldway Takeover

Between 2 February 2024 and 22 April 2024, the Company was the subject of an off-market takeover offer by Goldway Capital Investment Limited ('**Goldway**') ('**Goldway Takeover**'). Goldway was established by a consortium comprising Senosi Group Investment Holdings Pty Ltd, Dendocept Pty Ltd ('**Dendocept**') and several MC Mining shareholders and their associates. At the end of the offer period, the consortium held relevant interests in approximately 93.05% of MC Mining's issued capital.

Following completion of the Goldway Takeover, MC Mining's ordinary shares were cancelled from trading on the London Stock Exchange's ('**LSE**') Alternative Investment Market ('**AIM**') with effect from 19 June 2024, in accordance with Rule 41 of the AIM Rules for Companies.

On 22 May 2024, Goldway announced a buy-out offer under section 662B(1)(d) of the Corporations Act for certain remaining MC Mining shares that had not been acquired under the Goldway Takeover. The buy-out offer was made on the same terms as the Goldway Takeover, including cash consideration of $0.16 per MC Mining share, and was completed on 16 July 2024.

Dendocept Facility

On 28 June 2024, MC Mining entered into an unsecured loan facility with Dendocept for up to ZAR 20 million, equivalent to approximately US$1.1 million at that time ('**Dendocept Facility**'). The Dendocept Facility was provided for general working capital purposes, was repayable within 12 months of the first drawdown and incurred interest at the Investec Bank South Africa prime lending rate plus a margin of 3% per annum. The facility was repaid in full during FY25.

Eagle Canyon Facility

On 25 July 2024, MC Mining entered into an unsecured loan facility with Eagle Canyon for up to A$1.0 million, equivalent to approximately US$0.7 million at that time (**'Eagle Canyon Facility'**). The Eagle Canyon Facility was established for general working capital purposes, was available until 30 June 2025 and incurred interest at the RBA published business lending rate for medium-sized businesses plus a margin of 3% per annum. The facility was repaid in full during FY25.

Kinetic 2024 Staged Subscription

On 28 August 2024, MC Mining entered into a share subscription agreement with Kinetic, under which Kinetic, through its wholly owned subsidiary, Kinetic Crest Limited (**'Kinetic Crest'**), agreed to invest an aggregate of US$90 million to acquire a 51% controlling interest in the Company (**'Kinetic 2024 Staged Subscription'**).

The Kinetic 2024 Staged Subscription was undertaken in two stages. The first stage was completed on 30 August 2024 and involved an investment of approximately US$13 million through the issue of 62,102,002 new MC Mining shares at an issue price of US$0.2089 per share to Kinetic Crest.

The second stage comprised the balance of approximately US$77 million and was approved by MC Mining shareholders in January 2025. Following an amendment to the subscription agreement in February 2025, the second stage investment was received through a series of instalments linked to the achievement of certain funding and development milestones at Makhado.

The final instalment was paid, and the final shares were issued on 22 April 2026. Completion of the Kinetic 2024 Staged Subscription resulted in Kinetic, through Kinetic Crest, holding 51% of MC Mining's issued capital.

5.7 Historical Consolidated Statements of Financial Position

Historical Consolidated Statements of Financial Position	Audited as at 30-Jun-26 US$'000	Audited as at 30-Jun-25 US$'000	Audited as at 30-Jun-24 US$'000
CURRENT ASSETS			
Inventories	105	826	643
Trade and other receivables	1,594	2,600	1,329
Other financial assets	38	333	-
Cash and cash equivalents	2,904	7,388	234
TOTAL CURRENT ASSETS	**4,641**	**11,147**	**2,206**
NON-CURRENT ASSETS			
Property, plant and equipment	137,706	47,464	33,745
Right-of-use assets	858	1,326	1,965
Development assets	29,546	27,310	-
Exploration and evaluation assets	24,488	22,901	70,545
Intangible assets	466	466	488
Deferred tax asset	-	-	-
Other financial assets	3,449	4,309	6,667
Restricted cash	26	24	23
TOTAL NON-CURRENT ASSETS	**196,539**	**103,800**	**113,433**
TOTAL ASSETS	**201,180**	**114,947**	**115,639**
CURRENT LIABILITIES			
Provisions	147	434	461
Trade and other payables	14,165	9,104	6,357
Current tax liabilities	284	264	257
Lease liabilities	326	662	733
Borrowings	38,627	11,307	17,509
Bank overdraft	837	1,105	1,291
TOTAL CURRENT LIABILITIES	**54,386**	**22,876**	**26,608**
NON-CURRENT LIABILITIES			
Provisions	26,322	6,739	8,700
Deferred tax liability	1,166	1,110	3,349
Lease liabilities	645	988	1,539
Borrowings	8	26	36
TOTAL NON-CURRENT LIABILITIES	**28,141**	**8,863**	**13,624**
TOTAL LIABILITIES	**82,527**	**31,739**	**40,232**
NET ASSETS	**118,653**	**83,208**	**75,407**
EQUITY			
Issued capital	1,158,605	1,107,698	1,071,127
Share application money received	-	5,000	-
Accumulated losses	(997,109)	(979,845)	(944,995)
Reserves	(40,779)	(48,106)	(49,489)
Non-controlling interests	(2,064)	(1,539)	(1,236)
TOTAL EQUITY	**118,653**	**83,208**	**75,407**

Source: MC Mining's audited financial statements for FY24, FY25 and FY26

We note that the Company's auditor highlighted a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern in its audit reports for the years ended 30 June 2024, 30 June 2025 and 30 June 2026. The Company's auditor outlined that the ability to continue as a going concern is dependent on securing equity funding, positive cash flows from current operations and the successful development of future projects.

Commentary on Historical Consolidated Statements of Financial Position

- Cash and cash equivalents increased from US$0.23 million as at 30 June 2024 to US$7.39 million as at 30 June 2025, which was primarily the result of US$37.88 million in proceeds received under the Kinetic 2024 Staged Subscription, coal sales of US$18.71 million, US$5.48 million in proceeds from the disposal of financial assets and US$5.0 million in share application money received. This was partially offset by payments to suppliers and employees of US$30.34 million, the purchase of property, plant and equipment of US$17.89 million, and the repayment of borrowings of US$9.55 million.
- Cash and cash equivalents subsequently decreased to US$2.90 million as at 30 June 2026, driven primarily by the purchase of property, plant and equipment of US$43.99 million and payments to suppliers and employees of US$15.62 million, was partially offset by proceeds from issuing shares of US$47.03 million and receipts from coal sales of US$6.44 million from Uitkomst.
- Development assets comprise capitalised expenditure associated with projects that have progressed beyond the exploration and evaluation stage and are being advanced towards commercial production. During FY25, Makhado was reclassified from exploration and evaluation assets to development assets as project activities progressed towards establishing access to the mineral reserve and commissioning the infrastructure required for mining, processing and transportation operations.
- Exploration and evaluation assets comprise capitalised costs associated with the exploration, assessment and evaluation of the Company's mineral projects. The balance is recorded net of accumulated impairment losses and reflects expenditure incurred prior to a project progressing to the development phase, predominantly associated with Uitkomst, Vele and the GSP.
- Other financial assets primarily comprised equity securities in investment funds, deposits, and short-term liquid investments. The equity securities in investment funds are held for the rehabilitation obligations and guarantees provided to the South African Electricity Supply Commission for power infrastructure.
- Borrowings of US$38.63 million as at 30 June 2026 comprise US$23.34 million in relation to the Enprotec CHPP Financing, US$11.33 million in relation to the IDC Loan, US$5.74 million in relation to amounts drawn under the Promissory Notes, partially offset by US$2.46 million in repayments.
- Provisions predominantly relate to provisions for biodiversity offsets, rehabilitation and water use licences. The change in non-current provisions from 30 June 2025 to 30 June 2026 was the result of a US$18.22 million increase arising from revised rehabilitation provisions assumptions.

5.8 Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income

Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-26 US$'000	Audited for the year ended 30-Jun-25 US$'000	Audited for the year ended 30-Jun-24 US$'000
Revenue	7,447	17,452	36,665
Cost of sales	(15,575)	(24,083)	(36,542)
Gross profit	**(8,128)**	**(6,631)**	**123**
Other operating income	269	126	3,641
Reversal/(expected) credit loss	1	343	(1,525)
Administrative expenses	(9,799)	(6,906)	(15,373)
Impairment expense	-	(24,328)	(936)
Other operating gains /(loss)	175	10	221
Operating (loss)	**(17,482)**	**(37,386)**	**(13,849)**
Finance income	548	715	321
Finance costs	(855)	(1,582)	(1,538)
(Loss) before income tax	**(17,789)**	**(38,253)**	**(15,066)**
Income tax credit	-	2,269	418
(Loss) after income tax	**(17,789)**	**(35,984)**	**(14,648)**
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations	6,824	2,214	1,725
Total comprehensive (loss) for the period, net of tax	**(10,965)**	**(33,770)**	**(12,923)**

Source: MC Mining's audited financial statements for FY24, FY25 and FY26

Commentary on Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income

- Revenue decreased from US$36.67 million for the year ended 30 June 2024 to US$17.45 million for the year ended 30 June 2025, primarily reflecting the cessation of coal operations at Vele, with FY25 revenue solely generated by Uitkomst.
- Revenue subsequently decreased to US$7.45 million for the year ended 30 June 2026, reflecting lower production volumes at Uitkomst (following the suspension of operations in March 2026 as detailed in Section 5.3), reduced thermal coal prices and the strengthening of the South African Rand against the US dollar.
- Impairment expense of US$24.33 million for the year ended 30 June 2025 comprised a US$12.3 million impairment expense relating to Uitkomst and a US$12.0 million impairment expense relating to identified areas of the GSP prospecting rights. The impairment was allocated to exploration and evaluation assets of US$12.39 million, mining rights of US$8.97 million, and mining property, plant and equipment of US$2.97 million.

5.9 Capital structure

The share structure of MC Mining as at 19 October 2026 is outlined below:

	Number
Total ordinary shares on issue	844,925,202
Top 20 shareholders	830,459,590
Top 20 shareholders - % of shares on issue	98.29%

Source: MC Mining's share registry

The range of shares held in MC Mining as at 19 October 2026 is as follows:

Range of shares held	No. of ordinary shareholders	No. of ordinary shares	Percentage of issued shares (%)
1 - 1,000	753	104,359	0.01%
1,001 - 5,000	84	204,924	0.02%
5,001 - 10,000	31	228,591	0.03%
10,001 - 100,000	40	1,235,230	0.15%
100,001 - and over	24	843,152,098	99.79%
Total	**932**	**844,925,202**	**100.00%**

Source: MC Mining's share registry

The ordinary shares held by the most significant shareholders as at 19 October 2026 are detailed below:

Name	No. of ordinary shares	Percentage of issued shares (%)
Kinetic	430,911,853	51.00%
Senosi Group Investment Holdings Proprietary Limited	121,036,501	14.33%
Goldway Capital Investment Limited	99,707,126	11.80%
Longelephant International Trade Limited	50,162,581	5.94%
Subtotal	**701,818,061**	**83.06%**
Others	143,107,141	16.94%
Total	**844,925,202**	**100.00%**

Source: MC Mining's share registry

6. Profile of Kinetic

Kinetic is an integrated coal mining and trading group listed on the Hong Kong Stock Exchange ('**HKSE**'). Kinetic operates across the coal value chain, with activities across mining, processing, logistics, marketing and trading. Kinetic has been listed on the HKSE since March 2012 and, as at 19 October 2026, had a market capitalisation of approximately US$1.99 billion.

Kinetic's principal asset is the Dafanpu underground thermal coal mine, located in Inner Mongolia, an autonomous region of China. The mine is situated within a concession area of approximately 9.6 km^2.

Kinetic also operates the Yongan and Weiyi underground coal mines in Ningxia, an autonomous region in China. Kinetic's Yongan Coal Mine commenced production in the second half of 2024 and is expected to reach full production capacity of 1.2 Mtpa by 2027. The Weiyi Coal Mine is currently under construction, with joint trial operations scheduled to commence in the second half of 2026 and is expected to reach full production capacity of 0.9 Mtpa in 2028.

Following completion of the Kinetic 2024 Staged Subscription on 22 April 2026, Kinetic holds a relevant interest of 51.0% in MC Mining.

The unaudited consolidated statement of financial position for Kinetic as at 30 June 2026 is presented below:

Historical Consolidated Statements of Financial Position	Unaudited as at 30-Jun-26 RMB'000	Translated as at 30-Jun-26* US$'000
CURRENT ASSETS		
Financial assets at fair value through profit or loss	65,939	9,700
Inventories	2,459,329	361,767
Trade and other receivables	834,237	122,716
Pledged and restricted deposits	69,320	10,197
Cash at bank and on hand	456,242	67,113
Current portion of other non-current assets	-	-
TOTAL CURRENT ASSETS	**3,885,067**	**571,493**
NON-CURRENT ASSETS		
Property, plant and equipment	4,509,609	663,363
Right-of-use assets	182,807	26,891
Intangible assets	5,013,786	737,528
Goodwill	266,268	39,168
Interest in associates	87,816	12,918
Deferred tax assets	215,517	31,703
Prepayments for proposed acquisitions	1,345,990	197,995
Financial assets at fair value through profit or loss	22,861	3,363
Other non-current assets	584,928	86,043
TOTAL NON-CURRENT ASSETS	**12,229,582**	**1,798,972**
TOTAL ASSETS	**16,114,649**	**2,370,465**

Historical Consolidated Statements of Financial Position	Unaudited as at 30-Jun-26 RMB'000	Translated as at 30-Jun-26* US$'000
CURRENT LIABILITIES		
Trade and other payables	2,249,125	330,846
Contract liabilities	819,807	120,594
Bank loans	534,977	78,695
Lease liabilities	28,768	4,232
Income tax payable	491,758	72,338
TOTAL CURRENT LIABILITIES	**4,124,435**	**606,704**
NON-CURRENT LIABILITIES		
Bank loans	917,426	134,953
Lease liabilities	20,029	2,946
Long-term payables	601,834	88,530
Deferred tax liabilities	315,702	46,440
Accrual for reclamation costs	119,365	17,559
TOTAL NON-CURRENT LIABILITIES	**1,974,356**	**290,428**
TOTAL LIABILITIES	**6,098,791**	**897,132**
NET ASSETS	**10,015,858**	**1,473,333**
EQUITY		
Share capital	55,443	8,156
Reserves	8,732,516	1,284,553
Non-controlling interests	1,227,899	180,624
TOTAL EQUITY	**10,015,858**	**1,473,333**

Source: Kinetic 's unaudited financial statements for the half-year period ended 30 June 2026

*Translated from Chinese Yuan to USD at an exchange rate of RMB/USD = 0.147 as at 30 June 2026

As set out above, as at 30 June 2026, Kinetic had a cash balance of US$67.1 million and net assets of US$1.5 billion.

7. Economic analysis

MC Mining's coal operations at Makhado, Uitkomst, Vele and the GSP are located in South Africa. Accordingly, MC Mining is primarily exposed to the economic, political and regulatory risks and opportunities of the South African market. We have therefore set out an analysis of the South African economy below.

Overview

In its monetary policy statement released on 23 September 2026, the South African Reserve Bank (**'SARB'**) Monetary Policy Committee (**'MPC'**) increased the policy rate by 25 basis points to 7.25%. The decision reflected a more restrictive monetary policy stance in response to heightened global inflationary risks arising from escalating geopolitical conflicts in the Middle East, disruptions to global oil supply chains, and continued impacts from the Russia-Ukraine conflict. While acknowledging downside risks to economic growth, the MPC considered the increase in the policy rate necessary to support its price stability mandate and ensure inflation returns to its target level over the medium term.

At the time of the September 2026 MPC meeting, South Africa's inflation rate was 4.4%, above the MPC's target rate of 3.0%. While inflationary pressures in food and imported goods remained relatively contained, the MPC revised its near-term inflation forecasts upward, principally due to higher fuel prices associated with ongoing global supply disruptions. The MPC expects headline inflation to exceed 5.0% during late 2026 and early 2027 before moderating towards its target level. The MPC also noted that inflation expectations remained elevated and identified continued upside risks to the inflation outlook.

South Africa's real gross domestic product (**'GDP'**) increased by 1.1% in 2025, representing an improvement on the growth recorded in 2023 and 2024, although remaining below longer-term growth rates. Economic activity in real terms contracted in the second quarter of 2026, with real GDP declining by 0.2% from the preceding quarter, reversing growth of 0.4% recorded in the first quarter of 2026 and marking the first quarterly contraction since the third quarter of 2024. The decline was principally attributable to weaker activity in the trade, catering and accommodation, manufacturing and mining sectors. These factors were partially offset by continued growth in the agriculture, transport, storage and communication, utilities and government services sectors. On the demand side, household and government consumption recorded modest growth, while fixed investment declined and net exports detracted from economic growth.

South Africa continues to experience one of the highest unemployment rates globally, with the unemployment rate increasing to 33.6% as at June 2026. The unemployment rate in South Africa has been above 30% for approximately the past five years. The country's persistently high unemployment rate reflects a range of longstanding structural constraints, including rigidities in the labour market, low productivity growth, regulatory and administrative impediments, and disparities in access to education and employment opportunities.

Following South Africa's general election in 2024, the African National Congress (**'ANC'**) and the Democratic Alliance (**'DA'**), together with several smaller parties, formed a Government of National Unity. This arrangement resulted in Cyril Ramaphosa's re-election as President and enabled the ANC to remain in government, having governed South Africa since 1994.

The Government of National Unity comprises parties with materially different policy positions, including in relation to land reform, the role of the state in the economy and the delivery of public services. While differences have periodically emerged regarding governance and policy priorities, the Government of National Unity remained in place as at the date of this Report.

Mining

Mining activities in South Africa are principally regulated under the Mineral and Petroleum Resources Development Act, which establishes the legislative framework governing mineral rights and mining operations in South Africa. Applicants seeking mining rights must satisfy a range of regulatory requirements, including demonstrating the technical and financial capacity to undertake the proposed mining activities. The approval process generally requires an assessment of the mineral resources and reserves within the proposed mining area, completion of an environmental impact assessment, preparation of social and labour plans, and financial provisioning for environmental rehabilitation and mine closure obligations.

South Africa has substantial mineral endowments and hosts the world's largest known reserves of platinum group metals ('**PGMs**'). The Bushveld Igneous Complex contains more than 70% of the world's identified platinum resources. South Africa also contains significant deposits of manganese, chromium, gold and coal.

Mining activity in South Africa has declined from the levels recorded during the 1990s. The sector has faced a range of structural and operational challenges, including social and political uncertainty, constraints affecting electricity supply, limitations in rail and port infrastructure, industrial relations issues and comparatively low levels of investment.

South Africa's mining production decreased by 7.5% in July 2026 compared with the corresponding period in the prior year. The decline was principally attributable to a 13.5% reduction in PGM production, 8.0% reduction in iron ore production and a 7.5% reduction in coal production. Ongoing logistics constraints, including rail and port bottlenecks, together with elevated operating costs, ageing mines and weaker demand for certain commodities, have continued to adversely affect mining production and the efficient transportation and export of mineral commodities.

Outlook

The outlook for the South African economy remains uncertain. The MPC expects inflation to moderate over the medium term and anticipates a gradual recovery in economic activity as the effects of the external supply shock subside. However, the pace and extent of the recovery remain exposed to domestic structural constraints, differences within the Government of National Unity and developments in the global economy.

The ongoing conflict in the Middle East has introduced a material supply-side shock to the global economy, although its duration and ultimate economic effects remain uncertain. Disruptions affecting the Strait of Hormuz, an important transportation route for oil, liquefied natural gas and fertiliser, have constrained global supply and contributed to higher energy and other input costs. As a net importer of oil, South Africa is particularly exposed to increases in global oil prices. Higher energy costs may place upward pressure on domestic fuel, transport and food prices, reduce household purchasing power and constrain business investment. The extent and duration of these effects will depend principally on the duration of the conflict, the severity of any further supply disruptions, movements in the South African rand and the response of global energy markets.

More broadly, South Africa's medium-term economic performance will depend on the implementation of structural reforms, improvements in electricity, rail and port infrastructure, increased private and public investment, and the ability of the Government of National Unity to maintain policy continuity. These matters are also relevant to MC Mining, given their potential effect on operating costs, access to infrastructure, domestic demand, export capacity and the broader investment environment.

Sources: IMF, Reuters, South African Reserve Bank 'Statement of the Monetary Policy Committee' dated 23 September 2026, Trading Economics, World Bank, Expert insight: The energy crisis – what it means for our clients and what comes next by BDO Australia Chief Economist Anders Mangusson

8. Industry analysis

MC Mining is a coal exploration, development and mining company with operations in South Africa. Its principal assets include Makhado, which contains hard coking coal and a thermal coal by-product; the Uitkomst Colliery, which contains metallurgical and thermal coal; the Vele Colliery, which contains semi-soft coking and thermal coal; and the GSP, which contains coking and thermal coal. Accordingly, we have set out an overview of the global coal industry and the South African coal industry below.

Overview

Coal is a combustible sedimentary rock found beneath the earth's surface. It comprises mostly carbon (50% - 98%), together with varying quantities of hydrogen, oxygen, nitrogen, sulphur and other elements. When coal is burnt, it releases energy in the form of heat, which may be used for electricity generation and a range of industrial processes.

The characteristics and quality of coal are influenced by the nature of the original organic material and the temperature, pressure and period over which that material was transformed. This process is commonly referred to as coalification or 'organic maturity'. In general, a higher degree of organic maturity results in coal with a higher carbon content, lower moisture content and greater energy value. Coal is generally extracted using either opencast or underground mining methods. The choice of extraction method is largely determined by the geology of the coal deposit.

The rank of coal refers to its stage of organic maturity and the associated physical and chemical properties. Lower-rank brown coals, such as lignite, generally have a softer texture, higher moisture content and lower carbon and energy content. Higher-rank black coals are generally harder and contain less moisture and more carbon, resulting in a higher energy content. Anthracite is the highest-ranked and generally the least abundant form of coal. Black coal is commonly classified according to its end use as either metallurgical coal, also referred to as coking coal, or thermal coal, also referred to as steaming coal.

Metallurgical coal

Metallurgical coal, also referred to as coking coal, is used principally in the production of iron and steel and, to a lesser extent, in the smelting and casting of certain base metals. When suitable metallurgical coal is heated in the absence of oxygen, it softens and forms coke. Within a blast furnace, coke provides heat and carbon and supports the burden of iron ore and other materials as they move through the furnace.

Metallurgical coal products include hard coking coal and semi-soft coking coal. Hard coking coal is generally the highest value due to its stronger coking properties and ability to produce high-quality coke. However, the value of a metallurgical coal product also depends on its ash, moisture, sulphur, volatile matter content, fluidity and other technical characteristics, together with prevailing market conditions.

Semi-soft coking coal has weaker coking properties than hard coking coal and is generally blended with higher-quality coking coals to produce coke with the characteristics required for steelmaking

Pulverised coal injection (**'PCI'**) coal is also used in steelmaking but is not primarily converted into coke. Instead, PCI coal is finely ground and injected directly into the blast furnace as a supplementary source of heat and carbon. Its use can improve blast furnace efficiency and reduce the quantity of higher-cost coke required.

Thermal coal

Thermal coal, also referred to as steaming coal, is used principally to generate electricity and provide heat for industrial applications. In a conventional coal-fired power station, thermal coal is crushed or pulverised and burnt in a boiler. The heat produced converts water into steam, which drives a turbine to generate electricity.

The suitability and value of thermal coal depend on several quality characteristics, including its energy, ash, moisture and sulphur content. Coal with a higher energy content generally produces more heat per tonne, while higher moisture and ash levels may reduce combustion efficiency and increase transportation, handling and waste-management requirements. Sulphur content may also affect the environmental controls required when the coal is burnt.

China, India and the United States are among the world's largest producers and consumers of thermal coal. The principal suppliers to the international seaborne thermal coal market include Indonesia, Australia and South Africa, while demand for internationally traded thermal coal is concentrated predominantly in Asia.

Coal has historically been a major source of global electricity generation due to its availability, established supply chains and, in many markets, comparatively low cost. However, coal-fired generation is also a material source of greenhouse gas and other atmospheric emissions. Its share of global electricity generation is therefore expected to decline over time as renewable energy, nuclear power, natural gas and other lower-emission energy sources account for an increasing proportion of the global energy mix.

Global demand and trade

According to the International Energy Agency, global coal demand increased by 0.4% in 2025 compared with 2024. This represented a material moderation following four consecutive years of growth after the COVID-19 pandemic.

The modest increase in global demand reflected broadly unchanged coal consumption in China, where coal-fired electricity generation declined for the first time since 2015, together with lower demand in India and the European Union. These movements were partially offset by a 10% increase in coal demand in the United States, principally due to higher consumption by the power sector.

International coal trade reached a record level in 2024 before declining by approximately 5% in 2025. Thermal coal trade is forecast to continue declining through to 2030 as several major coal-consuming economies increase domestic production and progressively diversify their energy systems.

Notwithstanding these trends, coal is expected to remain a significant component of the global energy mix over the medium term. Global coal demand is forecast to plateau before declining gradually, with demand in 2030 expected to be approximately 3% below 2025 levels. The timing and extent of this decline will depend on factors including economic and population growth, energy security considerations, the development of alternative generation capacity and the implementation of government decarbonisation policies.

South African coal industry

South Africa is one of the world's largest coal producers and a significant participant in the seaborne coal market. Approximately 33% of domestic coal production was exported in 2025, principally through the Richards Bay Coal Terminal.

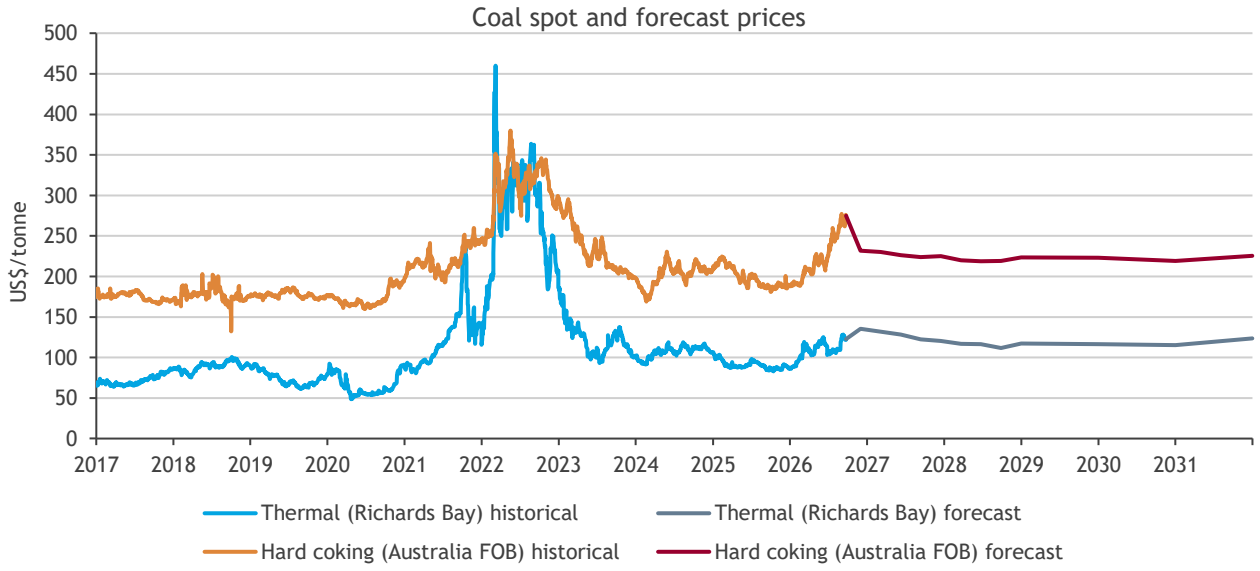
The country's coal deposits are concentrated in its north-eastern regions and are mined using both opencast and underground methods, depending on the depth and geology of the deposit. Many deposits are relatively shallow and lightly inclined, making them suitable for opencast mining.

South Africa is substantially more reliant on coal-fired electricity than the global economy as a whole, with coal accounting for approximately 83% of domestic electricity generation in 2024, compared with approximately 35% globally. While this proportion is expected to decline as alternative generation sources are developed, the transition is likely to occur progressively given coal's importance to electricity supply, employment and export earnings.

Decarbonisation objectives and investor scrutiny have led several large mining companies to dispose of South African coal assets. However, these transactions do not necessarily reduce industry production where the assets continue to operate under new ownership.

Coal prices

The graph below presents the historical prices of Australian hard coking coal, based on the TSI Hard Coking Coal Australia Export FOB East Coast benchmark, and South African thermal coal, based on the Richards Bay benchmark, over the nine years to the date of this Report. The graph also presents coking and thermal coal price forecasts published by Consensus Economics.



Source: S&P Capital IQ, Consensus Economics and BDO analysis

Coal prices increased sharply during 2022 following Russia's invasion of Ukraine and the subsequent imposition of international sanctions, which disrupted established supply chains and increased reliance on seaborne coal. Thermal coal prices more than doubled to approximately US$460/t in early March 2022, before declining to approximately US$210 per tonne ('**/t**') by the end of 2022 as global supply conditions improved. Over the same period, coking coal prices decreased from approximately US$375/t to US$300/t.

Coal prices generally declined through 2023 and into early 2024 as global coal supply increased and natural gas prices moderated. By October 2023, thermal and coking coal prices had declined to approximately US$120/t and US$210/t, respectively. Prices weakened further by early 2024, with thermal coal trading at approximately US$100/t and coking coal at approximately US$175/t.

By the end of 2024, thermal and coking coal prices had increased slightly to approximately US$110/t and US$200/t, respectively, supported by stronger energy demand in Asia, higher natural gas prices and increased demand from Chinese steel producers.

Thermal coal prices decreased in 2025 but remained relatively stable throughout the year, averaging approximately US$90/t, reflecting elevated inventories in China and India, weaker European demand and softer consumption across major importing markets. This was partially offset by an increase in European thermal coal demand earlier in the year, as coal-fired electricity generation offset lower renewable energy output. Coking coal prices were volatile in 2025, increasing from US$180/t at the beginning of the year to US$225/t at the end of the year, as demand from Asian steel producers was insufficient to support a sustained price recovery, despite weather-related supply disruptions and logistical constraints.

Thermal and coking coal prices strengthened during 2026, reaching approximately US$120/t and US$275/t, respectively, by late September. The increase in coking coal prices was driven by Chinese mine disruptions and safety inspections following the Liushenyu coal mine explosion in May 2026, which tightened domestic supply and increased Chinese demand for seaborne Australian coking coal. The increase in thermal coal prices was driven by higher natural gas prices alongside stronger Asian demand and reduced Indonesian supply.

Consensus Economics forecasts thermal coal prices to increase to approximately US$135/t by the end of 2026 before declining progressively to approximately US$115/t in 2030. The long-term forecast for thermal coal prices for the period from 2031 to 2035 is approximately US$125/t.

Consensus Economics forecasts Australian contract coking coal prices a decline to approximately US$230/t by the end of 2026 before progressively decreasing to approximately US$220/t in 2030, similar to the expectations for thermal coal. The long-term forecast for Australian contract coking coal prices for the period from 2031 to 2035 is approximately US$225/t.

Sources: IBIS World, International Energy Agency, S&P Capital IQ, Mining Technology Africa and Consensus Economics.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (**'FME'**)
- Discounted cash flow (**'DCF'**)
- Quoted market price basis (**'QMP'**)
- Net asset value (**'NAV'**)
- Market based assessment, such as a Resource Multiple.

A summary of each of these methodologies is outlined in Appendix 2 of our Report.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value, where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' valuation (**'Sum-of-Parts'**).

The approach using Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methodologies as described above. The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of each component part.

9.1 Valuation of an MC Mining share prior to the Proposed Transactions

In our assessment of the value of an MC Mining share prior to the Proposed Transactions, we have adopted the following methodologies:

- Sum-of-Parts as our primary methodology, which estimates the fair market value of a company by assessing the realisable value of each of its component parts. The value of each component part may be determined using different methodologies and the component parts are then aggregated using the NAV methodology. The value derived from this methodology reflects a control value. Under our primary Sum-of-Parts valuation, we have assessed the value of MC Mining's interest in Makhado using the DCF methodology, based on the forecast cash flow model of Makhado prepared by the Company (**'Model'**), adjusted for SRK's recommendations on the technical project assumptions and our assessed economic assumptions (**'Adjusted Model'**) (**'Primary Sum-of-Parts Valuation'**). The DCF methodology estimates the fair market value of an asset by discounting its future cash flows to their present value. Given that Makhado is MC Mining's principal asset and is expected to generate future operating cash flows, we consider this approach to provide the most appropriate primary basis for our valuation.
- Sum-of-Parts as our secondary methodology, with the value of MC Mining's mineral assets assessed using a market-based approach, having reliance on the valuations prepared by SRK (**'Secondary Sum-of-Parts Valuation'**). The value derived from this methodology reflects a control value. We consider this approach to provide a relevant secondary cross-check to our Primary Sum-of-Parts Valuation.
- QMP as another secondary methodology, utilising quoted market prices of MC Mining shares prior to the announcement of the Proposed Transactions. This represents the value that a Shareholder may have received for an MC Mining share if it were sold on market prior to the announcement of the Proposed Transactions. The value derived from this methodology reflects a minority interest

value. Given our valuation assessment of an MC Mining share prior to the Proposed Transactions is on a controlling interest basis, we have applied a premium for control to our QMP value.

We have considered the following component parts in our **Primary Sum-of-Parts Valuation** of MC Mining prior to the Proposed Transactions:

- The value of MC Mining's interest in Makhado, applying the DCF methodology.
- The value of MC Mining's interest in its other mineral assets, comprising Uitkomst, Vele and the GSP, having reliance on the valuations performed by SRK.
- The present value of MC Mining's expected corporate costs, applying the DCF methodology.
- The notional funding required, in the absence of the Proposed Transactions, to meet the peak funding requirement for Makhado's development identified in the Adjusted Model and repay the outstanding amounts under the Kinetic Promissory Notes and Bridge Loan in cash, together with the removal of the corresponding liabilities.
- The value of MC Mining's other assets and liabilities not included in the other components of the Sum-of-Parts valuation, using the NAV methodology.

Under our **Secondary Sum-of-Parts Valuation** of MC Mining prior to the Proposed Transactions, we considered the same component parts as our Primary Sum-of-Parts Valuation, except for the value of MC Mining's interest in Makhado and the present value of MC Mining's expected corporate costs. The value of Makhado was assessed using a market-based methodology, having reliance on the valuation provided by SRK.

We have chosen these methodologies for the following reasons:

- The core value of MC Mining lies in the future cash flows to be generated from its interest in Makhado. These cash flows are most appropriately valued using the DCF approach, however, there are other assets and liabilities of MC Mining that are not suited to a DCF valuation approach. Where different approaches are used to value different assets or components of a business, a Sum-of-Parts approach is the most appropriate valuation methodology to employ. Based on Makhado containing Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) ('**JORC**') compliant Ore Reserves, and following consultation with SRK, we consider there to be sufficient reasonable grounds for a DCF valuation of Makhado under our Primary Sum-of-Parts approach.
- The value of MC Mining's interest in Makhado under our Secondary Sum-of-Parts approach, the value of the residual resources and exploration potential of Makhado as well as its interest in Uitkmost, Vele and the GSP, are valued using alternative valuation methodologies by SRK, an independent technical specialist, as contained in the ISR in Appendix 5.
- We have considered the QMP methodology as another secondary approach. The QMP methodology is relevant to consider as MC Mining shares are listed on the ASX, therefore reflecting the value that a Shareholder would have received for an MC Mining share sold on the market prior to the announcement of the Proposed Transactions. This means there is a regulated and observable market where MC Mining's shares can be traded. However, for the QMP methodology to be considered appropriate, the listed shares should be liquid, and the market should be fully informed of the Company's activities. We have analysed the liquidity of MC Mining's shares in assessing whether the application of the QMP methodology is appropriate.

- The FME methodology is most commonly applicable to profitable businesses with steady growth histories and forecasts. Further, the FME methodology is not considered to be appropriate for valuing finite-life assets, such as mineral assets. Therefore, we do not consider the application of the FME approach to be appropriate.

Notional funding in the absence of the Proposed Transactions

We refer to the **'Total Funding Requirement'** as the funding required to repay the principal and accrued interest under the Kinetic promissory Notes and Bridge Loan. In our Primary Sum-of-Parts valuation, the Total Funding Requirement includes the Makhado peak funding shortfall identified in the Adjusted Model, as explained below. In our Secondary Sum-of-Parts valuation, the Total Funding Requirement excludes this peak funding shortfall.

RG 111.15 states that funding requirements for a company that is not in financial distress should be taken into account by the expert when determining the fair value of the company's securities.

Under our **Primary Sum-of-Parts Valuation**, we have assessed MC Mining's peak funding requirement under the Adjusted Model at approximately ZAR 494.8 million (US$30.7 million), which is forecast to arise in April 2027. This assessment incorporates our adjustments to the macroeconomic assumptions in the Model, the adjustments to the underlying technical assumptions recommended by SRK, and the corporate costs expected to be incurred up to April 2027.

The funding available under the Kinetic Promissory Notes, Bridge Loan and Subscription Amount is expected to be sufficient to meet the forecast peak funding requirement. However, in assessing the value of an MC Mining share prior to the Proposed Transactions, we have assumed that the proposed share issues do not proceed. On this basis, MC Mining would not receive the Subscription Amount and would be required to repay the relevant amounts outstanding under the Kinetic Promissory Notes and Bridge Loan in cash.

Accordingly, the notional funding adjustment under our **Primary Sum-of-Parts Valuation** reflects the amount required to meet the forecast peak funding requirement and repay the relevant amounts outstanding under the Kinetic Promissory Notes and Bridge Loan in cash, as set out below.

Total Funding Requirement (Primary Sum-of-Parts Valuation)	US$'000	ZAR'000
Makhado peak funding shortfall	30,676	494,776
Kinetic Promissory Notes principal and interest	6,726	108,477
Bridge Loan principal and accrued interest	8,186	132,026
Total Funding Requirement	**45,587**	**735,279**

Source: BDO analysis

*Converted from USD to ZAR based on the 30-day average USD/ZAR exchange rate of 16.13 as at 29 September 2026, sourced from S&P Capital IQ.

Under our **Secondary Sum-of-Parts Valuation** of MC Mining prior to the Proposed Transactions, we have considered the position of the Company on the basis that the proposed share issues under the Proposed Transactions do not proceed. Under this scenario, MC Mining would be required to repay the Kinetic Promissory Notes drawn down plus accrued interest and the Bridge Loan principal drawn down plus accrued interest in cash rather than through the issue of shares. Further, MC Mining would not receive the funding available under Tranche 2 of the Share Subscription. Accordingly, our valuation of an MC Mining share prior to the Proposed Transactions includes a notional funding adjustment.

Under our **Secondary Sum-of-Parts Valuation**, we have determined the notional funding requirement based on the amount required to repay the relevant amounts outstanding under the Kinetic Promissory Notes and Bridge Loan in cash, as set out below. The repayment amounts have been calculated at the respective maturity dates and include both the outstanding principal and accrued interest.

Total Funding Requirement (Secondary Sum-of-Parts valuation)	US$'000	ZAR'000*
Kinetic Promissory Notes (principal and accrued interest)	6,726	108,477
Bridge Loan (principal and accrued interest)	8,186	132,026
Total Funding Requirement	**14,911**	**240,503**

Source: BDO analysis

***Converted from USD to ZAR based on the 30-day average USD/ZAR exchange rate of 16.13 as at 29 September 2026, sourced from S&P Capital IQ.

In determining the notional funding requirements under both our Sum-of-Parts valuations, we have taken into account the Company's available cash balance, excluding cash received under the Kinetic Promissory Notes and the Bridge Loan. This ensures that funding already received under those arrangements is not treated as a separate source of available cash when assessing the amount that MC Mining would need to raise in the absence of the Proposed Transactions.

We have also considered the alternative sources of funding that may be available to MC Mining to meet its Total Funding Requirements. These include potential additional debt funding from the Company's existing lenders and an equity capital raise. The Company is currently in advanced discussions regarding such funding, however further details have not been disclosed due to their commercially sensitive nature.

Under our Primary Sum-of-Parts Valuation, we have assumed that the Company's notional funding requirement would be met through a combination of debt and equity. While the Company may be able to fund a portion of the shortfall through debt, we do not consider it reasonable to assume that the entire amount could be raised in this manner. Accordingly, we have assumed that the remaining funding requirement would need to be met through an equity capital raising. This assumption is also supported by the Company's recent use of convertible notes, which indicates that the Company may need to offer investors an equity-linked return to secure the required funding under the Primary Sum-of-Parts Valuation.

Under our Secondary Sum-of-Parts Valuation, we have assumed that the required notional funding would be raised through debt rather than equity. This assumption reflects the circumstances contemplated by our valuation, under which Shareholders do not approve the proposed share issues comprising the Proposed Transactions. Further, based on the Company's discussions with an existing lender we consider it reasonable for the Company to obtain the funding requirement under the Secondary Sum-of-Parts Valuation through debt funding, being approximately 250 million ZAR. In these circumstances, we consider it more likely that MC Mining would seek to secure additional debt funding rather than pursue a further equity raising that may also require shareholder approval. Accordingly, we consider debt financing to provide an appropriate basis for assessing the notional funding requirement.

9.2 Valuation of an MC Mining share following the Proposed Transactions

In assessing the value of an MC Mining share following the Proposed Transactions, we have assumed that the Kinetic Conversion Shares, Bridge Loan Shares, and Subscription Shares are all issued to Kinetic. We note that the issues of the Bridge Loan Shares and Subscription Shares are inter-conditional, whereas the issue of the Kinetic Conversion Shares is not conditional on either of those issues proceeding. Notwithstanding this distinction, for the purposes of our fairness assessment, we have assessed the three share issues collectively. We note that this approach reflects the maximum potential dilution to Shareholders.

In our assessment of the value of an MC Mining share following the Proposed Transactions, we have chosen to employ the following methodologies:

- Sum-of-Parts as our primary methodology, with the value of MC Mining's interest in Makhado assessed using the DCF methodology, based on the Adjusted Model. The value derived from this methodology reflects the value of a controlling interest and has therefore been adjusted by applying a minority interest discount to determine a value on a minority interest basis.
- Sum-of-Parts as our secondary methodology, with the value of MC Mining's mineral assets assessed using market-based valuation methodologies, having reliance on the valuations prepared by SRK. The value derived from this methodology reflects the value of a controlling interest and has therefore been adjusted by applying a minority interest discount to determine a value on a minority interest basis.
- QMP as another secondary methodology, utilising quoted market prices of MC Mining shares following the announcement of the Proposed Transactions. The value derived from this methodology reflects the value of a minority interest.

We have considered the following component parts in our **Primary Sum-of-Parts Valuation** of MC Mining following the Proposed Transactions:

- The value of MC Mining's interest in Makhado, using the DCF methodology.
- The value of MC Mining's interest in Uitkomst, Vele and the GSP, having reliance on the valuations performed by SRK.
- The value of MC Mining's other assets and liabilities not included in the other components of the Sum-of-Parts valuation, using the NAV methodology.
- The issue of the Kinetic Conversion Shares, Bridge Loan Shares, and Subscription Shares, the receipt of the Subscription Amount, and the corresponding extinguishment of the associated liabilities associated with the Kinetic Promissory Notes and the Bridge Loan.
- The present value of MC Mining's corporate overhead costs, applying the DCF methodology.
- The application of a minority interest discount.

Our Primary Sum-of-Parts Valuation assumes that the Makhado Project proceeds to production, with its development funded through MC Mining's existing funding arrangements and the proceeds to be raised under the Proposed Transactions. We consider the funding and execution risks associated with the development of the Makhado Project to be appropriately reflected in the discount rate applied in our DCF valuation.

Under our **Secondary Sum-of-Parts Valuation** of MC Mining following the Proposed Transactions, we considered the same component parts as our Primary Sum-of-Parts Valuation, except for the value of MC Mining's interest in Makhado which was assessed using a market-based approach, having reliance on the valuation performed by SRK.

Independent Technical Specialist

In performing our valuation of an MC Mining share both prior to and following the Proposed Transactions, we have relied on the ISR prepared by SRK, which includes an assessment of the technical project assumptions contained in the Model, as well as an assessment of the market value of MC Mining's other mineral assets not included in the DCF valuation.

SRK's ISR has been prepared in accordance with the VALMIN Code and the JORC Code. We are satisfied with the valuation methodologies adopted by SRK, which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code.

The specific valuation methodologies used by SRK are referred to in the respective sections of our Report and further detailed in the ISR contained in Appendix 5.

10. Valuation of an MC Mining share prior to the Proposed Transactions

10.1 Primary Sum-of-Parts Valuation

Under our Primary Sum-of-Parts Valuation, we have estimated the fair market value of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis), by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- The value of MC Mining's interest in Makhado, applying the DCF methodology
- The value of MC Mining's interests in Uitkomst, Vele, and the GSP, and any residual resources and exploration potential not included in the DCF valuation of Makhado, having reliance on the valuations performed by SRK.
- The present value of MC Mining's expected corporate costs, applying the DCF methodology.
- The notional funding required, in the absence of the Proposed Transactions, to satisfy the maximum funding requirement identified in the Adjusted Model and to repay the relevant amounts outstanding under the Kinetic Promissory Notes and the Bridge Loan in cash, together with the removal of the corresponding liabilities.
- The value of MC Mining's other assets and liabilities not included in the other components of the Sum-of-Parts valuation, using the NAV methodology.

Our Primary Sum-of-Parts Valuation of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis) is set out below:

Primary Sum-of-Parts Valuation of an MC Mining share prior to the Proposed Transactions	Ref.	Low ZAR m	Preferred ZAR m	High ZAR m
Value of MC Mining's interest in Makhado	10.1.1	1,305.0	1,728.7	2,142.4
Value of MC Mining's interest in Uitkomst	10.1.2	34.8	43.5	52.3
Value of MC Mining's interest in Vele	10.1.3	487.3	609.1	730.9
Value of MC Mining's interest in the GSP	10.1.4	364.2	468.0	572.0
Value of MC Mining's other assets and liabilities	10.1.5	(385.9)	(385.9)	(385.9)
Present value of MC Mining's corporate overhead costs	10.1.7	(954.0)	(873.0)	(793.0)
Total value of MC Mining prior to the Proposed Transactions (control) (ZAR m)		**851**	**1,590**	**2,319**
MC Mining shares on issue prior to the Proposed Transactions	10.1.8	1,020,158,916	1,007,642,222	996,794,420
Value per MC Mining share prior to the Proposed Transactions (control) (ZAR/share)		**0.834**	**1.578**	**2.326**
ZAR/AUD exchange rate assumed		0.087	0.087	0.087
Value per MC Mining share prior to the Proposed Transactions (control) (A$/share)		**0.073**	**0.137**	**0.202**

Source: BDO analysis

Based on the above, we have assessed the value of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis) under our Primary Sum-of-Parts Valuation to be in the range of A$0.073 and A$0.202, with a preferred value of A$0.137.

10.1.1. Valuation of MC Mining's interest in Makhado

Under our Primary Sum-of-Parts Valuation, we have adopted the DCF valuation methodology to assess the value of MC Mining's interest in Makhado.

The DCF approach estimates the fair market value of an asset by discounting its expected future cash flows to their present value. Performing a DCF valuation requires the determination of the following:

- The future cash flows that Makhado is expected to generate
- An appropriate discount rate to apply to the future cash flows of Makhado, to convert them into their present value equivalent.

Our DCF valuation is based on technical inputs and assumptions that have been reviewed by SRK, as well as our view of future economic assumptions, all of which are derived from information available at the time of SRK's ISR and our Report. The technical and economic assumptions may change in the future, which may impact the value of Makhado.

Management of MC Mining has prepared a forecast cash flow model of Makhado, which estimates the future cash flows expected from coal production. The Model forecasts nominal, monthly, post-tax cash flows over an approximate 27-year life from September 2026 to June 2053.

The key assumptions underpinning the Model include the following:

- Mining and processing volumes
- Yields
- Coal prices
- US and South African inflation rates
- USD/ZAR exchange rate
- Operating costs
- Capital expenditure
- Rehabilitation and closure costs
- Royalties
- Taxation

Following its review of the technical assumptions, SRK recommended several adjustments to the Model, which are further detailed in its ISR in Appendix 5. We have adopted SRK's recommendations in our DCF valuation.

We have also made certain adjustments to the Model, where considered appropriate, to arrive at the Adjusted Model. In particular, we made the following adjustments to the Model:

- Adopted a valuation date of 1 September 2026 (**'Valuation Date'**)
- Reflected any changes to the technical assumptions following SRK's review
- Reflected any changes to the economic and other relevant input assumptions following our research
- Determined the cash flows from Makhado on a 100% basis, noting that MC Mining is responsible for funding 100% of costs.

- Calculated the cash flows attributable to MC Mining based on its 67.3% interest in Makhado.

We undertook the following procedures in relation to the Model:

- Appointed SRK as an independent technical specialist to review, and where appropriate, provide recommendations on the technical assumptions underpinning the Model.
- Reviewed the Model to assess its integrity, internal consistency and mathematical accuracy, including the use of financial model review software to identify any inconsistencies.
- Conducted independent research into economic and other relevant input assumptions, including commodity prices, foreign exchange rates, inflation rates, and the discount rate applicable to the future cash flows of Makhado.
- Performed sensitivity analyses by flexing key assumptions and inputs to assess the impact on the value of Makhado.

The Adjusted Model, which forms the basis of our DCF valuation, reflects the adjustments arising from the procedures described above.

We have not undertaken a review of the cash flow forecast in accordance with the Standard on Assurance Engagements ASAE 3450 'Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information' and do not express an opinion on the reasonableness of the assumptions or their achievability. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Model has been based have not been prepared on a reasonable basis.

Appointment of technical expert

SRK was engaged to prepare the ISR, which included a technical assessment of the assumptions underpinning the Model. SRK's assessment involved the review and provision of an opinion on the reasonableness of the assumptions adopted in the Model, including but not limited to the following:

- The Mineral Resources and Ore Reserves included in the Model
- Mining physicals (including volume mined and grade)
- Processing assumptions (including volumes processed and recovery yields)
- Operating expenditure (comprising mining, haulage, processing, and general and administrative costs)
- Capital expenditure (comprising project and sustaining capital expenditure)
- Royalties
- Rehabilitation and closure costs
- Other relevant assumptions.

SRK's ISR is included in Appendix 5 of our Report.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic assumptions

Our DCF valuation of Makhado is based on a set of economic assumptions. This section details these inputs, which are presented on a calendar year basis.

Inflation

Coal prices obtained from our research sources are quoted on a nominal USD basis until 2030 for hard coking coal and 2031 for thermal coal. Given the life of Makhado extends beyond the period covered by these forecasts, we have applied an inflation factor to the coal price assumptions from January 2031 for hard coking coal and from January 2032 for thermal coal. We have used the US Federal Reserve's long-term inflation target of 2.00% per annum as the long-term inflation assumptions. The US inflation rates applied in the Adjusted Model are set out below.

US inflation	2026	2027	2028	2029+
Average US inflation rate	3.45%	2.36%	2.47%	2.00%

Source: S&P Capital IQ and BDO analysis

In addition, given that Makhado is based in South Africa and forecast cash flows are denominated in South African Rand, we have applied forecast South African inflation rates to the relevant cost cash flows.

In forming our view of forecast South African inflation rates, we have considered historical inflation rates, consensus analyst forecasts sourced from S&P Capital IQ, and the long-term inflation target of the MPC. Our assessment of the forecast inflation rates was based on information available as at the date of our Report. We have used the MPC's long-term inflation target of 3.0% per annum as the long-term inflation assumption. The South African inflation rates applied in the Adjusted Model are set out below:

South Africa inflation	2026	2027	2028	2029+
Average South African inflation rate	4.89%	3.98%	3.40%	3.00%

Source: S&P Capital IQ and BDO analysis

Coal prices

The Adjusted Model contemplates revenue from the sale of hard coking coal and thermal coal.

In forming our view of forecast coal prices, we have relied on independent South African coal price forecasting, as well as historical prices obtained from S&P Capital IQ. Based on discussions with the Company and the expected pricing arrangements for Makhado's coal products, we consider the forecasts adopted to be an appropriate benchmark for the realised coal prices in the Adjusted Model.

Based on our analysis, we have adopted forecast nominal Hay Point free-on-board premium hard coking coal prices ('**HCC Hay Point**') as the benchmark for hard coking coal prices, and forecast nominal API4 RB1 Richards Bay thermal coal ('**TC Richards Bay**') as the benchmark for thermal coal prices over the LOM. As discussed above, we have inflated the HCC Hay Point prices post 2030 and TC Richards Bay prices post 2031, by the adopted US long-term inflation rate of 2.0% per annum.

The average annual benchmark coal prices adopted in the Adjusted Model are set out in the table below.

Benchmark coal prices	2026	2027	2028	2029	2030	2031
HCC Hay Point (US$/t) average	274	269	265	265	265	268
TC Richards Bay (US$/t) average	126	122	113	113	115	116

Source: Independent forecasts and BDO analysis

In determining the forecast realisable sale prices for Makhado's coal products, the Adjusted Model applies the following discounts to the forecast benchmark prices set out above:

- **Coking coal – product quality:** A discount of between 15% and 20% is applied to the HCC Hay Point benchmark pricing to reflect Makhado's lower coke strength after reaction relative to the benchmark.
- **Thermal coal – product quality:** An average discount of US$8/t is applied to the TC Richards Bay benchmark pricing to convert the RB1 benchmark to an RB3-equivalent price, reflecting the lower grade of Makhado's thermal coal.
- **Thermal coal – energy content:** A linear discount is applied to the TC Richards Bay benchmark pricing to reflect Makhado's lower energy content of 5,500 kilocalories per kilogram ('**kcal**') compared with 6,000 kcal for the benchmark product.
- **Thermal coal – ash content:** A further 5% discount is applied to the TC Richards Bay benchmark pricing to reflect the higher ash content of Makhado's thermal coal relative to the benchmark product.

SRK considers the above discounts to the benchmark pricing to be reasonable.

Exchange rates

The forecast coal prices adopted in the Adjusted Model are denominated in USD, whereas the Adjusted Model's cash flows are denominated in ZAR. Accordingly, the USD-denominated coal prices are converted to ZAR within the Adjusted Model using forecast USD/ZAR exchange rates, based on consensus analyst forecasts published by Consensus Economics. The USD/ZAR exchange rates applied in the Adjusted Model are set out below:

Exchange rates	2026	2027	2028	2029	2030	2031	2032+
USD/ZAR exchange rate	16.39	16.21	16.69	17.21	17.33	17.40	17.34

Source: Consensus Economics and BDO analysis

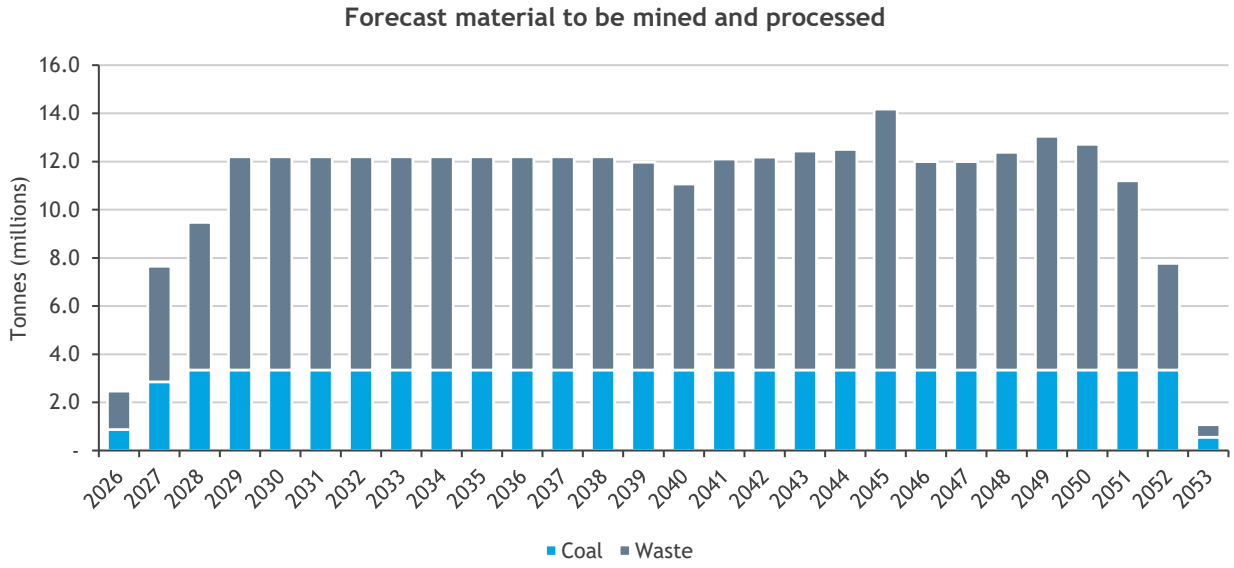
Mining physicals

The Adjusted Model assumes a production forecast period of approximately 27 years, beginning from September 2026 through to April 2053.

SRK has assessed the reasonableness of the mining and processing physical assumptions adopted in the Model. Based on its review, SRK recommended reducing the HCC yield from 21.2% to 20.2%, and correspondingly increasing the thermal coal yield from 17.6% to 18.6%. We note that this adjustment reduces forecast HCC sales and increases forecast thermal coal sales, with no change to the overall saleable coal yield.

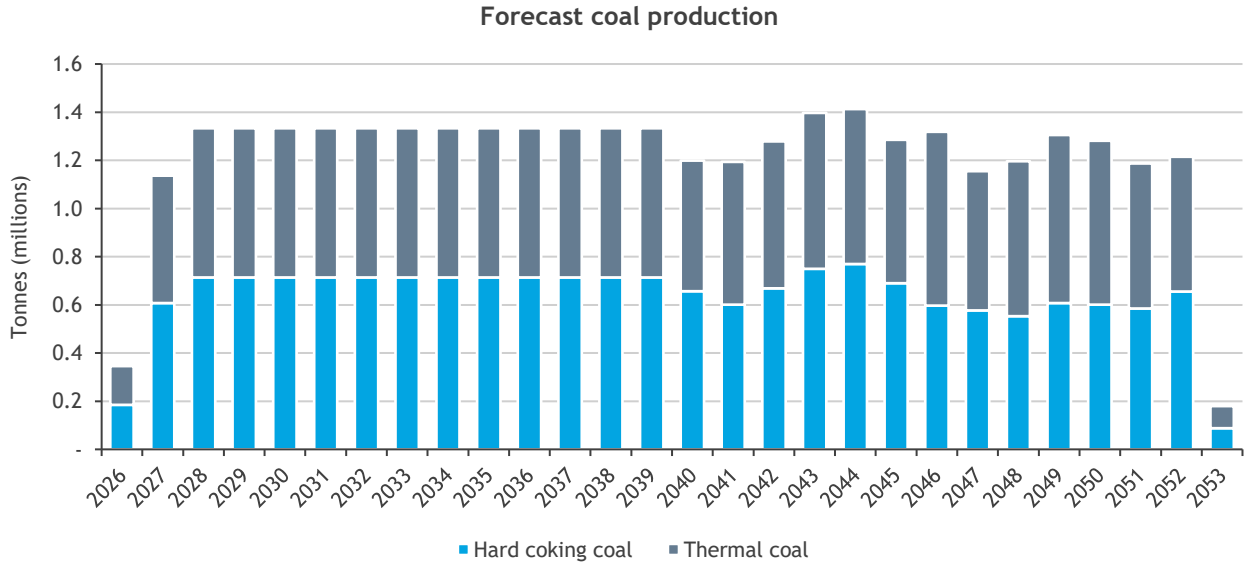
Further details of SRK's assessment and recommendations are provided in its ISR, included in Appendix 5.

The graph below presents the forecast total material mined at Makhado under the Adjusted Model, comprising coal and waste material.



Source: Adjusted Model and BDO analysis

The graph below presents the forecast production of hard coking coal and thermal coal over Makhado's life of mine.



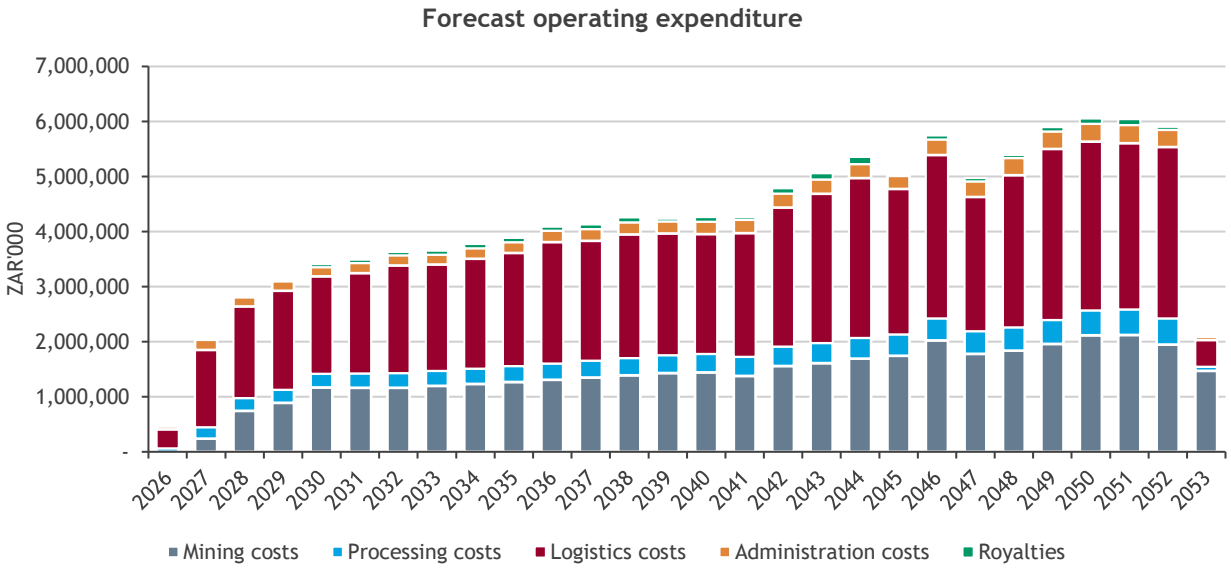
Source: Adjusted Model and BDO analysis

Operating expenditure

The operating expenditure included in the Adjusted Model relates to mining, processing, logistics, royalties and administration costs (comprising site administration costs and management fees paid to Baobab). We have applied our forecast inflation assumptions to the forecast operating expenditure (excluding royalties).

SRK has assessed the reasonableness of forecast operating expenditure assumptions adopted in the Model, in the context of their experience with similar coal mining projects. Based on its review, SRK considered the forecast operating expenditure assumptions adopted in the Model to be reasonable.

The graph below presents Makhado's forecast nominal operating expenditure over the life of mine.



Source: Adjusted Model and BDO analysis

Royalties

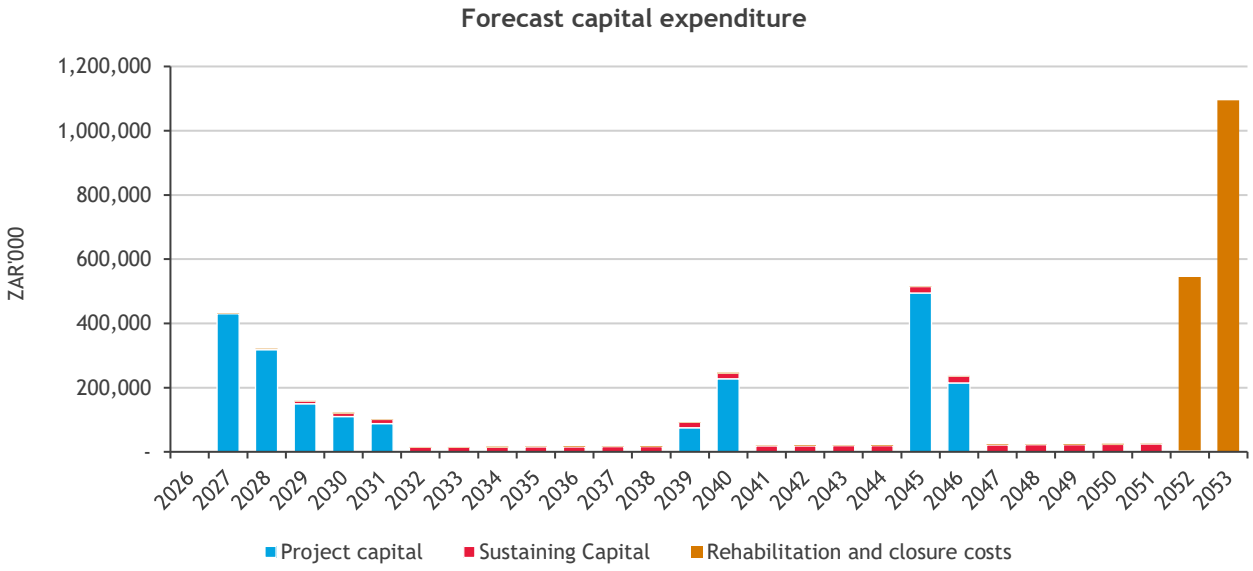
The Adjusted Model applies South Africa's unrefined mineral royalty payment formula. The royalty rate applied is a minimum of 0.5% plus a profitability uplift based on earnings before interest and tax ('**EBIT**') relative to revenue, capped at 7.0%. Royalty EBIT reflects operational earnings after allowable capital deductions, including available unredeemed capital. The resulting rate is multiplied by accumulated gross revenue in designated payment periods to calculate the royalty payable, shown in the chart above.

Capital expenditure

The capital expenditure included in the Adjusted Model relates to project capital (CHPP and other infrastructure costs), sustaining capital (infrastructure maintenance) and rehabilitation and closure costs. We have applied our forecast inflation assumptions to the forecast capital expenditure.

SRK has assessed the reasonableness of forecast capital expenditure assumptions adopted in the Model, in the context of their experience with similar coal mining projects. Based on its review, SRK recommended including ZAR 745 million (in real terms) in closure costs.

The graph below presents Makhado's forecast nominal capital expenditure over the life of mine. The project capital forecast for 2039 and 2040 relates to the development of the Central Pit, while the project capital forecast for 2045 and 2046 relates to the development of the West Pit.



Source: Adjusted Model and BDO analysis

Taxation

Taxation has been modelled at the South African corporate income tax rate of 27%. In determining the cash flows attributable to MC Mining, we have also applied a 5% dividend withholding tax. While dividends paid by South African companies to foreign shareholders are generally subject to withholding tax at 20%, the Australia-South Africa Double Tax Agreement limits the rate to 5% where the beneficial owner is an Australian company that holds at least 10% of the voting power in the South African company. As MC Mining is domiciled in Australia and holds a 67.3% interest in Baobab, which in turn holds 100% of Makhado, we have applied a 5% dividend withholding tax to the cash flows attributable to MC Mining.

The Adjusted Model includes opening carried-forward tax losses of ZAR 739.7 million, which are utilised to offset future taxable income and are fully exhausted by June 2028.

Discount rate

In assessing an appropriate discount rate to apply to the cash flows of Makhado, we consider the nominal post-tax weighted-average cost of capital (**'WACC'**) of Makhado to be the most appropriate discount rate. This reflects the fact that the cash flows in the Adjusted Model have been prepared on a nominal basis and are prior to any financing considerations. Therefore, the cash flows represent returns attributable to both debt and equity providers of capital.

Based on our analysis in Appendix 4, we have selected a nominal, post-tax WACC in the range of 11.21% to 13.61%, with a preferred rounded midpoint of 12.50%. We have adopted the preferred rounded midpoint to discount the post-tax, unlevered cash flows in the Adjusted Model to their present value.

In determining our assessed discount rate range, we considered the following:

- The observed rates of return for comparable ASX-listed and JSE-listed coal mining companies operating in Australia and South Africa.
- The relative risk profile of Makhado compared to the projects held by the selected comparable companies.

A detailed assessment of the discount rate is contained in Appendix 4.

Sensitivity analysis

Our DCF valuation of Makhado is sensitive to changes in forecast coal prices, operating costs, capital expenditure, foreign exchange rates, forecast inflation rates, and the discount rate. Therefore, we have included sensitivity analyses to consider the value of Makhado under the following scenarios:

- A relative change of +/- 10% to the USD-denominated coal price
- A relative change of +/- 10% to operating costs
- A relative change of +/- 10% to capital expenditure
- A relative change of +/- 10% to the USD/ZAR exchange rate
- An absolute change of +/- 1% to the inflation rate
- A discount rate in the range of 11.5% to 13.5%.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of Makhado if our base case assumptions change:

Sensitivity analysis of the DCF valuation of Makhado (ZAR'000)				
% change	Coal price (USD/t)	Exchange rate (USD/ZAR)	Operating costs	Capital expenditure
10.00%	1,983,694	2,240,812	(435,871)	871,192
8.00%	1,782,468	1,987,661	(119,726)	887,488
6.00%	1,581,859	1,736,048	153,884	905,487
4.00%	1,375,394	1,479,729	425,307	924,226
2.00%	1,167,955	1,220,759	697,142	941,618
-	959,175	959,175	959,175	959,175
-2.00%	746,858	693,389	1,218,386	976,940
-4.00%	531,254	417,100	1,475,165	992,609
-6.00%	315,719	140,351	1,729,331	1,009,905
-8.00%	92,201	(141,783)	1,977,345	1,025,977
-10.00%	(136,687)	(462,333)	2,229,515	1,045,214

Source: Adjusted Model and BDO analysis

Sensitivity analysis of the DCF valuation of Makhado to the discount rate					
Discount rate	**11.5%**	**12.0%**	**12.5%**	**13.0%**	**13.5%**
Value (ZAR'000)	1,047,044	1,001,802	**959,175**	918,968	881,004

Source: Adjusted Model and BDO analysis

Sensitivity analysis of the DCF valuation of Makhado to the inflation rate					
Inflation rate flex (absolute)	**-1.0%**	**-0.5%**	**0.0%**	**+0.5%**	**+1.0%**
Value (ZAR'000)	1,355,212	1,165,219	**959,175**	732,007	479,466

Source: Adjusted Model and BDO analysis

In considering the above sensitivity analyses, we note the following:

- The variables described above may have compounding or offsetting effects and are unlikely to move in isolation.
- The variables for which we have performed our sensitivity analyses are not the only variables which are subject to deviation from the forecast assumptions.

- The sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e., variances could be greater than the percentage increases or decreases set out in this analysis).

We also note that we have presented the above sensitivities to highlight the sensitivity of the value of Makhado to changes in pricing and other assumptions.

Based on the above analysis, we consider the value of Makhado to be in the range of ZAR 690 million to ZAR 1,220 million, with a preferred value of ZAR 960 million. The low and high values of our assessed range are based on +/- 2% movements in the USD/ZAR exchange rate, given this exchange rate is the input to which the NPV is most sensitive.

Residual resource of Makhado

In addition to the DCF valuation of MC Mining's interest in Makhado, we have separately assessed the value of the Company's interest in the residual resource of Makhado not included in the DCF valuation, as assessed by SRK. Further information on the residual resource at Makhado is included in the ISR in Appendix 5. The combined value of these components is summarised below.

Value of MC Mining's interest in Makhado	Low	Preferred	High
	ZAR m	ZAR m	ZAR m
DCF valuation of MC Mining's interest in Makhado	690.0	960.0	1,220.0
Value of MC Mining's interest in the residual resource of Makhado	615.0	768.7	922.4
Total	**1,305.0**	**1,728.7**	**2,142.4**

Source: BDO analysis

10.1.2. Valuation of MC Mining's interest in Uitkomst

In assessing the value of MC Mining's 84% interest in Uitkomst, we have relied on the ISR prepared by SRK. We instructed SRK to independently assess the market value of Uitkomst, including its Mineral Resource and exploration potential.

In performing its valuation, SRK considered various valuation methodologies, including the comparable market transactions as the primary valuation methodology and the yardstick approach as the secondary valuation methodology.

Based on this analysis, SRK assessed the fair market value of MC Mining's interest in Uitkomst to be between ZAR 34.8 million to ZAR 52.3 million, with a preferred value of ZAR 43.5 million. SRK's valuation was prepared on an attributable basis and therefore reflects MC Mining's 84% ownership interest in Uitkomst.

10.1.3. Valuation of MC Mining's interest in Vele

In assessing the value of MC Mining's interest in Vele, we have relied on the ISR prepared by SRK. We instructed SRK to independently assess the market value of Vele, including its Mineral Resource and exploration potential.

In performing its valuation, SRK considered various valuation methodologies, including the comparable market transactions as the primary valuation methodology and the yardstick approach as the secondary valuation methodology.

Based on this analysis, SRK assessed the fair market value of MC Mining's interest in Vele to be between ZAR 487.3 million to ZAR 730.9 million, with a preferred value of ZAR 609.1 million.

10.1.4. Valuation of MC Mining's interest in the GSP

In assessing the value of MC Mining's 74% interest in the GSP, we have relied on the ISR prepared by SRK. We instructed SRK to independently assess the market value of the GSP, which comprises the Mopane, Generaal and Chapudi projects.

In performing its valuation, SRK considered various valuation methodologies, including the comparable market transactions as the primary valuation methodology and the yardstick approach as the secondary valuation methodology.

Based on this analysis, SRK assessed the fair market value of MC Mining's interest in the GSP to be between ZAR 364.2 million to ZAR 572.0 million, with a preferred value of ZAR 468.0 million. SRK's valuation was prepared on an attributable basis and therefore reflects MC Mining's 74% ownership interest in the GSP.

The range of values assessed by SRK for MC Mining's interest in each of the projects comprising the GSP is set out below:

Value of MC Mining's interest in the GSP (74% basis)	Low	Preferred	High
	ZAR m	ZAR m	ZAR m
Mopane	209.9	262.3	314.8
Generaal	12.2	16.3	20.4
Chapudi	142.1	189.4	236.8
Total value of the GSP (ZAR m)	**364.2**	**468.0**	**572.0**

Source: SRK's ISR

10.1.5. Valuation of MC Mining's other assets and liabilities

The other assets and liabilities of MC Mining represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with MC Mining, and our analysis of the other assets and liabilities, we do not consider there to be a material difference between book value and fair value, unless an adjustment has been noted below.

A summary of the other assets and liabilities identified is shown below:

Value of MC Mining's other assets and liabilities	Note	Audited as at 30-Jun-26	Adjusted
		US$'000	US$'000
CURRENT ASSETS			
Inventories		105	105
Trade and other receivables		1,594	1,594
Other financial assets		38	38
Cash and cash equivalents	a)	2,904	33,066
TOTAL CURRENT ASSETS		**4,641**	**34,803**
NON-CURRENT ASSETS			
Property, plant and equipment	b)	137,706	727
Right-of-use assets		858	858
Development assets	c)	29,546	-

Value of MC Mining's other assets and liabilities	Note	Audited as at 30-Jun-26 US$'000	Adjusted US$'000
Exploration and evaluation assets	d)	24,488	-
Intangible assets		466	466
Other financial assets		3,449	3,449
Restricted cash		26	26
TOTAL NON-CURRENT ASSETS		**196,539**	**5,526**
TOTAL ASSETS		**201,180**	**40,329**
CURRENT LIABILITIES			
Provisions		147	147
Trade and other payables		14,165	14,165
Current tax liabilities		284	284
Lease liabilities		326	326
Borrowings	e)	38,627	23,715
Bank overdraft		837	837
TOTAL CURRENT LIABILITIES		**54,386**	**39,474**
NON-CURRENT LIABILITIES			
Provisions	f)	26,322	5,168
Deferred tax liability		1,166	1,166
Lease liabilities		645	645
Borrowings	g)	8	15,741
TOTAL NON-CURRENT LIABILITIES		**28,141**	**22,720**
TOTAL LIABILITIES		**82,527**	**62,194**
NET ASSETS (US$'000)		**118,653**	**(21,864)**
NCI adjustment	h)	2,064	2,064
NET ASSETS (US$'000) adjusted for NCI		**116,589**	**(23,928)**
USD/ZAR exchange rate assumed	i)		16.13
NET ASSETS (ZAR'000)			**(385,939)**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

We have been advised that there have not been any significant changes to the net assets of MC Mining since 30 June 2026, and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the audited position as at 30 June 2026, we have obtained supporting documentation to validate the adjusted values used.

We note the following in relation to the above valuation of MC Mining's other assets and liabilities:

Note a) Cash and cash equivalents

We have adjusted the book value of cash and cash equivalents of US$2.90 million as at 30 June 2026 to reflect the cash spent between 30 June 2026 and 30 September 2026, the proceeds from the drawdown of the remaining Kinetic Promissory Notes post 30 June 2026 and the notional debt and equity funding, net of the associated debt facility fee and transaction costs, as detailed in Section 10.1.6. The notional funding

proceeds are assumed to be used to satisfy the maximum funding requirement identified in the Adjusted Model and to repay the relevant amounts outstanding under the Kinetic Promissory Notes and the Bridge Loan in cash, which includes the principal amounts drawn down and interest accrued to the relevant maturity dates.

In determining the relevant amounts outstanding under both the Kinetic Promissory Notes and the Bridge Loan at their respective maturity dates, we have applied an interest rate of 9.21% per annum, based on the RBA medium business loan rate of 6.21% per annum as at 31 August 2026 plus a margin rate of 3.00% per annum under the respective agreements.

These adjustments are summarised in the table below.

Adjusted cash and cash equivalents	US$'000
Audited cash and cash equivalents as at 30 June 2026	2,904
Cash spent between 30 June 2026 and 30 September 2026	(2,763)
Add: Cash raised from drawdown of remaining Kinetic Promissory Notes post 30 June 2026	2,250
Add: Cash raised from notional debt and equity funding (net of associated facility fee)	45,587
Less: Repayment of the Bridge Loan, including accrued interest	(8,186)
Less: Repayment of the Kinetic Promissory Notes, including accrued interest	(6,726)
Adjusted cash and cash equivalents	**33,066**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

Note b) Property, plant and equipment

We have adjusted the book value of property, plant and equipment of US$137.71 million as at 30 June 2026 to exclude land and buildings, mining assets, mining rights and construction in progress, as these balances relate to the Company's mining assets, which have been separately valued in Sections 10.1.1 to 10.1.4.

Note c) Development assets

We have adjusted the book value of development assets of US$29.55 million as at 30 June 2026 to nil, as it is reflected in our DCF valuation of MC Mining's interest in Makhado in Section 10.1.1.

Note d) Exploration and evaluation assets

We have adjusted the book value of exploration and evaluation assets of US$24.48 million as at 30 June 2026 to nil, as it is reflected in the valuation of MC Mining's interest in Uitkomst, Vele and the GSP, which have been valued separately in Sections 10.1.2 to 10.1.4.

Note e) Borrowings (current)

We have adjusted the book value of current borrowings of US$38.63 million as at 30 June 2026 for the assumed removal of the liabilities associated with the Bridge Loan and the Kinetic Promissory Notes. For the purposes of these adjustments, the liabilities have been measured at their expected carrying values at the respective maturity dates, including interest expected to accrue to those dates. This is consistent with the corresponding repayment amounts reflected in note b) above. These adjustments are reflected in the table below.

Adjusted current borrowings	US$'000
Audited current borrowings as at 30 June 2026	38,627
Extinguishment of Bridge Loan	(8,186)
Extinguishment of Kinetic Promissory Notes	(6,726)
Adjusted current borrowings	**23,715**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

Note f) Provisions (non-current)

We have adjusted non-current provisions of US$26.32 million as at 30 June 2026 to exclude rehabilitation provisions of US$21.16 million, as rehabilitation and closure costs are reflected in our DCF valuation of MC Mining's interest in Makhado and in SRK's market-based valuations in Sections 10.1.1 to 10.1.4.

Note g) Borrowings (non-current)

We have adjusted the book value of non-current borrowings as at 30 June 2026 to reflect the notional debt funding to cover the Total Funding Requirement in the absence of the Proposed Transactions, as detailed in Section 10.1.6. These adjustments are reflected in the table below.

Adjusted non-current borrowings	US$'000
Audited non-current borrowings as at 30 June 2026	8
Notional debt funding	15,733
Adjusted non-current borrowings	**15,741**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

Note h) Non-controlling interest

MC Mining has NCI's in various subsidiaries that it does not wholly own as at 30 June 2026. As such, the audited position of MC Mining's net assets at 30 June 2026 reflects a 100% interest in the controlled entities. Therefore, we have adjusted for the NCI at the net asset level based on the Company's audited NCI adjustment of US$2.06 million at 30 June 2026.

We note that a portion of the audited NCI balance may relate to assets or liabilities that have been assigned a nil value elsewhere in our valuation adjustments, resulting in a degree of overlap. However, we do not consider any such overlap to have a material effect on our valuation or conclusion.

Note i) USD/ZAR exchange rate assumed

We have converted MC Mining's adjusted net assets balance using the 30-day average of the USD/ZAR exchange rate as at 29 September 2026 of 16.13 (sourced from S&P Capital IQ).

10.1.6. Notional funding for the Total Funding Requirement in the absence of the Proposed Transactions

As detailed in Section 9.1, in assessing the value of an MC Mining share prior to the Proposed Transactions, we have considered the position of the Company on the basis that the proposed share issues under the Proposed Transactions do not proceed. Under this scenario, MC Mining would be required to repay the Kinetic Promissory Notes (comprising US$6.14 million drawn down plus accrued interest) and the Bridge Loan (US$8 million principal drawn down plus accrued interest) in cash rather than through the issue of shares. Further, MC Mining would not receive the US$8 million of funding available under Tranche 2 of the

Share Subscription. Accordingly, our valuation of an MC Mining share prior to the Proposed Transactions includes a notional funding adjustment.

The Total Funding Requirement in the absence of the Proposed Transactions under our Primary Sum-of-Parts Valuation is ZAR 735.3 million (US$45.6 million), which reflects the amount required to meet the forecast peak funding requirement and repay the relevant amounts outstanding under the Kinetic Promissory Notes and Bridge Loan in cash.

Based on discussions with MC Mining and our assessment of the Company's funding capacity, we have assumed that the required notional funding of ZAR 735.3 million (US$45.6 million) would be met through a combination of debt and equity. Based on the Company's discussions with an existing lender in relation to additional debt funding, we consider it reasonable for the Company to obtain further debt funding of approximately ZAR 250 million (US$15.5 million). However, we do not consider there to be a reasonable basis to assume that the Company could obtain debt funding in excess of this amount. Therefore, we have assumed that the remaining funding requirement of ZAR 485.3 million (US$30.09 million) would be met through the issue of new equity.

Notional debt funding

The recognition of a senior debt facility would result in corresponding increases in cash and borrowings. Accordingly, the principal amount drawn under the facility would not, in itself, affect MC Mining's equity value. However, establishing the facility would give rise to upfront financing costs, which would reduce the net proceeds available to MC Mining. We have therefore separately reflected those costs in our Sum-of-Parts valuation.

Based on our discussions with MC Mining and our experience with project financing arrangements for mining companies, we have assumed an upfront financing fee equivalent of 1.5% of the notional facility amount. When applied to the assumed debt facility of US$15.50 million, this results in estimated upfront financing costs of US$0.23 million, as detailed in the table below.

Notional debt raising	US$'000	ZAR'000
Debt funding capacity	15,500	250,000
Facility fee (1.5%)	233	3,750
Cash raised through notional debt raise, inclusive of costs	**15,733**	**253,750**

Source: BDO analysis

We estimated the interest expense that would arise over the assumed term of the notional debt funding, net of the associated tax benefit, and discounted the resulting after-tax financing costs to present value. Having regard to the purpose of the notional funding adjustment and the magnitude of the resulting financing costs relative to our overall valuation, we determined that separately presenting these calculations would not provide additional information material to Shareholders' assessment of the Proposed Transactions. In particular, incorporating the estimated financing costs would not have a material effect on our valuation or conclusion. Accordingly, for the purposes of the notional funding adjustment, we have assumed that the debt proceeds and the corresponding debt obligation have an offsetting impact on net asset value and have not separately adjusted for ongoing interest or other financing costs.

Notional equity funding

Having regard to the above and the funding alternatives available to MC Mining, we consider it reasonable to assume that the Company could raise the remaining funding shortfall through the issue of new equity.

In determining the required size of the notional equity raising, we have also allowed for the transaction costs associated with undertaking the raising, which we have assumed would be equivalent to approximately 6% of the gross proceeds.

Our calculation of the required notional equity raising is summarised below:

Notional equity raising	US$'000	ZAR'000
Equity funding required	30,087	485,279
Transaction costs (6% of gross proceeds)	1,805	29,117
Cash raised through notional equity raising, inclusive of costs	**31,893**	**514,396**

Source: BDO analysis

To estimate the price at which MC Mining could reasonably be expected to issue shares to existing or third-party investors under the notional equity raising, we considered:

- The VWAP of MC Mining's shares prior to the announcement of the Proposed Transactions
- The discounts to the respective 30-day VWAPs at which other ASX-listed companies have undertaken equity capital raisings.
- The conversion price under the Promissory Notes agreement and the issue price under the Share Subscription Agreement of US$0.2089 (A$0.297 using a USD/AUD conversion rate of 1.42).

We analysed equity capital raisings completed by ASX-listed companies during the last three years. A summary of our analysis is set out below:

	Raise size: $20 to $100 million	Raise as % of market cap: 10% to 30%	Market cap: $100 to $300 million
All ASX			
Number of equity raises	326	1557	370
Mean discount	20.27%	26.89%	20.96%
Median discount	10.86%	16.70%	13.40%
ASX Mining			
Number of equity raises	200	1053	216
Mean discount	22.31%	26.88%	20.23%
Median discount	10.83%	16.62%	13.40%

Source: BDO analysis, S&P Capital IQ

Our initial analysis considered equity raises of between $20 to $100 million. Across these capital raisings, the median discount to the relevant 30-day VWAP was 10.86% for all ASX-listed companies and 10.83% for ASX-listed mining companies.

We also considered the size of the notional equity raising relative to MC Mining's market capitalisation. As the notional equity raising represents approximately 21% of the Company's market capitalisation, we separately analysed capital raisings between 10% and 30% of the relevant companies' market capitalisation. The median discount observed for these capital raisings was 16.70% across all ASX-listed companies and 16.62% across ASX-listed mining companies.

In addition, we analysed capital raisings undertaken by companies with market capitalisations of between $100 million and $300 million, being the range within which MC Mining's market capitalisation falls. The mean and median discounts observed across all ASX-listed companies within this range were 20.96% and 13.40%, respectively. For ASX-listed mining companies, the corresponding mean and median discounts were 20.23% and 13.40%, respectively.

In determining an appropriate placement discount, we have considered the outcomes of the above analyses, together with the relative size of the notional equity raising compared with MC Mining's market capitalisation. We consider that a premium to the observed mean and median discounts is warranted to reflect the limited liquidity of MC Mining shares, with only 16.94% of the Company's issued capital comprising free float, as detailed in Section 10.3. This limited free float may constrain the market's capacity to absorb a material equity raising and require a greater discount to incentivise investor participation. Having regard to these factors, we consider a placement discount of 30% to be reasonable.

The table below sets out the number of new MC Mining shares that would need to be issued at the assessed issue price to raise the funds required to meet the identified funding shortfall:

Notional equity raising	Low	Preferred	High
Cash raised through notional equity raising (US$'000)	31,893	31,893	31,893
QMP (minority) ($/share)	0.260	0.280	0.300
Assessed placement discount	30%	30%	30%
Assumed equity raising price ($/share)	**0.182**	**0.196**	**0.21**
Number of shares to be issued under notional equity raising	**175,233,714**	**162,717,020**	**151,869,218**

Source: S&P Capital IQ and BDO analysis

For the purposes of our Primary Sum-of-Parts valuation, the shares assumed to be issued under the notional equity raising have been included in the number of MC Mining shares on issue prior to the Proposed Transactions (see Section 10.1.8).

10.1.7. Present value of MC Mining's corporate overhead costs

As corporate costs have not been included in the Adjusted Model, we have separately assessed these costs in our Sum-of-Parts valuation of a MC Mining share prior to the Proposed Transactions. We consider corporate costs to comprise all corporate administrative costs that cannot be directly attributable to operations at Makhado.

In determining an appropriate level of corporate costs for MC Mining, we have considered the corporate costs incurred by MC Mining for the years ended 30 June 2024, 30 June 2025 and 30 June 2026, as set out below.

	Year ended 30-Jun-26 A$'000	Year ended 30-Jun-25 A$'000	Year ended 30-Jun-24 A$'000
Corporate costs of MC Mining	(14,226)	(10,134)	(22,929)

Source: BDO analysis and MC Mining's audited financial statements for the years ended 30 June 2024, 30 June 2025 and 30 June 2026

We have converted MC Mining's corporate costs from USD, the Company's presentational currency, to AUD, the presentational currency of the selected comparable companies, using the average USD/AUD exchange rate of 0.68 for the year ended 30 June 2026, sourced from S&P Capital IQ.

Our DCF valuation is based on the assumption that Makhado is developed through to full production. Therefore, we have considered the corporate costs of comparable companies because we would expect that the corporate costs of MC Mining are likely to increase once the Company advances further into production, therefore the historical level of corporate costs incurred are unlikely to reflect the future corporate costs to be incurred.

We have also considered the corporate costs incurred by ASX-listed companies of a similar size and operational scale to MC Mining. We have analysed ASX-listed mining companies whilst considering other characteristics including revenue, historical production, and market capitalisation, as indicators of comparable size and operational scale.

Whilst the selected comparable companies are exposed to a range of commodities, corporate costs are generally comparable across commodities and therefore considered appropriate for benchmarking purposes. Our analysis of the corporate costs incurred by broadly comparable ASX-listed companies is set out below.

Company Name	Revenue for the year ended 30-Jun-26 A$m	Market cap. as at 30-Jun-26 A$m	Corporate costs for FY26 A$'000	Corporate costs for FY25 A$'000	Corporate costs for FY24 A$'000
MC Mining Limited	11	220	14,226	10,134	22,929
Pantoro Gold Limited	481	900	3,289	15,066	8,413
AIC Mines Limited	245	578	12,692	12,308	9,587
Meeka Metals Limited	161	280	8,125	4,027	1,606
Tribune Resources Limited	206	256	17,608	13,531	11,438
Maritana Minerals Limited	81	234	9,396	5,584	2,705
Broken Hill Mines Limited	91	189	15,820	4,984	24
Kantra Copper Limited	168	187	6,108*	14,143	3,741
Kaiser Reef Limited	150	115	5,231	7,633	3,464
Austral Gold Limited	77	70	10,000	9,755	8,812
Mean (excluding MC Mining)	**184**	**312**	**9,808**	**9,670**	**5,532**
Median (excluding MC Mining)	**161**	**234**	**9,396**	**9,755**	**3,741**

*Annualised figures based on financial statements for the half year ended 31 December 2025.

Source: Financial statements announced on the ASX, S&P Capital IQ and BDO analysis

Business descriptions for the above comparable companies have been included at the end of Appendix 4 of our Report.

Based on the above analysis of corporate costs incurred by comparable ASX-listed companies and having consideration for the corporate costs incurred by MC Mining historically, we consider an appropriate level of corporate costs for MC Mining to be in the range of $10.0 million to $12.0 million per annum, in real pre-tax terms. This range is broadly supported by the corporate costs incurred by comparable ASX-listed companies.

We note that the level of corporate costs incurred over the forecast period should be reflective of a company that is in the production phase of the mining life cycle. As such, we have placed greater weight towards the historical corporate costs incurred by the comparable companies, which are all in the production phase, in forming our assessed range.

In determining the present value of these corporate costs over the life of Makhado, we:

- Calculated the post-tax corporate costs (using the statutory Australian corporate tax rate of 30%).
- Applied our assessed forecast Australian inflation rates (as set out in Section 10.1.1) of our Report to the corporate costs over the forecast period.

- Discounted these costs to present value at our assessed discount rate of 12.50%, as detailed in Appendix 4 of our Report.

Our assessed corporate costs are incurred in AUD, as such, we have applied our forecast Australian inflation rates to the real corporate cost cash flows over the Makhado forecast period, to convert these cash flows to nominal. The Australian inflation rates applied are set out below.

Australia inflation	2026	2027	2028	2029+
Average inflation rate	3.50%	2.83%	2.43%	2.50%

Source: S&P Capital IQ and BDO analysis

Based on the above, we have assessed the NPV of the corporate costs to be incurred over the life of Makhado to be in the range of $69.0 million and $83.0 million, with a preferred value of $76.0 million, being the rounded midpoint of this range.

We then converted this to ZAR using the 30-day average of the AUD/ZAR exchange rate as at 29 September 2026 of 11.49 (sourced from S&P Capital IQ). This resulted in an NPV of the corporate costs range between ZAR 793 million and ZAR 954 million, with a preferred mid-point of ZAR 873 million.

10.1.8. MC Mining shares on issue prior to the Proposed Transactions

In calculating the number of MC Mining shares on issue prior to the Proposed Transactions (under our Primary Sum-of-Parts approach), we have added the shares assumed to be issued under the notional equity raising, as described in Section 10.1.6, to the existing number of MC Mining shares on issue prior to the Proposed Transactions. Our calculation is set out below.

Shares on issue prior to the Proposed Transactions (Primary Sum-of-Parts approach)	Ref.	Low	Preferred	High
Shares on issue prior to the Proposed Transactions	5.9	844,925,202	844,925,202	844,925,202
Shares to be issued under notional equity raising	10.1.6	175,233,714	162,717,020	151,869,218
Total number of MC Mining shares on issue		**1,020,158,916**	**1,007,642,222**	**996,794,420**

Source: BDO analysis

10.2 Secondary Sum-of-Parts Valuation

Under our Secondary Sum-of-Parts Valuation, we have estimated the fair market value of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis), by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- The value of MC Mining's mineral assets, comprising its interests in Makhado, Uitkomst, Vele and the GSP, using a market-based approach, having reliance on the valuations performed by SRK.
- The notional funding required, in the absence of the Proposed Transactions, to repay the relevant amounts outstanding under the Kinetic Promissory Notes and the Bridge Loan in cash, together with the removal of the corresponding liabilities.
- The value of MC Mining's other assets and liabilities not included in the other components of the Sum-of-Parts valuation, using the NAV methodology.

Our Secondary Sum-of-Parts valuation of MC Mining prior to the Proposed Transactions (on a controlling interest basis) is set out in the table below:

Secondary Sum-of-Parts Valuation of an MC Mining share prior to the Proposed Transactions	Ref.	Low ZAR m	Preferred ZAR m	High ZAR m
Value of MC Mining's interest in Makhado	10.2.1	768.3	960.4	1,152.4
Value of MC Mining's interest in Uitkomst	10.1.2	34.8	43.5	52.3
Value of MC Mining's interest in Vele	10.1.3	487.3	609.1	730.9
Value of MC Mining's interest in the GSP	10.1.4	364.2	468.0	572.0
Value of MC Mining's other assets and liabilities	10.2.2	(871.1)	(871.1)	(871.1)
Total value of MC Mining prior to the Proposed Transactions (control) (ZAR m)		**784**	**1,210**	**1,637**
MC Mining shares on issue prior to the Proposed Transactions	10.2.4	844,925,202	844,925,202	844,925,202
Value per MC Mining share prior to the Proposed Transactions (control) (ZAR/share)		**0.928**	**1.432**	**1.937**
ZAR/AUD exchange rate assumed		0.087	0.087	0.087
Value per MC Mining share prior to the Proposed Transactions (control) (A$/share)		**0.081**	**0.125**	**0.169**

Source: BDO analysis

We have assumed a ZAR/AUD exchange rate of 0.087 for all ZAR/AUD conversions throughout our valuation, based on the 30-day average exchange rate as at 19 October 2026, as sourced from S&P Capital IQ.

Based on the above, we have assessed the value of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis) under our Secondary Sum-of-Parts Valuation to be in the range of A$0.081 and A$0.169, with a preferred value of A$0.125.

10.2.1. Valuation of MC Mining's interest in Makhado

In assessing the value of MC Mining's 67.3% interest in Makhado, we have relied on the ISR prepared by SRK. We instructed SRK to independently assess the market value of Makhado, including its Mineral Resource and exploration potential.

In performing its valuation, SRK considered various valuation methodologies, including the comparable market transactions as the primary valuation methodology and the yardstick approach as the secondary valuation methodology.

Based on this analysis, SRK assessed the fair market value of MC Mining's interest in Makhado to be between ZAR 768.3 million to ZAR 1,152.4 million, with a preferred value of ZAR 960.4 million. SRK's valuation was prepared on an attributable basis and therefore reflects MC Mining's 67.3% ownership interest in Makhado.

For further information on SRK's approach and conclusions, refer to the ISR, which is included as Appendix 5 of our Report.

10.2.2. Valuation of MC Mining's other assets and liabilities

The other assets and liabilities of MC Mining represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with management of MC Mining and our analysis of the other assets and liabilities outlined in the table below, we do not consider there to be a material difference between book value and fair value, unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

Value of MC Mining's other assets and liabilities	Note	Audited as at 30-Jun-26 US$'000	Adjusted US$'000
CURRENT ASSETS			
Inventories		105	105
Trade and other receivables		1,594	1,594
Other financial assets		38	38
Cash and cash equivalents	a)	2,904	2,166
TOTAL CURRENT ASSETS		**4,641**	**3,903**
NON-CURRENT ASSETS			
Property, plant and equipment	b)	137,706	727
Right-of-use assets		858	858
Development assets	c)	29,546	-
Exploration and evaluation assets	d)	24,488	-
Intangible assets		466	466
Other financial assets		3,449	3,449
Restricted cash		26	26
TOTAL NON-CURRENT ASSETS		**196,539**	**5,526**
TOTAL ASSETS		**201,180**	**9,429**
CURRENT LIABILITIES			

Value of MC Mining's other assets and liabilities	Note	Audited as at 30-Jun-26 US$'000	Adjusted US$'000
Provisions		147	147
Trade and other payables		14,165	14,165
Current tax liabilities		284	284
Lease liabilities		326	326
Borrowings	e)	38,627	23,715
Bank overdraft		837	837
TOTAL CURRENT LIABILITIES		**54,386**	**39,474**
NON-CURRENT LIABILITIES			
Provisions	f)	26,322	5,168
Deferred tax liability		1,166	1,166
Lease liabilities		645	645
Borrowings	g)	8	14,919
TOTAL NON-CURRENT LIABILITIES		**28,141**	**21,898**
TOTAL LIABILITIES		**82,527**	**61,372**
NET ASSETS (US$'000)		**118,653**	**(51,943)**
NCI adjustment	h)	(2,064)	(2,064)
NET ASSETS (US$'000) adjusted for NCI		**116,589**	**(54,007)**
USD/ZAR exchange rate assumed	i)		16.13
NET ASSETS (ZAR'000)			**(871,075)**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

We have been advised that there have not been any significant changes to the net assets of MC Mining since 30 June 2026, and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the audited position as at 30 June 2026, we have obtained supporting documentation to validate the adjusted values used.

We note the following in relation to the above valuation of MC Mining's other assets and liabilities:

Note a) Cash and cash equivalents

We have adjusted the book value of cash and cash equivalents of US$2.90 million as at 30 June 2026 to reflect the cash spent between 30 June 2026 and 30 September 2026, proceeds from the drawdown of the remaining Kinetic Promissory Notes post 30 June 2026 and the proceeds from the notional debt funding, net of the associated facility fee, as detailed in Section 10.2.3. The notional funding proceeds are assumed to be used to repay the relevant amounts outstanding under the Kinetic Promissory Notes and the Bridge Loan, which includes the principal amounts drawn down and interest accrued to the relevant maturity dates.

In determining the relevant amounts outstanding under both the Kinetic Promissory Notes and the Bridge Loan at their respective maturity dates, we have applied an interest rate of 9.21% per annum, based on the RBA medium business loan rate of 6.21% per annum as at 31 August 2026 plus a margin rate of 3.00% per annum under the respective agreements.

These adjustments are summarised in the table below.

Adjusted cash and cash equivalents	US$'000
Audited cash and cash equivalents as at 30 June 2026	2,904
Cash spent between 30 June 2026 and 30 September 2026	(2,763)
Add: Cash raised from drawdown of remaining Kinetic Promissory Notes post 30 June 2026	2,250
Add: Cash raised from notional debt funding (net of associated facility fee)	14,687
Less: Repayment of the Bridge Loan, including accrued interest	(8,186)
Less: Repayment of the Kinetic Promissory Notes, including accrued interest	(6,726)
Adjusted cash and cash equivalents	**2,166**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

Note b) Property, plant and equipment

We have adjusted the book value of property, plant and equipment of US$137.71 million as at 30 June 2026 to exclude land and buildings, mining assets, mining rights and construction in progress, as these balances relate to mining assets that have been valued separately in Sections 10.2.1 and 10.1.2 to 10.1.4.

Note c) Development assets

We have adjusted the book value of development assets of US$29.55 million as at 30 June 2026 to nil, as it is reflected in SRK's valuation of MC Mining's interest in Makhado in Section 10.2.1.

Note d) Exploration and evaluation assets

We have adjusted the book value of exploration and evaluation assets of US$24.48 million as at 30 June 2026 to nil, as it is reflected in the valuation of MC Mining's interest in Uitkomst, Vele and the GSP, which have been valued separately by SRK as detailed in Sections 10.1.2 to 10.1.4.

Note e) Borrowings (current)

We have adjusted the book value of current borrowings of US$38.63 million as at 30 June 2026 for the assumed removal of the liabilities associated with the Kinetic Promissory Notes and the Bridge Loan. For the purposes of these adjustments, the liabilities have been measured at their expected carrying values at the respective maturity dates, including interest expected to accrue to those dates. This is consistent with the corresponding repayment amounts reflected in note b) above.

These adjustments are summarised in the table below.

Adjusted current borrowings	US$'000
Audited current borrowings as at 30 June 2026	38,627
Extinguishment of Bridge Loan	(8,186)
Extinguishment of Kinetic Promissory Notes	(6,726)
Adjusted current borrowings	**23,715**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

Note f) Provisions (non-current)

We have adjusted non-current provisions of US$26.32 million as at 30 June 2026 to exclude rehabilitation provisions of US$21.16 million, as mine site rehabilitation costs are reflected in SRK's market-based valuations in Sections 10.2.1 and 10.1.2 to 10.1.4, as detailed in the ISR found in Appendix 5.

Note g) Borrowings (non-current)

We have adjusted the book value of non-current borrowings as at 30 June 2026 to reflect the notional debt funding to cover the Total Funding Requirement in the absence of the Proposed Transactions, as detailed in Section 10.2.3. These adjustments are reflected in the table below.

Adjusted non-current borrowings	US$'000
Audited non-current borrowings as at 30 June 2026	8
Notional debt funding	14,911
Adjusted non-current borrowings	**14,919**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

Note h) Non-controlling interest

MC Mining has non-controlling interests ('**NCI**') in various subsidiaries that it does not wholly own as at 30 June 2026. As such, the audited position of MC Mining's net assets at 30 June 2026 reflects a 100% interest in the controlled entities. Therefore, we have adjusted for the NCI at the net asset level based on the Company's audited NCI adjustment of US$2.06 million at 30 June 2026.

We note that a portion of the audited NCI balance may relate to assets or liabilities that have been assigned a nil value elsewhere in our valuation adjustments, resulting in a degree of overlap. However, we do not consider any such overlap to have a material effect on our valuation or conclusion.

Note i) USD/ZAR exchange rate assumed

We have converted MC Mining's adjusted net assets balance using the 30-day average of the USD/ZAR exchange rate as at 29 September 2026 of 16.13 (sourced from S&P Capital IQ).

10.2.3. Notional funding for the Total Funding Requirement in the absence of the Proposed Transactions

As detailed in Section 9.1, in assessing the value of an MC Mining share prior to the Proposed Transactions, we have considered the position of the Company on the basis that the proposed share issues under the Proposed Transactions do not proceed. Under this scenario, MC Mining would be required to repay the Kinetic Promissory Notes (comprising US$6.14 million drawn down plus accrued interest) and the Bridge Loan (US$8 million principal drawn down plus accrued interest) in cash rather than through the issue of shares. Further, MC Mining would not receive the US$8 million of funding available under Tranche 2 of the Share Subscription. Accordingly, our valuation of an MC Mining share prior to the Proposed Transactions includes a notional funding adjustment.

The Total Funding Requirement in the absence of the Proposed Transactions under our Secondary Sum-of-Parts Valuation is ZAR 240.5 million (US$14.9 million).

For the purposes of our assessment, we have assumed that the required notional funding would be raised through debt rather than equity. This assumption reflects the circumstances contemplated by our valuation, under which Shareholders do not approve the proposed share issues comprising the Proposed Transactions. In these circumstances, we consider it more likely that MC Mining would seek to secure additional debt funding rather than pursue a further equity raising that may also require shareholder approval. Accordingly, we consider debt financing to provide an appropriate basis for assessing the notional funding requirement.

The recognition of a senior debt facility would result in corresponding increases in cash and borrowings. Accordingly, the principal amount drawn under the facility would not, in itself, affect MC Mining's equity

value. However, establishing the facility would give rise to upfront financing costs and interest costs, which would reduce the net proceeds available to MC Mining. We have therefore separately reflected those costs in our Sum-of-Parts valuation.

Based on our discussions with MC Mining and our experience with project financing arrangements for mining companies, we have assumed an upfront financing fee equivalent of between 1% to 2% of the notional facility amount. When applied to the assumed debt facility of US$14.9 million, this results in estimated upfront financing costs of between US$0.15 million and US$0.29 million.

We estimated the interest expense that would arise over the assumed term of the notional debt funding, net of the associated tax benefit, and discounted the resulting after-tax financing costs to present value. Having regard to the purpose of the notional funding adjustment and the magnitude of the resulting financing costs relative to our overall valuation, we determined that separately presenting these calculations would not provide additional information material to Shareholders' assessment of the Proposed Transactions. In particular, incorporating the estimated financing costs would not have a material effect on our valuation or conclusion. Accordingly, for the purposes of the notional funding adjustment, we have assumed that the debt proceeds and the corresponding debt obligation have an offsetting impact on net asset value and have not separately adjusted for ongoing interest or other financing costs.

10.2.4. MC Mining shares on issue prior to the Proposed Transactions

As detailed in Section 5.9, the number of MC Mining shares on issue is 844,925,202, which we have adopted in our Sum-of-Parts valuation.

10.3 QMP valuation

To provide a cross-check to the valuations of an MC Mining share prior to the Proposed Transactions in Sections 10.1 and 10.2, we have also assessed the QMP of a MC Mining share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.43 suggests that when considering the value of a company's shares for the purposes of a control transaction/approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- Control over decision making and strategic direction.
- Access to underlying cash flows.
- Control over dividend policies.
- Access to potential tax losses.

Whilst Kinetic will not be obtaining 100% of MC Mining, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. The expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the QMP of an MC Mining share including a premium for control has been prepared in two parts. The first part is to calculate the QMP of an MC Mining share on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a QMP value that includes a premium for control.

Minority interest value

Our analysis of the QMP of an MC Mining share is based on the pricing prior to the announcement of the Proposed Transactions. This is because the market pricing following the announcement of the Proposed Transactions may include the effects of any change in value resulting from the Proposed Transactions. However, we have considered the value of an MC Mining share following the announcement of the Proposed Transactions when we have considered reasonableness in Section 13.

Information on the Proposed Transactions was first announced to the market on 11 June 2026 in relation to the Kinetic Promissory Notes. The Share Subscription was subsequently announced to the market on 13 August 2026. Therefore, we have assessed the QMP of an MC Mining share over the 12-month period to 10 June 2026, being the last trading day prior to the announcement of the Kinetic Promissory Notes. The following chart provides a summary of the closing share price movements and trading volume of MC Mining shares over this period.



Source: S&P Capital IQ and BDO analysis

The closing price of a MC Mining share over the period from 10 June 2025 to 10 June 2026 ranged from a low of $0.086 on 3 July 2025, to a high of $0.360 on 7 April 2026. The largest day of single trading over the assessed period was 25 February 2026, when 790,242 shares were traded.

To provide further analysis of the QMP of an MC Mining share, we have also considered the volume-weighted average price (**'VWAP'**) for 10-, 30-, 60- and 90-day periods to 10 June 2026.

Share price per unit	10-Jun-2026	10 days	30 days	60 days	90 days
Closing price	$0.295				
VWAP		$0.298	$0.297	$0.278	$0.258

Source: S&P Capital IQ and BDO analysis

The above VWAPs are prior to the date of the announcement of the Proposed Transactions, to avoid the influence of any changes in the price of an MC Mining share that have occurred since the Proposed Transactions were announced.

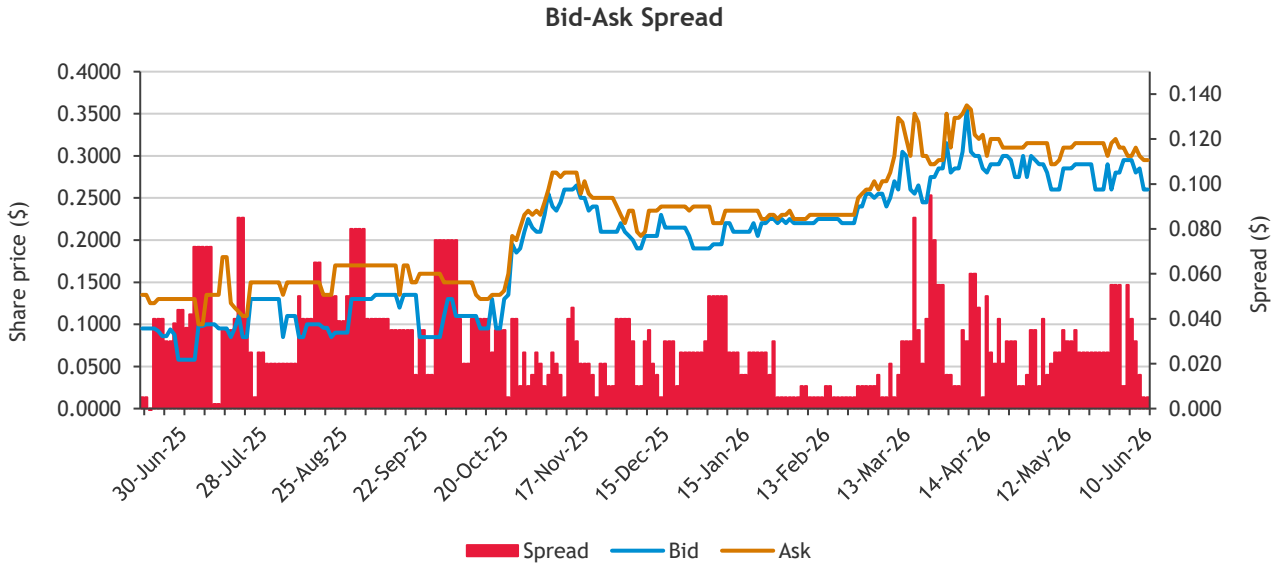
An analysis of the volume of trading in MC Mining shares over the 180-trading day period to 10 June 2026 is set out below:

Trading days	Closing Share price low	Closing Share price high	Cumulative volume traded	As a % of issued capital
1 day	$0.295	$0.295	-	0.00%
10 days	$0.295	$0.310	312,711	0.04%
30 days	$0.280	$0.315	836,816	0.10%
60 days	$0.255	$0.360	2,317,512	0.29%
90 days	$0.220	$0.360	4,954,766	0.63%
180 days	$0.110	$0.360	9,187,466	1.24%

Source: S&P Capital IQ and BDO analysis

The above analysis indicates that MC Mining's shares display a low level of liquidity, with 1.24% of the Company's issued capital being traded over the assessed 180 trading day period. In addition, of the 53 weeks in which our analysis is based on, there were no weeks in which more than 1% of the Company's securities had been traded. RG 111.86 states that for the QMP methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale.

Additionally, we have considered the bid-ask spread of MC Mining shares for the twelve-month period prior to the announcement of the Proposed Transactions, which is outlined in the graph below.



Source: S&P Capital IQ and BDO analysis

We calculated the average spread over the period from 10 June 2025 to 10 June 2026 to be $0.031, which equates to approximately 14.77% of the prevailing share price over that period.

We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities.
- Approximately 1% of a company's securities are traded on a weekly basis.
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company.
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

We note that the observed level of liquidity is influenced by MC Mining's relatively limited free float. As at the date of our Report, substantial shareholders holding 5% or more of the Company's issued capital collectively held approximately 83.06% of the Company's shares. Accordingly, only approximately 16.94% of the Company's issued shares comprised free float and were more readily available for trading by other shareholders.

When assessed against this free float, the 9.19 million shares traded during the assessed 180-trading day period represented approximately 6.42% of the shares more readily available for trading. This provides a

more relevant measure of the trading activity accessible to minority shareholders than a comparison with the Company's total issued capital given the existence of the Company's substantial shareholders. Notwithstanding the above, we consider MC Mining's shares to exhibit a relatively low level of liquidity compared with securities that would typically be regarded as trading in a liquid and active market.

Notwithstanding the low levels of liquidity, our assessment is that a range of values for a MC Mining share based on recent market pricing is between $0.260 and $0.300.

QMP including control premium

Based on our analysis in Appendix 3, we consider an appropriate premium for control to be in the range of 25% to 35%. Applying a control premium to MC Mining's QMP results in the following QMP including a premium for control:

QMP valuation of an MC Mining share	Low A$	High A$
QMP	0.260	0.300
Control premium (Appendix 3)	25%	35%
QMP valuation including a premium for control	**0.325**	**0.405**

Source: BDO analysis

Therefore, our valuation of an MC Mining share based on the QMP methodology and including a premium for control is between A$0.325 and A$0.405, with our preferred QMP value of a MC Mining share being a rounded midpoint value of A$0.365. We have selected a midpoint of this range as our preferred value, as there are no specific factors that would warrant selecting a value at either the lower or upper end of the assessed range.

10.4 Assessment of the value of an MC Mining share prior to the Proposed Transactions

The results of the valuations performed are summarised in the table below:

Value of an MC Mining share prior to the Proposed Transactions	Ref.	Low	Preferred	High
		A$	A$	A$
Primary Sum-of-Parts (controlling interest basis)	10.1	0.073	0.137	0.202
Secondary Sum-of-Parts (controlling interest basis)	10.2	0.081	0.125	0.169
QMP (controlling interest basis)	10.3	0.325	0.365	0.405

Source: BDO analysis

We consider the Primary Sum-of-Parts valuation to be the most appropriate methodology for assessing the value of an MC Mining share prior to the Proposed Transactions.

The core value of MC Mining lies in its interests in its mineral assets, with Makhado representing its flagship asset. Under our Primary Sum-of-Parts valuation, we have assessed MC Mining's interest in Makhado using the DCF methodology, based on the Adjusted Model. Our DCF valuation incorporates the technical recommendations of SRK and our assessment of relevant economic assumptions. The Company's other mineral assets and the residual resources and exploration potential not included in the DCF valuation of Makhado have been assessed having reliance on the independent valuations prepared by SRK, in accordance with the VALMIN Code and JORC Code.

Given that Makhado is MC Mining's principal asset and is expected to generate future operating cash flows, we consider the DCF-based approach to provide the most appropriate primary basis for our assessment. This approach reflects the present value of the future cash flows forecast to be generated from Makhado under the Adjusted Model, with the present value of corporate costs separately taken into account in our Primary Sum-of-Parts valuation.

We have also considered the Secondary Sum-of-Parts valuation, which assesses MC Mining's mineral assets using market-based valuation methodologies, having reliance on the independent valuations prepared by SRK. We consider this approach to provide a relevant secondary cross-check to our Primary Sum-of-Parts valuation. However, we have placed greater reliance on the DCF-based approach in determining our preferred valuation range.

We have also considered the QMP methodology. While the QMP approach provides an observable market indication of the value of an MC Mining share, we do not consider it appropriate to place primary reliance on this methodology given the low level of liquidity in MC Mining's shares. Our analysis indicates that only 1.24% of the Company's issued capital was traded over the assessed 180-trading-day period, and that the Company's shares do not exhibit the characteristics that we would typically associate with a liquid and active market

Accordingly, we consider the Primary Sum-of-Parts valuation, incorporating the DCF valuation of MC Mining's interest in Makhado, to provide the most appropriate basis for assessing the value of an MC Mining share prior to the Proposed Transactions.

Based on the results above we consider the value of a MC Mining share to be between A$0.073 and A$0.202, with a preferred value of A$0.137.

11. Valuation of MC Mining following the Proposed Transactions

11.1 Primary Sum-of-Parts Valuation

Under our Primary Sum-of-Parts methodology, we have estimated the fair market value of an MC Mining share following the Proposed Transactions (on a minority interest basis), by aggregating the estimated fair market values of the underlying assets and liabilities, having consideration to the following:

- The value of MC Mining's interest in Makhado, applying the DCF methodology.
- The value of MC Mining's interests in Uitkomst, Vele, and the GSP, and any residual resources and exploration potential not included in the DCF valuation of Makhado, having reliance on the valuations performed by SRK.
- The value of MC Mining's other assets and liabilities not included in the other components of the Sum-of-Parts valuation, using the NAV methodology.
- The present value of MC Mining's expected corporate costs, applying the DCF methodology.
- The issue of the Kinetic Conversion Shares, Bridge Loan Shares, and Subscription Shares, the receipt of the Subscription Amount, and the corresponding extinguishment of the associated liabilities associated with the Kinetic Promissory Notes and the Bridge Loan.

Our Primary Sum-of-Parts Valuation of an MC Mining share following the Proposed Transactions (on a minority interest basis) is set out below:

Primary Sum-of-Parts valuation of an MC Mining share following the Proposed Transactions	Ref.	Low ZAR m	Preferred ZAR m	High ZAR m
Value of MC Mining's interest in Makhado	10.1.1	1,305.0	1,728.7	2,142.4
Value of MC Mining's interest in Uitkomst	10.1.2	34.8	43.5	52.3
Value of MC Mining's interest in Vele	10.1.3	487.3	609.1	730.9
Value of MC Mining's interest in the GSP	10.1.4	364.2	468.0	572.0
Value of other assets and liabilities	11.1.1	(500.9)	(500.9)	(500.9)
Present value of MC Mining's corporate overhead costs	10.1.7	(954.0)	(873.0)	(793.0)
Total value of MC Mining following the Proposed Transactions (control) (ZAR m)		**736**	**1,475**	**2,204**
MC Mining shares on issue following the Proposed Transactions	11.1.2	953,712,192	953,712,192	953,712,192
Value per MC Mining share following the Proposed Transactions (control) (ZAR/share)		**0.772**	**1.547**	**2.311**
Minority interest discount	11.1.3	26%	23%	20%
Value per MC Mining share following the Proposed Transactions (minority) (ZAR/share)		**0.571**	**1.191**	**1.849**
ZAR/AUD exchange rate assumed		0.087	0.087	0.087
Value per MC Mining share following the Proposed Transactions (minority) (A$/share)		**0.050**	**0.104**	**0.161**

Source: BDO analysis

Based on the above, we have assessed the value of an MC Mining share (on a minority interest basis) following the Proposed Transactions to be in the range of A$0.050 to A$0.161, with a preferred value of A$0.104.

11.1.1. Value of MC Mining's other assets and liabilities

The other assets and liabilities of MC Mining represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with management of MC Mining and our analysis of the other assets and liabilities outlined in the table below, we do not consider there to be a material difference between book value and fair value, unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

Value of other assets and liabilities	Note	Audited as at 30-Jun-26 US$'000	Adjusted US$'000
CURRENT ASSETS			
Inventories		105	105
Trade and other receivables		1,594	1,594
Other financial assets		38	38
Cash and cash equivalents	a)	2,904	10,205
TOTAL CURRENT ASSETS		**4,641**	**11,942**
NON-CURRENT ASSETS			
Property, plant and equipment	b)	137,706	727
Right-of-use assets		858	858
Development assets	c)	29,546	-
Exploration and evaluation assets	d)	24,488	-
Intangible assets		466	466
Other financial assets		3,449	3,449
Restricted cash		26	26
TOTAL NON-CURRENT ASSETS		**196,539**	**5,526**
TOTAL ASSETS		**201,180**	**17,468**
CURRENT LIABILITIES			
Provisions		147	147
Trade and other payables	e)	14,165	14,165
Current tax liabilities		284	284
Lease liabilities		326	326
Borrowings	f)	38,627	23,715
Bank overdraft		837	837
TOTAL CURRENT LIABILITIES		**54,386**	**39,474**
NON-CURRENT LIABILITIES			
Provisions	g)	26,322	5,168
Deferred tax liability		1,166	1,166
Lease liabilities		645	645

Value of other assets and liabilities	Note	Audited as at 30-Jun-26	Adjusted
		US$'000	US$'000
Borrowings		8	8
TOTAL NON-CURRENT LIABILITIES		**28,141**	**6,987**
TOTAL LIABILITIES		**82,527**	**46,461**
NET ASSETS (US$'000)		**118,653**	**(28,993)**
NCI adjustment	h)	(2,064)	(2,064)
NET ASSETS (US$'000) adjusted for NCI		**116,589**	**(31,057)**
USD/ZAR exchange rate assumed	i)		16.13
NET ASSETS (ZAR'000)			**(500,919)**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

We note the following in relation to the above valuation of MC Mining's other assets and liabilities, following the Proposed Transactions:

Note a) Cash and cash equivalents

We have adjusted the book value of cash and cash equivalents of US$2.90 million as at 30 June 2026 to reflect the cash spent from 30 June 2026 to 30 September 2026, the proceeds from the drawdown of the remaining Kinetic Promissory Notes post 30 June 2026, the cash to be received upon receipt of the Subscription Amount, and the payment of interest accrued on the Bridge Loan at maturity. We note the interest accrued on the Kinetic Promissory Notes is paid for through the issuance of the Kinetic Conversion Shares (detailed in Section 4) and therefore has no cash impact.

In determining the relevant interest outstanding under both the Kinetic Promissory Notes and the Bridge Loan at their respective maturity dates, we have applied an interest rate of 9.21% per annum, based on the RBA medium business loan rate of 6.21% per annum as at 31 August 2026 plus a margin rate of 3.00% per annum under the respective agreements.

These adjustments are summarised in the table below.

Adjusted cash and cash equivalents	US$'000
Audited cash and cash equivalents as at 30 June 2026	2,904
Cash spent between 30 June 2026 and 30 September 2026	(2,763)
Add: Cash raised from drawdown of remaining Kinetic Promissory Notes post 30 June 2026	2,250
Add: Cash received from receipt of the Subscription Amount	8,000
Less: Cash paid to repay Bridge Loan interest	(186)
Adjusted cash and cash equivalents	**10,205**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

Note b) Property, plant and equipment

We have adjusted the book value of property, plant and equipment of US$137.71 million as at 30 June 2026 to exclude land and buildings, mining assets, mining rights and construction in progress, as these balances relate to mining assets that have been valued separately as detailed in Sections 10.1.1 to 10.1.4.

Note c) Development assets

We have adjusted the book value of development assets of US$29.55 million as at 30 June 2026 to nil, as it is reflected in our DCF valuation of MC Mining's interest in Makhado in Section 10.1.1.

Note d) Exploration and evaluation assets

We have adjusted the book value of exploration and evaluation assets of US$24.48 million as at 30 June 2026 to nil, as it is reflected in the valuation of MC Mining's interest in Uitkomst, Vele and the GSP, which have been valued separately by SRK as detailed in Sections 10.1.2 to 10.1.4.

Note e) Borrowings (current)

We have adjusted the book value of current borrowings of US$38.63 million as at 30 June 2026 for the assumed removal of the liabilities associated with the Kinetic Promissory Notes and the Bridge Loan. For the purposes of these adjustments, the liabilities have been measured at their expected carrying values at the respective maturity dates, including interest expected to accrue to those dates.

These adjustments are summarised in the table below.

Adjusted current borrowings	US$'000
Audited current borrowings as at 30 June 2026	38,627
Extinguishment of Bridge Loan	(8,186)
Extinguishment of Kinetic Promissory Notes	(6,726)
Adjusted current borrowings	**23,715**

Source: MC Mining's audited financial statements for the year ended 30 June 2026 and BDO analysis

Note f) Provisions (non-current)

We have adjusted non-current provisions of US$26.32 million as at 30 June 2026 to exclude rehabilitation provisions of US$21.16 million, as mine site rehabilitation costs are reflected in our DCF valuation of MC Mining's interest in Makhado in Section 10.1.1 and in SRK's market-based valuations in Sections 10.1.2 to 10.1.4, as detailed in the ISR found in Appendix 5.

Note g) Non-controlling interest

MC Mining has NCI's in various subsidiaries that it does not wholly own as at 30 June 2026. As such, the audited position of MC Mining's net assets at 30 June 2026 reflects a 100% interest in the controlled entities. Therefore, we have adjusted for the NCI at the net asset level based on the Company's audited NCI adjustment of US$2.06 million at 30 June 2026.

We note that a portion of the audited NCI balance may relate to assets or liabilities that have been assigned a nil value elsewhere in our valuation adjustments, resulting in a degree of overlap. However, we do not consider any such overlap to have a material effect on our valuation or conclusion.

Note h) USD/ZAR exchange rate assumed

We have converted MC Mining's adjusted net assets balance using the 30-day average of the USD/ZAR exchange rate as at 29 September 2026 of 16.13 (sourced from S&P Capital IQ).

11.1.2. MC Mining shares on issue following the Proposed Transactions

As detailed Section 4, the number of MC Mining shares on issue following the Proposed Transactions will be 953,712,192 which we have adopted in our Sum-of-Parts valuation.

11.1.3. Minority interest discount

As outlined in Section 9 of our Report, in assessing fairness we have compared the value of an MC Mining share prior to the Proposed Transactions on a controlling interest basis to the value of an MC Mining share following the Proposed Transactions on a minority interest basis, in accordance with RG 111.

The value of an MC Mining share following the Proposed Transactions derived under the Sum-of-Parts approach is reflective of a controlling interest. Therefore, we have adjusted our valuation of an MC Mining share following the Proposed Transactions to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula 1-(1/(1 + control premium)).

Based on our analysis in Appendix 3, we consider an appropriate control premium to be in the range of 25% to 35%, which gives rise to a rounded minority interest discount in the range of 20% to 26%.

11.2 Secondary Sum-of-Parts valuation

Under our Secondary Sum-of-Parts methodology, we have estimated the fair market value of an MC Mining share following the Proposed Transactions (on a minority interest basis), by aggregating the estimated fair market values of the underlying assets and liabilities, having consideration to the following:

- The value of MC Mining's mineral assets as per our Secondary Sum-of-Parts valuation of MC Mining prior to the Proposed Transactions (Section 10.2), using a market-based approach, having reliance on the valuations performed by SRK, as these values are unchanged.
- The value of MC Mining's other assets and liabilities not included in the other components of the Sum-of-Parts valuation, using the NAV methodology.
- The issue of the Kinetic Conversion Shares, Bridge Loan Shares, and Subscription Shares, the receipt of the Subscription Amount, and the corresponding extinguishment of the associated liabilities associated with the Kinetic Promissory Notes and the Bridge Loan.
- The application of a minority interest discount.

The summary of our Secondary Sum-of-Parts valuation is set out in the table below:

Secondary Sum-of-Parts valuation of an MC Mining share following the Proposed Transactions	Ref.	Low	Preferred	High
		ZAR m	ZAR m	ZAR m
Value of MC Mining's interest in Makhado	10.2.1	768.3	960.4	1,152.4
Value of MC Mining's interest in Uitkomst	10.1.2	34.8	43.5	52.3
Value of MC Mining's interest in Vele	10.1.3	487.3	609.1	730.9
Value of MC Mining's interest in the GSP	10.1.4	364.2	468.0	572.0
Value of other assets and liabilities	11.1.1	(500.9)	(500.9)	(500.9)
Total value of MC Mining following the Proposed Transactions (control) (ZAR m)		**1,154**	**1,580**	**2,007**
MC Mining shares on issue following the Proposed Transactions	11.1.2	953,712,192	953,712,192	953,712,192
Value per MC Mining share following the Proposed Transactions (control) (ZAR/share)		**1.210**	**1.657**	**2.104**
Minority interest discount	11.1.3	26%	23%	20%
Value per MC Mining share following the Proposed Transactions (minority) (ZAR/share)		**0.895**	**1.276**	**1.683**
ZAR/AUD exchange rate assumed		0.087	0.087	0.087
Value per MC Mining share following the Proposed Transactions (minority) (A$/share)		**0.078**	**0.111**	**0.146**

Source: BDO analysis

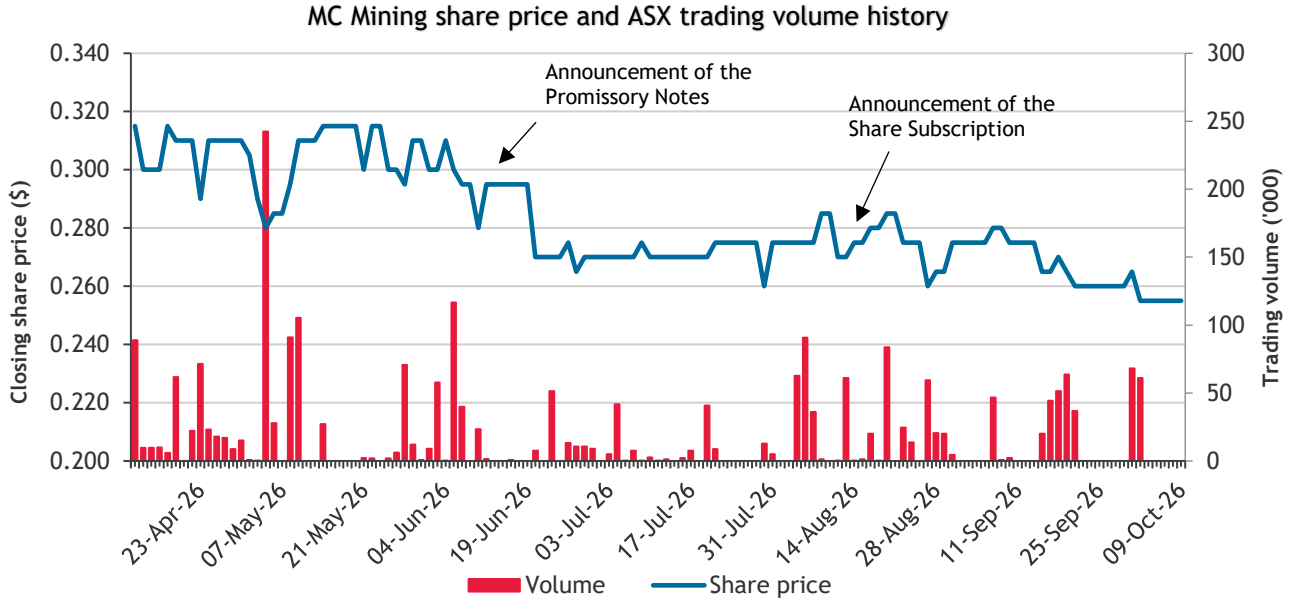
Based on the above, we have assessed the value of an MC Mining share (on a minority interest basis) following the Proposed Transactions to be in the range of A$0.078 to A$0.146, with a preferred value of A$0.111.

11.3 QMP valuation

To provide a comparison to the valuation of an MC Mining share following the Proposed Transactions in Section 11.1, we have also assessed the QMP of an MC Mining share utilising QMPs of MC Mining shares following the announcement of the Proposed Transactions.

The QMPs of MC Mining shares in the period following the announcement of the Proposed Transactions are considered to be an indicator of the value of an MC Mining share following the Proposed Transactions, because market participants are fully informed as to the terms of the Proposed Transactions, with the price of MC Mining shares reflecting the market's view of value.

We have analysed the movements of MC Mining's share price since the Proposed Transactions were announced. A graph of MC Mining's share price and trading volume leading up to and following the announcement of the Proposed Transactions is set out below.



Details regarding the Promissory Notes were announced 11 June 2026 and details regarding the Share Subscription were announced on 13 August 2026, meaning all information regarding the Proposed Transactions was public as of 13 August 2026. On the day following the announcement of the Share Subscription, the share price closed at $0.275, up $0.005 on the previous trading day. Following the announcement of the Proposed Transactions, the closing share price of MC Mining has fluctuated from a low of $0.255 on 9 October 2026, to a high of $0.285 on 21 August 2026.

To provide further analysis of the QMP of a MC Mining share, we have also considered the VWAP for the below periods following the announcement, from 14 August 2026 up to 9 October 2026.

Share price per unit	09-Oct-26	5 days	10 days	15 days	From announcement to 9-Oct-26
Closing price	$0.255				
VWAP		$0.255	$0.259	$0.260	$0.264

Source: S&P Capital IQ and BDO analysis

In accordance with the guidance in RG 111, we also consider it appropriate to assess the liquidity of MC Mining's shares before utilising the QMP methodology to value a MC Mining share following the Proposed

Transactions. An analysis of the volume of trading in MC Mining's shares over the period following the announcement of the Proposed Transactions, from 14 August 2026 up to 9 October 2026, is set out below.

Trading days	Closing share price low	Closing share price high	Cumulative volume traded	As a % of issued capital
1 day	$0.255	$0.255	-	-
5 days	$0.255	$0.255	-	-
10 days	$0.255	$0.265	129,000	0.02%
15 days	$0.255	$0.265	229,293	0.03%
30 days	$0.255	$0.280	418,972	0.05%
To 9 October 2026 (41 trading days)	$0.255	$0.285	641,955	0.08%

Source: S&P Capital IQ and BDO analysis

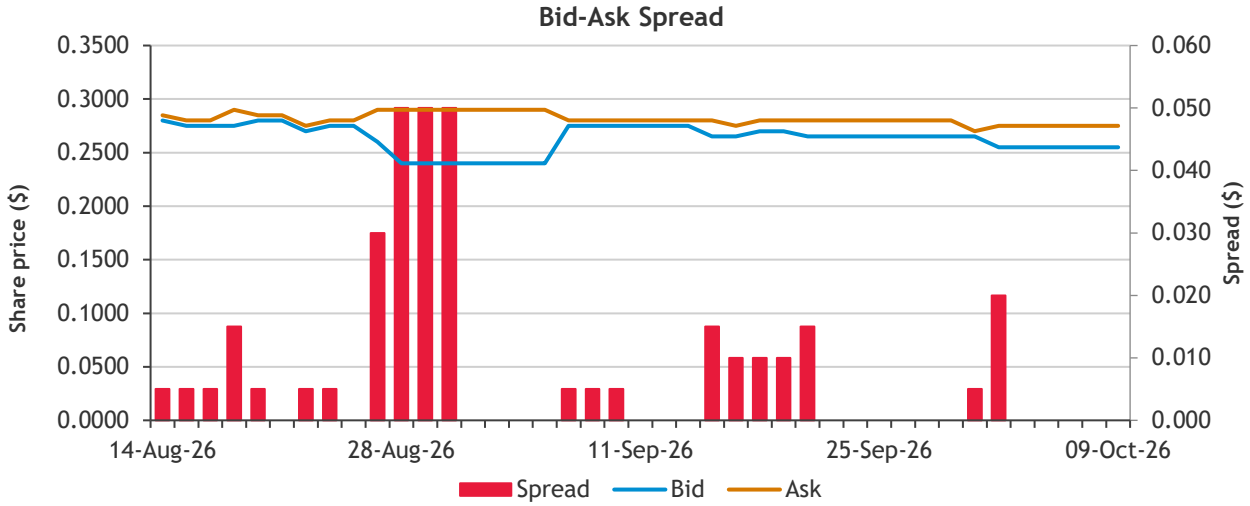
The table above indicates that MC Mining's shares display a low level of liquidity over the assessed period following the announcement of the Proposed Transactions, with 0.09% of MC Mining's current issued capital being traded over the assessed period following the announcement of the Proposed Transactions (41 trading days to 9 October 2026).

As detailed in our QMP valuation of an MC Mining share prior to the Proposed Transactions in Section 10.3, RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities.
- Approximately 1% of a company's securities are traded on a weekly basis.
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company.
- There are no significant but unexplained movements in share price.

Over the assessed period following the Proposed Transactions, we consider the market for MC Mining's shares to be neither liquid nor active, with less than 1% of the Company's issued capital being traded on a weekly basis over the assessed period. Furthermore, there were 19 trading days over the assessed 41-day period where there was no trading in MC Mining shares.

As an additional analysis, we have considered the bid-ask spread of MC Mining's shares for the 41-day trading period from 14 August 2026 to 9 October 2026, which is outlined in the graph below.



We have calculated the spread over the period to be $0.008, which equates to approximately 3.13% of the prevailing share price over that period.

Based on the above analysis and in line with our assessment of the QMP valuation of an MC Mining share prior to the Proposed Transactions in Section 10.3, we consider MC Mining's shares to exhibit a relatively low level of liquidity compared with securities that would typically be regarded as trading in a liquid and active market. Therefore, we do not consider it appropriate to utilise post-announcement pricing as an approach to valuing an MC Mining share following the Proposed Transactions.

Notwithstanding the low levels of liquidity, our assessment is that a range of values for a MC Mining share based on recent market pricing is between A$0.260 and A$0.280.

11.4 Assessment of the value of an MC Mining share following the Proposed Transactions

The results of the valuations performed are summarised in the table below:

Value of an MC Mining share following the Proposed Transactions	Ref.	Low	Preferred	High
		A$	A$	A$
Primary Sum-of-Parts (minority interest basis)	11.1	0.050	0.104	0.161
Secondary Sum-of-Parts (minority interest basis)	11.2	0.078	0.111	0.146
QMP (minority interest basis)	11.3	0.260	0.270	0.280

Source: BDO analysis

We consider the Primary Sum-of-Parts valuation, incorporating the DCF valuation of MC Mining's interest in Makhado, to be the most appropriate methodology for assessing the value of an MC Mining share following the Proposed Transactions. This is consistent with our assessment prior to the Proposed Transactions, detailed in Section 10.4.

We have also considered the Secondary Sum-of-Parts valuation, which assesses MC Mining's mineral assets using market-based valuation methodologies, having reliance on the independent valuations prepared by SRK. We consider this approach to provide a relevant secondary cross-check which supports our primary valuation approach, rather than the primary basis for determining our preferred valuation range.

We have also considered the QMP methodology. While the QMP approach provides an observable market indication of the value of an MC Mining share, we do not consider it appropriate to place primary reliance on this methodology given the low level of liquidity in MC Mining's shares. Our analysis indicates that only 0.09% of MC Mining's issued capital was traded over the assessed 41-trading day period following the announcement of the Proposed Transactions, and that the Company's shares do not exhibit the characteristics that we would typically associate with a liquid and active market.

Based on the results above we consider the value of a MC Mining share to be between A$0.050 and A$0.161, with a preferred value of A$0.104.

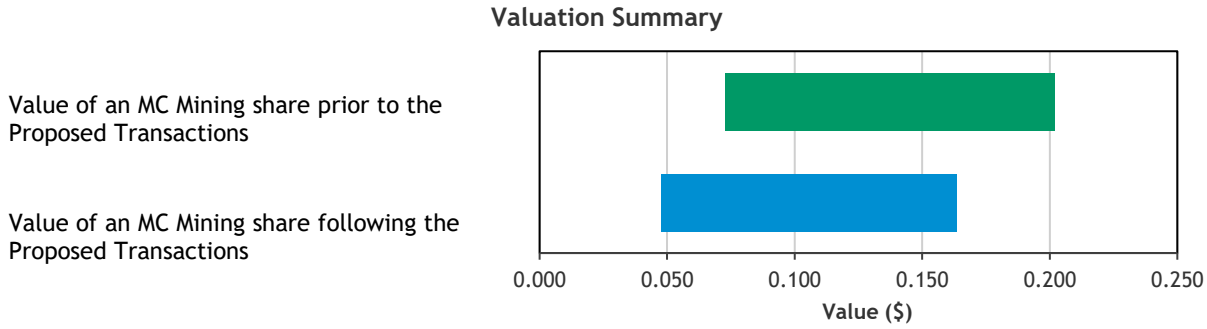
12. Are the Proposed Transactions fair?

The value of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis) and the value of an MC Mining share following the Proposed Transactions (on a minority interest basis) is compared below:

	Ref	Low A$	Preferred A$	High A$
Value of an MC Mining share prior to the Proposed Transactions (controlling interest basis)	10	0.073	0.137	0.202
Value of an MC Mining share following the Proposed Transactions (minority interest basis)	11	0.050	0.104	0.161

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that the Proposed Transactions are not fair for Shareholders. We consider the Proposed Transactions to be not fair because the low, preferred and high value of an MC Mining share following the Proposed Transactions (on a minority interest basis) is lower than the low, preferred and high value of an MC Mining share prior to the Proposed Transactions (on a controlling interest basis).

13. Are the Proposed Transactions reasonable?

We have considered the analysis below, in terms of the following:

- Advantages and disadvantages of the Proposed Transactions.
- Other considerations, including the position of Shareholders if the Proposed Transactions do not proceed and the consequences of not approving the Proposed Transactions.

In our opinion, the position of Shareholders if the Proposed Transactions are approved is more advantageous than the position if the Proposed Transactions are not approved.

After considering the reasonableness arguments on balance and assessing the relative value differentials as set out in our fairness assessment, we consider the strength and the quantum of the advantages of approving the Proposed Transactions to outweigh the disadvantages.

Accordingly, in the absence of any other relevant information and/or an alternate proposal we consider that the Proposed Transactions are reasonable for Shareholders.

13.1 Advantages of approving the Proposed Transactions

We have considered the following advantages in our assessment of whether the Proposed Transactions are reasonable.

Advantage	Description
The Proposed Transactions are expected to provide sufficient funding to support Makhado through to positive cumulative cash flow	As detailed in Section 4, the funding provided under the Kinetic Promissory Notes, the Bridge Loan and the Subscription Shares is expected to be sufficient to meet the Company's Total Funding Requirement during the period in which Makhado ramps up towards steady-state production and becomes cash flow positive on a cumulative basis. The Proposed Transactions will also enable the principal outstanding under the Bridge Loan to be discharged through the issue of shares and allow the amounts outstanding under the Kinetic Promissory Notes to be converted into equity, rather than requiring those amounts to be repaid in cash. In addition, the Company will receive a further US$8 million in cash under Tranche 2 of the Share Subscription, subject to the applicable conditions precedent. If the Proposed Transactions are not approved, the Company will not receive the US$8 million under Tranche 2 of the Share Subscription. The Company would therefore need to secure alternative funding to meet its forecast funding requirements during Makhado's ramp-up. Further, as detailed in Section 5 of our Report, the Company's auditor highlighted a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern in each of its audit reports for the years ended 30 June 2024, 30 June 2025 and 30 June 2026. Specifically, the Company's auditor outlined that the Company's ability to continue as a going concern is dependent on securing additional equity funding, generating positive cash flows from its existing operations and successfully advancing the development of its projects. If Shareholders approve the Proposed Transactions, this will allow the Company to continue as a going concern and meet its working capital requirements through to

Advantage	Description
	approximately April 2027. As detailed in Section 4 of our Report, the Company intends to use the proceeds raised from the Proposed Transactions for the following purposes: • Funding the general working capital requirements of the Company • Completing the remaining civil works at the Makhado coal handling and preparation plant • Continuing the development of Makhado's open-cut mining operations, including overburden stripping and associated mining contractor costs • Completing supporting infrastructure, including power and water supply infrastructure • Undertaking the commissioning and trial operations required for Makhado to transition to stable commercial production. We note that if Shareholders do not approve the Proposed Transactions, the Company will need to secure alternative funding to meet its funding requirements. There is no certainty that the required funding would be available when required or, if available, that it could be obtained in terms equally or more favourable to the Company relative to the proposed share issues under the Proposed Transactions. Therefore, the Proposed Transactions provide greater funding certainty during a critical stage of Makhado's ramp-up and reduce the risk that a funding shortfall could constrain the Company's ability to progress Makhado towards steady-state production and positive cumulative cash flow.
The Proposed Transactions preserve the Company's liquidity and reduces near-term financing risk	If the Proposed Transactions are approved, the principal outstanding under the Bridge Loan will be discharged by setting that amount off against Kinetic's corresponding subscription. Further, approval of the Kinetic Conversion Shares will enable the amounts outstanding under the Kinetic Promissory Notes to be converted into equity in accordance with their terms, rather than repaid in cash. The Proposed Transactions therefore allow the Company to satisfy these repayment obligations through the issue of shares, preserving cash that would otherwise be required for repayment. If the Proposed Transactions are not approved, the Company will be required to repay the Kinetic Promissory Notes and the Bridge Loan in cash, together with accrued interest. These obligations are expected to mature before Makhado becomes cash flow positive on a cumulative basis. Accordingly, the Company is not expected to have generated sufficient cumulative cash flows from Makhado to fund the repayments as they fall due and would need to undertake an alternative capital raising, refinance the obligations or secure another source of funding. There is no certainty that such funding would be available when required or, if available, that it could be obtained on terms equally or more favourable to the Company than the proposed share issues. Therefore, we consider the Proposed Transactions provide the Company with a practical mechanism to satisfy its near-term repayment obligations while conserving

<table>
<tr><th>Advantage</th><th>Description</th></tr>
<tr><td></td><td>cash, reducing refinancing risk and reducing dilution that may otherwise arise before Makhado is expected to become cash flow positive.</td></tr>
<tr><td>The additional dilution arising from Tranche 2 Share Subscription is conditional on the satisfactory progress of Makhado</td><td>Completion of Tranche 2 is conditional upon Makhado having commenced production and Kinetic being satisfied with the Company's operating performance and progress, the application of the Tranche 1 proceeds, and an updated business plan and cash flow forecast. If these conditions are satisfied, Kinetic will provide MC Mining with a further US$8.0 million in cash in consideration for the issue of the Tranche 2 Subscription Shares.

Accordingly, Shareholders will only experience the additional dilution associated with Tranche 2 if Makhado has commenced production and Kinetic is satisfied with the Company's operating performance. We consider this is advantageous to Shareholders because the additional dilution is conditional upon indicators that Makhado is progressing to Kinetic's satisfaction and will occur only in conjunction with the receipt of a further US$8 million of funding by the Company.</td></tr>
<tr><td>The conversion price under the Promissory Notes and the issue price under the Share Subscription Agreement is greater than our assessed valuation range of an MC Mining share</td><td>The conversion price under the Promissory Notes agreement and the issue price under the Share Subscription Agreement is US$0.2089 (A$0.297 using a USD/AUD conversion rate of 1.42). This share price is greater than our assessed high value of an MC Mining share prior to the Proposed Transactions on a controlling interest basis and is also greater than the Goldway Takeover price of $0.16 per MC Mining share offered in April 2024. This demonstrates that Kinetic is subscribing for, or may convert its notes into, shares in MC Mining at a price greater than our assessed underlying value of MC Mining and greater than the share price offered under a previous takeover offer. Therefore, the Proposed Transactions are value accretive to Shareholders when compared to the historical takeover offer and our assessed valuation of an MC Mining share. These premiums are quantified in the following table:
<table>
<tr><th rowspan="2">Conversion price / issue price premium</th><th colspan="2">Premium</th></tr>
<tr><th>A$</th><th>%</th></tr>
<tr><td>Conversion price under the Promissory Notes and the issue price under the Share Subscription Agreement</td><td>0.297</td><td>-</td></tr>
<tr><td>Goldway Takeover price per MC Mining share</td><td>0.160</td><td>85.40%</td></tr>
<tr><td>Assessed high value of an MC Mining share prior to the Proposed Transactions (controlling interest basis)</td><td>0.202</td><td>46.85%</td></tr>
</table>
</td></tr>
</table>

13.2 Disadvantages of approving the Proposed Transactions

We have considered the following disadvantages in our assessment of whether the Proposed Transactions are reasonable.

Disadvantage	Description
Shareholders' interest in the Company and exposure to MC Mining's mineral assets will be diluted following the Proposed Transactions	If Shareholders approve the Proposed Transactions, Kinetic's interest in the Company will increase from 51.0% to a maximum of 56.59%. As a result Shareholders' interests in the Company will be diluted from 49.0% to a 43.41% interest following the Proposed Transaction. Therefore, Shareholders' exposure to any potential future upside in the value of MC Mining's mineral assets will be reduced as a result of the Proposed Transactions.

13.3 Alternative proposal

We are unaware of any alternative proposal that might offer the Shareholders of MC Mining a premium over the value resulting from the Proposed Transactions. Management of MC Mining have assessed alternative funding options and consider the Proposed Transactions to be the most beneficial to the Company and its shareholders.

13.4 Practical level of control

If the Proposed Transactions are approved, Kinetic's interest in MC Mining will increase from 51.0% to a maximum of 56.59%.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter.

Kinetic's existing 51% interest already gives it the practical ability to pass or block general resolutions, provided it is entitled to vote and votes its entire shareholding. Kinetic is also able to block special resolutions from being passed, but cannot pass a special resolution without the support of other shareholders. Following completion of the Proposed Transactions, Kinetic's maximum interest of 56.59% will remain above 50% but below 75%. Accordingly, while the Proposed Transactions will increase Kinetic's equity interest and voting power in MC Mining, they will not change its practical ability to influence the outcome of ordinary and special resolutions.

13.5 Consequences of not approving the Proposed Transactions

Liquidity, refinancing and going-concern risk

As outlined in Section 5 of our Report, the Company's auditor identified a material uncertainty that may cast significant doubt on MC Mining's ability to continue as a going concern in each of its audit reports for the years ended 30 June 2024, 30 June 2025 and 30 June 2026. Specifically, the Company's auditor noted that the Company's ability to continue as a going concern is dependent on, among other matters, securing additional equity funding, generating positive cash flows from its existing operations and successfully advancing the development of its projects.

If Shareholders do not approve the Proposed Transactions, the Company will be required to repay the relevant outstanding amounts under the Kinetic Promissory Notes and the Bridge Loan in cash, and will not

receive the additional US$8.0 million of funding available under Tranche 2 of the Share Subscription. By contrast, if the Proposed Transactions are approved, the relevant obligations under the Kinetic Promissory Notes and the Bridge Loan may be satisfied through the issue of shares, avoiding the corresponding cash outflow by the Company.

Given MC Mining's available cash balance of US$2.90 million as at 30 June 2026, the Company does not presently have sufficient available cash to repay these obligations in full. MC Mining would therefore need to obtain alternative funding or negotiate revised repayment arrangements with Kinetic while continuing to fund its working capital and project development requirements.

The Kinetic Promissory Notes are due for repayment approximately 12 months from the date of this Report and the Bridge Loan is due for repayment approximately three months from the date of this Report. If Shareholder approval is not obtained, the proximity of these repayment dates may provide the Company with a limited period in which to secure replacement funding or agree revised terms with Kinetic. There is no certainty that alternative funding or revised repayment arrangements would be available in the amount or within the timeframe required or, if available, that they could be obtained on terms equally or more favourable to the Company and its Shareholders.

Alternative debt funding could increase the Company's financing costs, repayment obligations and financial risk, while an alternative equity raising could result in further dilution to Shareholders. The need to direct available cash towards the repayment of existing obligations could also constrain MC Mining's financial flexibility and its ability to fund its ongoing operations and advance the development and ramp-up of Makhado.

Accordingly, if the Proposed Transactions are not approved and MC Mining is unable to secure sufficient alternative funding or revised repayment arrangements when required, the Company may be unable to meet its financial obligations or fund its ongoing working capital and project development requirements. This would increase MC Mining's liquidity and refinancing risk and further increase the uncertainty regarding its ability to continue as a going concern. If this was to occur and the Company's projects needed to be sold in a forced sale then the values we have attributed to the Company's projects in this IER may not be achieved.

Shareholders will retain their existing collective ownership of the Company

If Shareholders do not approve the Proposed Transactions, then the Company will not issue the Kinetic Conversion Shares, the Bridge Loan Shares, or the Subscription Shares. Therefore, Shareholders will retain their existing 49.00% ownership of the Company and will not experience any dilution under the Proposed Transactions.

14. Sources of information

This report has been based on the following information:

- Draft Notice of Meeting on or about the date of this report
- Audited financial statements of MC Mining for the years ended 30 June 2024, 30 June 2025 and 30 June 2026
- Reviewed financial statements of MC Mining for the half-year ended 31 December 2025
- Consolidation workings of MC Mining for 30 June 2026
- Unaudited financial statements of Kinetic for the half-year ended 30 June 2026
- The Makhado Model, provided by MC Mining
- Independent Specialist Report of MC Mining's mineral assets performed by SRK
- Reserve Bank of Australia
- South African Reserve Bank
- IBISWorld
- S&P Capital IQ
- Consensus Economics
- Trading Economics
- World Bank
- IMF
- Reuters
- International Energy Agency
- Mining Technology Africa
- Share registry information of MC Mining
- Announcements made by MC Mining and Kinetic available through the ASX and HKEX
- Information in the public domain
- Discussions with Directors and Management of MC Mining.

15. Independence

BDO Corporate Finance Australia Pty Ltd is entitled to receive a fee of up to $80,000 (excluding GST and reimbursement of out-of-pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance Australia Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance Australia Pty Ltd has been indemnified by MC Mining in respect of any claim arising from BDO Corporate Finance Australia Pty Ltd's reliance on information provided by MC Mining, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance Australia Pty Ltd has considered its independence with respect to MC Mining, Kinetic, and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance Australia Pty Ltd's opinion it is independent of MC Mining, Kinetic and any of their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 – Professional Independence. The services provided have no material impact on the financial report of MC Mining.

A draft of this report was provided to MC Mining and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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BDO Corporate Finance Australia Pty Ltd is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms.

16. Qualifications

BDO Corporate Finance Australia Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance Australia Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Ashton Lombardo of BDO Corporate Finance Australia Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales, a Fellow of Chartered Accountants Australia & New Zealand and a Fellow of the Australasian Institute of Mining & Metallurgy (AusIMM). He has almost 40 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 850 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Natural Resources & Energy Leader for BDO and a former Chairman of BDO in Western Australia.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants, is a CA BV Specialist and is member of the committee established to develop and maintain the VALMIN Code. Ashton has over

15 years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

17. Disclaimers and consents

This report has been prepared at the request of MC Mining for inclusion in the Notice of Meeting which will be sent to all MC Mining shareholders. MC Mining engaged BDO Corporate Finance Australia Pty Ltd to prepare an independent expert's report to consider whether the Proposed Transactions are fair and reasonable to Shareholders.

BDO Corporate Finance Australia Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement, or letter without the prior written consent of BDO Corporate Finance Australia Pty Ltd.

BDO Corporate Finance Australia Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance Australia Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Kinetic. BDO Corporate Finance Australia Pty Ltd provides no warranty as to the adequacy, effectiveness, or completeness of the due diligence process.

The opinion of BDO Corporate Finance Australia Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance Australia Pty Ltd by MC Mining and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance Australia Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transactions, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the shareholders of MC Mining, or any other party.

BDO Corporate Finance Australia Pty Ltd has also considered and relied upon independent valuations for mineral assets held by MC Mining. The valuer engaged for the mineral asset valuation, SRK possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance Australia Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and the date of the Notice of Meeting.

Yours faithfully

BDO CORPORATE FINANCE AUSTRALIA PTY LTD



Sherif Andrawes
Director



Ashton Lombardo
Director

Appendix 1 – Glossary of Terms

Reference	Definition
/t	Per tonne
A$	Australian dollars
Adjusted Model	The Company's Makhado forecast cash flow model adjusted for SRK's recommendations on technical project assumptions and BDO's assessed economic assumptions
Afriforesight	Afriforesight (Pty) Ltd, a commodity-market research and forecasting provider
AIM	Alternative Investment Market, the market operated by the London Stock Exchange on which MC Mining's ordinary shares were formerly traded
ANC	African National Congress, a South African political party
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225, Valuation Services
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Baobab	Baobab Mining and Exploration Pty Ltd, the entity through which MC Mining holds Makhado
BDO	BDO Corporate Finance Australia Pty Ltd, the independent expert preparing the Report
BEE	Black Economic Empowerment
BFS	Bankable Feasibility Study
Bridge Loan	The unsecured, interest-bearing US$8 million loan provided by Kinetic to MC Mining for a three-month term ahead of shareholder approval of the relevant share issues.
Bridge Loan Agreement	The agreement entered into by MC Mining and Kinetic on 13 August 2026 governing the Bridge Loan
Bridge Loan Amount	The US$8 million principal amount outstanding under the Bridge Loan that is to be set off against Kinetic's obligation to pay the first tranche of the Share Subscription
Bridge Loan Interest Rate	The floating annual interest rate on the Bridge Loan, equal to the RBA's publicly quoted outstanding business loan rate for medium-sized businesses plus 3.0%, compounded monthly.
Bridge Loan Shares	The new MC Mining ordinary shares to be issued to Kinetic in satisfaction of the Bridge Loan Amount at completion of Tranche 1.
CAPM	Capital Asset Pricing Model
CHPP	Coal Handling and Preparation Plant at Makhado
Company	MC Mining Limited
Corporations Act	*Corporations Act 2001* (Cth).
CPP	Coal Processing Plant at the Vele Colliery.

Reference	Definition
DA	Democratic Alliance of South Africa
DCF	Discounted Cash Flow
Dendocept	Dendocept Pty Ltd
Dendocept Facility	The unsecured loan facility of up to ZAR20 million entered into by MC Mining with Dendocept on 28 June 2024
DFS	Definitive Feasibility Study
DMRE	Department of Mineral Resources & Energy South Africa
Eagle Canyon	Eagle Canyon International Group Holding (Hong Kong) Limited
Eagle Canyon Facility	The unsecured loan facility of up to A$1.0 million entered into by MC Mining with Eagle Canyon in July 2024
EBIT	Earnings Before Interest and Tax
Enprotec CHPP Financing	The vendor financing provided by Environmental and Process Technologies (Pty) Ltd for construction of the Makhado CHPP
FME	Future maintainable earnings
FY23	Financial year ended 30 June 2023
FY24	Financial year ended 30 June 2024
FY25	Financial year ended 30 June 2025
FY26	Financial year ended 30 June 2026
GDP	Gross Domestic Product
Goldway	Goldway Capital Investment Limited
Goldway Takeover	The off-market takeover offer for MC Mining made by Goldway between 2 February 2024 and 22 April 2024.
GSP	Greater Soutpansberg Project
HCC Hay Point	The hard coking coal price benchmark for coal exported through Hay Point
HKSE	Hong Kong Stock Exchange
HOS	Hlalethembeni Outsourcing Services (Pty) Ltd
HOS Mining Agreement	The exclusive five-year contract mining agreement under which HOS was responsible for recommissioning, upgrading and operating Vele's CPP and arranging mining and processing activities
HY26	Half-year ended 31 December 2025

Reference	Definition
IDC	Industrial Development Corporation of South Africa Ltd
IDC Loan	The debt facility provided by the IDC to Baobab to support the development of Makhado, subsequently subject to a settlement and repayment arrangement
Independent Board Committee	The committee established by MC Mining comprising directors not associated with Kinetic for the purposes of considering the Proposed Transactions
ISR	The independent specialist report prepared by SRK
IS 214	Information Sheet 214, Mining and Resources: forward-looking statements
Item 7 s611	Item 7 of section 611 of the Corporations Act
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
JSE	Johannesburg Stock Exchange
kcal	Kilocalorie
Kinetic	Kinetic Development Group Limited
Kinetic 2024 Staged Subscription	The staged US$90 million investment agreed in August 2024 through which Kinetic, via Kinetic Crest, acquired a 51% controlling interest in MC Mining
Kinetic Conversion Shares	The new MC Mining ordinary shares that may be issued to Kinetic on conversion of the Kinetic Promissory Notes
Kinetic Crest	Kinetic Crest Limited
Kinetic Promissory Notes	The Promissory Notes issued to Kinetic, with a principal amount of US$6.14 million, convertible into MC Mining shares at the specified conversion price
km	Kilometre
km^2	Square kilometre
LOM	Life of mine
LSE	London Stock Exchange
Makhado	MC Mining's 67.3%-owned hard coking and thermal coal project in South Africa's Soutpansberg coalfield
Model	The Company-prepared forecast cash flow model for Makhado
MC Mining	MC Mining Limited
MPC	Monetary Policy Committee
Mt	Million tonnes
Mtpa	Million tonnes per annum

Reference	Definition
NAV	Net Asset Value, an asset-based valuation approach that aggregates the market values of assets and liabilities
NCI	Non-controlling interest
PCI	Pulverised Coal Injection
PGMs	Platinum group metals
Primary Sum-of-Parts Valuation	The assessment of the value of MC Mining prior to and following the Proposed Transactions, with the Company's mineral assets valued using a market-based approach, relying on the valuation prepared by SRK
Promissory Notes	The unsecured convertible promissory notes issued by MC Mining to Kinetic and Eagle Canyon, with aggregate principal of US$9.94 million
Promissory Notes Rate	The floating annual interest rate on the Promissory Notes, equal to the RBA's publicly quoted outstanding business loan rate for medium-sized businesses plus 3.0%, compounded monthly.
Proposed Transactions	The proposed issues of Bridge Loan Shares, Subscription Shares and Kinetic Conversion Shares considered in the Report
QMP	Quoted market price
RBA	Reserve Bank of Australia
our Report	This independent expert's report
RG 111	ASIC Regulatory Guide 111, Content of expert reports
RG 112	ASIC Regulatory Guide 112, Independence of experts
RG 170	ASIC Regulatory Guide 170, Prospective financial information
RG 74	ASIC Regulatory Guide 74, referenced in relation to the provision of material information to shareholders for an item 7 s611 resolution
RG 76	ASIC Regulatory Guide 76, Related party transactions
ROM	Run-of-mine coal
SARB	South African Reserve Bank
Secondary Sum-of-Parts Valuation	The assessment of the value of MC Mining prior to and following the Proposed Transactions, with Makhado valued using the DCF approach
Section 606	Section 606 of the Corporations Act
Section 611	Section 611 of the Corporations Act
Share Subscription	Kinetic's proposed subscription for US$16 million of new MC Mining ordinary shares at US$0.2089 per share, to be completed in two US$8 million tranches
Share Subscription Agreement	The agreement between MC Mining and Kinetic under which Kinetic agreed to subscribe for US$16 million of new ordinary shares in two tranches
Shareholders	MC Mining shareholders who are not associated with Kinetic or its associates for the purposes of the shareholder approval described in the Report
SRK	SRK Consulting (Australasia) Pty Ltd

Reference	Definition
Subscription Amount	The US$8 million cash payment due from Kinetic at completion of Tranche 2
Subscription Shares	The 38,295,836 new MC Mining ordinary shares to be issued to Kinetic in consideration for the Subscription Amount at completion of Tranche 2
Sum-of-Parts	A valuation approach in which the individual assets and liabilities of an entity are valued separately, often using different methodologies, and then aggregated to determine the entity's value
TC Richards Bay	The thermal coal price benchmark for coal exported through Richards Bay
Total Funding Requirement	The funding required to repay the principal and accrued interest under the Kinetic Promissory Notes and Bridge Loan
Tranche 1	The first US$8 million tranche of the Share Subscription, satisfied by setting off the Bridge Loan Amount rather than by a further cash payment to MC Mining
Tranche 2	The second US$8 million tranche of the Share Subscription, payable in cash by Kinetic in return for the Subscription Shares and subject to additional conditions relating to Makhado's progress
Uitkomst	Uitkomst Colliery
US$, USD	United States dollars
VALMIN Code	The Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets
Valuation Date	1 September 2026
Vele	Vele Colliery
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
ZAR	South African rand

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Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted market price basis*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax or earnings before interest, tax, depreciation and amortisation. The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 *Market-based assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb/oz of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

Appendix 3 – Control premium analysis

We have reviewed the control premiums on completed transactions, paid by acquirers of ASX-listed coal mining companies, ASX-listed energy companies, and all ASX-listed companies over the ten-year period from January 2016 to August 2026.

In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e., less than a 0% premium) and at a premium in excess of 100%. We have summarised our findings below:

ASX-listed coal mining companies

Year	Number of Transactions	Average Deal Value ($m)	Average Control Premium (%)
2026	-	-	-
2025	-	-	-
2024	-	-	-
2023	-	-	-
2022	-	-	-
2021	-	-	-
2020	2	85.36	29.39
2019	1	13.32	7.04
2018	1	226.41	73.41
2017	1	147.78	97.80
2016	1	0.21	37.34

Source: S&P Capital IQ and BDO analysis

ASX-listed energy companies

Year	Number of Transactions	Average Deal Value ($m)	Average Control Premium (%)
2026	-	-	-
2025	-	-	-
2024	5	397	23.98
2023	6	109	16.59
2022	3	942	11.26
2021	1	9,347	9.84
2020	2	3	9.65
2019	2	235	33.40
2018	2	258	31.24
2017	1	8	37.93
2016	2	134	22.77

Source: S&P Capital IQ and BDO analysis

All ASX-listed companies

Year	Number of Transactions	Average Deal Value ($m)	Average Control Premium (%)
2026	9	641	38.07
2025	30	760	30.89
2024	43	625	28.74
2023	35	281	27.41
2022	37	2,349	23.60
2021	28	802	35.17
2020	16	246	40.43
2019	29	3,170	32.83
2018	25	1,185	31.15
2017	23	887	37.07
2016	28	365	38.53

Source: S&P Capital IQ and BDO analysis

The mean and median of the entire data sets comprising control transactions from 2016 onwards for ASX-listed energy companies, ASX-listed coal companies and all ASX-listed companies are set out below:

Entire Data Set Metrics	ASX-listed coal companies		ASX-listed energy companies		All ASX listed companies	
	Deal Value ($m)	Control Premium (%)	Deal Value ($m)	Control Premium (%)	Deal Value ($m)	Control Premium (%)
Mean	59.32	39.21	670.09	20.63	1,091.11	31.71
Median	15.19	37.34	61.59	17.94	118.56	27.77

Source: S&P Capital IQ and BDO analysis

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets
- Nature and magnitude of discretionary expenses
- Perceived quality of existing management
- Nature and magnitude of business opportunities not currently being exploited
- Ability to integrate the acquiree into the acquirer's business
- Level of pre-announcement speculation of the transaction
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we consider completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceed to hold a controlling interest post-transaction in the target company.

We have removed transactions for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific value to the acquirer.

The table above indicates that the long-term average control premium by acquirers of ASX-listed coal mining companies, ASX-listed energy companies and all ASX-listed companies is approximately 39.21%, 20.63%, and 31.71% respectively. However, in assessing the transactions included in the table above, we noted that control premiums appeared to be positively skewed.

In population where the data is skewed, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 37.34% for ASX-listed coal mining companies, 17.94% for ASX-listed energy companies, and 27.77% for all ASX-listed companies.

Based on the above, we consider an appropriate premium for control to be between 25% and 35%.

The minority interest discount is based on the inverse of the control premium and is calculated using the formula 1 – (1/[1+control premium]). The assessed control premium range gives rise to a rounded minority discount in the range of 20% to 26% with a rounded midpoint of 23% being our preferred minority interest discount.

Appendix 4 – Discount Rate for Makhado

Determining an appropriate discount rate, or cost of capital, for a project requires the identification and consideration of a number of factors that affect the returns and risks of a project, as well as the application of widely accepted methodologies for determining the returns of a project.

The discount rate applied to the forecast cash flows from a project represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the project.

In our assessment of the appropriate discount rate to be adopted in the Model, we consider the most appropriate discount rate to be the post-tax WACC. This is because we are discounting the cash flows at the project level prior to any financing considerations.

Our adopted discount rate reflects the WACC of a hypothetical market acquirer of Makhado. In our initial assessment of the appropriate discount rate, we have considered comparable ASX and JSE-listed coal companies that were in the production phase of the mining life cycle as at the Valuation Date.

Cost of equity and CAPM

The capital asset pricing model ('**CAPM**') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' WACC, the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk-free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + \beta \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
β	= equity beta

The individual components of CAPM are discussed below.

Risk-free rate (R_f)

The risk-free rate is typically approximated by reference to a forecast long-term government bond rate with a maturity approximately equivalent to the timeframe over which the returns from the assets are expected to be received.

In determining an appropriate bond rate to use as a proxy for the risk-free rate, we have considered the ten-year South African Government Bond rate and projections of the ten-year South African Government Bond rate based on forecasts. Based on this analysis, we have adopted a risk-free rate in the range of 8.0% to 9.0%.

Market risk premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. In order to determine an appropriate market risk premium in Australia, we have had regard to current as well as historical levels of the market risk premium. We have considered surveys of market risk premiums conducted by Professor Fernandez, Garcia and Acin of the University of Navarra's IESE Business School, research by Professor Damodaran of the Stern School of Business at New York University and premiums typically adopted by other valuation practitioners. Based on our analysis and our professional judgement, we have used a market risk premium of 6% in our assessment.

Selected equity beta (ß)

In order to assess the appropriate equity beta for MC Mining, we have considered the betas of the following two peer groups:

- ASX-listed coal mining companies, with a preference towards coal miners with operations in South Africa; and
- JSE-listed coal or diversified mining companies with operations based in South Africa.

For the ASX- and JSE-listed peer groups, we have regressed the returns of the selected companies against the S&P/ASX 300 All Ordinaries Index and the JSE Africa Precious Metals and Mining Index, respectively. These indices were selected over a broader market index, as we consider them to better capture the systematic risks associated with investing in energy companies. They also resulted in more meaningful coefficients of determination (R^2 values) compared to a broader market index, when performing the regression analysis. The R^2 value represents the proportion of variance of a company's share price that is explained by the variance of the index it is regressed against. A higher R^2 implies that the index explains a greater proportion of the variance of the share price, and therefore results in a more meaningful beta.

The betas below have been estimated based on five years of daily share price returns for the ASX-listed comparables and two years of weekly share price returns for the JSE-listed comparables, each measured to 1 October 2026 and regressed against the returns of the relevant market index. We have based our analysis using these periods and frequency of returns as they produced the highest R^2 values over the two considered data sets. The list of comparable companies we selected for each peer group are set out below:

ASX-listed coal mining companies regressed against the S&P/ASX All Ordinaries Index

Company	Market capitalisation 1-Oct-26 (A$m)	Geared beta (ß)	Gross debt/equity (%)	Ungeared beta (ßa)	R^2
MC Mining Limited	224	0.63	34%	0.50	0.00
Yancoal Australia Ltd	7,394	0.66	1%	0.66	0.02
Whitehaven Coal Limited	6,040	0.88	39%	0.69	0.06
Coronado Global Resources Inc.	293	1.19	369%	0.32	0.05
New Hope Corporation Limited	4,822	0.77	15%	0.70	0.04
Stanmore Resources Limited	2,380	1.01	49%	0.74	0.05
Bathurst Resources Limited	100	0.70	0%	0.70	0.02
TerraCom Limited	144	0.77	42%	0.59	0.01
Mean (excluding MC Mining)	**3,025**	**0.85**	**73%**	**0.63**	**0.04**
Median (excluding MC Mining)	**2,380**	**0.77**	**39%**	**0.69**	**0.04**

Source: S&P Capital IQ and BDO analysis

JSE-listed coal mining companies regressed against the JSE Africa Precious Metals and Mining Index

Company	Market capitalisation 1-Oct-26 (A$m)	Geared beta (β)	Gross debt/equity (%)	Ungeared beta (βa)	R^2
MC Mining Limited	224	0.27	34%	0.21	0.00
African Rainbow Minerals Limited	2,592	0.80	0%	0.79	0.60
Thungela Resources Limited	1,282	0.33	0%	0.33	0.00
Exxaro Resources Limited	3,400	0.35	19%	0.31	0.00
Salungano Group Limited	31	0.29	116%	0.16	0.01
Mean (excluding MC Mining)	**1,826**	**0.44**	**34%**	**0.40**	**0.15**
Median (excluding MC Mining)	**1,937**	**0.34**	**10%**	**0.32**	**0.00**

Source: S&P Capital IQ and BDO analysis

Descriptions of the comparable companies are provided at the end of this appendix.

Based on the regressions above, we consider the peer group of ASX-listed coal mining companies to be the most suitable for assessing MC Mining's equity beta. This is because MC Mining's primary listing is the ASX and the use of the South African risk-free rate captures the market risk associated with its South African operations.

Consequently, whilst we have utilised both data sets in our assessment of an appropriate ungeared beta for MC Mining, our conclusion has been weighted more towards the results from the ASX-listed peer group. Additionally, whilst not included in our peer group, we have also considered the actual ungeared beta of MC Mining in our assessment.

In selecting an appropriate beta for MC Mining, we have considered the similarities and differences between MC Mining and the set of comparable companies as set out above. For the ASX-listed peer group, the similarities and differences noted are:

- one of the seven selected comparable companies has coal operations located in South Africa or the broader Africa region. As South Africa has experienced high levels of unemployment, changes in government, and civil unrest, we consider its country risk to be an important factor in identifying the peer companies;
- although some of the selected peer companies mine other commodities in addition to coal, we consider there to be sufficient similarities in terms of the risks faced by these miners. However, we note that coal mining companies in particular, face additional risks in terms of obtaining funding compared to other general mining companies, given their stigma as contributors to global warming; and
- although not all companies in the list have similar metrics across each of the assessed factors, we still consider them to be comparable as they have sufficient similarities on an overall basis.

In selecting an appropriate ungeared beta for MC Mining, we have considered the ungeared betas of the comparable companies listed above, along with the various factors discussed. As set out in the table above, the ungeared betas of the ASX-listed comparable companies range from 0.32 to 0.74, with a mean and median of 0.63 and 0.69, respectively.

Based on our analysis, we consider an appropriate ungeared beta to be in the range of 0.60 to 0.80.

Gearing

The discount rate assessment requires an assessment of the proportion of funding provided by debt and equity (i.e. gearing ratio) over the forecast period.

The gearing ratio should represent the level of debt that the asset can reasonably sustain (i.e. the higher the expected volatility of cash flows, the lower the debt levels that can be supported). The optimum level of gearing will differentiate between assets and will include:

- The variability in earnings streams.
- Working capital requirements.
- The level of investment in tangible assets.
- The nature and risk profile of tangible assets.

We have assumed a gross debt to equity ratio of 30% having consideration to the capital structure of MC Mining. We have regeared our adopted ungeared beta range based on the adopted gearing ratio, which derived a regeared beta range of between 0.73 and 0.98.

Cost of equity

We have assessed the cost of equity of a hypothetical acquirer of Makhado to be in the range shown in the table below.

Input	Value adopted	
	Low	High
Risk-free rate of return	8.00%	9.00%
Equity market risk premium	6.00%	6.00%
Beta (regeared)	0.73	0.98
Cost of equity	**12.39%**	**14.85%**

Source: S&P Capital IQ and BDO analysis

Cost of debt

Having regard to the cost of debt observed for the selected comparable companies and the terms of the Company's existing funding arrangements, we consider a cost of debt range of 10.0% to 13.0% to be appropriate.

Tax rate

We have adopted an effective tax rate of 27%, based on South Africa's corporate tax rate.

WACC (Post-tax)

The WACC represents the market return required on the assets by debt and equity providers. The WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds. Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table:

WACC	
WACC	$= \frac{E}{E+D} Ke + \frac{D}{D+E} Kd\ (1-t)$

WACC	
Where:	
Ke	= expected return or discount rate on equity
Kd	= interest rate on debt (pre-tax)
T	= corporate tax rate
E	= market value of equity
D	= market value of debt
(1- t)	= tax adjustment

Conclusion

Using the inputs discussed above, we have calculated a post-tax nominal WACC of MC Mining as set out in the table below.

WACC	Value adopted	
	Low	High
Cost of equity (Ke)	12.39%	14.85%
Cost of debt (Kd) (pre-tax)	10.00%	13.00%
Proportion of equity (E/(E+D)	76.92%	76.92%
Proportion of debt (D/(E+D)	23.08%	23.08%
Post-tax WACC (rounded)	**11.21%**	**13.61%**

Source: S&P Capital IQ, BDO analysis

Based on the above, we consider a post-tax WACC of 11.21% to 13.61%, with a rounded midpoint of 12.50%, to be appropriate for the purposes of the valuation of Makhado.

The company descriptions of the companies we considered in our discount rate analysis are set out below.

Company name	Business description
Yancoal Australia Ltd	Yancoal Australia Ltd is an Australian coal producer engaged in the exploration, development, production and marketing of thermal and metallurgical coal. The company owns, operates or holds joint venture interests in a portfolio of open-cut and underground coal mines across New South Wales, Queensland and Western Australia. Its principal operating assets comprise Moolarben, Mount Thorley Warkworth, Hunter Valley Operations, Yarrabee, Middlemount and Ashton. Yancoal's coal products are primarily exported to customers in Asian markets.
Whitehaven Coal Limited	Whitehaven Coal Limited is an Australian coal producer that develops and operates open-cut and underground coal mines in Queensland and New South Wales. The company produces metallurgical and thermal coal for sale principally to international markets.
Coronado Global Resources Inc.	Coronado Global Resources Inc. is an international producer, marketer and exporter of metallurgical coal, with operations in Queensland, Australia, and the Central Appalachian region of the United States. Following the divestment of the Logan mining complex, the company's principal operating assets comprise the Curragh mine in Queensland and the Buchanan mine in Virginia, United States.
New Hope Corporation Limited	New Hope Corporation Limited is an Australian thermal coal producer with interests in the Bengalla open-cut mine in New South Wales and the New Acland open-cut mine in Queensland. The company also operates the Queensland Bulk Handling coal export terminal at the Port of Brisbane and holds interests in coal development and exploration assets.

Company name	Business description
Stanmore Resources Limited	Stanmore Resources Limited is an Australian metallurgical coal producer with a portfolio of operating mines and development and exploration projects in Queensland's Bowen Basin. Its principal operating assets comprise the South Walker Creek and Poitrel mines and the Isaac Plains Complex, which produce metallurgical coal for sale to global markets.
Bathurst Resources Limited	Bathurst Resources Limited is a New Zealand coal producer with four operating mines in New Zealand and a portfolio of metallurgical coal development projects in New Zealand and British Columbia, Canada. The company produces coal for domestic industrial customers and international export markets.
TerraCom Limited	TerraCom Limited is an Australian thermal coal producer with mining operations in Australia and South Africa. Its portfolio comprises the wholly owned Blair Athol mine in Queensland and equity interests in a number of operating coal mines in South Africa.
African Rainbow Minerals Limited	African Rainbow Minerals Limited is a diversified South African mining company with interests in platinum group metals, iron ore, manganese, coal, nickel and copper, as well as an investment in gold mining. The company's operations are principally located in South Africa.
Thungela Resources Limited	Thungela Resources Limited engages in the mining and production of thermal coal in South Africa and Australia. It owns interests in and produces its thermal coal from mining operations, consisting of underground and open cast mines in the Mpumalanga province of South Africa, including Greenside colliery, Khwezela colliery, Zibulo colliery, Mafube colliery, and Annea colliery. The company also holds 100% of the Ensham Mine located in Queensland, Australia. It also exports its products to Southeast Asian, the Middle East, and African markets. Thungela Resources Limited was founded in 1945 and is based in Johannesburg, South Africa.
Exxaro Resources Limited	Exxaro Resources Limited is a diversified South African mining and energy company whose principal business comprises the production and supply of thermal coal from operations located predominantly in the Waterberg and Mpumalanga regions. The company also holds investments in iron ore, residual pigment manufacturing and renewable energy generation.
Salungano Group Limited	Salungano Group Limited is a South African coal mining and trading company engaged in the production, processing and supply of thermal coal and anthracite to the domestic market. Its mining portfolio comprises the Moabsvelden, Elandspruit, Vanggatfontein and Khanyisa mines in Mpumalanga, together with a 50% interest in the Arnot mine.

Source: S&P Capital IQ and BDO analysis

The company descriptions of the companies we considered in our corporate costs analysis are set out below.

Company name	Business description
Pantoro Gold Limited	Pantoro Gold Limited, together with its subsidiaries, engages in the gold mining, processing, and exploration activities in Western Australia. It holds 100% interest in the Norseman Gold project located in the Eastern Goldfields of Western Australia. The company was formerly known as Pantoro Limited and changed its name to Pantoro Gold Limited in April 2025. Pantoro Gold Limited was incorporated in 1986 and is based in West Perth, Australia.

Company name	Business description
AIC Mines Limited	AIC Mines Limited is an Australian copper and gold producer whose principal asset is the high-grade underground Eloise copper mine in North Queensland. The company is developing the nearby Jericho copper project to provide an additional source of ore for processing through the expanded Eloise plant and also holds a portfolio of copper and gold exploration projects in Australia.
Meeka Metals Limited	Meeka Metals Limited engages in the exploration and development of gold properties in Western Australia. The company's flagship property is the 100% owned Murchison Gold project located in the prolific Murchison Gold Fields, Western Australia. The company was formerly known as Meeka Gold Limited and changed its name to Meeka Metals Limited in July 2022. Meeka Metals Limited is based in West Perth, Australia.
Tribune Resources Limited	Tribune Resources Limited is an Australian gold producer and explorer whose principal asset is its interest in the East Kundana Joint Venture in Western Australia, comprising operating underground and open-pit mines and associated exploration interests. The company also holds interests in gold exploration projects in Ghana.
Maritana Minerals Limited	Maritana Minerals Limited engages in the exploration, development, and production of gold and other mineral resources in Australia. It primarily explores gold, nickel, cobalt, copper, silver, and zinc deposits. The company was formerly known as Horizon Minerals Limited and changed its name to Maritana Minerals Limited in April 2026. Maritana Minerals Limited was incorporated in 1974 and is headquartered in West Perth, Australia.
Broken Hill Mines Limited	Broken Hill Mines Limited engages in the mineral exploration activities in Australia. It primarily explores silver, lead, zinc, copper, gold, and lithium deposits. The company holds 100% interest in Rasp Mine and Pinnacles Mine located in Broken Hill, New South Wales. The company was formerly known as Coolabah Metals Limited and changed its name to Broken Hill Mines Limited in July 2025. Broken Hill Mines Limited was incorporated in 2021 and is based in Melbourne, Australia.
Kantra Copper Limited	Kantra Copper Limited engages in the operation, exploration, and development of mineral properties in Australia. It primarily explores for copper, gold, and silver deposits. The company's project is the Kanmantoo Copper mine located approximately 55 kilometres from Adelaide, South Australia; and owns an 80% interest in the Mutooroo Copper Project in South Australia's Curnamona Province. The company was formerly known as Hillgrove Resources Limited and changes its name to Kantra Copper Limited in August 2026. Kantra Copper Limited was incorporated in 2000 and is headquartered in Unley, Australia.
Kaiser Reef Limited	Kaiser Reef Limited engages in the exploration, development, mining, production, and sale of gold in Australia. The company was incorporated in 2019 and is based in Subiaco, Australia.
Austral Gold Limited	Austral Gold Limited is a gold and silver producer with wholly owned mining and processing operations in Chile and Argentina. Its principal producing assets comprise the Guanaco mine in Chile and the Casposo mine in Argentina, supported by a portfolio of exploration assets and equity investments in the Americas.

Source: S&P Capital IQ and BDO analysis

Appendix 5 – Independent Specialist Report

Final

Independent Specialist Report on the Mineral Assets of MC Mining Limited

Uitkomst Colliery, Kwazulu Natal, South Africa
Vele Colliery, Limpopo, South Africa
Makhado Project, Limpopo, South Africa
Greater Soutpansberg Project, Limpopo, South Africa

Prepared for BDO Corporate Finance Australia Pty Ltd



SRK Consulting (Australasia) Pty Ltd ▪ BDO052 ▪ 29 October 2026

srk consulting

Final

Independent Specialist Report on the Mineral Assets of MC Mining Limited

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Appendices

Appendix A Comparable market transactions

Useful definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

°C	degrees Celsius
%	per cent, percentage
A$	Australian dollars
A&C	A&C Mining Investments Pty Ltd
AD or ADB	air dried basis
AIG	Australian Institute of Geoscientists
AMSA	ArcelorMittal South Africa Limited
AMSL	above mean sea level
ash	ash content
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
bcm	bank cubic metres
BDO	BDO Corporate Finance Australia Pty Ltd
BEE	Black Economic Empowerment
BFA	bench face angle
BFS	bankable feasibility study
Blue Falcon	Blue Falcon 232 Trading (Pty) Ltd
Brandywine	Brandywine Valley Investments (Pty) Ltd
BTU/lb	International Steam Table British thermal unit per pound (BTU(IT)/lb)
CHPP	coal handling and preparation plant
CoAL	Coal of Africa Ltd
Coal Reserve	the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.
Coal Resource	a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
COPs	Codes of Practice
Cove	Cove Mining Pty Ltd
CPR	Competent Persons Report
CV	calorific value
CY	calendar year
DAC	design acceptance criteria
DAF	dry, ash free

DAFF	Department of Agriculture, Forestry and Fisheries
DCF	discounted cash flow
DFFE	Department of Forestry, Fisheries and the Environment (previously known as DAFF)
DMC	dense medium cyclone
DMR	South African Department of Mineral Resources
DMRE	Department of Mineral Resources and Energy (formerly Department of Mineral Resources)
DMS	dense media separation
dmt	dry metric tonnes
DWS	Department of Water and Sanitation
EA	Environmental Authorisation
EIA	environmental impact assessment
EMC	Environmental Management Committee
EMPR	Environmental Management Programme Report
EMS	Environmental Management System
ESG	environmental, social and governance
Eskom	Eskom Holdings SOC Ltd (the state-owned electricity utility)
EV	Enterprise Value
Exploration Result	Data and information generated by mineral exploration programs that might be of use to investors, but which do not form part of a declaration of Mineral Resources or Ore Reserves.
Exploration Target	A statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.
FC	fixed carbon
FEL	front-end loader
FS	feasibility study. A feasibility study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a pre-feasibility study.
FoS	factor of safety
FY	financial year
GAR	gross as received
g/cm^3	grams per cubic centimetre
Goldway	Goldway Capital Investment Ltd
gross in situ	gross in situ Coal Resource before geological loss
GSP	Greater Soutpansberg Project
GTIS	gross tonnes in situ
GVM	GVM Metals Limited
ha	hectares
HCC	hard coking coal

HOS	Hlalethembeni Outsourcing Services (Pty) Ltd
IER	Independent Expert Report
Ikwezi	Ikwezi Mining Ltd
IM	inherent moisture
Indicated Resource	that part of a Mineral/Coal Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.
Inferred Resource	that part of a Mineral/Coal Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
IRA	inter-ramp angle
Iscor	The South African Iron and Steel Industrial Corporation
ISR or Report	Independent Specialist Report
IVSC	International Valuation Standards Council
IWUL	Integrated Water Use Licence
IWWMP	Integrated Water and Waste Management Plan
JORC	Joint Ore Reserves Committee
JORC Code	2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*
JSE	Johannesburg Securities Exchange
kcal/kg	kilocalorie per kilogram
kg	kilograms
kL/day	kilolitres per day
km	kilometres
km^2	square kilometres
koz	thousand ounces
kt/min	kilotonnes per minute
kW	kilowatts
kWh	kilowatt hours
L	litres
LiDAR	light detection and ranging
Limpopo Coal	Limpopo Coal Company (Pty) Ltd
LOM	life-of-mine
M	million
m	metres
Makhado	Makhado Project
Mbcm	million bank cubic metres
MCM	MC Mining Limited

Measured Resource	that part of a Mineral/Coal Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.
MEE	multiples of exploration expenditure
MJ	megajoules
MJ/kg	megajoules per kilogram
mm	millimetres
MPRDA	*Minerals and Petroleum Resources Development Act* (Act No. 28 of 2002)
Mt	million tonnes
Mt/a	million tonnes per annum
MTIS	mineable tonnes in situ
NAR	net as received
NEMA	*National Environmental Management Act* (Act No. 107 of 1998)
NSR	net smelter return
NST	Northern Star Limited
NWA	*National Water Act* (Act No. 36 of 1998)
PCD	Pollution Control Dam
PCI	pulverised coal injection
PFS	preliminary feasibility study (pre-feasibility study). A PFS is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A PFS is at a lower confidence level than a feasibility study.
PM_{10}	particulate matter (PM). PM_{10} describes inhalable particles, with diameters that are generally 10 µm and smaller
Probable Reserve	the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.
Proved Reserve	the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.
RBCT	Richards Bay Coal Terminal
RC	reverse circulation
RD	relative density
RG	Regulatory Guide
RICS	Royal Institution of Chartered Surveyors
ROM	run-of-mine
ROMt	run-of-mine tonnes
RPEEE	reasonable prospects for eventual economic extraction
SAIMM	Southern African Institute of Mining and Metallurgy
SAMREC Code	*South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves* as prepared by the South African Resource Committee under the auspices of the South African Institute of Mining and Metallurgy
SANS10320	Edition 1 (2004) of the South African National Standard 10320 (SANS10320)

SSCC	semi-soft coking coal
SLP	Social and Labour Plan
SOP	Standard Operating Procedure
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonnes
TEPs	technical and economic parameters
Terrecom	Terrecom Resources Ltd
t/h	tonnes per hour
TS	total sulfur content
TTIS	total tonnes in situ
UCPL	Uitkomst Colliery (Pty) Ltd
Uitkomst	Uitkomst Colliery
US$	United States dollars
VALMIN	The 2015 edition of the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* (or the VALMIN Code)
Vele	Vele Aluwani Colliery
VM	volatile matter
VRM	Valuation & Resource Management
WA	Western Australia
WUL	Water Use Licence
ZAR	South African Rands

Executive summary

Background

BDO Corporate Finance Australia Pty Ltd (BDO) has been engaged by MC Mining Limited (MCM or the Company) to prepare an Independent Expert Report (IER) in relation to a loan agreement and share subscription agreement.

BDO has subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (ISR or Report) in relation to matters on which BDO is not an expert. The scope of the work to be completed by SRK was determined by BDO. SRK's ISR will form part of BDO's IER, commenting on a loan agreement and share subscription agreement between MC Mining and Kinetic Development Group Limited (KDG), whereby KDG will provide an unsecured bridge loan of US$8 M and subscribe for new fully issued share capital in MC Mining for an aggregate subscription amount of US$16 M, that will be subject to MC Mining obtaining shareholder approval and receiving all relevant regulatory approvals.

The key mineral assets to be considered in this Report are collectively known as the Mineral Assets and comprise:

- an 84% interest in the Uitkomst Colliery (pulverised coal injection (PCI) metallurgical and thermal coal)
- a 100% interest in the Vele Colliery (semi-soft coking and thermal coal)
- a 67% interest in the Makhado Project (hard coking coal and thermal coal byproduct)
- a 95.5% effective interest in tenements comprising the Mopane section of the Greater Soutpansberg Project (GSP) (coking and thermal coal)
- a 100% effective interest in tenements comprising the Generaal section (GSP) (coking and thermal coal)
- a 74% effective interest in tenements comprising the Chapudi section (GSP) (coking and thermal coal).

This ISR presents the following key technical information as at the Effective Date:

- a review of the geological setting and coal seams present in association with the Mineral Assets
- Coal Resource and Reserve statements (for Uitkomst, Vele, Makhado and GSP) reported in accordance with the terms and definitions of the JORC Code (as defined below) and used as the basis for the economic analysis
- the associated life-of-mine (LOM) plans and associated technical and economic parameters (TEPs) included in the LOM plans
- a techno-economic assessment of the Uitkomst and Makhado Mineral Assets
- commentary on MCM's exploration and project growth plans.

Requirement and reporting standard

SRK's ISR has been prepared in accordance with the guidelines outlined in the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

As defined in the VALMIN Code (2015), Mineral Assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in relation to the exploration, development of, and production from, those tenures. This may include plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals relating to that tenure.

Techno-economic assumptions and valuation

As mandated in its scope of work, SRK has reviewed the technical assumptions and provided an assessment on the reasonableness of the techno-economic assumptions in the supplied Makhado cashflow model (the Model). The Model (dated 12 September 2026) considers the LOM plan as developed by MCM, including the Coal Resource and Coal Reserve estimates, the mining physicals, the processing assumptions, the operating costs, the capital expenditure, and the environmental and permitting provisions. SRK has considered the assumptions and advises that a Market approach to valuation is preferred over an Income based approach. SRK has, however, also valued the residual Coal Resources at Makhado, should BDO wish to provide an Income based approach at Makhado as a valuation check.

SRK has excluded commentary related to the marketing, exchange rate, inflation rates and discount rate assumptions adopted in the Model, on the understanding that these are to be considered by BDO.

Value of Coal Resources

SRK has provided an opinion regarding the Market Value of the Coal Resources and the exploration potential at Uitkomst, Vele, Makhado and GSP.

In forming its overall opinion regarding the Market Value for each of MCM's coal assets, SRK has adopted the market valuation approach using comparable market transactions and an actual transaction supported by peer analysis and yardstick methods as secondary guides.

Based on its technical review, SRK has not attributed any additional value to the exploration potential of the broader tenure as, in its view, this value is encapsulated within the value assigned to the Coal Resources, given the valuation approach and methodologies adopted.

On this basis, SRK considers the current market is likely to pay between ZAR1,655 M and ZAR2,508 M, with a preferred value of ZAR2,081 M for the total attributable Coal Resources held by MCM. In the case of the residual Coal Resources, SRK considers the current market is likely to pay between ZAR1,501 and ZAR2,278, with a preferred value of ZAR1,889.

1 Introduction

BDO has been engaged by MCM to prepare an IER in relation to a potential transaction involving Kinetic Development Group Limited increasing its interest in MCM to 51%. MCM has coal assets located in the Kwazulu Natal and Limpopo provinces of South Africa.

BDO has subsequently instructed SRK to prepare an ISR incorporating a technical assessment and valuation of MCM's coal assets. The scope of the work to be completed by SRK was established by BDO. SRK's ISR will form part of the BDO IER and will be provided to MCM shareholders. SRK's Report does not comment on the 'fairness and reasonableness' of any transaction between MCM and any other parties.

The key mineral assets to be considered in this Report are collectively known as the Mineral Assets and comprise:

- an 84% interest in the Uitkomst Colliery (metallurgical and thermal coal)
- a 100% interest in the Vele Colliery (semi-soft coking and thermal coal), which is currently on care and maintenance
- a 67% interest in the Makhado Project (hard coking coal and thermal coal)
- a 74% effective interest in the tenements comprising the GSP (coking and thermal coal).

1.1 Terms of reference and purpose of the Report

SRK understands that this Report is to be used in relation to a potential transaction involving the coal assets of MCM. It is understood that this Report will be included in BDO's IER.

The quality of information, conclusions, and estimates contained herein is consistent with the level of effort involved in SRK's services, based on: i) information available at the time of preparation and
ii) the assumptions, conditions, and qualifications set forth in this Report. This Report is intended for use by BDO and MCM subject to the terms and conditions of the agreed contract with SRK and relevant securities legislation in Australia.

Except for the purposes legislated under prevailing securities law, any other use of this Report by any third party is at that party's sole risk. The responsibility for this disclosure remains with MCM.

The purpose of the ISR is to compile the results of previous technical studies into a single document and to provide an independent overview and assessment of the technical merits that might reasonably be expected to be applied by the market when considering investment in the South African mineral assets currently held by MCM. Further, it provides an assessment of the reasonableness of the Coal Resource estimates at each of the Company's projects and the reasonableness of the technical inputs underpinning the Company's Makhado Model. In particular, the ISR covers the pertinent aspects in detail appropriate to the strategic importance of the projects and provides commentary on the exploration and development potential of the Mineral Assets. However, based on the outcome of the discounted cash flow (DCF) modelling, a market-based valuation approach has been adopted.

1.2 Reporting compliance, reporting standard and reliance

1.2.1 Scope of work

As requested by BDO, SRK is to provide BDO with an independent opinion of the market valuation of the Makhado Project, Uitkomst Colliery, Vele Colliery and Greater Soutpansberg Project. The aforementioned coal assets have been valued by SRK according to a market-based approach including all of MC Mining's Coal Resources. SRK has also considered the potential for an income-based approach at Makhado and has, in this case, valued the residual Coal Resources at Makhado. To this end, SRK has also reviewed the technical inputs and assumptions to the Makhado Model and provided BDO with an assessment of the reasonableness of the following:

1. Coal Reserves and Coal Resources incorporated into the models.
2. Mining physicals (including tonnes of coal mined, quality, waste material and mine life).
3. Processing physicals (including yield, coal processed and produced).
4. Production and operating costs (including but not limited to mining, processing, transport, general administration, distribution and marketing, contingencies and royalties or levies).
5. Capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, rehabilitation and contingency).
6. Any other relevant technical assumptions not listed above.

In regard to the Makhado Project, where an assumption is considered unreasonable, this is reflected in SRK's Report and BDO advised. SRK has provided assumptions for a base case scenario and downside scenario.

SRK's services exclude any work in relation to:

- marketing, commodity price and exchange rate assumptions adopted in the financial models
- financial and/or corporate taxation analysis.

As part of its investigations, SRK has made enquiries but not conducted any independent due diligence on the status of the associated mineral titles and issues relating to land access and environmental regulations. SRK is not qualified to make legal representations in this regard and therefore specifically disclaims responsibility for these aspects for the purpose of this review.

1.2.2 Reporting standard

The authors of this Report are Members or Fellows of the Australasian Institute of Mining and Metallurgy (AusIMM) and/or the Australian Institute of Geoscientists (AIG) and therefore are bound by both the VALMIN and JORC codes. SRK's Report is prepared in accordance with the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* – VALMIN Code (2015), which incorporates the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* – JORC Code (2012), in addition to other regulatory guidance (RG) (i.e. Australian Securities and Investment Commission (ASIC) RGs 111 and 112).

As per the VALMIN Code (2015), a draft of the Report was supplied to BDO and MCM to check for material error, factual accuracy and omissions before the final version of the Report was issued.

1.2.3 Work program

This assignment commenced in September 2026. It relies on data and information supplied by MCM, as well as other publicly available data and other information sourced by SRK from literature, as well as subscription databases such as S&P Capital IQ Pro database services.

To meet the requirements set out in Section 11.1 of the VALMIN Code (2015), a site inspection of the material Mineral Assets may be required. SRK previously (from 13 to 15 February 2024) conducted a site visit to MCM's Vele and Makhado projects, and has previously inspected the Uitkomst Colliery (for a previous assignment in May 2022), but did not visit the exploration mineral asset portfolio given the early-stage exploration status.

SRK's designated project manager, Ian de Klerk, coordinated the contributions from each team member to ensure consistency of approach and appropriate levels of reporting as befitting an ISR for public reporting purposes.

1.2.4 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this Report. In accordance with Section 7.2 of the VALMIN Code (2015), SRK has satisfied itself regarding the legal status of the Company's projects as it was provided in a legal opinion from White and Case Inc. dated 15 March 2024 that outlines the status of the project tenures. SRK has been informed by MCM that there has been no change to the legal status of the Company's projects since this date.

1.2.5 Effective Date

The Effective Date of this Report is 1 October 2026.

1.3 Project team

This Report has been prepared by a team of SRK consultants and associates in South Africa and Australia. Details of the qualifications and experience of the consultants who have conducted the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below in Table 1.1.

Table 1.1: Details of the qualifications and experience of the project team

Specialist	Position	Responsibility	Length and type of experience	Site inspection	Professional designation
Ian de Klerk	Principal Consultant, SRK	Project manager, Geology, Coal Resources and reporting	>40 years – +20 years in exploration, evaluation and assessment of Mineral Resources, 20 years in geological modelling and resource consulting.	No	BSc Hons, MSc (Expl. Geol), GDip Eng (Mining Engineering), MAusIMM
Jack Steenekamp	Associate Principal Consultant	Mining and infrastructure/ services	+35 years – 20 years in consulting with experience in various technical and managerial capacities to include studies, reviews and due diligences, and balance of career in operational and management roles within corporate mining companies, specialising in coal mining operations and projects.	No	BEng (Mechanical), Beng Hons (Mining), MBA, GDip (Mine Ventilation), FAusIMM(CP), RPEQ
Richard Klecha	Associate Principal Consultant	CHPP and coal processing	+30 years in coal processing including CHPP Manager and Study Manager roles with various Tier One companies, as well as extensive consulting experience.	No	City and Guilds 040 and 051 Coal Preparation Technology, MAusIMM
Manish Garg	Associate Principal Consultant, Mining Insight	Valuation	+30 years in mineral processing, site operations, project development, marketing, optimisation and corporate consulting in valuation and due diligence.	No	BEng, MAppFin, MAusIMM, MAICD
Kate Vershinina	Principal Consultant, SRK	ESG and closure	20 years – 5 operational and 15 consulting.	No	MAusIMM, Cert. Environmental practitioner (EIANZ)
Shaun Barry	Principal Consultant, SRK	Peer review	+30 years – 15 years in consulting specialising in valuation, financial modelling, sensitivity analyses, due diligence studies, independent expert reports, optimisation studies, risk analysis, business and marketing strategy development; 9 years in marketing; 7 years as an analyst; 2 years in operations.	No	BSc (Hons), MSc Eng, MAusIMM(CP), MRICS

Note: CHPP – Coal handling and preparation plant; ESG – environmental, social and governance.

1.4 Limitations, reliance on information, declaration and consent

1.4.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by MCM throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by MCM was taken in good faith by SRK. SRK has not independently verified the stated Exploration Results, Coal Resources and Coal Reserves by means of recalculation but instead has completed limited verification and review for the purposes of establishing whether they are reasonable in accordance with the purpose of this Report.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by MCM was complete and not incorrect, misleading or irrelevant in any material aspect. MCM has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by MCM was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

1.4.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, have any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

1.4.3 Indemnities

As recommended by the VALMIN Code (2015), MCM has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- that results from SRK's reliance on information provided by MCM or from MCM not providing material information
- that relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

1.4.4 Consent

SRK consents to this Report being included, in full, in BDO's IER documents in the form and context in which it is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessment and valuation expressed in the Executive summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

1.4.5 Practitioner consent

The information in this Report that relates to Technical Assessment and Valuation of the Coal Assets is based on and fairly reflects information compiled and conclusions derived a team of consultants supervised by Mr Ian de Klerk, who is a Member of AusIMM. Mr de Klerk is employed by SRK, an independent mining consultancy. Mr de Klerk has sufficient experience that is relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration, the style of mineralisation and the types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets*, and as a Competent Person as defined in the 2012 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*. Mr de Klerk consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

1.4.6 Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A$58,000. The payment of this professional fee is not contingent upon the outcome of this Report.

1.4.7 Units of measure and currency

Throughout this report, measurements are in metric units and currency in South African rands (ZAR), United States dollars (US$) or Australian dollars (A$) unless otherwise stated.

2 Overview of MC Mining

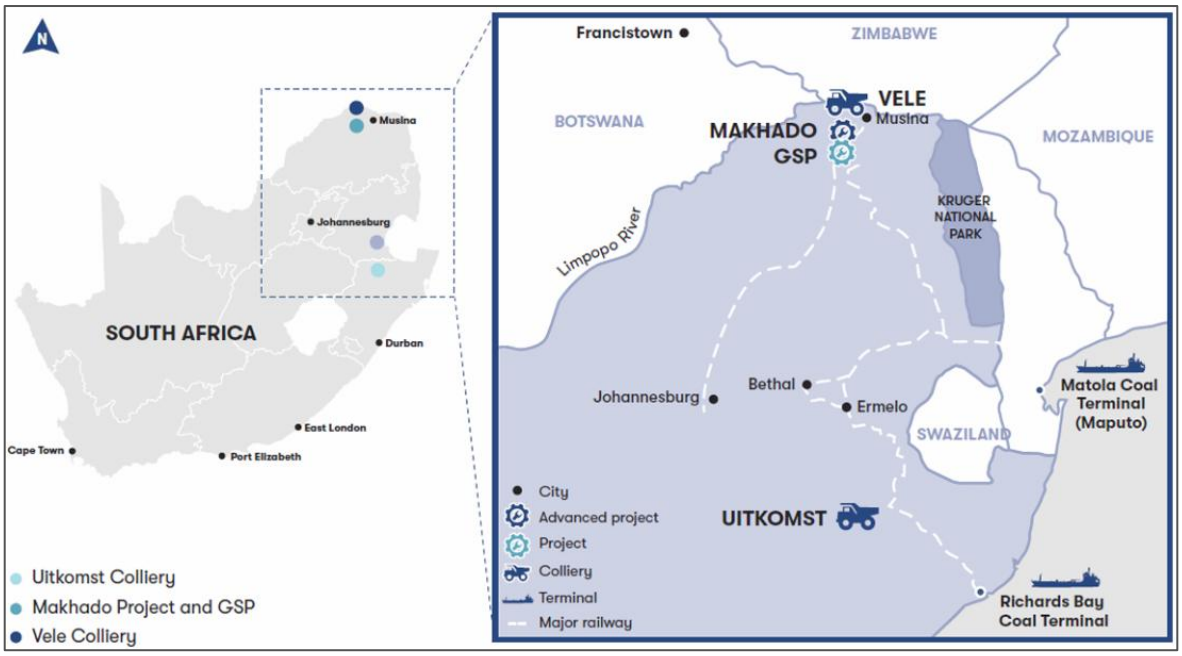
2.1 Company background

MCM is a mineral resources company listed on the ASX and JSE and is primarily focused on its metallurgical coal assets in South Africa. Formerly known as Coal of Africa Limited (CoAL), the Company received shareholder approval for its name change to MC Mining Limited in November 2017. MCM's AIM listing was cancelled during FY2024 and the Company's securities are now listed on the ASX and the JSE only.

Following the purchase of the Uitkomst Colliery in 2017, the Company's focus has shifted to a combination of project development and operations. With effect from 1 March 2026, mining and processing at the Uitkomst Colliery were temporarily suspended, and the Company's activity is now concentrated on commissioning and ramp-up of the Makhado Project. The Company's key projects (Figure 2.1) include the Uitkomst Colliery (PCI metallurgical coal), Makhado Project (hard coking and thermal coal – under construction and commissioning), Vele Aluwani Colliery (semi-soft and thermal coal – on care and maintenance) and the GSP – MbeuYashu (coking and thermal coal projects).

MCM is an emerging developer and producer of hard coking and thermal coal assets, located primarily in the Limpopo Province of South Africa.

Figure 2.1: Location of operations and projects



Source: MCM

3 Uitkomst Colliery

3.1 Overview

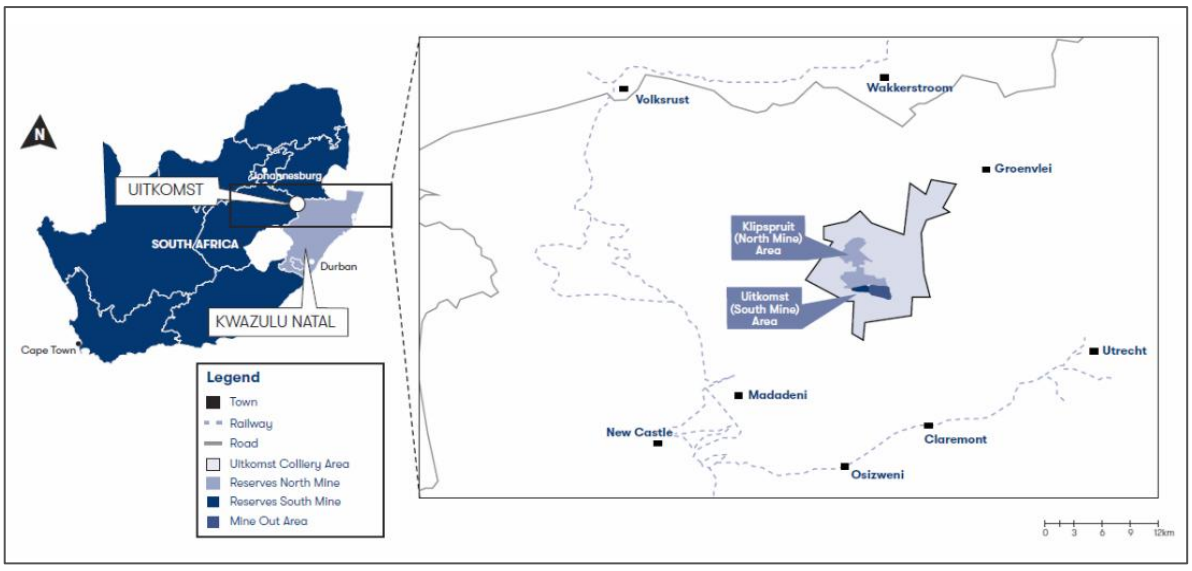
Uitkomst Colliery (Pty) Ltd (UCPL) is a producer of thermal and metallurgical coal from the Uitkomst Colliery (Uitkomst) which is situated 20 km northwest of Utrecht and 23 km northeast of Newcastle in the KwaZulu Natal Province (Figure 3.1). The colliery lies approximately 315 km directly northwest of the Richards Bay Coal Terminal (RBCT) and 320 km southeast of Johannesburg. Mining and processing at Uitkomst were temporarily suspended (hibernated) with effect from 1 March 2026 and the colliery is currently on care and maintenance.

Uitkomst is an underground bord and pillar (conventional drill and blast) colliery that extracts the Gus coal seam.

The operation is accessible via a well-maintained largely sealed road network and a rail line that runs to the west of the operations. The Wykom rail siding is located 5.7 km north of the town of Newcastle and provides the main loading point for rail transported coals.

MCM owns an 84% interest in UCPL, which is the registered holder of a consolidated mineral right for coal issued by the South African Department of Mineral Resources (DMR) under reference KZN30/5/1/2/2/94 MR (94 MR).

Figure 3.1: Location of the Uitkomst Colliery



Source: MCM website

The colliery is situated at the foothills of the Balele Mountains within an important sheep farming and major cattle and mixed farming region.

The surrounding region to the colliery experiences a temperate climate with mild summers (typically 15°C to 28°C) and cool winters (typically 3°C to 23°C). Rain typically falls during the summer months, mostly from October through to March. Mining can take place throughout the year.

3.2 History

Uitkomst Colliery currently consists of the operating section, the South Mine (the 'Uitkomst area') and the planned future expansion, the North Mine (the 'Klipspruit area').

The Klipspruit area represents the previously-mined underground Klipspruit Colliery, originally owned by Newcastle Coal Mines (Pty) Ltd. The colliery commenced production in 1987, before being sold in 1989 to Welgedacht Exploration Company (Pty) Ltd, a Rand Mines Limited subsidiary, and later acquired by Ingwe Coal Corporation. The colliery was then sold to Kangra Holdings in 1993. In 2014, the colliery was owned by Shanduka Resources, although it had ceased operations and rehabilitation was completed (Barker's Coalfield Maps of South Africa, 2014).

Operations were commenced in the adjacent Uitkomst area (the original Uitkomst Colliery) in 2007 by Brandywine Valley Investments (Pty) Ltd (Brandywine). In April 2015, Blue Falcon 232 Trading (Pty) Ltd (Blue Falcon) bought Brandywine and consolidated the Klipspruit and Uitkomst mineral rights through a Section 102 application, which was granted in March 2016. Blue Falcon was acquired by Pan African Resources PLC, effective 1 April 2016, which then ceded the mineral rights to its subsidiary, UCPL. In June 2017, the company was acquired by MCM.

Uitkomst was then mined by an independent mining contractor, Khethekile Mining, until 1 August 2018, when MCM acquired all the contractor's mining equipment and employees. The mine has been owner-operated ever since.

A revised business plan, the Turnaround Plan, was implemented at Uitkomst during FY2025 following completion of an optimisation review. It comprised reconfiguration of the underground mining layout, modifications to the processing plant and a reduction in the workforce from 430 to 366 employees. Notwithstanding the Turnaround Plan, the operation continued to underperform and incur losses, and on 2 February 2026 the Board approved in principle the temporary suspension of mining and processing operations. The suspension took effect on 1 March 2026. It is a care and maintenance measure and does not constitute a permanent closure, a relinquishment of the mining right or a decision to place the operation into liquidation or business rescue.

Details of historical exploration are limited. Exploration was conducted from the 1950s through to 2013 by a variety of companies (Table 3.1), resulting in a total of 491 drill holes. However, analytical results are only available for 429 of these holes.

Twenty of the drill holes completed in 2023 delineated the old Klipspruit workings. These have been incorporated into statement of Coal Resources and Coal Reserves reported as at 30 June 2024 and carried forward on a depleted basis to the statement reported as at 30 June 2025. Drilling during 2024/25, if any, has not been reported.

Table 3.1: Historical exploration for the Uitkomst Colliery

Year	Number of drill holes	Company
1971, 1978–79	41	Iscor Ltd[1]
1983	16	St George Mining
1980–88	268	Grinaker Desert Spar/Grinaker Mining[2]
1987–88	19	Newcastle Coal Mines (Pty) Ltd[2]
1988–89	16	Rand Mines Ltd/Ingwe Ltd
2001	24	Welgedacht
2007–09	27	Brandywine
2013	13	Uitkomst Colliery
2017	20	Uitkomst Colliery
2019	6	Uitkomst Colliery
2023	41	Uitkomst Colliery
Total	**491**	

Source: Minxcon (2017), Independent Competent Persons Report on the Uitkomst Colliery (updated).

Notes:

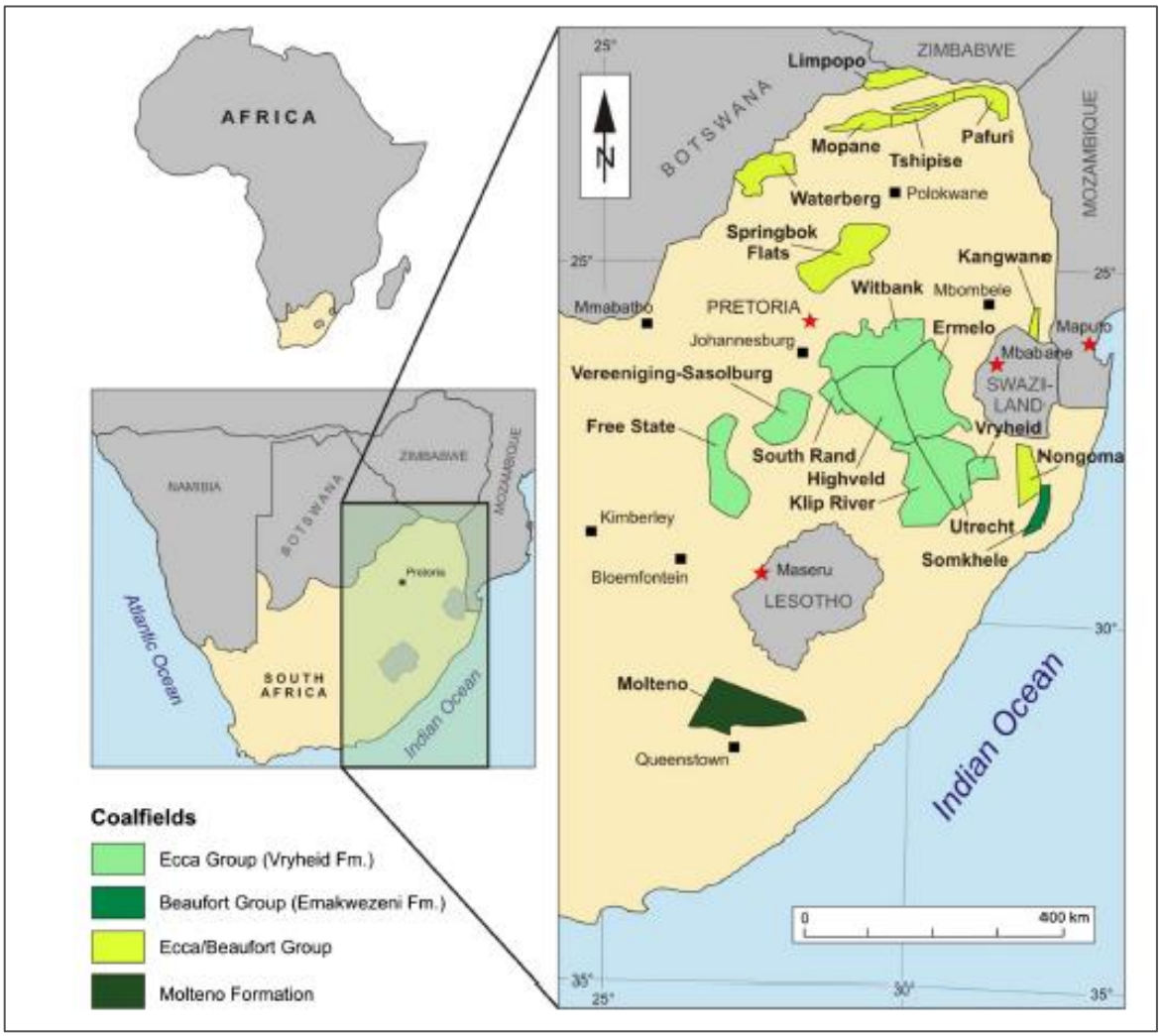
[1] Previously, the state-owned South African Iron and Steel Industrial Corporation Limited.

[2] Subsidiary of Anglovaal Ltd.

3.3 Local geology

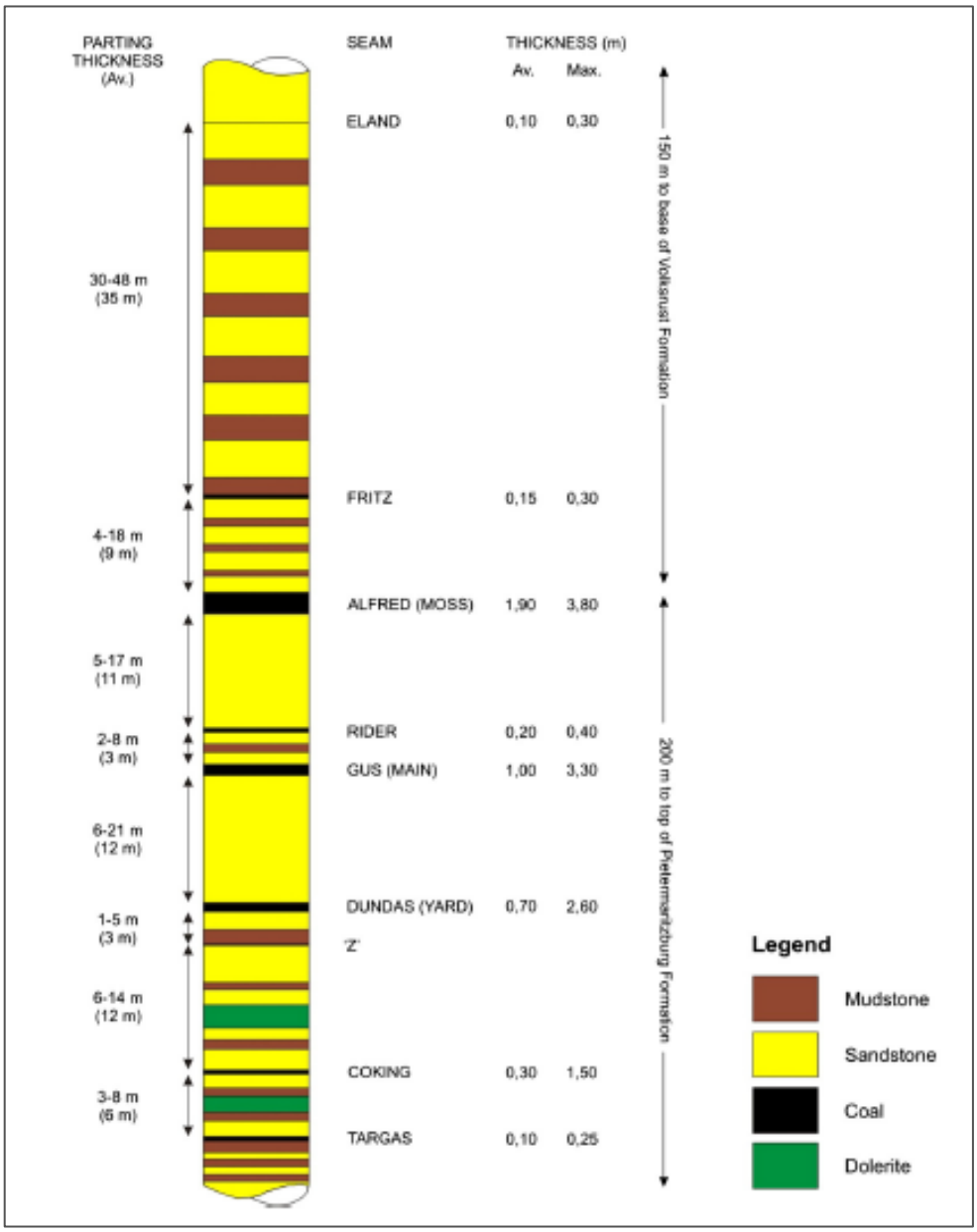
Uitkomst Colliery is located in the Utrecht Coalfield (Figure 3.2) – the coal seams are developed in the Vryheid Formation of the Ecca Group, which is of Permian age. Seven main seams and two smaller seams are recorded (Figure 3.3), although not all seams are developed in all areas. Four seams are demonstrated to have economic value – the Coking, Dundas, Gus and Alfred seams. Dolerite intrusions ranging from thin dykes to very thick sills are extremely common in the coalfield, often causing major displacement of the seams (in the order of 150 m) and affecting the quality and rank of the seams. Coal rank varies from medium to high within the Utrecht Coalfield depending on proximity to dolerite intrusions.

Figure 3.2: Coalfields of South Africa



Source: Hancox and Götz (2014)

Figure 3.3: General stratigraphy of the coal zone in the Utrecht Coalfield



Source: Hancox and Götz (2014)

At Uitkomst, only two seams are intersected, namely, the Alfred and Gus seams. As the Alfred Seam is poorly developed, only the Gus Seam is currently extracted.

The Gus Seam occurs in a north–south trending zone in the central portion of the mining lease and outcrops to the south in the Dorpspruit and Kweekspruit valleys. To the north, the seam extends beneath the escarpment at a depth from surface of around 300 m; due to the extreme topography of the escarpment, the depths increase rapidly to over 800 m. The seam ranges in thickness from 0.8 m to 1.9 m and consists of banded bright, dull and lustrous coal with the coal quality decreasing towards the top of the seam. This upper portion also contains a number of fine-grained sandstone partings, that may attain thicknesses of 20 cm.

3.4 Exploration potential

Drilling north of the presently defined LOM area suggests there may be potential for additional resources to be defined through ongoing exploration, although this is considered to be limited. Future drilling campaigns will target these areas.

3.5 Coal Resources and Coal Reserves

3.5.1 Coal Resources

The critical variable considered for the Uitkomst coal product is the ash content; the main products are both domestic products, namely a 12% ash product from the -10 mm fraction, usually sold to ArcelorMittal South Africa Limited, and a 12–14% ash product from sized and unsized coal sold into the local domestic market.

In addition, the following cut-off values were imposed to estimate the mineable Coal Resource:

- Mineral Rights boundaries
- seam sub-crop
- mined out areas have been excluded
- raw dry, ash-free (DAF) volatile matter (VM) >27% to exclude devolatilised areas
- minimum depth of 25 m for mineable tonnes in situ (MTIS) – any coal less than 25 m below surface is difficult to access from underground and does not have open cast potential due to the abrupt topography
- maximum seam depth of 300 m
- a minimum seam thickness of 0.5 m for gross tonnes in situ (GTIS) and 1.2 m for MTIS.

The Coal Resource estimates were also discounted for unknown geological structures, based on the confidence in the Coal Resource classification; namely:

- Measured 10%
- Indicated 15%
- Inferred 20%.

SRK has reviewed the geological model and is satisfied that the data are represented sufficiently accurately by the grids, the modelling principles employed and the estimation methods used are fit-for-purpose, and the geological model and the resource estimates are suitable for valuation purposes.

The Coal Resources were estimated by Mr John Sparrow in accordance with Edition 2 (2020) of the South African National Standard 10320. Mr Sparrow is a Competent Person as defined by the *South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves* (SAMREC Code, 2016).

All Coal Resources and coal qualities have been estimated on an air-dry basis and are inclusive of the Coal Reserves.

The Coal Resources as at 30 June 2025 are shown in Table 3.2. The Coal Resources are reported in accordance with both the SAMREC (2016) and JORC (2012) codes.

Table 3.2: Uitkomst Coal Resources (as at 30 June 2025)

Resource Category	GTIS (Mt)	MTIS (Mt)	MCM Attributable Interest (%)	MCM Attributable Resource (Mt)
Measured	14.747	13.273	84	11.149
Indicated	3.750	3.188	84	2.678
Subtotal Measured and Indicated	**18.497**	**16.461**	**84**	**13.827**
Inferred	5.747	4.597	84	3.861
Total	**24.244**	**21.058**	**84**	**17.688**

Source: MCM 2025 Annual Report

Note: Coal Resources are inclusive of Coal Reserves.

3.5.2 Coal Reserves

The stated Coal Reserves disclosed to the market and dated 30 June 2025 are shown in Table 3.3. The Coal Reserves were estimated and reported by Mr Craig Archer. Mr Archer is a Competent Person as defined by the SAMREC Code (2016).

SRK notes that approximately 178,000 run-of-mine (ROM) tonnes have been mined at Uitkomst Colliery since the date of the Coal Reserves estimate, i.e. from 1 July 2025 to 1 March 2026. The Coal Reserves for Uitkomst are based on the revised LOM layout as of 1 July 2024.

Table 3.3: Uitkomst Coal Reserves as at 30 June 2025 (in 100% terms)

Coal Reserves category	ROM (Mt)	Sales (Mt)
Proved	6.261	4.204
Probable	1.282	0.882
Total	**7.543**	**5.086**

Source: MC Mining Limited Annual Report 2025

Notes:

[1] Includes all contamination and roof brushing.

[2] The declared Coal Reserves are based upon Measured and Indicated Coal Resources only.

[3] The mine was placed on care & Maintenance on 1 March 2026.

[4] Approximately 178,000 ROMt were mined since from 1 July 2025 to 1 March 2026.

3.6 Mining

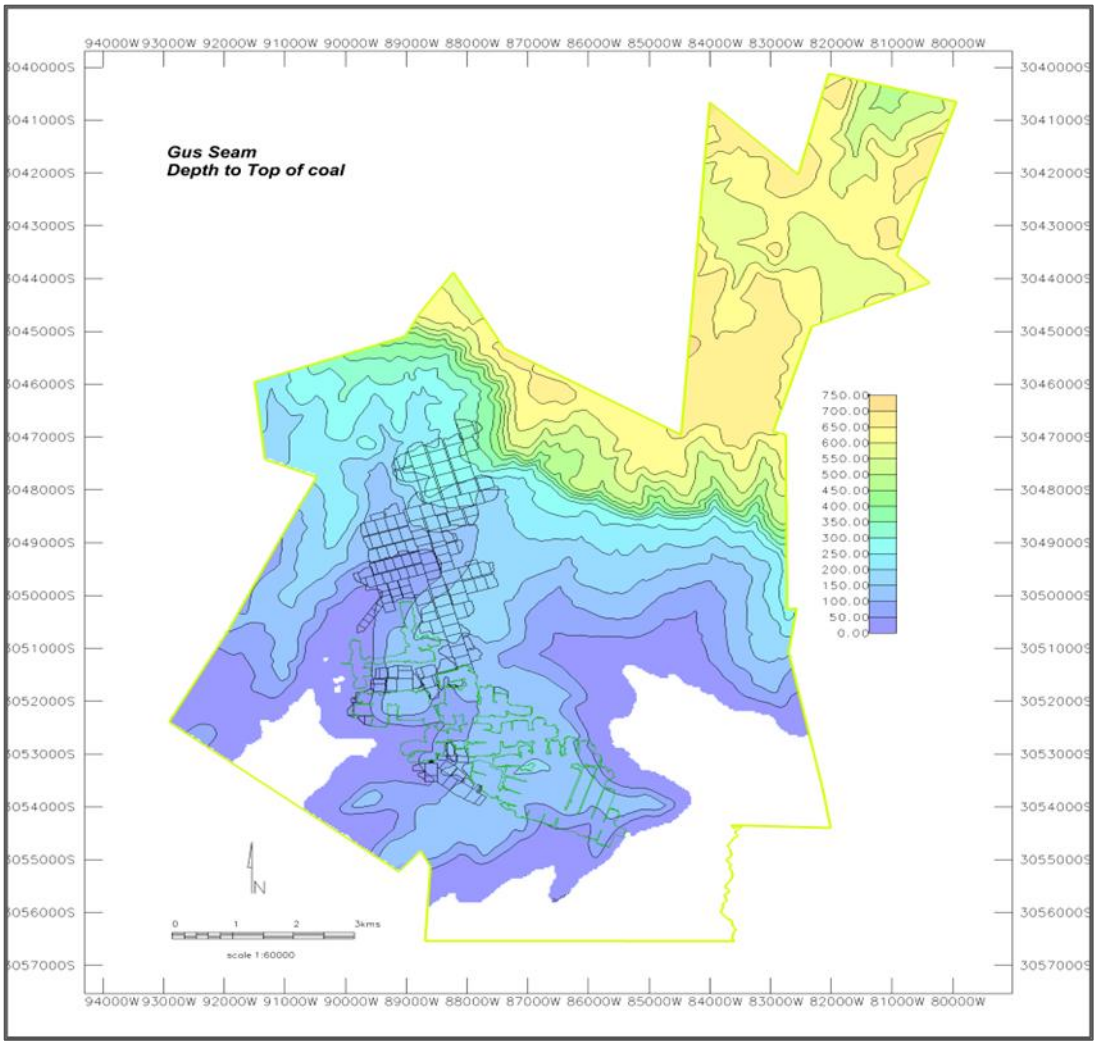
The defined Coal Resources target the Gus Seam and outcrop in the valley portions in the southern and northern parts of the mining right. This seam ranges between 0.8 m and 1.9 m in thickness.

The key constraint to the mine layout is the escarpment topography, which rises to over 800 m with cover, which impacts on potential coal recovery. The outcrop areas are accessed from a box-cut to approximately 30 m depth to allow an adit-type access into the coal seam.

The coal seam is considered to be horizontal (i.e. it has a zero dip) but does have some floor rolls that affect the potential mining height. The mining panels have been laid out from the development drive in Adit 1 to the extent of the mining thickness, as defined by a minimum seam thickness of 1.2 m and a minimum overburden cover of 30 m. The maximum panel cover is set at 150 m overburden thickness, where the coal recovery beyond this becomes uneconomic (refer Figure 3.4). The original old Klipspruit workings in the vicinity of Adit 2 were mined on a similar basis before discontinuing the operations.

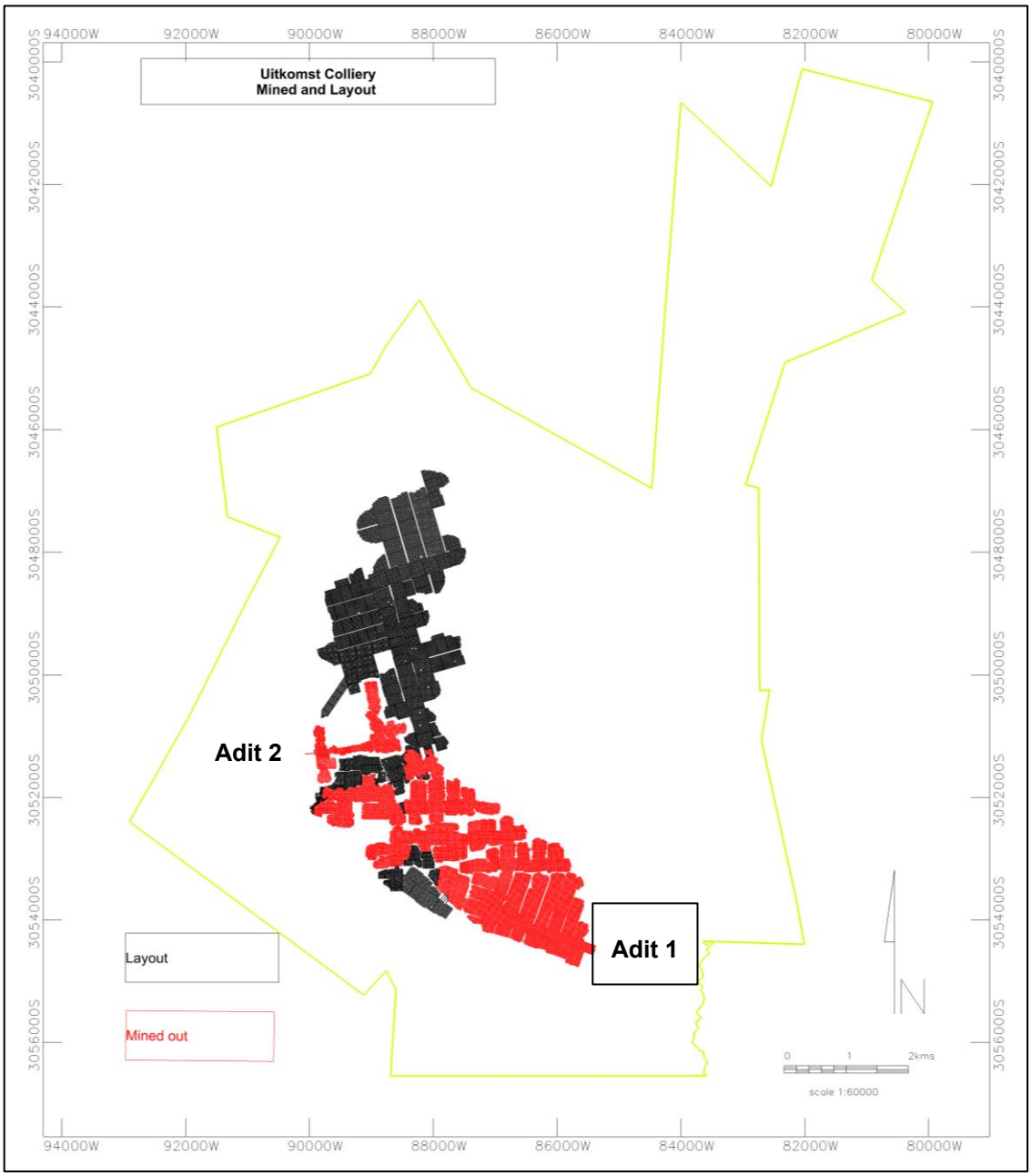
The plan in Figure 3.5 shows the mined-out areas and the remaining panels to be mined in the LOM plan provided by MCM, dated 2022. The mine essentially splits into the South mine exploited from Adit 1 and the North mine, accessed from Adit 2, which is adjacent to the old Klipspruit workings to reduce travel time and aid in ventilation. The two blocks are planned to be joined by a main development, but the seam is thinner in the area between the two blocks and hence will need to have the main roads roof brushed to provide sufficient mining height. The area is intersected by several dykes, but the panels are able to mine through and exploit the coal beyond these intrusive bodies (Figure 3.5).

Figure 3.4: Uitkomst Colliery overburden depth to the Gus Seam



Source: Minxcon (2017), Uitkomst Technical Review

Figure 3.5: Uitkomst Colliery mining panel layout



Source: MCM, 2024

The mining method is bord and pillar, drill and blast mining in the thin seam using coal cutters for the undercut, and with electric hand drills for blastholes. The mine panels are designed as 13 or 15 road panels at a bord width of 6.0 m, and the pillars are designed in a squat pillar design to a safety factor of 1.6. In the main development panels, this is increased to 2.0. This means that there is no potential pillar recovery planned.

The clearance of the coal is achieved using battery powered scoops prior to loading onto a low-profile feeder breaker and conveyor system to exit the mine.

The mine is ventilated by two main surface fans supplying 125 m^3/s of fresh air into the workings through a ventilation shaft that was commissioned in March 2022. The roof support is done using low profile roof bolters. The mine has sufficient equipment to operate three sections, and occasionally when required combines the sections into a single panel for faster linear advance. Within the panels, the travelling ways are roof brushed to 2.0 m, and the conveyor transfer points are brushed to 2.6 m. The mine attempts to extract the full coal horizon, hence dilution from the roof and floor is included in the ROM tonnages stated in the Coal Reserves.

All mine planning information is uploaded to an XPAC software database for scheduling purposes, together with the coal qualities and sales product information. The Coal Reserves estimate for the mine as at 30 June 2025 is attributed to Mr C Archer and Mr K Dippenaar, who are both suitably qualified mining engineers and registered members of the SAIMM and a professional natural scientists registered with SACNASP.

SRK understands that the sections are scheduled at approximately 15,000 to 20,000 ROMt/month on a two-shift basis, with slight variation for the mining height. SRK notes that in developing a scheduled mining rate for thin seam mines, the schedule is highly dependent upon roof conditions and floor tramming conditions, which can be extremely disruptive to production activities and rates. Also, the use of coal cutters is an older mining technology, and is very dependent upon the reliability of refurbished machinery, as these are not manufactured as new anymore. SRK does not expect that the design of future panels will vary significantly from historical panels, hence is also not expecting that the scheduled rates will deviate largely in the future LOM.

Uitkomst produced close to 500,000 ROMt from July 2023 to June 2024. Production has since fallen materially below plan against the 510,828 t forecast for FY2025 and 513,405 t for FY2026. ROM production was 390,788 t in FY2025, 21.6% below FY2024, which MCM attributed to adverse geological conditions and equipment availability. Production for the 6 months to 31 December 2025 was 140,121 t, 24% below the corresponding period. Mining ceased on 28 February 2026. MCM reported a LOM of approximately 19.5 years in its FY2025 annual financial statements, based on the 1 July 2025 layout.

3.7 Geotechnical

The underground mining activities at Uitkomst are relatively mature, with well-established geotechnical practices and standards with regards to pillar and bord widths, ground support requirements and ground hazard plans. Examples of minutes from monthly Mine Planning meetings indicate that bord width and ground support spacing for developing areas is assessed on an ongoing basis – with checking and identification of nonconformances and the development of problem issues, and update of ground hazard plans.

Directions and recommendations are then made to mitigate issues and ensure that required standards are maintained. Ongoing vigilance and assessment of varying conditions will ensure that risks are kept to a minimum.

The underground workings are now on care and maintenance. Ground conditions, ventilation and pumping in the standing sections can be expected to deteriorate over time, and the cost and schedule of any restart will depend on the extent of rehabilitation required. SRK has not been provided with a care and maintenance plan for the underground workings.

3.8 Processing

The Uitkomst wash plant is located adjacent to the South Mine Adit 1. The plant was constructed in 2007 and primarily treats ROM coal from the South Mine. The wash plant is owner-operated and employs conventional well-tested coal washing technology with a total design capacity of 70 kt/min.

The plant consists of a dual stage roller crushing circuit followed by coarse (10 to 40 mm), coal (1 to 10 mm) dense medium cyclone (DMC) washing circuits with the fines (-1 mm) material upgraded in a fines spirals circuit. Equipment is generally in good condition with the plant being structurally sound. The plant is operated using mainly grid power, with make-up water sourced from nearby farm dams and potable water from boreholes.

The plant was underutilised leading up to the cessation of production and has not operated since 28 February 2026.

Uitkomst typically produces and sells ‘export’ (0 to 40 mm) and ‘peas’ (10 to 25 mm) sized coal products. The plant produces a 28 MJ/kg (6,690 kcal/kg) coal with an ash and sulfur content of 12% and 1% respectively. The plant yield ranged between 60% to 64%, averaging 61% between July 2023 and September 2024. Modifications to the processing plant intended to improve yield were completed during FY2025 under the Turnaround Plan. No post-modification yield data have been provided to SRK and the reported benefit of the modifications is therefore unverified. .

Plant coarse and slimes discards are deposited on a co-disposal facility. The slimes are pumped to the centre and stored in three paddocks which operate in sequence. Once dry and depending on qualities, the slimes are removed and sold separately from normal Uitkomst products. The costs in producing these additional sales tonnes still form part of the overall plant costs used in the supplied financial model, as they are not accounted for separately.

Dry slimes are blended with a thermal middlings product produced from the three-product DMS cyclone module to produce a net as received (NAR) 5,000 kcal/kg product. The three-product DMS cyclone allows for production of a thermal middlings product in addition to the 12 to 14% ash peas product.

The main product from Uitkomst is used by ArcelorMittal as a metallurgical coal for PCI processing, with the balance being a typical thermal export grade coal. This thermal product is marketed through agents. Other users include A-grade domestic coal.

3.9 Infrastructure and services

Power to the mine is provided by Eskom and is sufficient for the underground mining operations and the processing plant. A series of generators provide a back-up to the main supply. The colliery has six generator sets in use for back-up power supply. Water is provided from surrounding farm dams and underground boreholes, and is reportedly sufficient for the plant and mine use.

Other surface administration and workshops are temporary structures located at Adit 1.

The mine is serviced by a rail siding (Wykom siding), which is a spur line from the main line with connections to RBCT. Coal is loaded into trains using contractor front-end loaders (FELs), with some sales distributed directly by truck via a weighbridge located near the processing plant.

3.10 Environmental and social aspects

The review of the environmental and social aspects is mainly based on the results of the 2024 review with some update based on the publicly available information. As the operations are now on the temporary suspension from 1 March 2026 with no operational activity undertaken on site, consideration of the environmental and social aspects for the project is limited.

3.10.1 Mining rights and land access rights

Uitkomst Colliery holds a consolidated mining right issued on 20 May 2016 by the Department of Mineral Resources and Energy (DMRE), which is recorded as KZN 30/5/1/2/2/94MR (94MR). The consolidated mining right, 94MR, incorporates various properties that previously formed part of mining right reference KZN30/5/1/2/2/21 (21MR), as well as the properties held under the original mining right 94MR (Minxcon, 2017)[1].

According to the 2017 Minxcon review, the surface rights for the farm portions where mine and plant infrastructure are situated are owned by the Qophumlando Communal Property Association with whom a lease agreement was in place.

The status of conformance with the mining right, land ownership, rental and land access agreements requirements is regularly reviewed by management. Based on information reviewed by SRK, there is no evidence of anything that would suggest MCM does not remain compliant. SRK recommends that MCM undertakes a detailed compliance review to identify Uitkomst's operational risks associated with the current land access agreements. Additional budget and time might be required to amend agreements.

The environmental and social compliance risk is considered qualitatively in SRK's assessment of an appropriate range of resource multiples to apply in determining its valuation range.

[1] Minxcon, 2017. Uitkomst Colliery Pty Ltd, Summary of technical Review 2017, Minxcon Pty Ltd, 18 January 2017

3.10.2 Environmental approvals

According to the 2023 annual closure report (Elemental, 2023a)[2], the following environmental approvals are held by Uitkomst Colliery:

- a consolidated EMPR in support of the consolidated mining right was approved on 26 May 2016
- Environmental Authorisation (EA) for section 102 was granted on 4 May 2023 and is supposedly valid for the life of mine
- Water Use Licences (WULs):
  - licence number 11/V32B/ACGIJ/11507 issued on 8 April 2022
  - licence number 11/V31D/ACGIJ/13085 issued on 11 June 2023.

3.10.3 Social and Labour Plan

Based on the information reviewed, it is SRK's understanding that the Social and Labour Plan (SLP) for the period 2021–2025 was approved on 24 March 2022. SRK understands that development and approval of a new SLP for the following 5 years for 2026–2030 is suspended due to the current status of the project.

3.10.4 Environmental and social management

It was reported that the Environmental Management System (EMS) adopted at the Vele and Uitkomst collieries was developed as the formal tool for environmental management. Continuous monitoring is implemented at the mining sites to assess the effectiveness of controls with regular analysis and reporting, and action management on failures. It is noted that, while not ISO 14001:2015 accredited, MCM states that its Uitkomst EMS is aligned with ISO 14001.

The water quality report for the period from September 2021 to November 2021 was provided for Uitkomst Colliery (Elemental Sustainability, 2021a) and Wykom Siding (Elemental Sustainability, 2021b) and indicated the following key impacts:

- Uitkomst Colliery – mitigation measures have been put in place to ensure no discharge from the Pollution Control Dam (PCD).
- Wykom Siding:
  - The water within the PCD is polluted and the management measures to ensure that the PCD does not spill into the receiving environment should be maintained.
  - When considering the upstream surface points of MP01, MP03 and MP05 (and then compared to downstream point MP04), it is clear that there are other system contributors that change electrical conductivity, total dissolved solids, pH and sulfate levels.

[2] Elemental, 2023a. Annual update of the preliminary closure and financial provision assessment for Uitkomst Colliery, 2022–2023 closure update report, Elemental Sustainability Pty Ltd, 7 August 2023

According to annual internal WUL audits for Uitkomst Colliery (Uitkomst Colliery, 2022) and Wykom Siding (Wykom Siding, 2022) dated February 2022, the key non-compliances were related to:

- Uitkomst Colliery:
  - exceeding quality limits for disposal of stormwater/dirty water
  - impact from the mine activities on the groundwater resources.
- Wykom Siding:
  - calibration of flow meters
  - exceeding disposal quantities into the Pollution Control Dam, Slurry Dam, Settling Pond, Return Water Dam
  - exceeding disposal quantities onto the Discard Dam
  - exceeding dust suppression limits
  - exceeding quality limits for disposal of stormwater/dirty water.

In September 2021, the DMRE conducted a monitoring and compliance inspection in respect of the Uitkomst Colliery mining right renewal application. The findings of the inspection resulted in the issuing of a notice of intent to issue a compliance notice in terms of Section 31 L of the *National Environmental Management Act* (Act 107 of 1998) (NEMA) due to transgressions relating to waste management, poor housekeeping and non-implementation of a general environmental awareness or job-specific environmental awareness plan on site (DMRE, 2022). SRK understands that the identified issues likely to be relevant for the operation during the care and maintenance stage.

The financial model 2024 included annual environmental cost provisions through the Uitkomst Colliery LOM totalling ZAR88,903,292.

3.10.5 Mine closure provisions

SRK understands that the Uitkomst Colliery mine closure plan and associated financial provision supposed to be updated annually to comply with the regulations. The 2023 annual closure update (Elemental, 2023a)[3] provided the costs to cover closure liabilities of ZAR28,820,936.58 for the current Uitkomst Colliery's closure liabilities. This closure cost estimation has been developed in accordance with the 2005 Department of Mineral Resources guideline. Known as the asset retirement obligation cost, it considers current environmental liabilities and activities of the site and excludes any planned activities. As of December 2023,[4] MCM holds rehabilitation financial guarantees of ZAR28,952,253 for Uitkomst Colliery which is equivalent to the estimated cost for Uitkomst Colliery's closure liabilities.

[3] Elemental, 2023a. Annual update of the preliminary closure and financial provision assessment for Uitkomst Colliery, 2022–2023 closure update report, Elemental Sustainability Pty Ltd, 7 August 2023

[4] MCM SA Guarantees-202312 (1 1), December 2023

SRK notes that the costs outlined in the Elemental (2023a) report include the following assumptions and comments:

- costs estimations are conceptual and based on current-day liability costs of 2023
- all demolition rubble is considered as General Waste with no cost associated with potentially contaminated waste management
- contractor rates used in calculation are outdated
- Preliminary and General are set at 7.5%; however, no justification is provided – it is good international industry practice for Preliminary and General to be at 12% for cost estimates under ZAR100 M
- VAT at 15%
- the estimate incorporates a 5% continency allowance – as the accuracy of conceptual closure design typically ranges from ±30% to ±35%, it is good international industry practice for contingency allowances to range between 25% and 35%[5]
- costs of groundwater and surface water monitoring post-closure have been assumed for a period of 10 years, with sampling taking place on a biannual basis and 2–3 years required for maintenance of vegetation after rehabilitation
- several cost elements have not been included in the provision:
  - specialist studies, professional fees and project management
  - detailed assessment of long-term decant from workings and its treatment costs
  - labour redundancy or other human resources
  - social transitioning to closure-related costs
- the cost estimates presented in the calculations was prepared to an accuracy level of ±70% (including 5% contingency) – Elemental's estimated total liability cost ranges from ZAR11 M to ZAR62 M.

Current closure provisions totalling ZAR37 M provided for Uitkomst Colliery are conceptual and have been developed to consider current liabilities for financial reporting processes. There is a risk that the closure costs are underestimated as additional costs may be required once the underlying assumptions have been addressed such as alignment with closure designs and completion criteria, alignment with project development, contamination assessments, ground-truth measurements and inventory, site-based rehabilitation trials, and cashflow scheduling alignment. At this conceptual stage of the closure cost estimations, SRK recommends a minimum 35% contingency and 12% Preliminary and General be applied to the closure provisions for a base case LOM closure cost estimate of ZAR47.9 M. Current and recommended costs are presented in Table 3.4.

[5] *AusIMM Cost Estimation Handbook*, Second Edition, Monograph 27

Table 3.4: Uitkomst Colliery's total closure cost estimations – as at 7 August 2023

	Elemental's Asset Retirement Obligation estimates (ZAR)	SRK's LOM closure cost minimum recommendations (ZAR)
Liability cost estimate	28,350,595	28,350,595
Preliminary and General ■ Elemental 7.5% ■ SRK 12%	2,126,295	3,402,071
Contingency ■ Elemental 5% ■ SRK 35%	1,417,530	9,922,708
Total excluding VAT	31,894,419	41,675,374
VAT (15%)	4,784,163	6,251,306
Base case total (including VAT)	**36,678,582**	**47,926,680**
Low case total (-70%)	**11,003,575**	No lower than base case
High case total (+70%)	**62,353,589**	**81,475,357**
High case total inflation applied	**67,965,412**	**88,808,139**

Source: Elemental (2023a)

At a Company level the rehabilitation provision in the FY2026 annual financial statements increased to US$20.589 million at 30 June 2026 from US$2.020 million at 30 June 2025, of which US$17.690 million arose from a change in assumptions and US$17.2 million was capitalised to property, plant and equipment. MCM attributes the increase to changes in assumptions at Vele, Makhado and Uitkomst, but does not disaggregate the provision by operation. The FY2026 statements record that no provision has been recognised for closure or rehabilitation beyond the existing rehabilitation provision because no decision to close, or dispose of, Uitkomst has been taken. SRK is therefore unable to determine what part of the increase relates to Uitkomst, and Table 3.4 remains based on the 2023 estimate.

3.11 Risks and opportunities

Geological risks relate to devolatilisation of the coal due to the presence of unmapped, and hence unexpected, dolerite intrusions.

SRK notes that with thin seam mining in particular, variations in floor and roof rolls will affect the mining height more severely, which could create unforeseen risks within these mining conditions. Uitkomst Colliery has historically mined in these conditions and has been managing this aspect by the existing drilling practices, and also by limited horizontal drilling conducted at the mine, to proactively provide information on potential anomalies within the seam and/or roof and floor conditions.

Equipment obsolescence, in particular the outdated Joy coal cutters and the scoop trams, present further risk, with the latter not common in the local thin seam coal mining industry. This has been managed by owning surplus equipment, allowing for repairs to be undertaken as required and fewer impacts on the mining operation.

In August 2018, MCM took ownership of the equipment from the contract miner at Uitkomst Colliery and transferred staff who were familiar with the equipment and operation. This retained the necessary skills and subsequent equipment availability at the operation, which could be considered a noticeable risk with related consequences, if not managed appropriately.

The hibernation of Uitkomst introduces further risks. Care and maintenance costs continue to be incurred without offsetting revenue. Retrenchment of the workforce removes the operating skills base identified above, and the re-employment and retraining of an experienced thin seam workforce would be required on restart. Deterioration of the underground workings, ventilation and pumping infrastructure during the suspension may require unbudgeted rehabilitation cost.

MCM reported that a binding offer has been received in respect of Uitkomst and that strategic options, including partnerships, joint operations or other arrangements with third parties, are being evaluated. No decision had been taken at the time of writing this report.

4 Vele Aluwani Colliery

4.1 Overview

The Vele Aluwani Colliery (Vele) is located 48 km west of the town of Musina and 100 km north of the town of Alldays in the Limpopo Province, South Africa. Musina is the last major town before the Beitbridge border crossing between South Africa and Zimbabwe, and lies 520 km north of Pretoria (Figure 4.1).

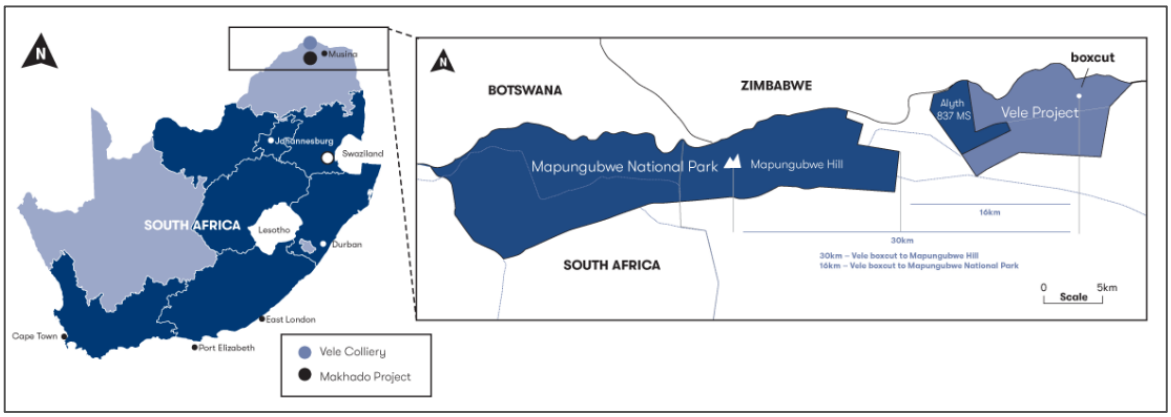
MCM holds a 100% interest in the Vele Colliery through its wholly owned subsidiary, Limpopo Coal. The project is held under a new order mineral right number LP 103 MR, which is granted and remains valid until 18 March 2040. MCM also holds a prospecting right LP 1136 PR over the farm Alyth 837MS.

The colliery started thermal coal production in January 2012 and was subsequently placed on care and maintenance in October 2013 – it recommenced mining with contractor Hlalethembeni Outsourcing Services (Pty) Ltd (HOS) during October 2022. The mine was operated by HOS between October 2022 and December 2023, before mining was suspended again in December 2023 due to the fall in thermal coal prices. Dispatch of stockpiled product continued into 2024 and the remaining product stockpiles were disposed of at nominal value during the 6months to 31 December 2025. Operations remain suspended. MCM reported at 30 June 2026 that evaluations of the geological and mine planning information for Vele were still in progress, that the colliery is being maintained in a state of readiness for future development pending conclusion of a re-engineered business plan, and that work continues on identifying a commercially viable logistics and marketing solutions for the colliery's coal products.

The Limpopo River, which represents the international border between South Africa and Zimbabwe, bounds the Vele operations to the north. The Mapungubwe National Park’s eastern border is located 37 km west of the western boundary of the Vele Colliery. The Mapungubwe Hills within the park is a World Heritage site.

The Vele Colliery is well situated with respect to existing rail and road infrastructure. The main road linking South Africa to Zimbabwe and associated rail routes pass through Musina. The R572 sealed bitumen road from Pontdrift to Musina is located adjacent to the Vele Colliery on the southern boundary.

Figure 4.1: Location of Vele Colliery



Source: MCM website, accessed 13 May 2022

The climate at Vele is semi-arid and characterised by hot to extremely hot summers and warm to cool winters, with minimal precipitation. Mining activity is able to be conducted all year round.

4.2 History

Southern Sphere Mining and Development Company Limited undertook exploration drilling between 1973 and 1983. This involved drilling 61 drill holes using air flush coring, resulting in a core size of approximately 16.8 mm. Some 36 large diameter drill holes were also completed for washability and coking testing purposes. All exploration activity then ceased for the next 22 years, after which Limpopo Coal acquired the prospecting rights to various properties within the current colliery area. In 2006, CoAL's predecessor company, GVM, acquired a 74% stake in Limpopo Coal and in 2008, Silkwood Trading 14 (Pty) Ltd obtained additional prospecting rights on the Vele area but was bought by CoAL later that year. CoAL received shareholder approval for its name change to MCM in November 2017.

A high-resolution airborne magnetic and radiometric geophysical survey was flown over the area in 2008. After detailed processing, the final products were a digital terrain model and a geological map, as well as other geophysical data maps.

In March 2010, the mining right was granted by the DMR. An appeal was subsequently lodged against the mining right. In June 2010, the DEA issued a pre-compliance notice followed by a compliance notice in August 2010. The compliance notice was in relation to the commencement of listed activities without *National Environmental Management Act* authorisation. In the same month, the Department of Water Affairs (now Department of Water and Sanitation – DWS) issued a directive to cease all unlawful water activities. In March 2011, a coalition of non-government organisations opposed to Vele submitted an appeal to the country's Water Tribunal. Consequently, the IWUL was automatically suspended but this suspension was lifted in October 2011.

Subsequent to the above, Vele has secured all of the necessary licences to operate at its forecast capacity.

Open pit coal production started in the East Pit in January 2012. Production ceased in October 2013 after logistical difficulties on the Matola railway line in Mozambique (as the coal was exported through the Matola Coal Terminal at Maputo) as well as depressed international thermal coal prices.

The plant produced an 18% ash export thermal coal until it was put on care and maintenance. After additional drilling and analysis, a plant redesign has been planned to produce a 10% ash semi-soft coking coal (SSCC) product and a 5,500 kcal (NAR) thermal coal product.

Following a strategy review it was decided that the optimal strategy was to recommence operations on an outsourcing basis. In December 2022, a 5-year Contract Mining Agreement with HOS was signed. Construction of the overhead electricity line was completed in April 2023 and the Vele CHPP was connected to the national power grid in May 2023. HOS successfully dewatered the Vele open cast pit and produced 269,051 t of saleable thermal coal during CY2023.

Following this, HOS informed MCM that, due to the operating challenges at Vele, combined with elevated logistics costs and the depressed API4 coal price, it intends downscaling operations while it progresses a production optimisation strategy at the colliery.

4.3 Local geology

The Vele Colliery is located in the Permian Tuli Basin of the Limpopo Coalfield. The Limpopo Coalfield is a small intracratonic east–west striking fault-bounded coalfield, where the sedimentation was fault-controlled from initial deposition; the preserved basin length is around 120 km, and the width is approximately 80 km; the coalfield extends north into Botswana and northeast into Zimbabwe (Malaza, 2014). The coalfield is bounded by east-northeast trending normal faults.

The basin sediments belong to the Dwyka and Ecca groups of the Karoo Supergroup and consist of basal diamictites and sandstone of the basal Tshidzi Formation, followed by the sandstone-siltstone-shale-coal assemblage of the Madzaringwe Formation (Figure 4.2). This is overlain by alternating black shale, sandstone and coal of the Mikambeni Formation and sandstones and conglomerates of the Fripp Formation.

The overlying Beaufort Formation is represented by the siltstone and fine-grained sandstones and mudstones of the Solitude Formation. In the central part of the basin, the Solitude Formation is overlain by the coarse sandstones and conglomerates of the Stormberg Group’s Klopperfontein Formation. The red and purple mudstones and subordinate siltstones of the Bosbokpoort Formation are encountered above the Klopperfontein Formation. In turn, these are overlain by the fine-grained sandstones of the Red Rocks and Tshipise Members of the Clarene Formation.

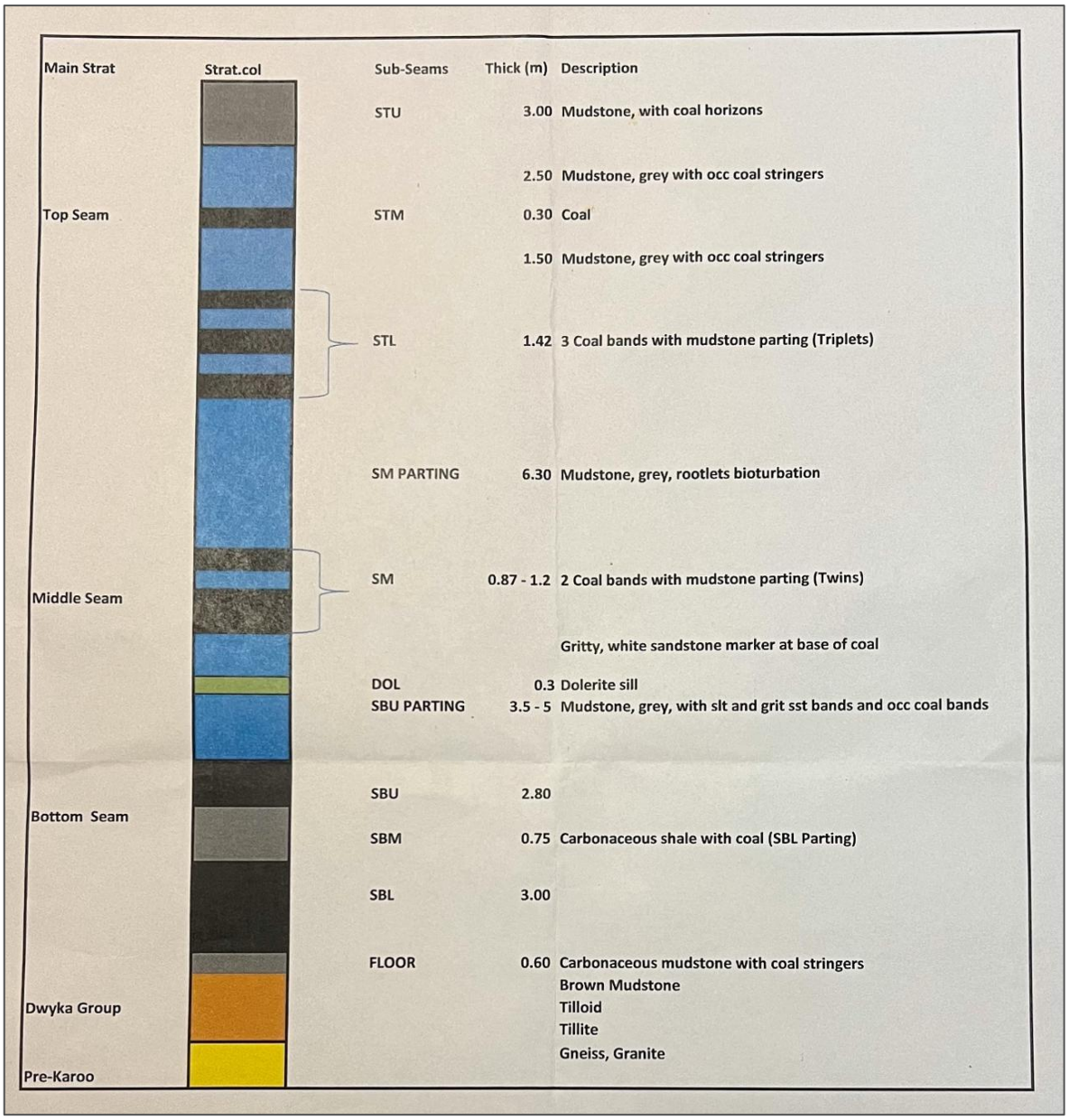
Figure 4.2: Vele and Makhado – general stratigraphy

<table>
<tr><th colspan="2">A. Main Karoo Basin (Johnson, 1994)</th><th colspan="2">1:250000 Geological Map Alldays, 2001</th></tr>
<tr><td rowspan="3">"Stormberg Group"</td><td>Clarene Formation</td><td rowspan="2">Clarene Formation</td><td>Tehipise Sandstone Member</td></tr>
<tr><td rowspan="2">Elliot Formation</td><td>Red Rocks Member</td></tr>
<tr><td rowspan="2">Molteno Formation</td><td colspan="2">Bosbokpoort Formation</td></tr>
<tr><td colspan="2">Klopperfontein Formation</td></tr>
<tr><td colspan="2">Beaufort Group</td><td colspan="2">Solitude Formation</td></tr>
<tr><td colspan="2" rowspan="3">Ecca Group</td><td colspan="2">Fripp Formation</td></tr>
<tr><td colspan="2">Mikambeni Formation</td></tr>
<tr><td colspan="2">Madzaringwe Formation</td></tr>
<tr><td colspan="2">Dwyka Group</td><td colspan="2">Tshidzi Formation</td></tr>
</table>

Source: Sparrow (2012)

The generalised stratigraphy at Vele is depicted in Figure 4.3 and shows the SBL ply of the Bottom Seam to be the thickest individual coal horizon.

Figure 4.3: Vele project seam stratigraphy



Source: Photograph from site visit, 13 February 2024

Currently exposed coal seams in East Pit are shown in Figure 4.4. East Pit targets the Top, Middle and Bottom seams.

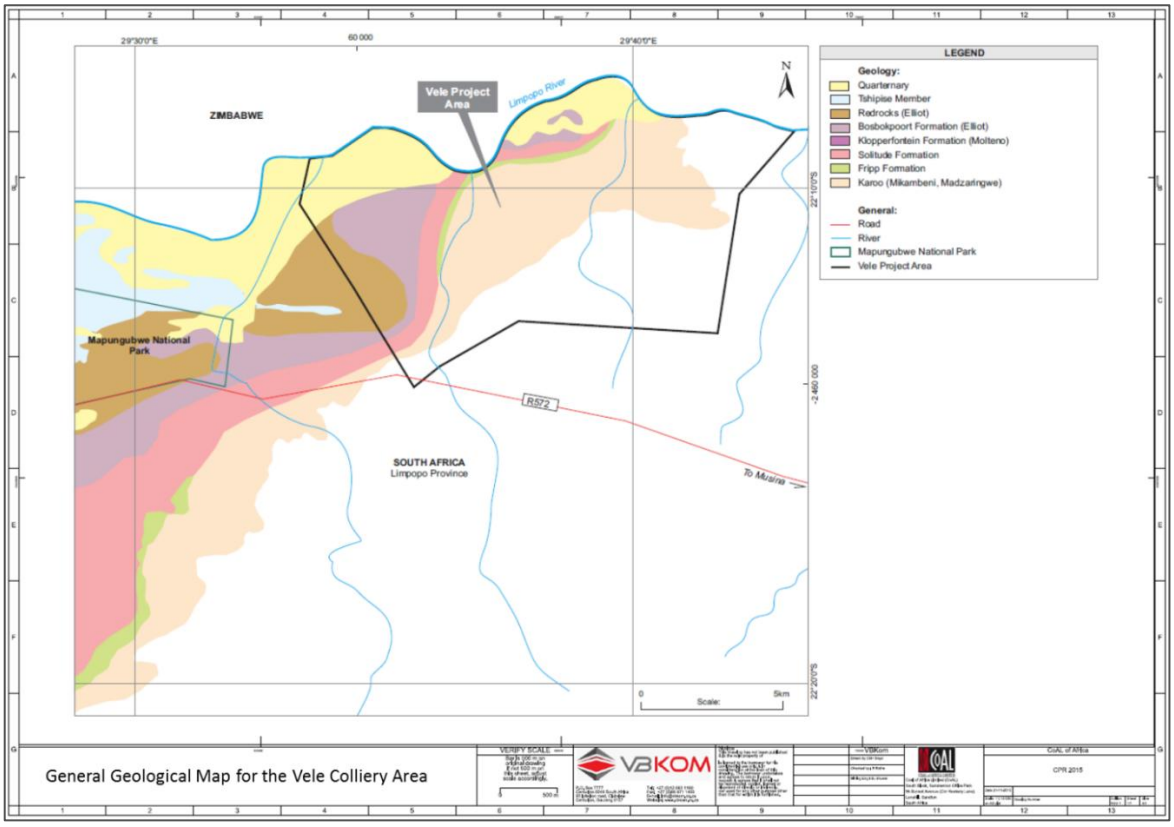
Figure 4.4: Vele East Pit, looking northeast



Source: Photo from site visit, 13 February 2024

Figure 4.5 depicts the surface geology of the Vele area.

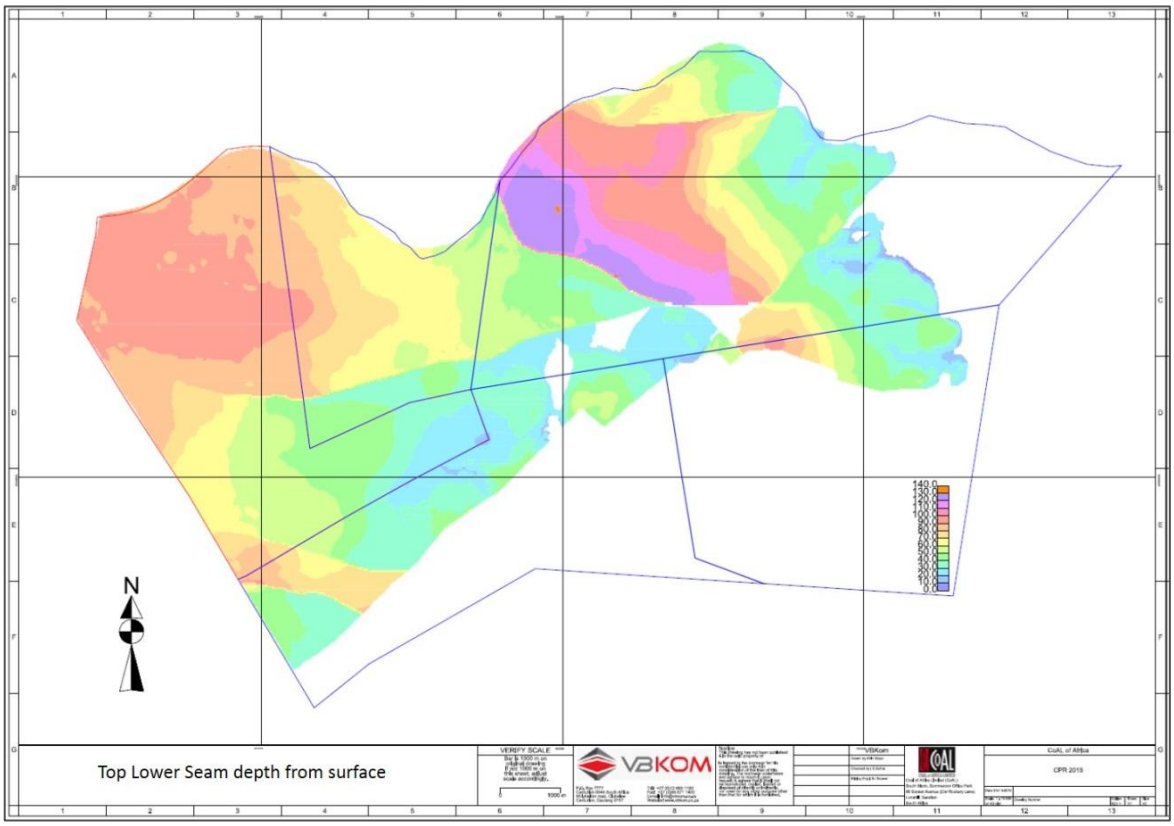
Figure 4.5: Surface geology of the Vele area



Source: VBKOM (2017)

The strata are interpreted to dip northwards at approximately 2° in the Vele area, although the dip increases locally close to faults; the strata sub-crop to the east and south. Near-vertical dolerite dykes are encountered, devolatilising the coal, but not displacing it. Faults not only controlled deposition, but also subdivided the coalfield into a number of blocks, resulting in varying seam depths between the blocks; parts of the deposit can be exploited from surface, while other blocks need to be mined from underground. The differing block depths are shown in Figure 4.6.

Figure 4.6: Top Lower Seam depth illustrating different blocks due to faulting



Source: VBKOM (2017)

At Vele, the coals were extracted from the Main Coal Zone of the Madzaringwe Formation within the Ecca Group. The Main Coal Zone is approximately 15 m thick and consists of three coal-bearing horizons: the Top, Middle and Bottom coal horizons/seams, comprising interlaminated carbonaceous shale, mudstones and coal. The Top Seam is further subdivided into the Top Upper, Top Middle and Top Lower seams, while the Bottom Seam is subdivided into the Bottom Upper and Bottom Lower seams (Table 4.1). The Top Middle and Top Upper seams are not considered economic.

Table 4.1: Vele seam thicknesses

Seam or zone	Average (m)	Maximum (m)	Minimum (m)	Proportion of coal (%)
Main Coal Zone	16.42	31.95	0.25	
Top Lower	1.52	7.66	0	55–65
Middle	1.05	2.19	0	25–45
Bottom Upper	1.98	5.48	0	65–80
Bottom Lower	3.68	7.87	0	65–80

Source: VBKOM (2017)

The coal has been petrographically classified as medium rank, high vitrinite C-grade bituminous coal. The coking coal fraction is classified as a SSCC and can produce a 10% ash coking coal (primary product) and a secondary 5,500 kcal (NAR) thermal product.

4.4 Exploration potential

Future exploration in areas located between areas covered by the LOM plan and the prospecting right boundary are limited, but better fault delineation will assist with defining any potential resources. To date, four inclined drill holes were successful in delineating faults.

MCM has an existing prospecting right to the farm Alyth 837 MS. The area covered by this right requires significant drilling in order to upgrade the presently defined Coal Resources.

4.5 Coal Resources and Coal Reserves

4.5.1 Coal Resources

With regard to the defined Coal Resources at Vele, the critical variable to exclude devolatilised coal is the VM content. The following cut-off values were applied when estimating the mineable resources at Vele:

- mineral rights boundaries (the mining right and prospecting right are reported separately)
- the 100-year floodline for the Limpopo River
- the limit of oxidation
- a 50 m wide exclusion zone around dykes and other geological structures
- minimum raw VM of 18% dry ash free
- a minimum seam thickness of 0.5 m for GTIS
- thickness cut-off criteria for underground resources (Bottom Lower seam) – minimum of 1.4 m and maximum of 4.5 m
- MTIS has been estimated by applying the theoretical mining heights and an estimated mining layout loss of 2% for open cast areas and 10% for underground areas – this translates to an average mining layout loss of 5% for the mining right area and 8% for the prospecting right area.

The Coal Resource estimates were also discounted for unknown geological structures, based on the confidence in the Coal Resource classification, namely:

- Measured 10%
- Indicated 15%
- Inferred 20%.

The Coal Resources have been estimated by Mr John Sparrow and reported in accordance with the JORC Code, 2012.

The Coal Resources were estimated from the geological model, constructed by Mr Sparrow using Minex™ software. SRK has reviewed the geological model and considers that it provides a reasonable interpretation of the data and that the Coal Resources have been estimated in an appropriate manner.

All Coal Resources and coal qualities have been estimated on an air-dry basis and are inclusive of the Coal Reserves. Note that the Coal Resource estimates include significant amounts of intercalated non-coal material that will be removed during beneficiation.

The Coal Resources as reported at 30 June 2025 are shown in Table 4.2; the Coal Resources, subdivided into those attributable to the mining right area and the prospecting right area are shown in Table 4.3 and Table 4.4, respectively. The Vele estimates are unchanged from those reported at 30 June 2024.

Table 4.2: Vele Coal Resources – as at 30 June 2025

Resource Category	GTIS (Mt)	MTIS (Mt)	MCM attributable interest (%)	MCM attributable Resource (Mt)
Measured	146.789	5.353	100	5.353
Indicated	426.854	3.961		3.961
Subtotal Measured and Indicated	**573.643**	**9.314**		**9.314**
Inferred	218.932	0.704		0.704
Total	**792.575**	**10.018**	**100**	**10.018**

Source: MC Mining Limited Annual Report 2025

Note: Coal Resources are inclusive of Coal Reserves.

Table 4.3: Vele Coal Resources – mining right only

Resource category	GTIS (Mt)	TTIS (Mt)	MCM attributable interest (%)	MCM attributable Resource (Mt)	Raw TTIS coal qualities					
					CV (MJ/kg)	Ash (%)	VM (%)	FC (%)	TS (%)	IM (%)
Measured	140.58	126.52	100	126.52	15.69	48.0	21.5	28.8	1.78	1.6
Indicated	356.92	303.39		303.39	14.73	50.7	20.7	26.9	1.80	1.6
Subtotal Measured and Indicated	**497.50**	**429.91**		**429.91**						
Inferred	167.93	134.35		134.35	14.51	51.5	20.6	26.2	1.86	1.7
Total	**665.43**	**564.25**	**100**	**564.25**	**14.88**	**50.3**	**20.8**	**27.2**	**1.81**	**1.6**

Source: VBKOM (2017)

Notes: CV – calorific value; FC – fixed carbon; IM – inherent moisture; TS – total sulfur; TTIS – total tonnes in situ.

Table 4.4: Vele Coal Resources – prospecting right only

Resource category	GTIS (Mt)	TTIS (Mt)	MCM attributable interest (%)	MCM attributable Resource (Mt)	Raw TTIS coal qualities					
					CV (MJ/kg)	Ash (%)	VM (%)	FC (%)	TS (%)	IM (%)
Measured	7.59	6.83	100	6.83	15.69	48.0	21.5	28.8	1.78	1.7
Indicated	69.93	59.44		59.44	14.73	50.7	20.7	26.9	1.80	1.6
Subtotal Measured and Indicated	**77.52**	**66.27**		**66.27**						
Inferred	51.00	40.80		40.80	14.51	51.5	20.6	26.2	1.86	1.7
Total	**128.52**	**107.07**	**100**	**107.71**	**14.88**	**50.3**	**20.8**	**27.2**	**1.81**	**1.6**

Source: VBKOM (2017)

4.5.2 Coal Reserves

Vele declared a Coal Reserve in 2017 (VBKOM, 2017) based on parameters adopted at an adjacent open pit operation, also supplemented by underground mining. As noted above, mining operations recommenced in December 2022 but ceased again in December 2023. The latest Coal Reserves estimate for Vele, as at 30 June 2025 and unchanged from that reported at 30 June 2024, is shown in Table 4.5.

Table 4.5: Vele Coal Reserves (as at 30 June 2025, 100% attributable basis)

Coal Reserves category	ROMt (Mt)	Saleable primary product (Mt)
Proved	3.404	1.362
Probable	3.188	1.275
Total Reserves	**6.592**	**2.637**

Source: MC Mining Limited Annual Report 2025

It is clear there is a much larger Coal Resource within the mining right; however, the Coal Reserves declared are of substantially lower magnitude. The Coal Reserves (Table 4.5) were estimated and reported by HOS for a 5-year plan only, and these estimates do not represent a true LOM coal potential. Hence, until a clear development profile is established, any assessment of this mining right should be completed on an implied resource multiples basis.

4.6 Mining

The Vele Colliery is located in the Thuli Coalfield and was supported by a 2023 Vele Colliery financial model (*46.06.02.01 Vele Model 20230801_StR*) with a mine life of 27 years. No updated Vele financial model has been provided to SRK. MCM signed an agreement and appointed a contractor to the Vele operations in December 2022, initiating the recommissioning of the Vele Colliery CHPP, as well as commencement of mining by the contractor. The agreement signed between the parties is on an exclusive basis to produce thermal coal and endures for an initial 5-year period up to December 2027. The contract stipulates that, at the end of the 5-year term, MCM (via its 100% subsidiary Limpopo Coal Co. – LCC – which holds the Vele licences), will pay the contractor the equivalent of the ‘value in use’ of the plant and other operating assets for their return to LCC.

The contractor targeted a monthly production of 60,000 t of saleable thermal coal from the operation, with LCC according to the contractual terms earning ZAR200/t (excluding VAT) for each tonne of saleable coal produced, i.e. if the average monthly API4 export coal price holds above US$120/t.

The agreement stipulates that the contractor is responsible for all mining and processing costs at Vele, while LCC remains responsible for the colliery’s regulatory compliance, rehabilitation guarantees, relationships with authorities and communities as well as the supply of bulk electricity and water.

Following recommencement of mining in late December 2022, ramp-up to full production was targeted for H2, CY2023. However, the operation did not deliver as planned.

This was further exacerbated by the depressed API4 coal price, resulting in a decline in the thermal coal price delivered, with the 3-month average API4 price for Q1, CY2023 at US$146/t, reducing to US$115/t in Q2, CY2023, US$109/t in Q3, CY2023, and down to US$102/t in Q4, CY2023.

Hence, due to these impacts on the financial performance and viability of the Vele operation, the contractor reportedly exercised the hardship clause in the agreement, and subsequently ceased operations at Vele during December 2023. MCM in collaboration with the mining contractor proceeded with consideration of various improvement initiatives. This work still remains incomplete.

It is noted that the contractor has indicated that its production optimisation strategy (Operation Shandukani) will potentially include, among other changes, changes to the mining methodology, as well as further modifications to the CHPP and securing access to rail transport at competitive prices. It was mentioned that the potential for underground mining in a northwesterly direction was also considered, in an attempt to access higher-yielding coal compared to that achievable with open cut methods.

SRK conducted a 1-day site visit to Vele Colliery during February 2024 to further understand the mine status and the remaining infrastructure and services following suspension of production. It was observed that there was no apparent activity on site, other than sporadic loading of remaining coal product to be transported by road to a customer in Mpumalanga. No equipment remained on site other than the preparation plant and associated conveyors and stackers, as well as management offices and change houses, which were all in generally good condition at the time. Bulk water and electricity infrastructure remained in place and was functional.

It was noted during SRK's site visit that there was a substantial amount of water in the exposed pit area, with no pumps or pumping in progress. Access haul roads and ramps were established but would need to be repaired and upgraded in some areas before mining could recommence. Coal faces were open for mining, and backfilling with plant discard and rehabilitation with burden and topsoil was evident. SRK's assessment was that a noticeable measure of pit preparation would be required to enable mining operations to recommence.

All of the above mining review are contributing factors to SRK's advice to BDO that there are insufficient reasonable grounds to value Vele Colliery using a DCF approach.

4.7 Geotechnical

A pit slope design schematic provided for Vele indicates the following:

- bench face angles of 35° in the sandy soil of ~5 m thickness
- vertical bench faces in the fresh rock and weathered rock, but with 'soft' bench crests removed in the weathered rock by cutting back the upper bench face to an angle of 63°
- benches of maximum 13 m height in the fresh and weathered materials
- bench faces of 88° in the coal zone in the lowermost part of the slope
- berms of 7 m width, with bunds constructed 3 m back from the bench crest.

This generates an overall slope angle of 63° over a slope height of approximately 50 m. SRK considers this fairly steep, particularly in the weathered materials. By comparison, the slope designed at Makhado is less than 40° over a similar height as discussed in Section 5.7.

Observations made during the site visit by Mr Steven Muller (SRK representative) in February 2024 suggest that, except for loose material that spilled over the high wall (probably due to rain), there was no evidence of slope/high wall failures. Therefore, it seemed the design was successfully employed during previous mining at the site. As SRK is not certain of the properties of the materials within the pit walls, it was suggested that this be considered a moderate risk, and the slope performance and groundwater levels be closely monitored during further mining.

4.8 Processing

The existing plant at Vele (Figure 4.7) was based on a production rate of 2.2 Mt/a ROM and operated between February 2012 and October 2013 producing a thermal export product (18% ash) at an average yield of 32%.

The current plant consists of the following main sections:

- crushing and screening plant
- secondary washing plant (modular)
- spiral plant (modular)
- filter presses
- ROM, product and discard stockpiles
- general plant services
- a slurry pond.

ROM material supplied from the open cast mining activities comprises a top size of 300 mm. The plant was designed for a ROM feed of 500 t/h into the crushing and screening plant.

The Vele plant was placed on care and maintenance in September 2012 to allow for plant modifications. The objective of the modifications was to create capability to produce multiple products, reduce the amount of fines generated by materials crushing and handling, improve product yield by adding froth flotation to capture the ultra-fine coal and simultaneously produce coking and thermal coal, and reduce operational costs by improving materials handling systems in the plant.

During the 2012 operational period it was clear that there were significant yield and product losses. During this period, investigations showed that product quality coal in the smaller size fractions (fines) was being spoiled either to slimes or discards.

A Front End Engineering and Design study was performed by Sedgman in 2016 to modify the existing CHPP to process 500 t/h ROM and produce an SSCC and a thermal coal product.

The plant upgrade study included:

- a new ROM dual tip hopper, with an 800 mm top size
- a new feeder breaker to size the ROM coal to nominal 50 mm
- new and extended conveyors to transport coal between new plant modules, discard and product stockpiles
- a feed bin for surge capacity

- an upgrade of the de-stoning plant
- a new discard bin and discard extraction system
- a tertiary screening plant for nuts and peas as well as a stacking system
- modification to the coking coal plant feed system (larger openings and vibrating feeder chutes)
- an upgrade of the existing DMS cyclone
- new thermal coal stockpile facilities
- an upgrade of fines beneficiation by incorporating a reflux classifier and flotation circuit
- dewatering using a high frequency screen for thermal coal and screen bowl centrifuge for coking coal
- dust and fire suppression systems as well as integrated control and communication systems.

To SRK's knowledge, none of the abovementioned upgrades and improvements have been implemented to date, and the contractor undertaking mining and processing at Vele between October 2022 and December 2023 used the plant in its unmodified condition. SRK's site visit to Vele in February 2024 showed no evidence of any mining and/or coal processing activities taking place on site apart from loading, weighing and transport from the 6,000 kcal/kg stockpile.

In general, the processing plant seems in good condition apart from a mobile feeder breaker and destoning plant that have been removed. No maintenance or processing activities were evident. Two final product stockpiles were observed, a 6,000 kcal/kg (RB1) stockpile and a 5,500 kcal/kg (RB3) stockpile. The 6,000 kcal product is in the process of being loaded and sold.

The plant and associated conveyor infrastructure are all intact with no evidence of spares pirating or stripping.

The slimes dam is full and there are activities underway to remedy this, including the sale of dry slimes. There was evidence of some dry slimes being loaded out for prospective clients interested in using the dried fines for briquetting.

Figure 4.7: Vele wash plant



Source: Minxcon Projects (2022), Makhado Colliery Bankable Feasibility Study (BFS)

The current Vele plant has provision for water, power and the necessary pollution controls already implemented.

In the event that HOS does not proceed with mining, the plant can be separated into its components and potentially used at Makhado.

4.9 Infrastructure and services

The nearest town to the Vele Colliery is Musina, which is the seat of the local municipality and has a history of mining activity and several active mines in the region. Services available at Musina include schools, rail linkages, a hospital, bitumen roads and electricity from the national grid.

Various infrastructure and services were re-established and commissioned from July 2022 onwards, in preparation for the contractor operation that commenced in October 2022. MCM reported during SRK's previous assessment earlier this year, that the following main infrastructure and services were installed (excluding the preparation plant infrastructure/services):

- a 5 MVA overhead line from the Pontdriff Substation to provide power to Vele, eliminating the operation's reliance on the diesel generator – the generator remains on standby for when required
- the boreholes located at the Limpopo River are now energised by Eskom and the diesel generator remains on standby for when required
- the raw water dam pumps are now also energised by Eskom and the diesel generator remains on standby
- five replacement boreholes were implemented at the Limpopo River, improving water availability to the site

- a new HDPE water pipeline for dewatering the mining pit(s) was laid from the pits to the slurry pond, located at the plant
- replacement of the dilapidated clarifying water tank was completed
- a crushing and screening plant
- additional ROM stockpile capacity
- additional product stockpiles.

SRK's site visit in February 2024 to Vele Colliery confirmed that the power supply infrastructure on and surrounding the mine site was in relatively good condition, other than a section providing power to the substation and eight site-supply water boreholes along the Limpopo River bank which was damaged by a weather event. This damage was subsequently repaired. However, from the site visit it was observed that the powerlines and electrical panels do need clearing of vegetation, as this could cause downtime if not maintained regularly.

Other infrastructure on site and security fencing – e.g. the explosives magazine, substations and electrical gear – remained in good condition but also required clearing of vegetation and follow-up maintenance on a regular basis to prevent potential damage. General road access to the site and other secondary roads were accessible and in relatively good condition.

The site visit revealed that the slimes dam was filled to capacity, but it was evident that the southern dam wall was disturbed and dry fines were removed from this end. SRK was informed that this was sold to a customer who was experimenting with and marketing briquetting of fines for the South African market. Coal is transported from the mine to an existing and upgraded rail siding in Musina, located approximately 50 km by road from the colliery. During 2023 the contractor also experienced challenges in attaining the targeted monthly saleable coal production – while unit costs have been adversely impacted – by the lack of access to rail capacity to transport Vele's coal to port. When recommencing production activities during December 2022, the railing of coal was anticipated to result in a significant reduction in logistics costs, due to the colliery's isolated location and the high cost of trucking coal to port and domestic customers.

4.10 Environmental and social aspects

4.10.1 Mining right and land access rights

The Vele Colliery latest order for mining right (No. 30/5/1/2/2/103) was issued on 19 March 2010. The mining right covers an area of approximately 8,662 ha and expires on 18 March 2040. The mining right overlaps with farm land. The 2016 VBKOM Independent Competent Person Report (VBKOM, 2016)[6] summary of the mineral and land access obtained by CoAL for the Vele Colliery is presented in Table 4.6 and represented in Figure 4.8. SRK understands from the 2016 VBKOM review that:

[6] VBKOM, 2016. Independent Competent Person's Report for the Vele Colliery operated by Coal of Africa Limited in the Limpopo Province, South Africa, VBKom Consulting Pty Ltd, 15 January 2016

- Alyth prospecting right expired in 2013. An application for the renewal of the Alyth prospecting right was submitted to the DMR in September 2013 with the status of the application is unknown.
- Over the mineral right, partial land access right was secured by CoAL, through its wholly owned subsidiary, Investments Holdings Pty Ltd. These farms constituted the areas for mining operations.
- Compensation agreements were in place with the remainder of the farms. Land claims were reported on the farms Bergen Op Zoom 124 MS and Semple 155 MS, with no progress on the land claims over the past 10 years.

The supplied LOM schedule provides for operations to cease in June 2035[7]. SRK notes that Vele has been on care and maintenance since October 2013, but understands that MCM intends to resume operations in the future. Upon completion of the operations, SRK expects a minimum of 2 years for closure works and 10 years post-closure monitoring activities (i.e. 2047), which is beyond the period of the mining right which expires in 2040. However it is sufficient time for the lodgement of a revised validity period of the mining right to be aligned with the Vele LOM plan.

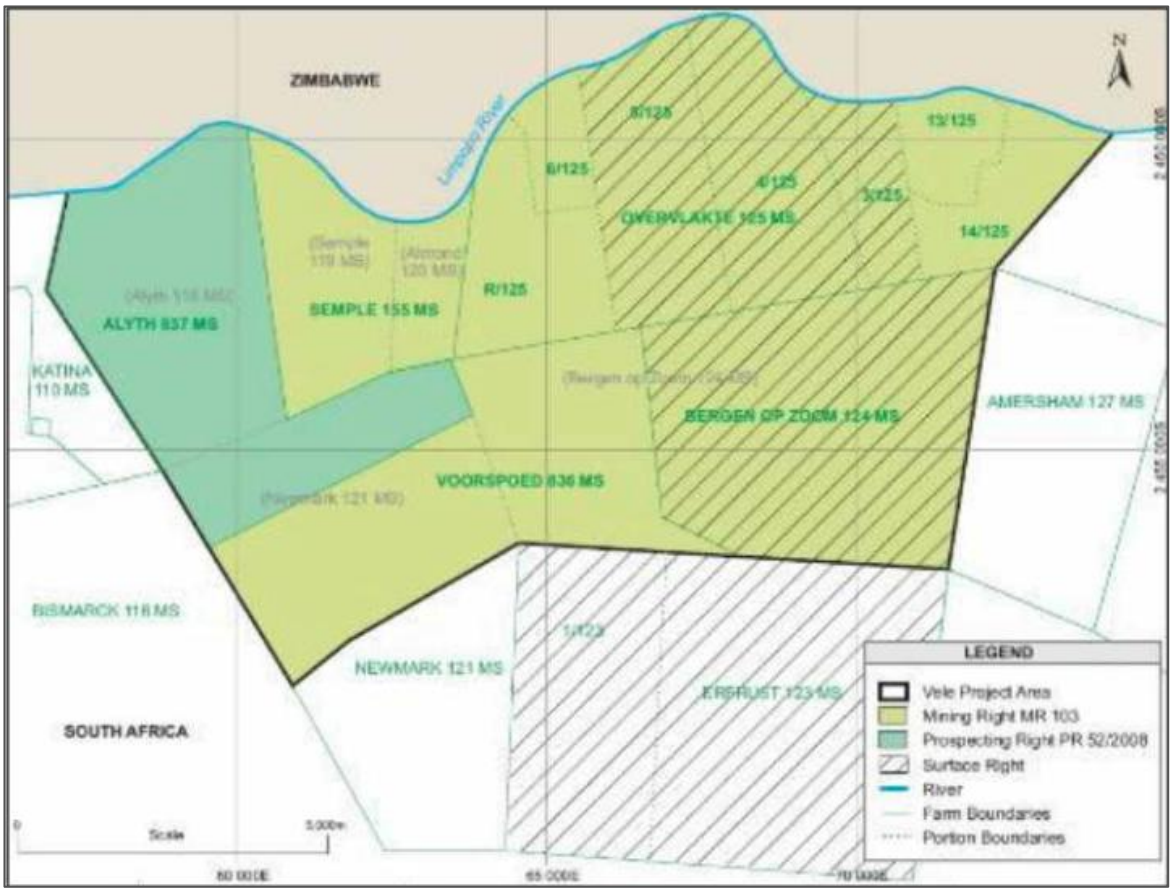
Table 4.6: Summary of Vele Colliery mining rights and surface rights

Farm Name	Portion	Area (Ha)	Company	Type	Permit Number	Date Issued	Expiry Date	Renewed
Alyth 837MS	N/A	2 092.95	Silkwood Trading 14 (Pty) Ltd	Prospecting Right	LP 1136 PR	25.03.2008	24.03.2013	Yes
Bergen op Zoom 124MS	N/A	2 078.13	Limpopo Coal Company (Pty) Ltd	Mining Right	LP 103 MR	19.03.2010	18.03.2040	N/A
Overvlakte 125MS	Portion 3, 4, 5, 6, 13, 14 & RE	3 554.48						
Semple 155MS	N/A	9 421.91						
Voorspoed 836MS	N/A	2 087.22						

Source: VBKOM (2016)

[7] 46.06.02.01 Vele Model 20230801_StR, August 2023

Figure 4.8: Summary of Vele Colliery mining rights and surface rights



Source: VBKOM (2016)

4.10.2 Environmental approvals

According to the 2023 annual closure update (Elemental, 2023b)[8], Vele Colliery holds the following environmental approvals:

- Approved EMPR on January 2017 under Section 39 of the MPRDA.
- Two EAs have been granted for listed activities in terms of the NEMA for the LOM duration. An amendment to the EA was approved in January 2015, and subsequently appealed. On 19 November 2015, the Minister dismissed the appeal lodged against the Vele Colliery's amended EA. In January 2017, DMR approved an EA for a river diversion.
- An IWUL (No. 01/A71/ABCEGUK/420) was issued on 29 March 2011 and subsequently renewed on 18 December 2015 (No. 27/2//2/A1171/1/4) for a period of 20 years (i.e. December 2035). The 2015 IWUL and two other individual IWULs were consolidated into a single IWUL in December 2018.

[8] Elemental, 2023b. Annual update of the quantum for closure-related financial provision, Vele Colliery, 2022-2023 for MCMining Limited, Elemental Sustainability Pty Ltd, May 2023

- Various permits were issued by the Department of Agriculture, Forestry and Fisheries (DAFF) to relocate protected trees under Section 15(1) of the *National Forests Act* (Act 84 of 1998). The DAFF permits were executed within the period of validity and have subsequently expired.

While SRK understands that HOS is considering optimisation of Vele, the current mine life extends beyond the validity period of some environmental approvals (such as the water licence) and changes to the LOM plan might potentially change the environmental and social management conditions and objectives.

4.10.3 Social and Labour Plan

Vele had two SLPs previously approved by the DMRE. The 2022–2026 SLP has been submitted to the DMRE. SRK understands that SLR for the further term is being developed and will be submitted for approval accordingly.

4.10.4 Environmental and social management

An EMS has been adopted at Vele Colliery and was developed as the formal tool for environmental management. This system is independently audited every quarter, and reports are submitted to the regulatory authorities (MCM, 2021a). Core system procedures have been developed for each of the EMS elements, supported by legislated Codes of Practice (COPs) and operational Standard Operating Procedures (SOPs).

Vele Colliery has also implemented an Environmental Management Committee (EMC) in accordance with the EA, which comprises various stakeholders from regulatory authorities, relevant state and municipal representatives, and other stakeholders identified during the initial public process. The EMC has various sub-committees including the heritage and water sub-committees that were established to monitor compliance with the heritage management plan and IWUL, respectively.

Continuous monitoring is implemented at the mining sites to assess the effectiveness of controls with regular analysis and reporting, and action management on failures. Monitoring data are reviewed by the EMC on a quarterly basis, and the monitoring program and/or protocols revised where necessary (MCM, 2021a). According to the annual report (MCM, 2021a), the following monitoring is undertaken at the Vele Colliery:

- groundwater – quarterly
- surface water – monthly
- biomonitoring – biannual
- heritage – monthly
- air quality (dust and PM_{10}) – monthly (dust) and continuous (PM_{10}).

Based on SRK's review of the 2020 Integrated Water and Waste Management Plan (IWWMP) (VELE/EMS/E10-IWWMP/2009 – MCM, 2020), surface water quality monitoring results are generally within IWUL limits, however, the groundwater quality results exceed the limits stipulated by the IWUL. It was recommended that the water quality limits within the IWUL are reviewed and revised to reflect the local context (high natural background levels of certain parameters) of the catchment.

At Vele Colliery, environmental performance is measured against prescribed criteria in line with Environmental Management Procedures. The DWS, DMRE and the South African Heritage Resources Agency undertake annual audits of the colliery.

4.10.5 Mine closure provisions

SRK understands that the Vele Colliery mine closure plan and associated financial provisions are updated annually to comply with regulations. The 2024 annual closure update (Elemental, 2024a) states that Vele Colliery's closure liability was calculated at ZAR79,325,278.30 for the period 2023–2024. This closure cost estimation has been developed in accordance with the 2005 Department of Mineral Resources guideline. Known as the asset retirement obligation cost, it considers current environmental liabilities and activities at the site and excludes any planned activities. SRK understands that this cost is equivalent to the current rehabilitation financial guarantees of ZAR75,124,134 held by MC Mining for Vele Colliery as at December 2023[9].

SRK notes that the costs outlined in Elemental (2024a) include the following assumptions and comments:

- Costs estimations are conceptual and based on current day liability costs (i.e. costs that could be required in case of sudden closure), not LOM closure costs.
- The clean water dam (1.28 ha) will not be rehabilitated and will be handed over to the farmers after closure.
- The unit rate update is based on average CPI over the 2023 period and was calculated at 5.9%. However, no scheduled cost is included in the quantum calculations. The cost does consider CPI increase over the LOM of the operation until the closure phase.
- Preliminary and General at 12% and VAT at 15%.
- A weighting factor of 1.05 was applied as per the 2005 Department of Mineral Resources guideline based on the proximity of the mine to an urban centre.
- The estimate incorporates a 10% continency allowance. As the accuracy of conceptual closure design typically ranges from ±30% to ±35%, it is good international industry practice for contingency allowances to range between 25% and 35% (AusIMM, 2011).
- For post-closure monitoring costs, surface water monitoring, groundwater monitoring and biomonitoring have been assumed to take place for a period of 2–3 years. However, it is good international industry practice to consider a minimum of 10 years post-closure monitoring activities (i.e. 2043).
- Several cost elements do not appear to be included in the provision:
  - concurrent rehabilitation cost
  - specialist studies, professional fees and project management
  - detailed assessment of long-term decant from workings and its treatment costs
  - labour redundancy or other human resources
  - social transitioning to closure-related costs.

[9] MCM SA Guarantees-202312 (1 1), December 2023

The current closure provision totalling ZAR79 M (including 10% contingency) provided for Vele Colliery is conceptual and developed to consider current disturbance/liabilities of the mine site for financial reporting processes. There is a risk that additional costs may be required once the underlying assumptions have been addressed such as alignment with closure designs and completion criteria, alignment with project development, contamination assessments, ground-truth measurements and inventory, site-based rehabilitation trials, and cashflow scheduling alignment. As such, there is a risk the Vele Colliery LOM closure cost estimations are underestimated.

At this conceptual stage of the closure cost estimations, SRK recommends a minimum 35% contingency be applied to the closure provisions for a LOM closure cost estimate of ZAR95.6 M. Current and recommended costs are presented in Table 4.7.

Table 4.7: Vele Colliery's total closure cost estimations– as at June 2024

	Elemental's Asset Retirement Obligation estimates (ZAR)	SRK's LOM closure cost minimum recommendations (ZAR)
Liability cost estimate	53,847,387	53,847,387
Weighting factor 2 (1.05)	56,539,756	56,539,756
Preliminary and General (12%)	6,784,771	6,784,771
Contingency ■ Elemental 5% ■ SRK 35%	5,653,976	19,788,915
Total excluding VAT	**68,978,503**	**83,113,442**
VAT (15%)	10,346,775	12,467,016
Base case total (including VAT)	**79,325,278**	**95,580,458**
Base case total inflation applied		**104,182,700**

Source: Elemental (2024a)

SRK recommends that an LOM closure cost estimate be developed according to the updated LOM plan and aligned with the closure objectives and requirements for Vele Colliery. There is a risk that the Vele Colliery LOM closure cost estimate is underestimated.

4.11 Risks and opportunities

Geological risks include as yet unidentified dolerite dykes and faults that may reduce the blocks available for mining.

Risks are evident from the suspended mining operations, with financial viability driven by the market-determined thermal coal pricing, and in turn the ability to mine and wash the coal at a cost sufficient to create a profit margin despite subdued prices. In addition, curtailing the costs to transport the coal to port and other offset points is of utmost importance.

SRK notes that, although Vele Colliery shows a potential mine life of approximately 40 years based on the identified Coal Resources, very low Coal Reserves have been declared. This requires mine planning and related study work to be completed in advance to support a robust Coal Reserves estimate, and importantly to focus on areas with higher yields to optimise profits for the same amount of coal mined.

The required infrastructure for a mining operation is already established, including power supply with a back-up generator, and adequate water supply for the operation from boreholes in the Limpopo River. This provides the opportunity for the Vele operation to be re-established at low cost, and the potential to be economically viable with the appropriate planning and management. However, SRK notes that more than two and a half years have passed since its previous site visit, and the condition of the mining areas and equipment and services could have deteriorated.

The Vele plant produced lower than expected product yield due mainly to the generation of excessive fine coal material (<1.0 mm) and loss of fines due to an under-designed fines beneficiation circuit in the plant where ultra-fines are not recovered. This continues to be an issue.

These risks and opportunities are considered in Section 8 of this report.

5 Makhado Project

5.1 Overview

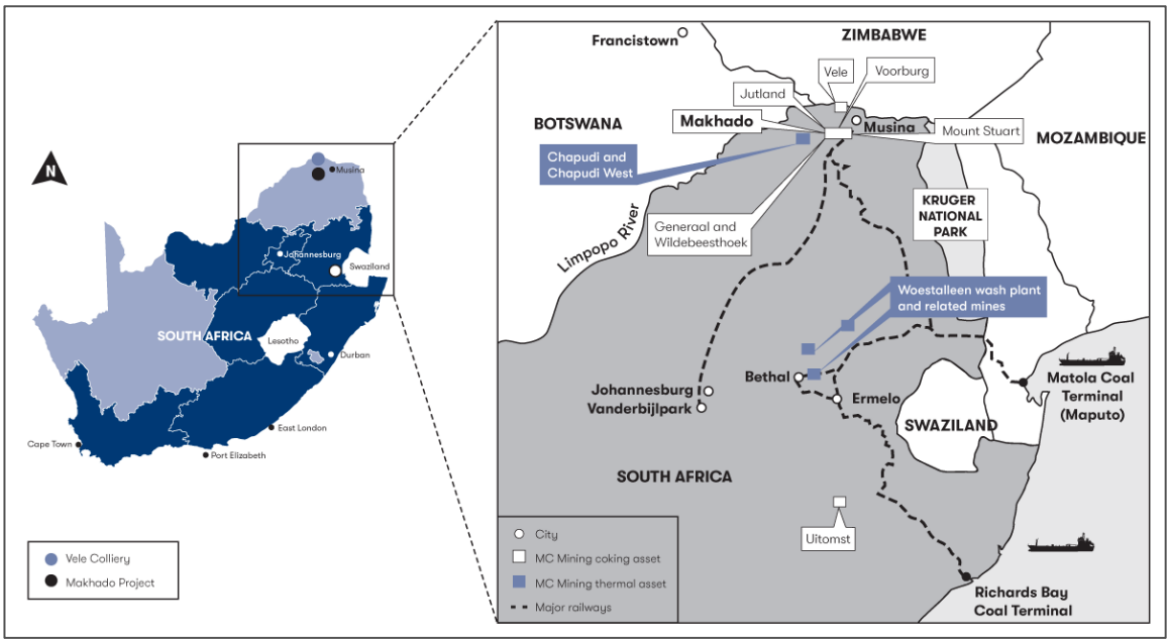
The Makhado Project is situated in the Soutpansberg Coalfield, approximately 36 km north of the town of Makhado on the National Route N1 highway or 65 km southwest of Musina (Figure 5.1). Polokwane lies some 130 km southwest of the project area, while RBCT is 680 km southeast.

MCM holds a 93% interest in Baobab Mining & Exploration (Pty) Ltd, the holder of the Makhado Project, which will reduce to 67% on completion of the 26% Broad Based Black Economic Empowerment (BBBEE) transaction. A new order mining right No. 30/05/1/2/2/204 MR (204 MR) was granted and is valid until 25 January 2046.

The project lies 80 km southeast of the Company's Vele Colliery.

The Makhado Project has completed construction and is in commissioning. It is an open cast operation with a forecast mine life of approximately 26.5 years at approximately 3.3 Mtpa ROM, with the potential for further expansion into an underground operation. Pre-strip of the open cast pit was completed during the quarter ended 30 June 2026 and coal was exposed and fed to the plant for the commissioning phase. C3 commissioning (wet commissioning of circuits including magnetite medium in the dense medium circuits, but no coal throughput) of the coal handling and preparation plant (CHPP) was completed on 22 May 2026, with C4 hot commissioning (with first ROM coal testing of medium density, cut points, flotation reagents, filter/thickener performance), with performance testing currently under way. The colliery is designed to produce approximately 0.703 Mtpa of 64 Mid Vol hard coking coal and 0.583 Mtpa of export thermal coal.

Figure 5.1: Location of Makhado Project



Source: MCM

The project is directly accessed from the bitumen sealed N1 highway, which runs north–south along the western boundary of the mining right area. The N1 links the project to the towns of Musina, Louis Trichardt and Polokwane. Several gravel roads and tracks provide further access across the various sites of the project.

A railway line lies west of the project, runs in a northeast–southwest direction, and offers connections to RBCT and other potential export hubs and domestic markets. The planned Huntleigh Rail Siding is located 15 km northwest of the project area. The Makhado Mine Model dated 12 September 2026 routes export product to the Maputo Coal Terminal in Mozambique, 628 km by road, or via the Musina siding 78 km from site, rather than to RBCT. Two 80 t certified weighbridges were commissioned during the quarter ended 30 June 2026 and logistics contractors had been shortlisted, with trial runs to port planned for August 2026. No long-term logistics contract had been concluded at the date of this update.

As at Vele, the climate at the project is semi-arid and characterised by hot to extremely hot summers and warm to cool winters, with minimal precipitation. Mining activity can be conducted all year-round, as no appreciable mining downtime is expected due to unfavourable climate or weather conditions.

The east–west orientated Soutpansberg Mountains run along the southern boundary of the project. The topography of the project area is characterised in the north by a relatively flat plain at an average elevation of 750 m above sea level, rising steeply in the south to an elevation of 1,750 m, forming the Soutpansberg Ridge. Immediately beyond the southern boundary of the project tenure, the land falls rapidly to around 800 m.

5.2 History

Iscor explored the Soutpansberg Coalfield during the 1970s and 1980s, drilling approximately 1,250 holes and opening a bulk sample pit on the farm, Fripp 645 MS, in 1979. No historical mining occurred.

MCM acquired the full Iscor dataset for the Makhado Project area. The dataset included 316 diamond core drill holes within the current Makhado tenure. MCM, then known as CoAL, began its own exploration in 2007, with exploration drilling on Fripp 645 MS.

By 2011, 214 drill holes had been drilled within Makhado, as well as aerial magnetic and radiometric geophysical surveys being conducted. A box-cut was excavated on the farm Tanga 648 MS in 2010–11, from which a bulk sample of 45,849 t of material was extracted. The coal produced from this material (21,800 t) was used to confirm the coal and coking properties and to test a number of coal processing options.

In May 2015, a 30-year mining right was granted by the DMR, now termed the DMRE. A WUL, valid for 20 years, was granted by the DWS. The EA for the duration of the LOM was granted by the Limpopo Department Economic Development Environment and Tourism and has since been amended.

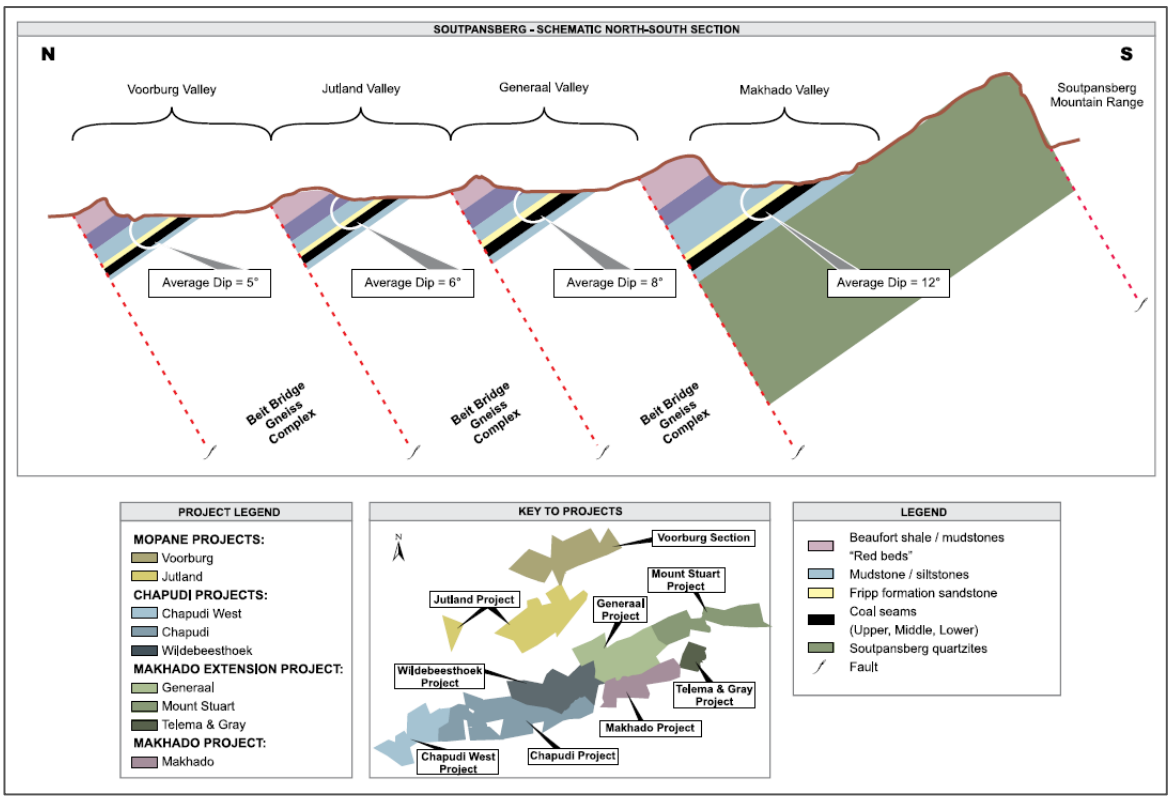
In FY2023, MCM commenced planning and development for the Makhado Project. MCM subsequently appointed Erudite (Pty) Ltd to complete the detailed designs for the Makhado CHPP and also employed independent consultants to review the Makhado mine plan that was developed internally. Early works at Makhado commenced in H2 CY2023 including bulk water infrastructure, construction of a bridge across the Mutamba River, and site security.

Construction proceeded through FY2025 and FY2026, funded principally from the KDG subscription proceeds. Environmental and Process Technologies (Enprotec) was appointed lead contractor for the CHPP and JCI Mining (Pty) Ltd as principal mining contractor. Construction of the CHPP is essentially completed, with hot commissioning and plant currently underway. The permanent two-lane bridge across the Mutamba River was commissioned and placed in service, and the 14 km, 22 kV Paradise overhead line delivering 7.5 MVA from the national grid was commissioned. Progress during FY2026 was delayed by heavy rainfall and flooding early in the third quarter, which damaged the temporary bridge and led to its withdrawal from use, and by delays in commissioning the Eskom electricity supply line.

5.3 Local geology

Makhado is situated in the Tshipise Basin of the Soutpansberg Coalfield (Figure 3.2). The strata of this coalfield are preserved in a northward-dipping half-graben located on the northeastern edge of the Kaapvaal Craton, and terminating against east–west striking faults associated with the Limpopo Mobile Belt in the north and sub-cropping in the south (Figure 5.3). The entire Soutpansberg Coalfield is faulted, with extensive east-northeast normal faults, parallel to the regional strike, controlling the preservation of the coal-bearing Karoo strata. This fault system resulted in the horsts and grabens characteristic of the coalfield, with throws to either to the north or south with displacement of around 500 m. A secondary fault system trends west-northwest to northwest, with throws generally to the southwest.

Figure 5.2: Makhado – diagrammatic cross section



Source: Venmyn Deloitte (2012)

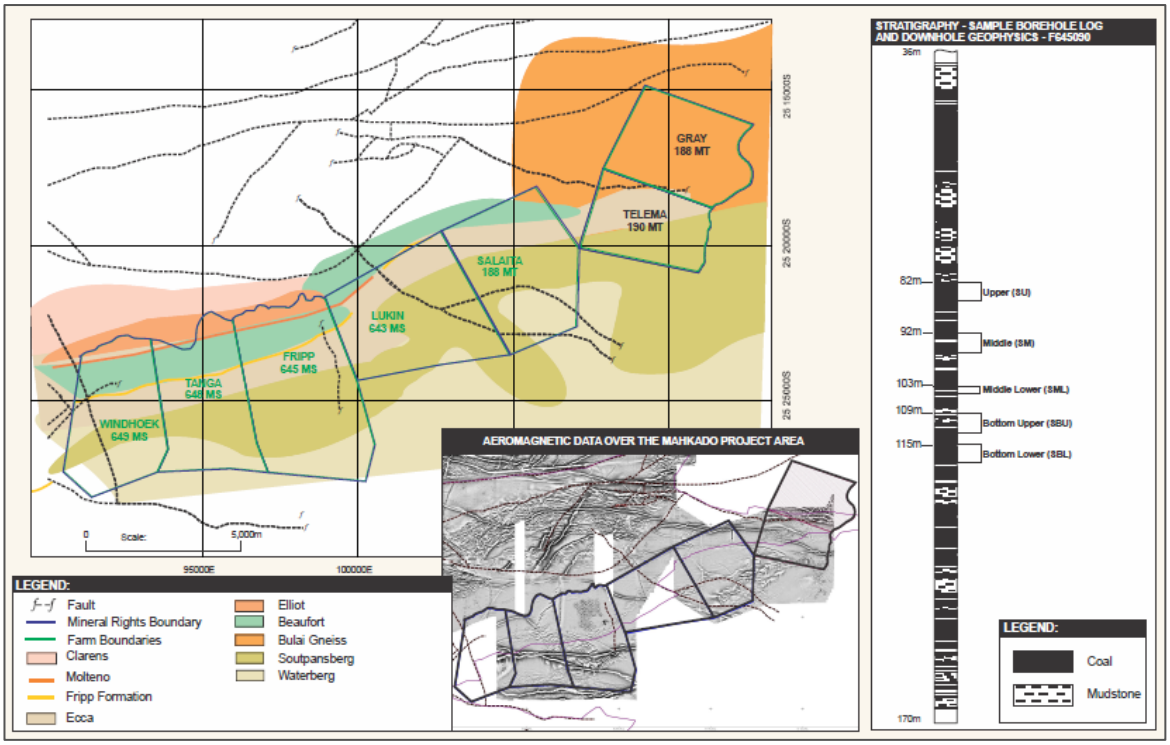
Sedimentation within the coalfield was fault-controlled. The Karoo strata overlie the Soutpansberg Formation and, within the Tshipise Basin, the coal-bearing sediments are found in the 30–40 m thick carbonaceous portion of the Madzaringwe Formation. This formation comprises coal, shale, mudstone and siltstone, and the coal seams consist of alternating bands of coal and mudstone. The coal is generally bright and high in vitrinite, and the vitrinite content decreasing with depth.

The Madzaringwe Formation is overlain by mudstones, shales and sandstones of the Mikambeni Formation, followed by the coarse sandstone of the Fripp Formation.

This is followed by the siltstones and mudstones of the Solitude Formation of the Beaufort Group; the sandstone of the Klopperfontein Formation; the red mudstones and sandstone of the Bosbokpoort Formation; the sandstone of the Clarene Formation (all of the Stormberg Group) and finally, the basaltic lavas of the Lebombo Group (Figure 5.3).

The surface geology, aeromagnetic geophysical data and stratigraphy of the Makhado area are shown in Figure 5.3.

Figure 5.3: Makhado – surface geology, aeromagnetic data and stratigraphy



Source: Venmyn Deloitte (2012)

Within the project area, the strata display an average dip of 12° to the north, varying from 4–18° to the north.

The northwest–southeast-striking Siloam Fault, identified on the farm Lukin 643 MS, offsets the sub-crop (Figure 5.3). This has been taken into consideration when designing the infrastructure and the mine layout. Faulting also restricts the distribution of the coal along strike, on the western and eastern edges of the project, while the position of some smaller faults needs to be confirmed by targeted drilling.

Drilling has identified a 50 m-thick dolerite intrusive sill that transgresses the coal seams in two places in the centre of the project area, situated above the coal horizons on the farms Lukin 643 MS and Tanga 648 MS, but below the coal on the farm Fripp 645 MS (situated between the other two farms). The coal has been devolatilised close to this sill and burnt where the sill transgresses the seams, which has destroyed the coking properties of the coal in this area. Interpretation of the aeromagnetic geophysical data by GAP Geophysics suggests that few magnetic intrusive dykes traverse the area and that those that have been identified are vertical, in the order of 2–5 m thick and are steeply dipping. A bulk sample pit on Fripp 645 MS, excavated by Iscor, revealed a thin, discontinuous dyke in the high wall.

MCM has identified six major seams within the Madzaringwe Formation, namely, the Upper, Middle Upper, Middle Lower, Bottom Upper, Bottom Middle and Bottom Lower seams (Figure 5.3). The Bottom Middle Seam is usually excluded from the Coal Resource estimate, as it is mostly mudstone. MCM has modelled the other five seams to estimate the Coal Resources. Average modelled seam thicknesses range from 1.80 m to 4.32 m (Table 5.1).

Table 5.1: Makhado – modelled seam thicknesses

Seam	Seam thickness (m)		
	Minimum	Maximum	Mean
Upper	0.1	6.48	2.48
Middle	0.1	18.54	4.32
Middle Lower	0.1	6.03	1.80
Bottom Upper	0.1	7.58	3.78
Bottom Lower	0.1	11.07	3.85

Source: Makhado BFS, Minxcon (2022)

Notes: Minimum thickness is a cut-off limit imposed during modelling; note that this cut-off is greater (1.5 m) for resource estimation.

The coal is suitable for producing a primary hard coking coal (HCC) with 10% ash, total sulfur between 1.0 and 1.1%, and an average theoretical yield for all size fraction of 21.2%, as well as a secondary thermal coal, with an ash content of less than 25.9%, a CV of 5,500 kcal/kg, total sulfur between 0.7 and 0.9% and a theoretical yield of approximately 17.6%.

5.4 Exploration potential

No areas remain to be drilled for additional resources. However, some consideration has been given to extending the extractable resources below a depth of 200 m on the Middle Lower and Bottom Upper seams. This would require transitioning to underground extraction and has not yet progressed beyond concept stage.

The northern limits of the pit edge infrastructure will be determined using limit of oxidation drilling – this may result in the definition of some additional resources.

5.5 Coal Resources and Coal Reserves

5.5.1 Coal Resources

The critical variable considered for both the primary coking coal product and the secondary thermal product is ash (<10% and <25.9%, respectively). In addition, the following cut-off values were imposed:

- Mineral Rights boundaries
- 50 m limit around known geological structures
- the limit of oxidation
- minimum seam thickness of 0.5 m for GTIS
- minimum seam depth of 17 m for MTIS
- maximum seam depth of 200 m for MTIS.

The Coal Resource estimates (MTIS) were also discounted for unknown geological structures, based on the confidence of the Coal Resource classification; namely:

- Measured 5%
- Indicated 8%
- Inferred 10%.

The Coal Resources have been estimated by Mr John Sparrow (MCM) in accordance with the JORC Code (2012). The Coal Resources have been reviewed by Mr Uwe Engelmann (Minxcon); both Mr Sparrow and Mr Engelmann are Competent Persons as defined by the JORC Code (2012).

The Coal Resources were estimated from the geological model, constructed by Mr Sparrow using Minex™ software.

SRK has reviewed the geological model and is satisfied that the data are represented sufficiently accurately in the grids, that the modelling principles employed and the estimation methods used are fit-for-purpose and that the geological model and the Coal Resource estimates can be relied upon.

The MTIS Coal Resources have been declared per planned mining pit (open pit only, no underground mining considered) between depths of 17 m and 200 m. Note that no Coal Resources are declared for the farm Fripp 645 MS, as this is occupied by the Mudimeli village.

All Coal Resources and coal qualities have been estimated on an air-dry basis and are inclusive of the Coal Reserves.

Total Coal Resources at Makhado as at 30 June 2025 are shown in Table 5.2 and are unchanged since 2023.

Table 5.2: Makhado Coal Resources (as declared at 30 June 2024)

Resource Category	GTIS (Mt)	MTIS (Mt)	MCM Attributable Interest (%)	MCM Attributable Resource (Mt)
Measured	387.340	241.945	67%	162.103
Indicated	254.000	54.055		36.217
Subtotal Measured and Indicated	**641.340**	**296.000**		**198.320**
Inferred	116.200	38.857		26.034
Total	**757.540**	**334.857**	**67%**	**224.354**

Source: MC Mining Limited Annual Report 2025

Nots: Coal Resources are inclusive of Coal Reserves.

Metallurgical testwork and studies on fine coal beneficiation, together with optimisation of the mine plan, have resulted in updated simulated average practical product yields of 21.2% for HCC and 17.6% for thermal coal respectively across the proposed Makhado pits (ASX:MCM announcement dated 30 June 2023).

The coal products comprise a primary 64 mid-volatile HCC at 10% ash, total sulfur between 1.0% and 1.1% and volatiles of 29.6%, as well as a secondary thermal coal product with an ash content of less than 25.9%, a CV of 5,500 kcal/kg, total sulfur between 0.7% and 0.9% and volatiles of 25.1%.

5.5.2 Coal Reserves

The Makhado Project was evaluated under a feasibility study (FS) conducted in 2017. The 2017 FS considered the project was phased in such a manner as to initially use the beneficiation plant at Vele and then build a plant at Makhado for the longer term. This plan was subsequently modified into a new FS in 2021, to mine the Makhado coal using the beneficiation plant at Vele, that will be modified to allow fine coal beneficiation.

During 2022 and 2023 MCM continued assessing the Makhado Project and potential options to optimise beneficiation and the distribution of product coal. This assessment was aimed at providing opportunities to increase mining and beneficiation throughput, as well as allowing more flexibility in the design of the wash plant and reducing costs during the overall project life. These changes in the project philosophy were not addressed through an amendment to the FS, but were addressed separately through focus on the various technical and commercial aspects of this new approach and captured at high level in an overarching Project Definition Statement for the ‘Colliery Establishment’, which was released in April 2023.

The Coal Reserves declared for Makhado as at 30 June 2025 and unchanged from those declared at 30 June 2024, are listed in Table 5.3. The saleable product also includes thermal coal as a secondary product.

Table 5.3: Makhado Coal Reserves as at June 2025 in 100% terms

Coal Reserves classification	ROM tonnes (Mt)	Saleable primary product (Mt)	Saleable secondary product (Mt)
Proved	97.756	20.672	17.281
Probable	8.498	1.846	1.415
Total Reserves	**106.254**	**22.518**	**18.696**

Source: MC Mining Limited Annual Report 2025

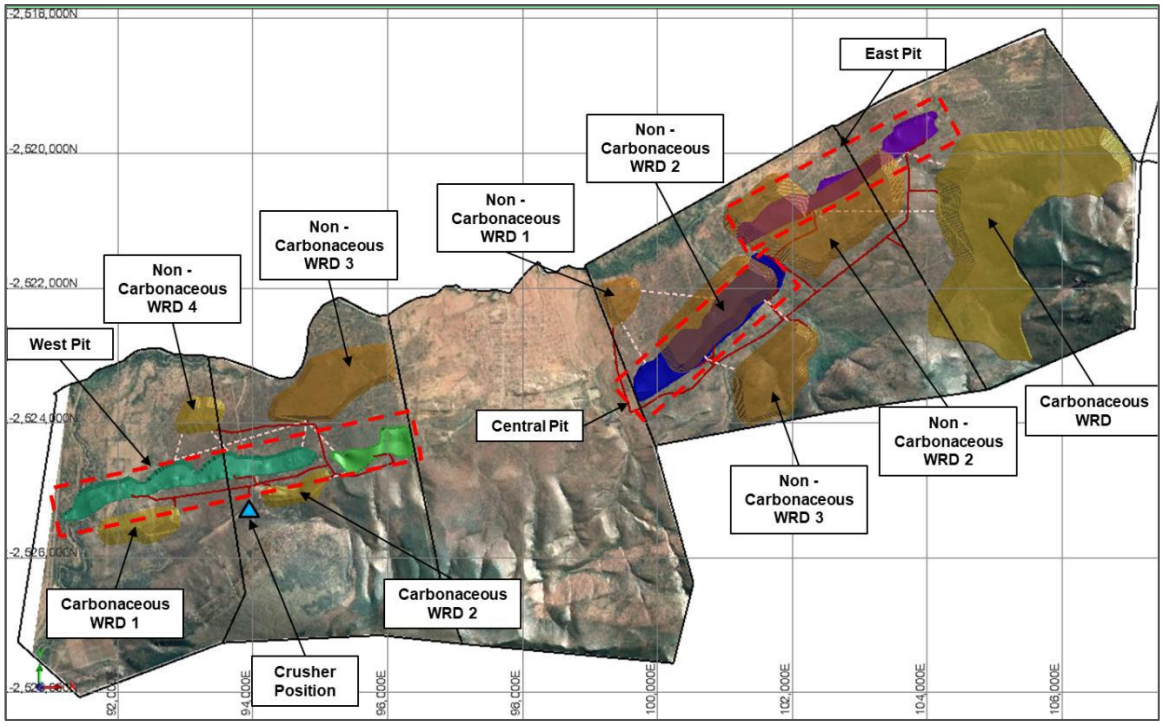
SRK has reviewed the Makhado Mine Model dated 12 September 2026 against the declared Coal Reserve. The model schedules 87.75 Mt of ROM coal, 222.3 Mbcm of waste at a stripping ratio of 2.53, and 34.06 Mt of saleable product comprising 18.63 Mt of HCC and 15.45 Mt of thermal coal over a 27-year evaluation period. The declared Coal Reserve is 106.254 Mt ROM and 41.214 Mt of saleable product. SRK has used the scheduled tonnes and saleable products from the 12 September 2026 model for the purposes of this Report.

Approximately 101,000 t of ROM coal has been mined for plant commissioning as at 30 June 2026.

5.6 Mining

Future development of the Makhado Project envisages three open pits namely the East, Central and West pits as shown in Figure 5.4, with a life of mine for the project estimated at 27 years.

Figure 5.4: Makhado proposed open pits



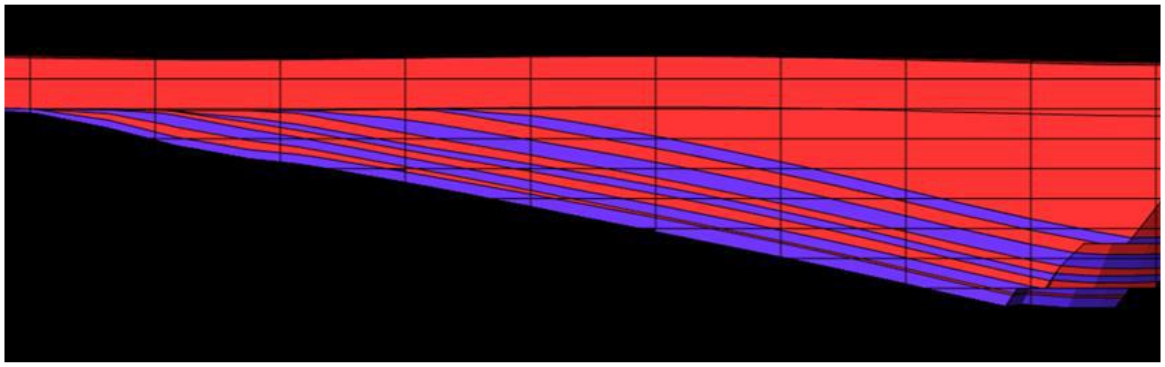
Source: Minxcon Projects (2022), Makhado Colliery BFS

The sequence of the development is to exploit the East Pit first, due to its coal quality and proximity to the location of the planned CHPP, followed by the other two pits. The farm between the pits, the Fripp Farm, is not included in the current development. Development to date has been confined to the East Pit.

Five coal seams are recognised at Makhado separated by mudstone interburden. The seams are identified as the (i) Upper Seam, (ii) Middle Seam, (iii) Middle Lower Seam, (iv) Bottom Upper Seam, and (v) Bottom Lower Seam. The Bottom Middle Seam generally comprises predominantly mudstone within the horizon, hence this is excluded and not specifically targeted for mining and beneficiation purposes.

These seams display dips between 4° and 18°, with an average of 12° from the outcrop position, and, as the seams dip towards the hilly overburden, this becomes the limiting factor for future pit development (Figure 5.5). For the most efficient mining, the pits will be mined at an apparent dip, i.e. 30° to the general strike direction to the final high wall position – this creates an apparent dip of no more than 10°. The seams are then mined individually from the partings to maximise coal recovery.

Figure 5.5: Cross section of the coal seams



Source: Minxcon Projects (2022), Makhado Colliery BFS

The Makhado Project area is intersected by identified faults, specifically on the farms, Windhoek and Lukin, with the latter in the East Pit area. The Lukin fault is a major, northwest–southeast trending fault, where it has displaced the coal seam and offset the sub-outcrop. Information on the occurrence of small-scale faulting has reportedly not yet been clearly defined, and it has also been reported that a 13 m thick dolerite sill is present above the coal seams on the Tanga and Lukin farms, with the latter again in the East Pit region. Aeromagnetic data however indicate that there are generally few dykes within the planned mining areas.

Pit optimisation software has been run to establish the most technical and financially viable areas and limits for mining, which resulted in the East Pit measuring at a length of 4.2 km and up to 460 m in width. The pit will have a maximum depth at the end of life of between 80 m and 90 m, resulting in a projected strip ratio of approximately three or less.

In-pit filling has been included as part of the mine design and schedule, which is advantageous and significantly reduces cost of haulage and eventual rehabilitation costs. This has been reported to be scheduled as soon as sufficient in-pit space becomes available. It has been noted that a minimum of 40 m working space from the high wall, and 120 m from the direction of mining have been incorporated into the pushback designs, with complete in-pit filling designs including up to the high wall.

Despite a review of geotechnical design criteria indicating no significant shortcomings, it was noted in 2023 that additional exploration drilling is required to upgrade the confidence level of the designs, as the initial or most recent designs were only conceptual.

Mining is contracted out, with the contractor responsible for providing the entire primary mining fleet, and the ancillary and support equipment required for the operation. JCI Mining (Pty) Ltd was appointed as principal mining contractor and had 249 people on site at 30 June 2026, with a fleet of eight backhoe-configured excavators supported by 33 articulated dump trucks. The mining process is planned to be conducted with a primary fleet of 70–90 t excavators, and with 90 t and 55 t trucks for haulage. The bench heights have been designed at 15 m, with ramp widths at 30 m and ramp angles at a maximum of 10%. Coal benches have been designed, depending on the dip of the seam in the specific location, between 50 m and 250 m, with the waste benches maintained at horizontal.

The overburden material within East Pit generally consists of sand and quartz for the first 6 m of depth, followed generally by weathered siltstone and mudstone for the next 20 m. Thereafter, another at least 2 m of unweathered but degraded mudstone covers the coal seam horizon. Drilling and blasting will be required for the overburden removal, including the partings between the seams. However, it is anticipated that coaling will be free dig with excavators in a backhoe configuration, due to the relatively low unconfined compressive strength (UCS) value of between 5 MPa and 15 MPa for the coal.

Mining of the East Pit will commence with the establishment of a box-cut, including substantial removal and haulage of overburden and waste material, before coal mining will commence.

Pre-strip of the East Pit was completed during the quarter ended 30 June 2026 and the coal seams were exposed, with approximately 101,000 t of ROM coal mined and fed to the plant for commissioning.

The Makhado Mine Model dated 12 September 2026 schedules an average mining rate of approximately 3.25 Mtpa of ROM coal and a life of mine stripping ratio of 2.53 on 222.3 Mbcm of waste. This is in contrast with the 3.9 Mtpa average, 260 Mbcm of waste and 2.5 stripping ratio disclosed in the FY2026 annual financial statements. The reduced tonnes have been constrained by plant throughput capacity (400 t/h or 2.6 Mtpa). ROM tonnes will increase to ~3.34 Mtpa after addition and successful operation of the proposed XRT sorting units.

5.7 Geotechnical

5.7.1 Design studies

The geotechnical slope design study for Makhado was carried out by Middindi Consulting (Pty) Ltd in September 2011. The design recommendations were incorporated into the January 2013 Makhado FS (Mining Geotechnical Design Chapter 5 – Section 2), by CoAL, and carried forward into the definitive feasibility study pit designs presented in the report *Makhado Colliery Bankable Feasibility Study* (4. Geotechnical and Geohydrology (M2021_038a BFS) by Minxcon (Pty) Ltd, March 2022.

Outstanding geotechnical work is required for the coal outcrop in East Pit, as well as the Central and West pits. The plant geotechnical work has been completed.

Details of the design of stockpiles have been provided for the 2022 Minxcon BFS report (7b. Engineering and Infrastructure Design).

5.7.2 Geotechnical conditions

Soft weathered materials, including a thin topsoil layer at surface are present up to a maximum of ~20 m below surface (i.e. these will constitute the upper one or two 10 m benches). Below this, stronger unweathered rocks include bedded units of the Karoo Supergroup – shales, mudstones, carbonaceous materials and sandstones.

Five coals seams are present, between 2.2 m and 4.2 m in thickness, with interburden of mudstone. A large dolerite dyke and two significant large faults are present at Makhado, however, these will not have an influence on pit slope stability.

5.7.3 Geotechnical data and analyses

Five geotechnical drill holes were drilled, but these were limited to the East Pit area and hence data coverage is spatially limited. It is possible that the available geotechnical data may not be representative for all the mining areas. The data that has been collected in each drill hole is however comprehensive.

In the absence of test results for the soft (soil and weathered rock) materials, appropriate properties were derived following a literature survey of databases of similar materials. Itasca FLAC software was employed for design stability analyses for these materials, assumed to be up to 20 m in thickness.

For the unweathered shale, mudstone, coal and sandstone, input values were defined for Hoek-Brown (H-B) criterion shear strength parameters. These include UCS, material constant (mi), and geological strength index (GSI, which is a measure of rock mass quality).

GSI and RMR (Bieniawski, 1989) rock mass classification values were obtained from geotechnical logging; mi values were taken from suggested values in Rocscience Rock Data software.

No UCS testing was conducted; UCS values for analyses were assumed using data from the Witbank Coalfields. UCS values assumed for the shale and sandstone represent strong rock (70–85 MPa), while weak rock (~20 MPa) values have been assumed for the mudstone and coal.

Although the quality of the rock mass, as defined by the GSI values, is generally moderate ($40 \leq GSI \leq 60$), minimum values in the late twenties and early thirties represent locally poor-quality rock mass.

Bedding dips from south to north at a shallow angle (10° to 14°) and daylights only into southeast slopes. No actual shear testing of discontinuities (bedding or joints) was undertaken, however, 70% of discontinuities have dip angles less than their expected minimum friction angles. Therefore, sliding failure is not expected to be a commonly occurring failure mechanism, nor are toppling or wedge failures expected to be significant failure mechanisms. Rather, rotational failure in moderate to weak quality materials, perhaps with a contributing sliding mechanism at its base, is expected to be the main instability mechanism in most slopes.

The mine is in an area of relatively low seismic risk and therefore no seismic loading was included in the stability analyses for design.

The design analyses were carried out with the assumption that the groundwater level (phreatic surface) is at 25 m below surface. No slope depressurisation considerations were made in the 2022 study.

For bench-scale, design stability analyses were carried out using limit equilibrium analyses with a design acceptance criteria (DAC) of factor of safety (FoS) 1.3 – which is relatively high for individual benches. This was also on the basis that mined strips will be backfilled within 12 months.

For overall and inter-ramp slopes, design stability analyses were also conducted using limit equilibrium methods, with a DAC FoS of 1.5. The required FoS was increased to 2.0 where the consequences of failure are regarded as serious – i.e. failure in medium sized or high slopes including major haul roads or above permanent mine installations.

5.7.4 Recommended design – pit slopes

The slope designs are based on limited field and testing geotechnical data, therefore precedent practices have been used.

For soft weathered materials (i.e. the upper one or two benches), the following parameters have been recommended:

- bench height = 10 m
- bench face angle (BFA) = 55°
- berm width = 6.5 m.

This generates a crest-to-crest inter-ramp angle (IRA) of 36.5°.

For relatively strong, fresh materials the following parameters were investigated for the 2013 FS:

- bench height = 15 m (two benches in height)
- BFA = 90°
- berm width = 10 m to 20 m
- a berm width of 20 m generates an IRA of 37°; however, depending on equipment and mobility constraints, it was indicated that a steeper angle of up to 47° could possibly be accommodated, with substantially lower berm widths – it was stated that this would only be appropriate if further studies based on the forward works program of more comprehensive geotechnical data acquisition is completed
- the recommendations in the 2022 BFS include a different configuration: 55° BFAs with 7.5 m berm widths, generating an IRA of 39.8°.

Slope design angles for the box-cuts are shallower: ≤30° in soft weathered material, with a 15 m catch berm at the boundary of the weathered and unweathered materials, a bench height of 15 m and a berm width of 7.5 m.

SRK considers that the slope design angles are appropriate for the geotechnical conditions identified, as the selected DAC are onerous, and the designs therefore may be relatively conservative.

5.7.5 Stockpiles

With regards to the design of non-carbonaceous stockpiles, these have been designed with an overall slope angle of ~30° and consist of individual 10 m high benches of ~40° slope angles, with 5 m-wide berms. The intended heights of the stockpiles vary from 54 m (in the west) to approximately 100 m (in the east). The basis for these designs is not evident; depending on the actual material properties it is possible that angles of 31° over 100 m may present a FoS that is lower than ideal, though it is acknowledged that drainage of the stockpiles has been allowed for.

For the stockpile foundations, it has been recommended that the upper ~900 mm of topsoil and subsoil are removed and replaced with compacted fill of suitable type, which seems appropriate.

5.7.6 Recommendations for further work

The recommended forward works program, as detailed in the 2013 FS, should be conducted during the next development phase. This includes:

- the drilling, logging and sampling of ~15 additional drill holes across the mining tenure
- downhole televiewer surveys
- laboratory strength testing: UCS, direct shear of discontinuities, triaxial testing of weak materials, swell and slake durability testing
- appropriate synthesis of geotechnical data and further assessments to confirm geotechnical design parameters.

If it has not been done already, it is also recommended that the slope angles in the stockpiles be confirmed and suitable material properties be identified including stability analyses.

5.8 Processing

A new CHPP processing facility has been built at the Makhado mine site, currently planned to process approximately 3.34 Mtpa ROM coal. Construction was completed and C3 commissioning was achieved on 22 May 2026. C4 hot commissioning and plant start-up is also completed, with performance testing currently underway. The plant was constructed by Environmental and Process Technologies (Enprotec) as lead contractor.

The current plant construction has a plant feed capacity of 400 t/h (~2.6 Mtpa). Increasing plant feed from 400 to 500 t/h will require downstream fines circuit improvements, particularly in the spiral, thickener and flotation circuits. The quantum of these improvements needs to be evaluated, and a capital allocation approved (not currently included in the 12 September 2026 financial model).

MC Mining has proposed the installation of an X-Ray Transmission (XRT) sorting device. This device sorts individual rock particles by how much X-ray energy passes through them. In coal it is used to reject stone (gangue) before the coal reaches a wash plant. No water or dense medium is required.

At Makhado material is screened to -300 +50 mm. The particles are spread into a single layer on a fast belt or chute so that each particle can be measured on its own. The detector records how much of the beam each particle absorbs. Absorption depends on two things: the particle's thickness and the average atomic number of its elements. Software builds an image of each particle and classifies it as coal or gangue against a calibrated threshold. The threshold is set from test samples of the local material. This is termed the 'recognition model'. A bank of air valves downstream fire short, high-pressure jets at particles classed as gangue. This deflects them onto a reject conveyor. Unfired particles continue as product.

The key risks and weaknesses include:

- A particle of interbedded coal and shale gives an intermediate reading. Wherever the threshold is set, some of these particles report to the wrong stream. Makhado's coarse fraction carries interburden and inter-banded coal and mudstone.
- Pyrite and other heavy minerals register as gangue. This can be useful for sulfur reduction. It also means that coal with disseminated pyrite may be rejected.
- Performance depends on calibration. The pilot used 997 kg and the optical (colour) camera accessory was not fitted. Recalibration is likely necessary.
- There is a lower effective size limit. Material below approximately 10–20 mm cannot be sorted efficiently. This is why the -50 mm material will bypass the sorters at Makhado.

ROM material will be hauled by truck from the open cut mines to the ROM tip facility and tipped into a 250 t ROM tip bin at a nominal maximum size of 800 mm. Material greater than 800 mm will be reduced in size to pass 800 mm by a rock breaker located on top of the bin.

ROM coal will be crushed by a new chain plate crushing feeder and fed through a roller screen. The -50mm fines fraction reports directly to the plant feed stockpile. The -300 +50 mm coarse fraction (approximately 42% of total ROM) is processed through two XRT sorters, rejecting gangue to a separate disposal conveyor. The remaining pre-sorted coal (comprising approximately 55% of the XRT feed) is crushed in two stages to -50 mm and reports to the plant feed stockpile. The stated implementation timeline is approximately 6 months and the main equipment is already on site. Capex is stated at approximately USD12.26 million (ZAR202.29 million) before owner's costs. The XRT sorters are planned to be fully operational by September 2027.

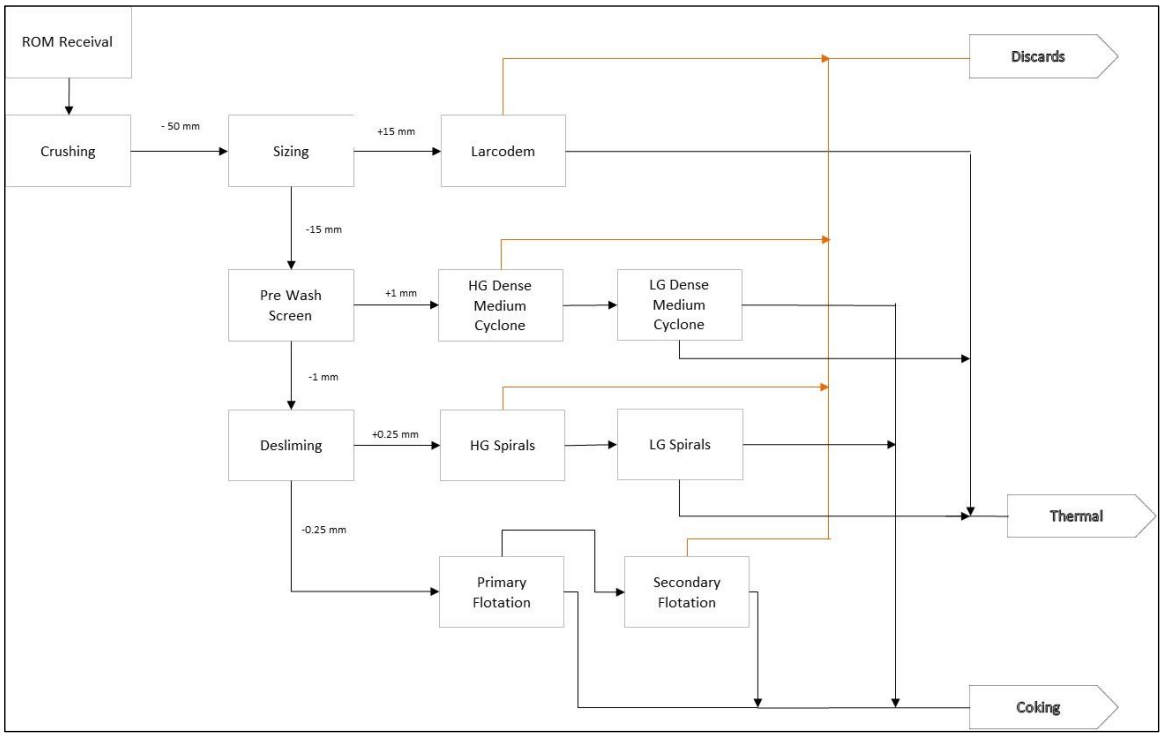
SRK notes that ROM production will be approximately 2.6 Mtpa until the XRT sorters are installed and fully operational as planned, after which ROM production can be increased to approximately 3.34 Mtpa.

Vibrating feeders installed below the plant feed stockpile will draw the crushed feed material from the stockpile before conveying it to the primary sizing screen. The primary sizing screen will separate the feed material to plus and minus 15 mm feed fractions with the +15 mm fraction directed to the Larcodem DMS circuit.

The Larcodem circuit will separate the product material from the discards and employ a conventional dense medium process incorporating drain and rinse screens and magnetic separators to recover and reprocess the magnetite. The product material from the Larcodem will be discharged to the thermal coal conveyor with the discards reporting to the discard conveyor.

The primary sizing screen underflow fraction will report to a pre-wash screen where the 15 mm × 1 mm fraction will report to the high gravity dense medium cyclone circuit and the -1 mm fraction will report to the fines processing plant. A schematic flowsheet of the proposed plant is shown in Figure 5.6.

Figure 5.6: Makhado CHPP block flowsheet



Sources: Enprotec/Erudite (Pty) Ltd flowsheets

The +1 mm fraction will be pumped from a high gravity mixing box together with a magnetite medium pulp to the high-gravity dense medium cyclone for separation. The dense medium cyclone will separate the feed coal into floats and discard fractions with the discard fraction reporting to the discard conveyor and the floats directed to the low-gravity dense medium cyclone mixing box for further processing.

The floats from the high gravity circuit will be pumped from the low-gravity mixing box together with a magnetite medium pulp to the low gravity dense medium cyclone for separation. The low gravity dense medium cyclone will separate the high gravity floats material into coking and thermal fractions, with each reporting to their respective product conveyors.

Both high gravity and low gravity dense medium circuits have a conventional dense medium design using drain and rinse screens and magnetic separators to recover and reprocess the magnetite.

The -1 mm fraction reporting from the pre-wash screen will be directed to the fines tank before being pumped to desliming cyclones for separation into -0.25 mm and +0.25 mm fractions. The +0.25 mm fraction will be directed to the two stage spirals processing circuit and the -0.25 mm fraction will report to the slimes thickener before being processed in the two-stage flotation circuit.

The spirals circuit will undertake a high gravity separation in the first stage with the high gravity discard material dewatered prior to reporting to the discard conveyor. The low gravity material will report to the low gravity spirals where the material will be separated into coking and thermal product fractions. Both product streams will be dewatered by fine coal centrifuges before reporting to the coking and thermal coal conveyors respectively. The coking and thermal product conveyors discharge to stockpiles via stacking conveyors.

The -0.25 mm fraction will be pumped from the slimes thickener into the flotation feed tank for processing by the two-stage flotation circuit. The first flotation stage will remove the coking product concentrate for dewatering in the product filter press circuit. The second stage will receive the flotation cell tailings stream and recover any further coking product before combining with the primary product concentrate. The dewatered coking coal product will be discharged to the coking coal product conveyor system.

The secondary float cell tailings stream will be directed to the tailings thickener before being pumped to the tailings filter presses. Dewatered tailings will then be discharged to the discard product conveyor system for discharge into a discard bin before being trucked back to the mine for disposal.

SRK is satisfied that the proposed plant design and associated flowsheet is appropriate for the type of coal being processed, and that adequate and appropriate fine coal processing circuits have been accounted for in the design.

Metallurgical testwork and studies on fine coal beneficiation, together with optimisation of the mine plan, have resulted in updated estimates and increases in the average practical product yields to 21.2% for HCC and 17.6% for thermal coal respectively across the proposed Makhado pits (ASX:MCM announcement dated 30 June 2023).

SRK has reviewed the available sizing and washability. The summary table for three East Pit large diameter holes (S188T604, S188T605 and S188T606) indicates that coking and thermal yield determinations were based on extracting the float and sink yields at a perfect separation at the nominated product ash. These values were then pro-rated on a mass of sample basis versus a total mass of all relevant plies by size with a contamination value entered before an organic efficiency (OE) value was applied. The OE value has been applied to reflect the downstream processing inefficiencies in lieu of undertaking actual process simulations. The basis of the OE value is not derived from actual simulations.

Analysis of the summary tables identified that an increase in coking flotation yield had been applied after the contamination adjustment from 60% to 62% for the -0.25 mm fractions in contrast to the reduction applied to the remaining yields based on the addition of a dilution component.

Based on the reviewed data, SRK concludes that the HCC yield will be highly sensitive to dilution and liberation in the coarser size fractions. SRK agrees that the predicted HCC yield of 21.2% is achievable but cautions that it is unlikely to be consistently achievable.

5.9 Infrastructure and services

The nearest Eskom power distribution station is the Paradise substation located approximately 14 km to the south of the project, with a maximum available capacity of 7.5 MVA. This was secured from Eskom and is supplied via a new 22 kV (of 33 kV insulation design) overhead powerline approximately 14 km in length, known as the Paradise overhead line, which was commissioned during the quarter ended 30 June 2026 and delivers 7.5 MVA from the national grid.

An external consultant has indicated that the capacity of the line will be 'borderline' for mining and other infrastructure requirements, and the operation will be 'subject to load curtailment', with a cogeneration requirement envisaged. Additional power will also be sourced from the Makhado Municipality as well as Eskom's 22 kV rural network for potable water storage and distribution, as well as mine industrial area power requirements.

A further 1.15 MVA on Eskom's Makhado/Vhembe 22 kV network has also been negotiated, however it has been reported that the performance of this network is 'not ideal', and load shedding rules apply. MCM has indicated that future upgrades of power supply will be considered for Makhado, during the life of the operation.

Power supply to Makhado was commissioned during the quarter ended 30 June 2026, approximately 10 months later than previously advised.

MCM has reported that the Makhado mine and associated infrastructure will require a maximum water supply of 2.6 ML/day. It was stated during SRK's February site visit that the main source of process water will be from the bulk sample pit established in 2011, at approximately 430 kL/day, while the main source of potable water will be a natural spring at Tanga Lodge (an estimated capacity of 172 kL/day), both situated in the West Pit area.

SRK was notified by MCM that various other boreholes are available and will be powered, as part of the implementation plan, to provide sufficient water supply for the operations. It is also noted in the PFS that water balance modelling indicates that the water supply required for the operations will be replaced by water inflows to the mining pits after 18 months of operation, but also further states that access to supplementary water from the Nzhelele Dam may be required as part of future expansion plans.

Foundations have been prepared on site for storage and transfer water tanks for water supply at the East Pit entrance, i.e. process water and potable water supply, each in a 100 m^3 tank. From these two tanks the water will be pumped to three process and one potable water tank, each with a capacity of 2,500 m^3, located at the main entrance of the project area. Bulk water systems serving the eastern wellfields were installed and commissioned during the quarter ended 30 June 2026 to supply process water to the CHPP, and commissioning of the western wellfields was scheduled for the following quarter.

The two-lane bridge over the Mutamba River has been constructed, commissioned and placed in service, and provides all-weather access to site. It was designed and constructed to a 65 t payload. The temporary bridge previously in use was severely damaged by flooding early in the third quarter of FY2026 and was withdrawn from use. Various regional roads and intersections will require upgrades to cater for heavy loads, as product coal is transported by road to port.

Lump sum amounts have been included in general and mining infrastructure establishment over a 3-year period in the Makhado financial model received from MCM (dated 12 September 2026) to cover project capital for the required infrastructure to establish the infrastructure for commencing the mining operations.

The Makhado Mine Model dated 12 September 2026 shows total project capital, excluding sustaining capital, of ZAR1,683 million. It comprises ZAR197 million of mining capital, ZAR1,122 million of plant capital and ZAR364 million of other capital, with a contingency of ~5%.

5.10 Environmental and social aspects

5.10.1 Mining rights and land access rights

The mining right 30/05/1/2/2/204 MR granted for Makhado Colliery 26/01/2016 and expires 25/01/2046. It covers farm portions Windhoek 847MS, Mutamba 668MS, Tanga 849MS, Daru 848MS, Fripp 645MS, Lukin 643MS, Salaita 188MT. According to the 2023 Project Definition Statement (MCM, 2023)[10], all surface land rights associated with the mining right area have been secured.

At this stage, the status of stakeholder relationships with the landowners and traditional owners is good based on-site visit feedback (2024). Although there is no evidence of weak relationships, the raising of unresolved concerns or grievances between parties could result in potential social disruptions and reputational risk to the current operations.

The supplied LOM schedule and associated cashflow model for the Makhado Colliery provides that operations started in June 2024 and will cease April 2051[11]. Upon completion of the operations, SRK expects a minimum of 2 years for closure works and 10 years post-closure monitoring activities (i.e. 2063). SRK notes that the LoM and closure timeline go beyond the mining right expires in 2046, although there is sufficient time for the lodgement and approval of a revised mining right to be aligned with the Makhado life of mine plan.

5.10.2 Environmental approvals

The following environmental approvals are held by Makhado Colliery:

- An EA (Reference No. 12/1/9/2-V3) was granted on 30 August 2013 and amended in July 2016 and September 2018 to account for changes in the project description and extension of the validity period for the approval, requiring the project to commence before 5 July 2021. In June 2021, MCM notified the DMRE of the commencement of certain activities approved in the EA (MCM, 2022)[12].

[10] MCM, 2023. Makhado Project, Project Definition Statement: Colliery Establishment, MKD 20230426PDS, Baobab Mining & Exploration, MC Mining, 26 April 2023

[11] 46.04.05.01 MKD_Financial_Model_PostPDS.v23

[12] MCM, 2022. Audit report 2022, Financial Liability Report - Makhado Colliery LP 30/5/1/3/2/1 (204) EM, Baobab Mining & Exploration, MC Mining, February 2022

- An IWUL (No. 01/A80D/ABCEGJ/4138) was issued to Baobab on 24 December 2015. According to the 2023 Project Definition Statement (MCM, 2023), the IWUL was appealed and suspended in February 2016. A licence amendment was granted on 16 January 2019 and was valid for 17 years to 15 January 2035. This licence includes the water allocations from the irrigation farmers in addition to the water uses authorised in 2015. The appeal was set to be heard by the tribunal in January 2022 (MCM, 2021a). The hearing has been postponed indefinitely and there is no outcome yet. According to the report, some water uses related to the plant area were omitted from the licence by the regulator and this issue remains to be addressed.
- Waste disposal in terms of the residue stockpile and residue deposits was initially approved under the MPRDA. These associated activities now fall under the *National Water Act* (NWA) as well as the NEMA and are deemed to be approved under NEMA and NWA Section 21 water uses approval.
- Other environmental approvals pertaining to protected tree and plant removal as well as grave relocation were granted. These approvals have a short validity (between 1 month and 12 months) and it is advised that the project revisit the need to apply for these permits if they are required in the future (i.e. if further grave relocations or removal of protected flora species are required).

Based on the information reviewed, the environmental approvals in place for the Makhado Project are based on an outdated project description and mine plan, and need to be aligned with the current project status. It is unclear if the changes of the Makhado Colliery LOM plan have been fully assessed against current environmental approvals conditions and requirements. The mine life extends beyond the validity period of some environmental approvals (such as the water licence) and changes to the LOM plan might potentially change the environmental and social management conditions and objectives.

No detailed compliance assessment was undertaken by SRK to confirm whether the conditions of approvals were being met. In the case of nonconformance with the current approvals' conditions, there could be a risk for approvals to be withdrawn and could present a risk to Makhado operations. SRK recommends that MCM undertakes a detailed compliance review to identify Makhado's operational risks associated with the current approvals. Additional budget and time might be required to amend approvals, and to implement updated environmental and social management plans.

5.10.3 Social and Labour Plan

MCM has an approved SLP for 2015 to 2019, which was submitted to the DMRE in 2015 and only approved in May 2019 following approval to amend the 2015–2019 SLP in April 2019. Amended SLP for 2020-2024 was developed, although the status of the approval is unknown. SRK understands that the SLP for the period 2025 – 2029 is in the process of being developed.

5.10.4 Environmental and social management

MCM has an environmental policy which is used to guide its environmental management activities (MCM, 2021a).

According to the Makhado Project Information Memorandum (MCM, 2019), there was an intention to consolidate the existing Vele safety, health and EMS systems and procedures into an integrated Safety, Health and Environment Management System that will be adopted for implementation at the Makhado site. Contractors to be required to manage their impacts on the environment in accordance with the Contractor Management Pack (MCM, 2018). The EMS needs to be implemented as construction phase activities have commenced (MCM, 2021b) to ensure that the company records and manages all aspects related to its impacts on the environment.

There are several management plans currently in place for the project; however, the status of the plans revision is unknown.

According to the August 2021 monthly monitoring report (Skyside, 2021), limited sampling locations were operational. It is anticipated that the monitoring program would ramp-up with the commencement of construction extending into the operational phase. The following monitoring to be undertaken monthly (Minxcon, 2022; MCM, 2021a):

- surface water
- groundwater
- heritage
- air quality (dust)
- biodiversity
- waste management.

Commitment to monitoring needs to be aligned with the recommendations from both the specialist studies undertaken in support of the EA as well as what has been included in the EMPR. It is recommended that the EMPR is reviewed to ensure that all the management and mitigation measures are still relevant and aligned with the most up-to-date project description.

SRK understands that audits of EAs took place upon commencement of construction and an environmental monitoring and audit report was submitted to the DMRE in March 2023 and received a positive compliance statement.

The latest EMPR performance review was conducted in November 2021 (Elemental Sustainability, 2021c) for activities that have commenced. The colliery received full compliance on the relevant associated EMPR activities assessed. The latest external WUL audit was undertaken in October 2021 (Elemental Sustainability, 2021d). The colliery received full compliance on the relevant associated conditions assessed.

The supplied financial model shows annual sustainability and environmental costs as ZAR 159.64 M and 109.75 M accordingly. As no description has been provided for the costs, SRK suggests 30% contingency, which brings to the allocation of ZAR207.5 M and ZAR142.6 M accordingly.

5.10.5 Mine closure provisions

SRK understands that the Makhado Colliery mine closure plan and associated financial provisions are updated annually in accordance with regulatory requirements. The 2024 Makhado Colliery financial liability report (MCM, 2024)[13] states that:

- Closure liability of current activities was calculated at ZAR11,970,733.59 for the period 2023. This closure cost estimation is known as the asset retirement obligation cost. It considers current environmental liabilities and activities at the site and excludes any planned activities.
- The calculated current financial liability related to activities before the mining right was granted was calculated at ZAR11,878,078.16.
- The closure cost for Year 1 of mining conducted as part of the environmental impact assessment was calculated at ZAR72.4 M and was used for the initial financial guarantee for the project. However, the cost estimate does not provide details of the underlying assumptions inherent in the cost estimate.
- The current financial guarantee held for the Makhado Project amounts to ZAR82.1 M.

SRK understands that MCM rehabilitation financial guarantees were ZAR82,340,350 for Makhado as of December 2023[14]. SRK understands that this total rehabilitation financial guarantee is equivalent to the estimated cost for Makhado Colliery's closure liabilities.

Current closure provisions are conceptual and developed to consider current disturbance/liabilities of the site for financial reporting processes. There is a risk that additional costs may be required once the underlying assumptions have been addressed such as alignment with closure designs and completion criteria, alignment with project development, contamination assessments, ground-truth measurements and inventory, site-based rehabilitation trials, and cashflow scheduling alignment. As such, there is a risk that the Makhado Colliery LOM closure cost estimations are underestimated.

SRK understands that no whole-of-mine-life closure cost estimates are available for Makhado Colliery and recommends that a LOM closure cost estimate be developed according to the updated LOM plan and aligned with the closure objectives and requirements for Makhado Colliery.

The financial model from 2024 has a provision of ZAR336,705,000 for East Pit rehabilitation works only. However, the costing does not provide details of the underlying assumptions inherent in the cost estimate. SRK recommends this provision be extended towards the full LOM plan for Makhado Colliery, including the Central Pit and West Pit operations, for a total of ZAR747M, taking into account inflation and a contingency of 10%.

5.11 Risks and opportunities

No geological risks were identified during the risk assessment conducted as part of the Makhado BFS.

[13] MCM, 2024, Financial Liability report – Makhado Colliery, Audit report 2023, March 2024
[14] MCM SA Guarantees-202312 (1 1), December 2023

From a mining perspective, major faults of the magnitude displacing the coal seam and offsetting the sub-outcrop are always a risk, and although known, need to be planned for meticulously as various unforeseen impacts can be experienced when mining near these faults. These features constitute a potential risk to the mine design and productivity and should be appropriately mitigated prior to mining and as such should have negligible effect on the valuation.

The reported lower or conceptual confidence level of the geotechnical designs due to lack of information from exploration drilling creates a risk for the project, as these designs would have been and would in future be based on assumptions that are not necessarily aligned with actual conditions experienced when mining occurs.

In SRK's opinion, the key concerns with regards to pit slope stability are related to lack of data in terms of spatial coverage of drilling in the West and Central pit areas and the lack of laboratory strength testing (UCS and direct shear of discontinuities, particularly bedding). The recommended slope designs seem likely to be conservative, and so SRK does not regard the current lack of data confidence as a major risk. However, it is reiterated that the forward works program recommended in the 2013 FS, should be conducted during the next development phase to confirm the geotechnical design parameters going forward. The geotechnical risk assessments performed for the box-cut indicate that the risks are generally in the moderate to low category.

As stated earlier, there may be an opportunity for a steeper IRA in the unweathered materials within the pits to be accommodated, with substantially lower berm widths. However, this would need to be supported by the results of further studies based on the forward works program of more comprehensive geotechnical data acquisition.

SRK is also of the opinion that full reliance on a contractor to provide the entire primary mining fleet, and ancillary and support equipment could pose a risk if the contractor is not fully funded and prepared with the required equipment when mining commences. This will require careful management well in advance of mining commencement, together with daily management of the contractor's operations to ensure that planned production and productivities are achieved.

The optionality and design for backfilling is a significant opportunity and allows for various efficiencies and cost savings over the life of the mine. Furthermore, the occurrence of multiple mineable seams within the project area provides for favourable open cut mining efficiencies, based on low strip ratios and results in lower cost bases.

In regard to the XRT sorter, a particle of interbedded coal and shale gives an intermediate reading. Wherever the threshold is set, some of these particles report to the wrong stream. Makhado's coarse fraction carries interburden as well as thinly inter-banded coal and mudstone units.

Pyrite and other heavy minerals register as gangue. This can be useful for sulfur reduction. It also means that coal with disseminated pyrite may be rejected.

Infrastructure and services requirements appear to be understood and relevant provisions have been made in budget forecasts. The timing of implementation of these requirements are however crucial, and especially reliance on external parties for delivery of either infrastructure or services needs to be carefully managed to ensure no extended delays occur when mining operations are underway.

The risk of sufficient and constantly reliable power supply is reported to be of current concern, although cogeneration is proposed to address this as best as practically possible. To the contrary, information indicates that the abundance of groundwater, albeit requiring pumping initially, is a benefit to the project and can be used as an opportunity to reduce cost and delays if managed proactively.

6 Greater Soutpansberg Project

6.1 Overview

The GSP, is contiguous to the Makhado Project, and situated to the north of the Soutpansberg Mountains in the Limpopo Province. It comprises three sub-projects: Mopane, (Jutland and Voorburg), Generaal (Generaal and Mount Stuart) and Chapudi (Chapudi, Wildebeesthoek and Chapudi West) (Figure 6.1).

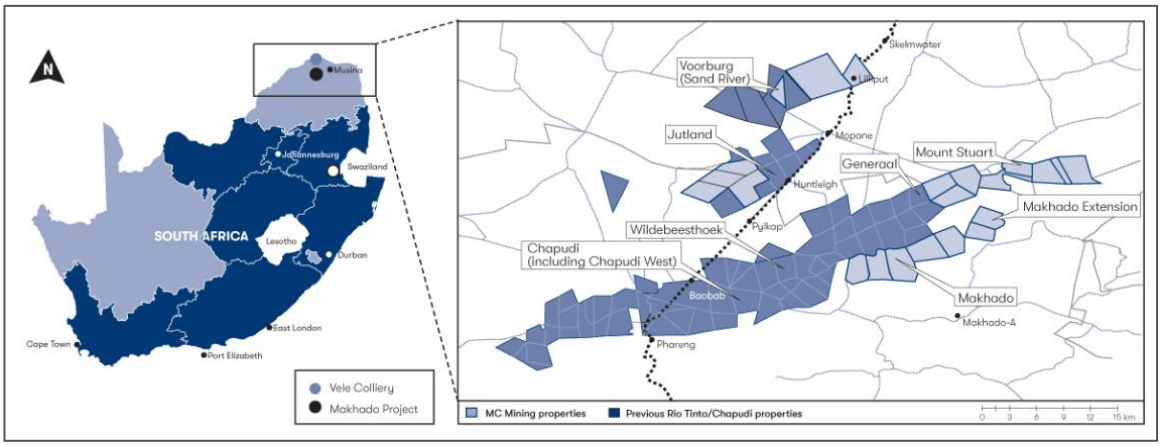
The Mopane Project comprises the Jutland and Voorburg sections. The nearest town is Musina, situated approximately 30 km to the north of the project area. Pretoria lies approximately 380 km to the south.

The project is accessed via a network of unsealed dirt roads that branch from the R525 unsealed dirt road and are connected to the sealed national N1 highway.

A railway line runs along the southeastern boundary of the Jutland section and connects the GSP with the main rail network. Eskom grid powerlines are located parallel to the N1.

The towns of Louis Trichardt and Musina are regional centres and provide modern facilities including accommodation and services to the project. These are owned by MbeuYashu (Pty) Ltd, a company jointly owned by MCM (74%) and its Black Economic Empowerment partner, Rothe Investments (Pty) Ltd (26%) (Figure 6.2).

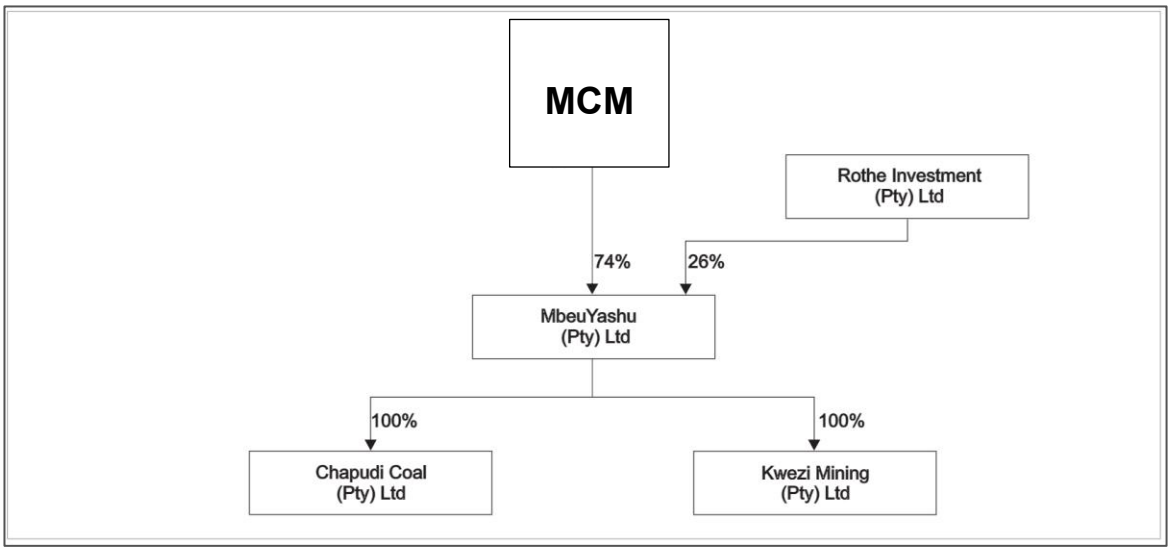
Figure 6.1: Location of Greater Soutpansberg Project



Source: MCM website, accessed 13 May 2022

The Mopane and Generaal mining rights were legally executed in December 2023 and the Chapudi mining right was executed in Q1 CY2024.

Figure 6.2: Shareholding of Greater Soutpansberg Project



Source: Venmyn Deloitte, CoAL CPR, 2016

6.2 History

No mining has taken place on any areas of the GSP. This section discusses the known exploration in the various sections.

6.2.1 Mopane Project

Voorburg Section

Exploration on Cavan 508 MS was first conducted by Rapburn Exploration (Pty) Ltd in the early 1970s. This consisted of reconnaissance drilling with seven holes drilled, of which six were sampled. None of the analysis results have been used in MCM's geological models or resource estimates. In 1976, Iscor drilled 43 diamond holes on Banff 502 MS and Voorburg 503 MS. These drilling programs were widely spaced for reconnaissance purposes. Iscor recognised the high coking properties of the coals and produced two reports on the mining potential of the properties. CoAL acquired Iscor's Soutpansberg database, covering all the GSP, in 2007.

Rio Tinto drilled one drill hole on each of Banff 502 MS (diamond), Delft 499 MS (reverse circulation – RC), Vera 815 MS (diamond) and Krige 495 MS (RC) as part of its regional exploration program. No data from any of these drill holes have been incorporated into the MCM modelling or resource estimation, as either MCM has its own drill hole data or the holes are outside MCM's immediate area of interest.

In 2006, CoAL drilled 15 diamond drill holes on the farm, Voorberg 503 MS. Five large diameter drill holes were sunk at each of three sites.

Downhole geophysical surveys have been conducted on all the drill holes, using a tool suite suitable for dual density, natural gamma and calliper measurements. These measurements were used to identify, correlate and sample the coal.

A photographic/LiDAR survey was conducted in 2008 to produce orthophotographs and ground elevation data.

Historical mining took place on the farm Cavan 508 MS between 1911 and 1918 to supply the smelter at Messina Copper Mine. The mine was located a few hundred metres west of the Liliput rail siding, into the side of a small hill. Reportedly, 14,488 t was mined, but the quality is unknown.

New order prospecting rights to the Voorburg Section were acquired by CoAL in 2006.

Jutland Section

Trans Natal Coal Mining Corporation undertook the earliest exploration between 1968 and 1975 for reconnaissance purposes – 53 holes were drilled, although no information about them exists.

Between 1975 and 1982, Iscor performed extensive exploration, totalling 106 drill holes and including bulk sampling on the farms Jutland 536 MS, Stubbs 558 MS, Mons 557 MS and Cohen 591 MS. However, the location of the drill holes and the bulk samples could not be ascertained by MCM. A pre-feasibility study (PFS) was conducted by Iscor in 1982 for these farms, concluding that about 50 Mt of coal could be mined from underground. No further work appears to have been done.

During 2006 and 2007, Rio Tinto drilled three reconnaissance vertical holes on the farms Hermanus 553 MS, Verdun 535 MS and Ursa Minor 551 MS. Downhole geophysics were conducted on the drill holes; no remote sensing was undertaken.

CoAL drilled five PQ3 drill holes in 2012 for confirmatory purposes, as well as 10 RC holes to assist with the structural interpretation – these holes have not been incorporated into the geological model. No remote sensing or geophysical exploration has taken place.

6.2.2 Generaal Project

Mount Stuart Section

Iscor drilled 417 holes between 1975 and 1978, plus a number of deflections and possibly some large diameter holes. Uncertainty regarding the drilling and sampling protocols used exists, as they are unknown, nor whether the drill hole collars were professionally surveyed. Analysis was conducted by Iscor's in-house laboratory and was usually undertaken on a float fraction of RD1.40; analyses comprised proximate analysis, CV, Roga and Swell Index.

Rio Tinto conducted some limited exploration and CoAL acquired data for nine holes, seven of which were diamond drill holes (on the farms Nakab 184 MT, Schuitdrift 179 MT, Mount Stuart 153 MT and Ter Blanche 155 MT) and a further two on Nakab 184 MT were percussion holes.

CoAL started drilling in 2009 on the farm Riet 182 MT; nine holes have been drilled to date. Ground magnetic geophysical data for the farm Nakab 184 MT and aeromagnetic data for the farm Schuitdrift 179 MT were acquired from Rio Tinto.

Downhole geophysics was conducted on all Rio Tinto and CoAL drill holes to identify, correlate and sample the coal horizons. Sondes deployed included those for dual density, natural gamma and calliper measurements.

Generaal Section

Most of the exploration has been conducted by Iscor; between 1975 and 1978, 64 holes were drilled. Downhole logging data and partial coal quality data for 13 of these holes were acquired by CoAL in 2007.

Rio Tinto drilled a total of 11 holes on the farms Generaal 587 MS, Fanie 578 MS and Van Deventer 641 MS.

CoAL drilled 26 holes – consisting of diamond and RC holes, as well as 4 water boreholes – in 2013 that were used to update the geological model. However, there are no quality data for these drill holes and the historical quality data are not considered reliable – therefore no Coal Resources have been declared for this section. No downhole geophysical logging or remote sensing has been conducted.

6.2.3 Chapudi Project

Little information seems to exist regarding historical exploration at Chapudi. CoAL obtained a historical database from the then Council for Geological Sciences in 2013 – this included 162 holes drilled by Iscor.

Chapudi Section

Rio Tinto conducted extensive exploration, including drilling and various forms of remote sensing. Rio Tinto was targeting thermal power station coal, with or without an export coking coal fraction. As MCM is targeting coking coal, the information from all this previous work will be reassessed and future exploration planned accordingly.

Rio Tinto started drilling in 2003 on the farm Chapudi 752 MS, drilling 125 holes along strike and focusing on areas near the sub-crop and for short distances down-dip. The holes consisted of both diamond core holes and open holes. Three deep holes were drilled to verify the down-dip continuity.

Aeromagnetic and radiometric geophysical surveys were flown in 2005 and used to identify intrusions and lineaments over the central area of the section. Three resistivity and four vertical electrical traverses were performed in 2006 and two north–south seismic traverses were conducted in 2007. These results were used to determine the depth of weathering. Aerial photograph interpretation resulted in data for a digital terrain model.

Downhole geophysical logging was conducted on most of the Rio Tinto drill holes. This included three-arm calliper, density, natural gamma, full-wave sonic, resistivity, neutron-neutron, magnetic susceptibility and an acoustic televiewer.

CoAL acquired Rio Tinto's full drill hole database in 2011, as well as detailed data reports and the complete geological model. MCM has not yet drilled any confirmatory holes, although three RC holes were drilled in 2012 for structural purposes and to update the physical geological model.

Chapudi West Section

Trans Natal Coal Mining Corporation drilled holes and Iscor a further 11 drill holes during 1973 and 1974. Although the data from these holes have been used in the geological model, no resources have been declared.

Rio Tinto conducted some reconnaissance drilling between 2003 and 2005. This involved three drill holes on the farms Grootvlei 684 MS and Grootboomen 476 MS. Only petrographic analysis was conducted on these holes.

Wildebeesthoek Section

Iscor drilled 94 holes between 1975 and 1978. Although CoAL acquired these data, quality data only exist for two of the drill holes.

Rio Tinto drilled four holes on the farms Wildebeesthoek 661 MS and Mapani Ridge 660 MS, sampling Seam 6 on a ply-by-ply basis.

CoAL drilled 20 holes (10 diamond core and 10 RC) in 2013 to assist with the structural interpretation; none of the holes were sampled and the results were only used to update the geological model to estimate resources.

6.3 Local geology

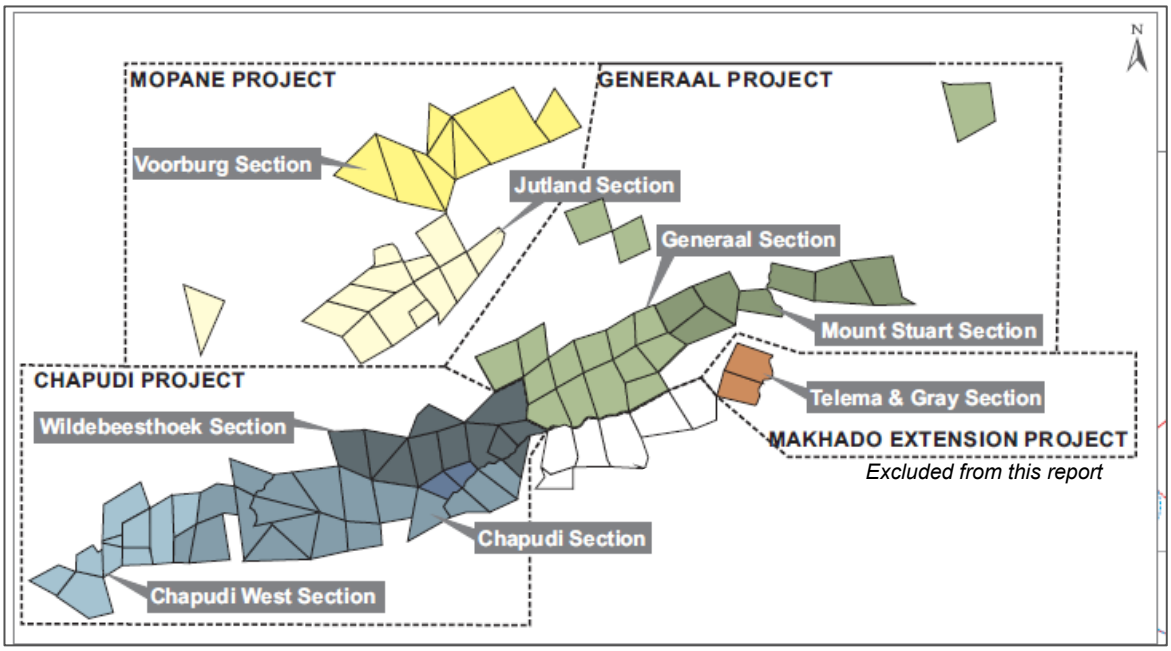
The GSP consists of three separate sub-projects:

- the Mopane Project, comprising the Voorburg and Jutland sections
- the Generaal Project, comprising the Mount Stuart and Generaal sections
- the Chapudi Project, comprising the Chapudi, Chapudi West and Wildebeesthoek sections.

Figure 6.3 depicts the location of these projects with respect to one another.

The Soutpansberg Coalfield has been subdivided by faulting into a number of separate basins, also referred to in the literature as coalfields. The GSP falls within these separate basins and is divided into three projects (Figure 6.3). Figure 5.2 illustrates the general dip of the strata across these basins of the western part of the Soutpansberg Coalfield.

Figure 6.3: Projects comprising the Greater Soutpansberg Project



Source: modified after Venmyn Deloitte (2016) – *not to scale*

6.3.1 Mopane Project

The Mopane Project has been subdivided into the Voorburg and Jutland sections; Coal Resources have only been declared by MCM for the Voorburg Section. The coal has the potential to produce a semi-hard coking coal.

Voorburg Section

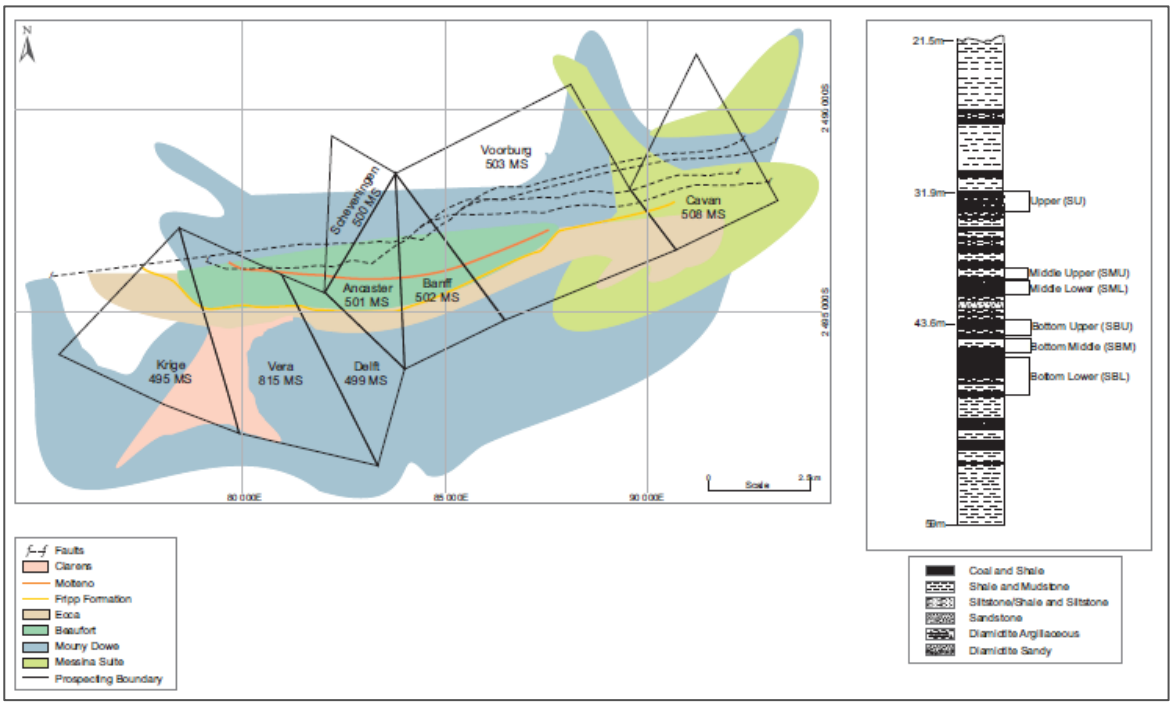
The Voorburg Section is the most advanced exploration part of the Mopane Project and located in the Sand River Basin, an isolated, upfaulted block of Karoo sediments, about 10 km north of the main part of the Soutpansberg Coalfield (Figure 6.1 and Figure 6.3). It is a half graben with an unconformable southern contact due to the upsloping edge of the depositional palaeobasin. It is fault-bounded to the north by a southwest to east-northeast striking normal fault. This fault is 25 km long with an upthrow of approximately 1,000 m to the south. Semi-parallel smaller faults form offshoots to the main fault, with throws between 5 m and 10 m. Figure 6.4 depicts the surface geology of the area and the typical stratigraphy encountered in this basin. Minor faulting and dolerite intrusions have been identified in historical drill holes and by mapping; only one 0.4 m thick dolerite sill has been intersected in recent drilling.

The coal seams are thickest in the north, thinning southwards; dips are in the order of 5° north (Figure 5.2). The sediments of the Lower Ecca Group are absent and the coal is found in the sediments of the Mikambeni Formation as alternating coal bands and mudstone laminae. Six potentially economic seams have been identified – the Upper, Middle Upper, Middle Lower, Bottom Upper, Bottom Middle and Bottom Lower seams. The coal measures are overlain by the red shales and mudstones of the Beaufort Group, followed by the coarse sandstones of the Fripp Formation (Figure 6.4).

Coal was previously mined at Liliput, in the east on the farm Cavan 508 MS, on the main rail line from South Africa to Zimbabwe.

A LiDAR survey conducted in 2008 produced ground elevation data and orthophotos. CoAL (now MCM) conducted a drilling program of mainly 83 mm core size vertical drill holes. Triple tube diamond drilling was used to confirm the drill hole results from historical Iscor drilling and to increase the drill hole density such that resources could be declared. Large diameter drill holes with a 122.8 mm core size were sunk for bulk sampling purposes. All drill holes were geophysically logged to identify, correlate and sample the coal horizons. Standard coal analyses were undertaken (proximate analysis, CV and washability from RD1.35–1.70 in 0.05 g/cm^3 intervals and from RD1.70–2.00 in 0.10 g/cm^3 intervals). The Free Swell Index was also determined to indicate the coking potential.

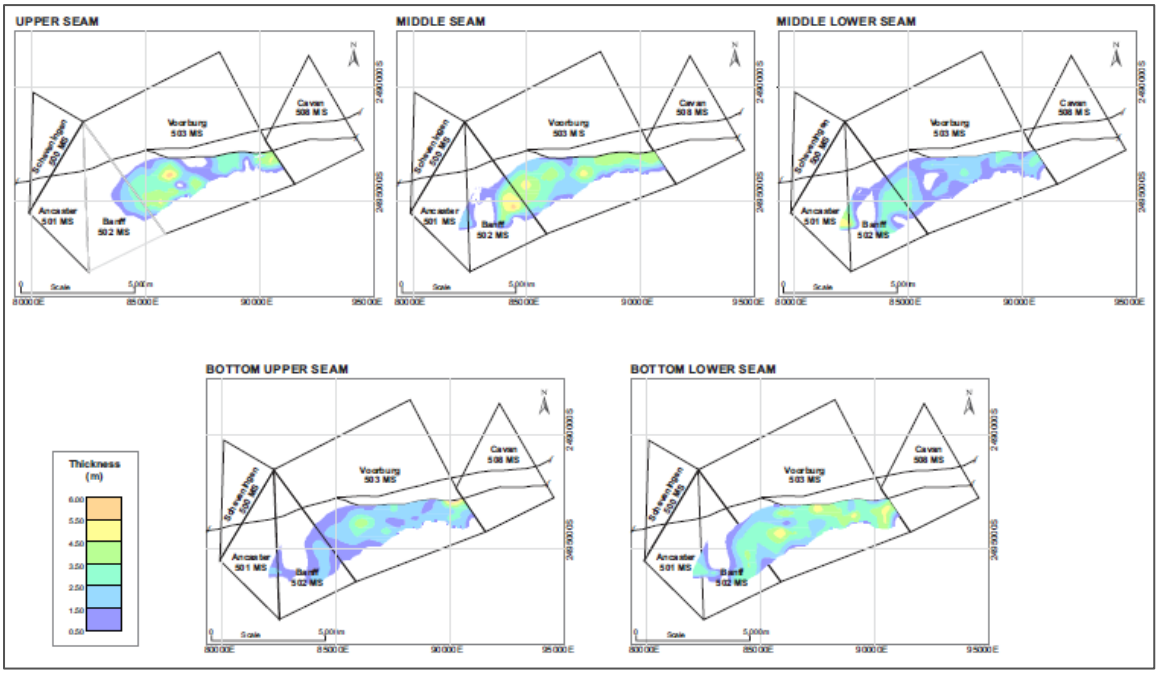
Figure 6.4: Voorburg Section – surface geology and typical stratigraphy



Source: Venmyn Deloitte (2017)

The seams vary in thickness from 0.5 m to a maximum of 6.0 m (Upper and Middle Upper seams); the Middle Lower and Bottom Upper seams are thinner than the other seams (Figure 6.5).

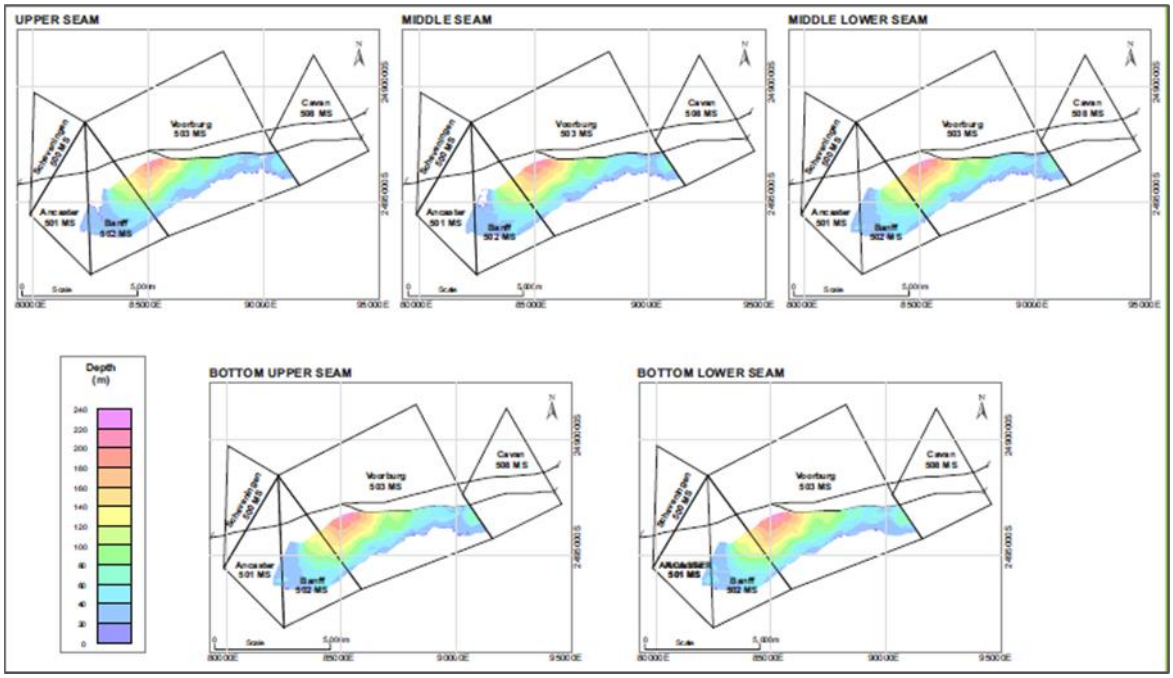
Figure 6.5: Voorburg Section – seam thicknesses in metres



Source: Venmyn Deloitte (2017)

The seam depths vary from <20 m in the west to a maximum of 240 m (Bottom Seam) in the north (Figure 6.6). The coal is mainly shallow (i.e. at depths able to be extracted using open cast methods) from the sub-crop in the south, but specific seams will need to be mined via underground methods to the north. The majority of the project area has stripping ratios less than 4 bcm/t of coal.

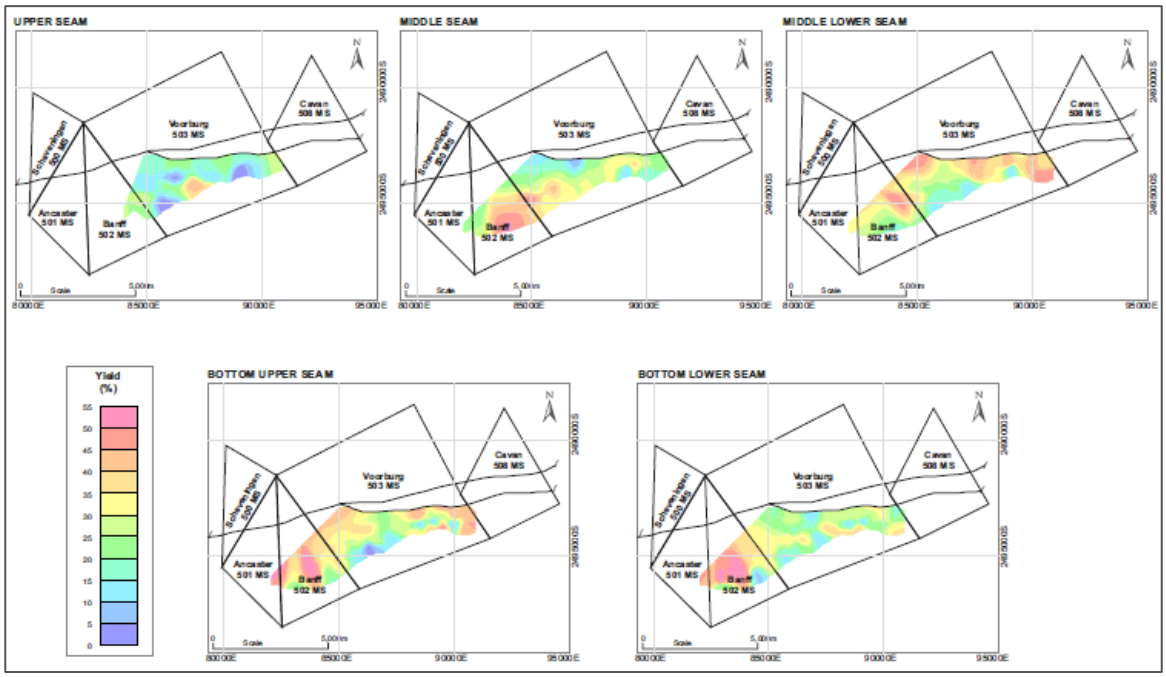
Figure 6.6: Voorburg Section – seam depths in metres



Source: Venmyn Deloitte (2017)

Washed coal is forecast to produce a theoretical product at RD1.40 with an ash content between 8% and 12%, depending on the seam; VM varies between 10% and 38%, and increases to the south for the Upper, Upper Middle and Middle Lower seams, while increasing to the southeast for the Bottom Upper and Bottom Lower seams. The Free Swelling Index ranges from 5.0 to 7.0 and theoretical yields up to 55%, depending on the seam; lower yields are found in seams with a greater amount of intercalated mudstone – the lowest yields occur in the Upper Seam and the highest average yield on the farm Banff 502 MS (Figure 6.7).

Figure 6.7: Voorburg Section – theoretical product yield at RD 1.40



Source: Venmyn Deloitte (2017)

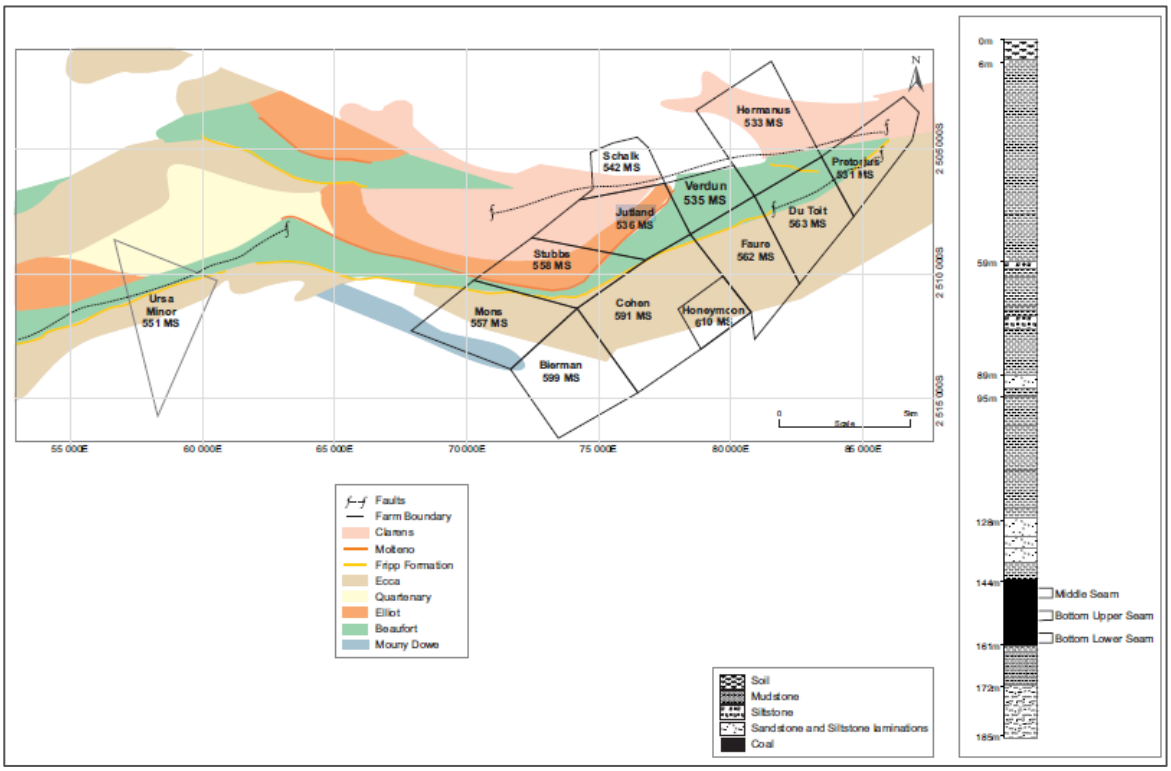
Jutland Section

No Coal Resources have been declared for the Jutland Section, although the presence of coal is known.

The Jutland Section is located in the Mopane Basin of the Soutpansberg Coalfield and is classed as an early-stage exploration project – it is the least developed section of the Mopane Project.

The coal is preserved in a half-graben, with an unconformable southern contact; the lower Karoo sediments are not developed but the coal-bearing Mikambeni Formation is present (Figure 6.8). The seams dip northwards at approximately 10–12° (Figure 5.2). The coal-bearing sediments are found as alternating coal bands and mudstone laminae with the coal horizons divided into five economic horizons, named the Upper, Middle Upper, Middle Lower, Bottom Upper and Bottom Lower seams. The Mikambeni Formation is overlain by the red shales and mudstones of the Beaufort Group, followed by the coarse sandstone of the Fripp Formation.

Figure 6.8: Jutland Section – surface geology and typical stratigraphy



Source: Venmyn Deloitte (2017)

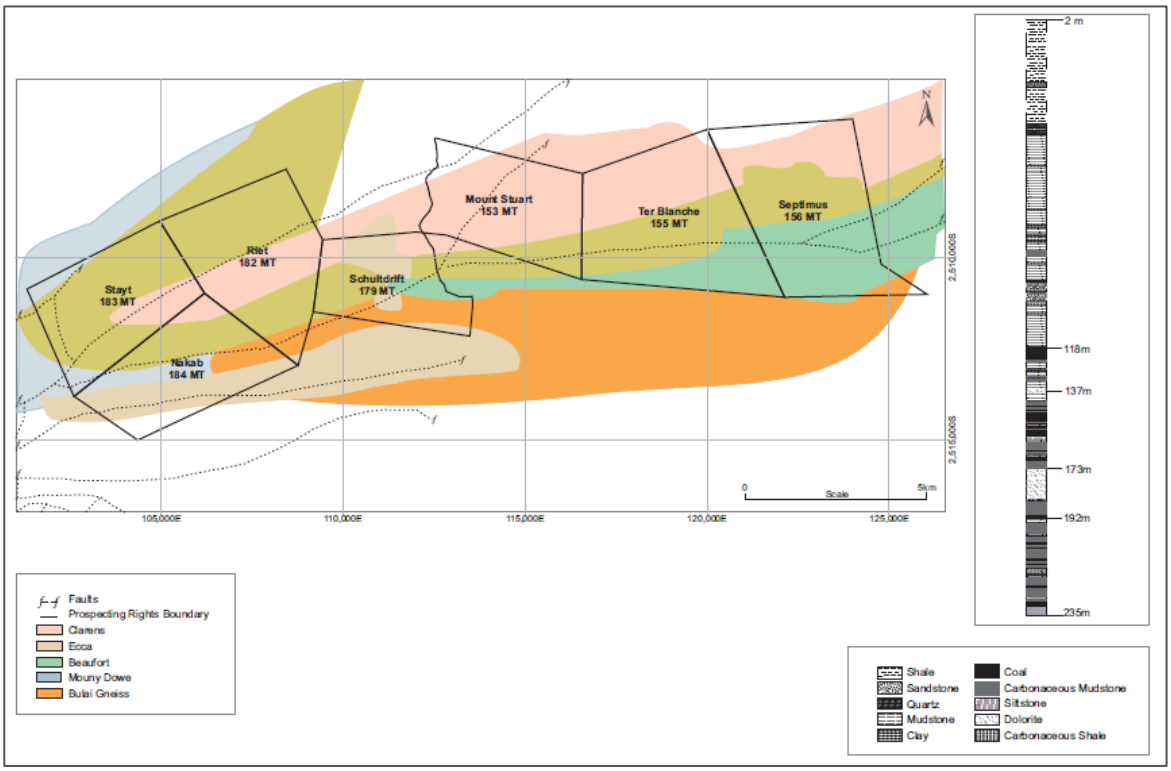
6.3.2 Generaal Project

The Generaal Project is subdivided into the Mount Stuart and Generaal sections; Coal Resources have only been declared for the Mount Stuart Section (Inferred Coal Resources). Both sections are located in the Tshipise North Basin, northeast of the Makhado Project (Figure 6.3).

Mount Stuart Section

The Mount Stuart Section is the more advanced of these two exploration sections. The Tshipise North Basin is an isolated, upfaulted block of Karoo strata (Figure 6.9). The lowermost strata comprise 10 m of conglomerate-diamictite belonging to the Tshidzi Formation and these are followed by 190 m of alternating black shales, sandstones, siltstones and interbedded coal seams of the Madzaringwe Formation. Overlying this formation is the 140 m thick Mikambeni Formation (consisting of mudstone and shale and lesser amounts of sandstone) with the 60 m-thick Fripp Formation of coarse-grained sandstones forming east–west trending ranges of low hills. The Fripp Formation is overlain by Solitude Formation (110 m of shale with minor sandstone and grit), the Klopperfontein Formation (similar to the Fripp Formation) and finally, the Bosbokpoort Formation (300 m of fine sandstone and mudstone, Figure 6.9).

Figure 6.9: Mount Stuart Section – surface geology and typical stratigraphy

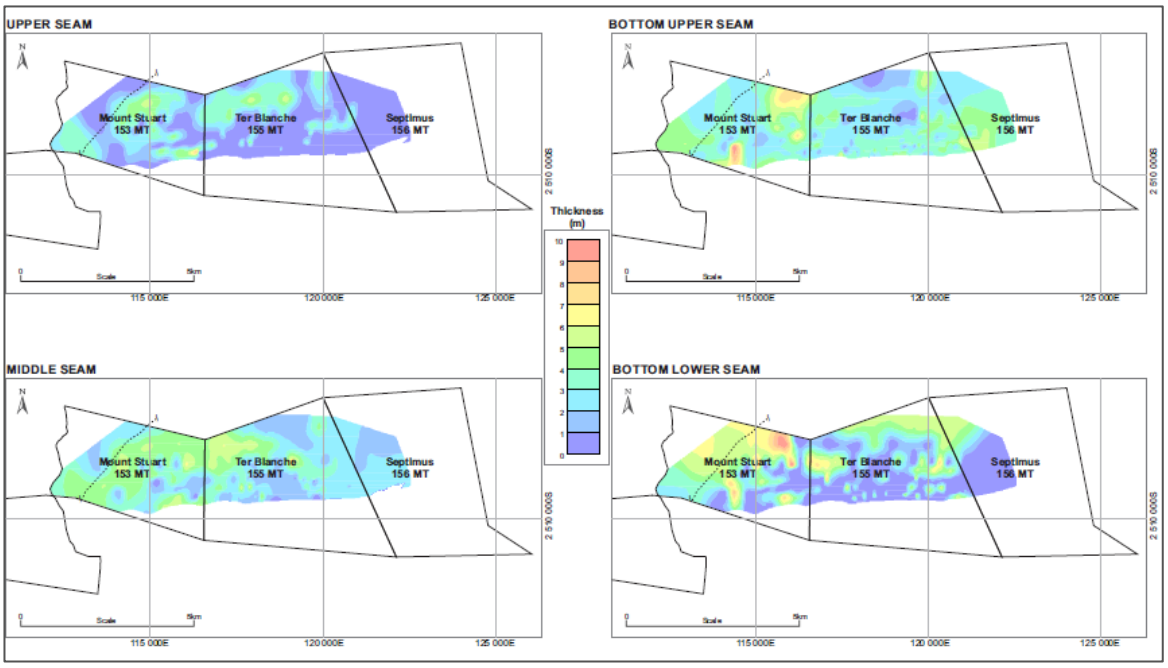


Source: Venmyn Deloitte (2017)

Four seams of commercial interest have been identified, namely, the Upper, Middle Upper, Bottom Upper and Lower seams. The seam thicknesses range from <0.5 m to over 9.0 m and the Upper Seam is usually the thinnest (Figure 6.10).

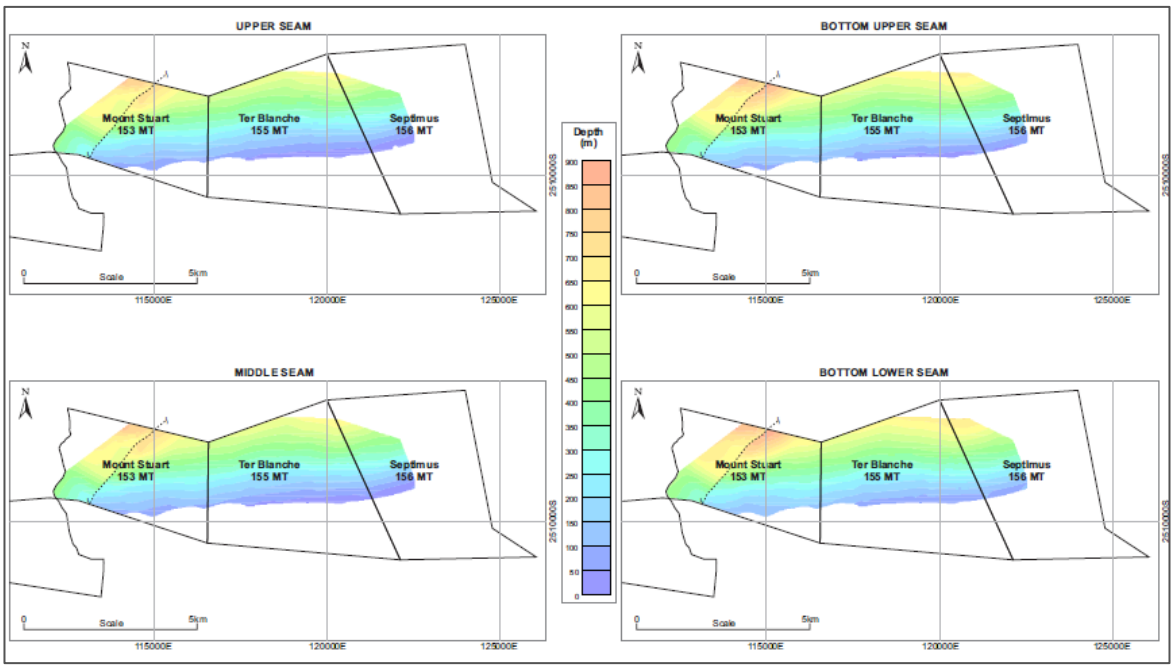
The coal seams dip to the north and the shallowest part of the basin is in the south (Figure 6.11). Depths vary from less than 50 m in the south to a maximum of almost 900 m for the Bottom Lower Seam in the north. A large northeast–southwest striking fault has been identified in the west of the farm Mount Stuart 153 MT, which continues west across the farms Schuitdrift 179 MT and Nakab 184 MT and beyond. The coal would need to be extracted from surface in the south and then specific seams could be extracted from underground as mining progresses northwards.

Figure 6.10: Mount Stuart Section – seam thickness in metres



Source: Venmyn Deloitte (2017)

Figure 6.11: Mount Stuart Section – seam depths in metres



Source: Venmyn Deloitte (2017)

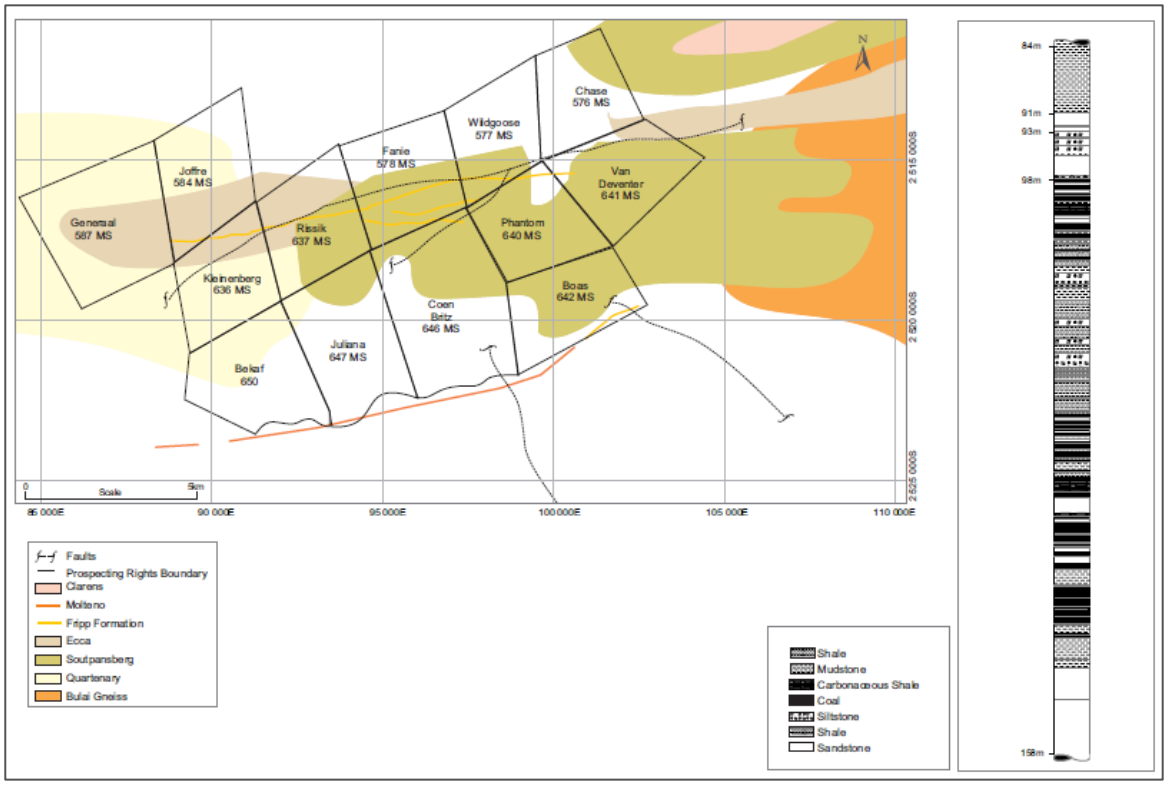
The section is interpreted to have the potential to produce a hard coking coal. The theoretical product at RD 1.40 equates to approximately a 12% ash product, although the ash varies between 5% and 20% depending on the seam; the VM is in the order of 10–30% and theoretical yields as high as 50%, depending on the seam. The lowest average yields are obtained from the Upper and Bottom Lower seams.

Generaal Section

The Generaal Section is located immediately north of the Makhado Project. It is classed as an early-stage exploration project; although the presence of coal is known, no Coal Resources have been declared.

The section is located within the northern part of the Waterpoort Basin of the Soutpansberg Coalfield. It is a 20 km long east–west striking upfaulted block with the coal found in the northern part of the project area in the Mikambeni Formation. Here the formation consists of a 20–30 m-thick package of banded coal-bearing sediments with large proportions of non-coal material. Three horizons with relatively lesser proportions of non-coal material have been identified, with average thicknesses between 2.9 m and 3.0 m (Figure 6.12). Dips are in the order of 4–5° (Figure 5.2) but are steeper in the central part of the project area.

Figure 6.12: Generaal Section – surface geology and typical stratigraphy



Source: Venmyn Deloitte (2017)

6.3.3 Chapudi Project

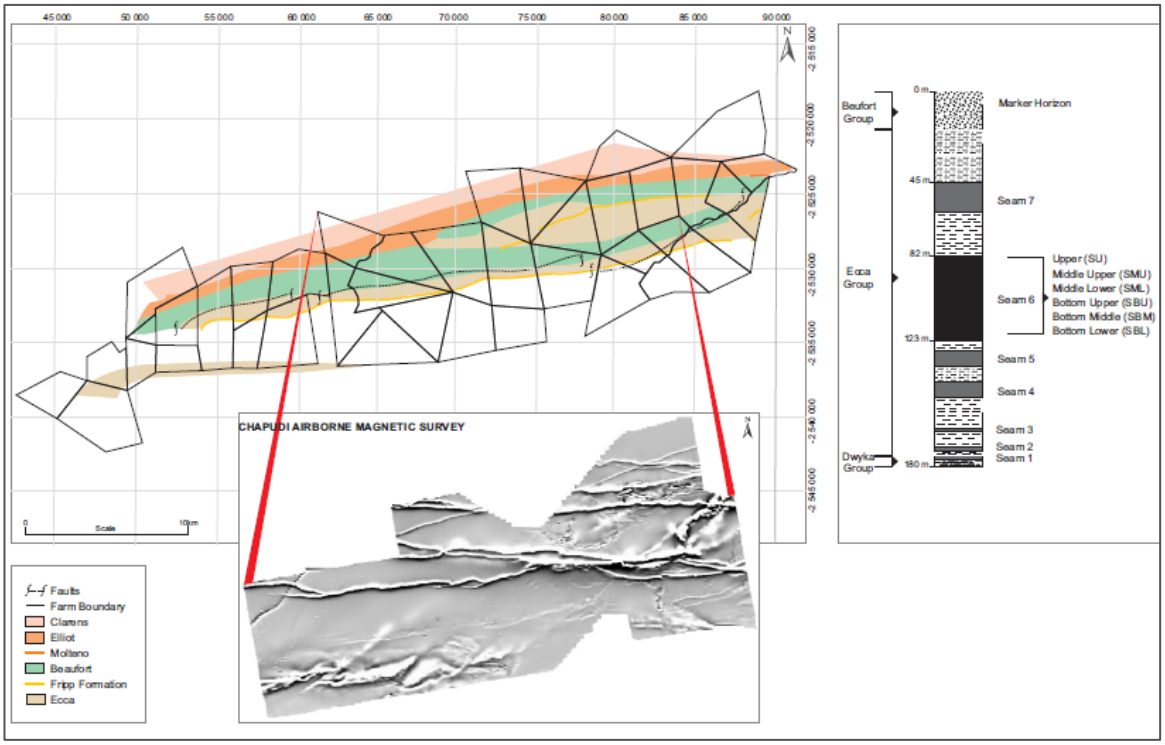
The Chapudi Project lies west of the Makhado Project (Figure 6.3) in an extension of the Tshipise Basin of the Soutpansberg Coalfield, named the Waterpoort Basin. In terms of area, the Chapudi Project is the largest of the GSP, covering 21 farms. It has been subdivided into three sections, all of which offer the potential to produce a primary coking coal product and a middlings thermal coal product.

Chapudi Section (the central section)

The Chapudi Section is the central section in the project and is the most advanced of the three, hosting Inferred Coal Resources (Table 6.1).

Early exploration by Rio Tinto led to the identification of seven coal zones – three in Lower Ecca and four in Upper Ecca, named, from the base upwards, Seam 1 through to Seam 7 (Figure 6.13). The zones consisted of finely interbanded carbonaceous mudstones and coal and are overlain by the Fripp Formation, which attains a maximum thickness of 40 m. The strata dip northwards at approximately 12° (Figure 5.2).

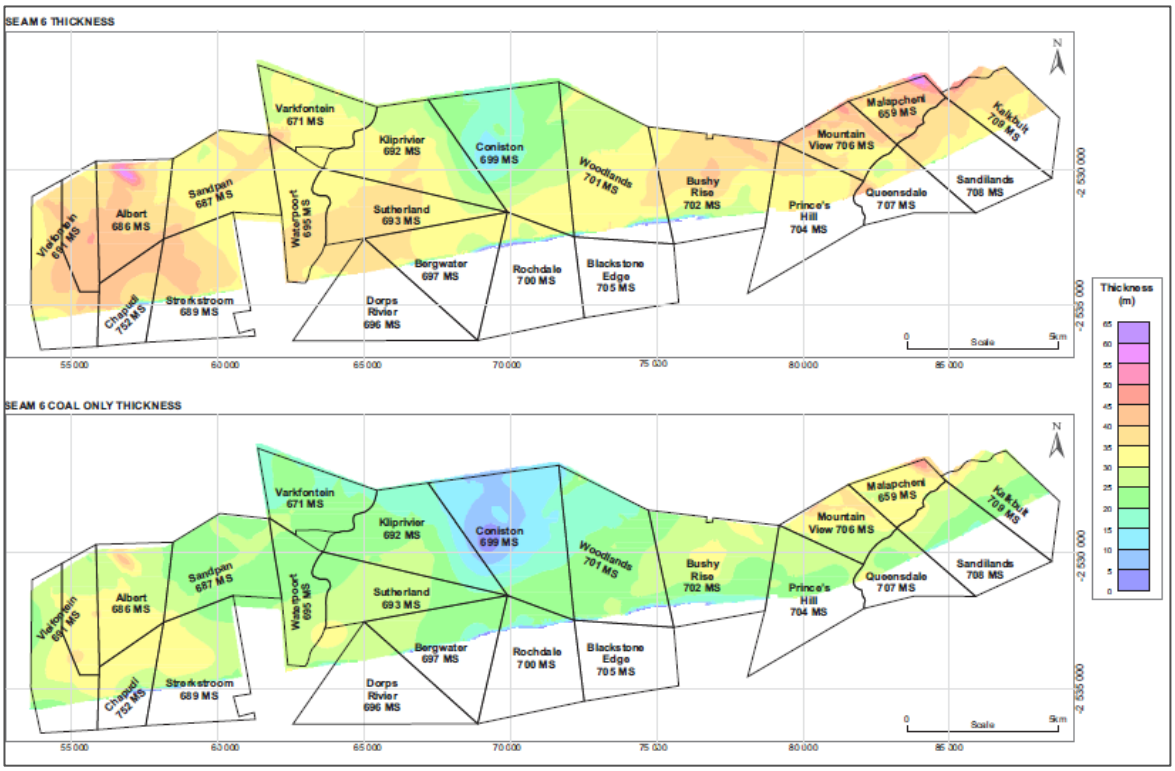
Figure 6.13: Chapudi Section – surface geology and typical stratigraphy



Source: Venmyn Deloitte (2017)

The best developed zone is Seam 6, with total seam thickness ranging between 5 m and 40 m; the coal-only thickness generally averages 25 m (Figure 6.14). Seam floor depths range from surface to at least 800 m below surface (Figure 6.15). The coal is frequently bright with a high vitrinite content. MCM has divided Seam 6 into six mining horizons: Upper Seam, Middle Upper Seam, Middle Lower Seam, Bottom Upper Seam, Bottom Middle Seam and Bottom Lower Seam. The Bottom Lower Seam consists mainly of mudstone and has been excluded from the resource estimates. The seam is amenable to open cast extraction with average strip ratios estimated around 2 bcm/t coal, which increase to the north.

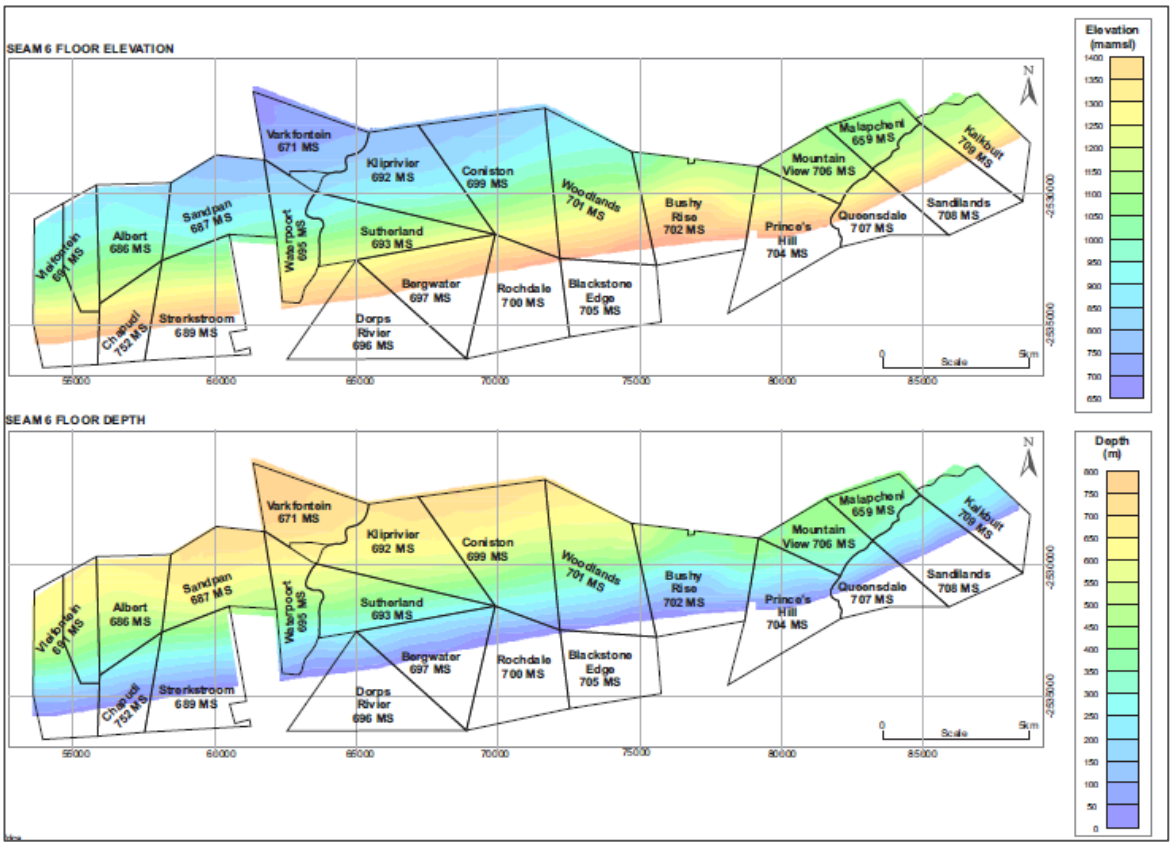
Figure 6.14: Chapudi Section – Seam 6



Source: Venmyn Deloitte (2017)

Notes: Top – total thickness in metres; Bottom – coal only thickness in metres.

Figure 6.15: Chapudi Section – Seam 6



Source: Venmyn Deloitte (2017)

Notes: Top – floor elevation (m AMSL); Bottom – floor depth in metres.

Seam 7 is also well-developed (12–15 m thick) but has high ash content and low yields. Only Seam 6 is deemed by MCM to have economic potential and exclusively makes up the declared resources.

The resource area is constrained by major faulting; the frequency of smaller-scale faulting in the area is not well understood. Dolerite intrusions mainly strike east–west and were identified through an aeromagnetic geophysical survey (Figure 6.13). In the west and central parts of the Chapudi Section, the intrusions are limited to a single 0.5–1 m thick dyke, but are more common in the eastern part, where they can reach thicknesses of up to 80 m. However, these intrusions do not impact Seam 6 above depths of 150 m and are unlikely to have a significant impact on open cast mining.

The potential to produce a 10% ash coking product is believed by MCM to be good, with this potential increasing with increasing coal seam depth, although this is based on limited testwork. The coal is 90% vitrinite with qualities on a dry, mineral matter free basis being 35.5 MJ/kg average CV with volatile matter between 37% and 44%.

Chapudi West Section

The Chapudi West Section is an early-stage exploration project, similar to the Chapudi Section in terms of the stratigraphy and seams intersected. The area is believed to have the potential to produce coking coal and a middlings thermal product.

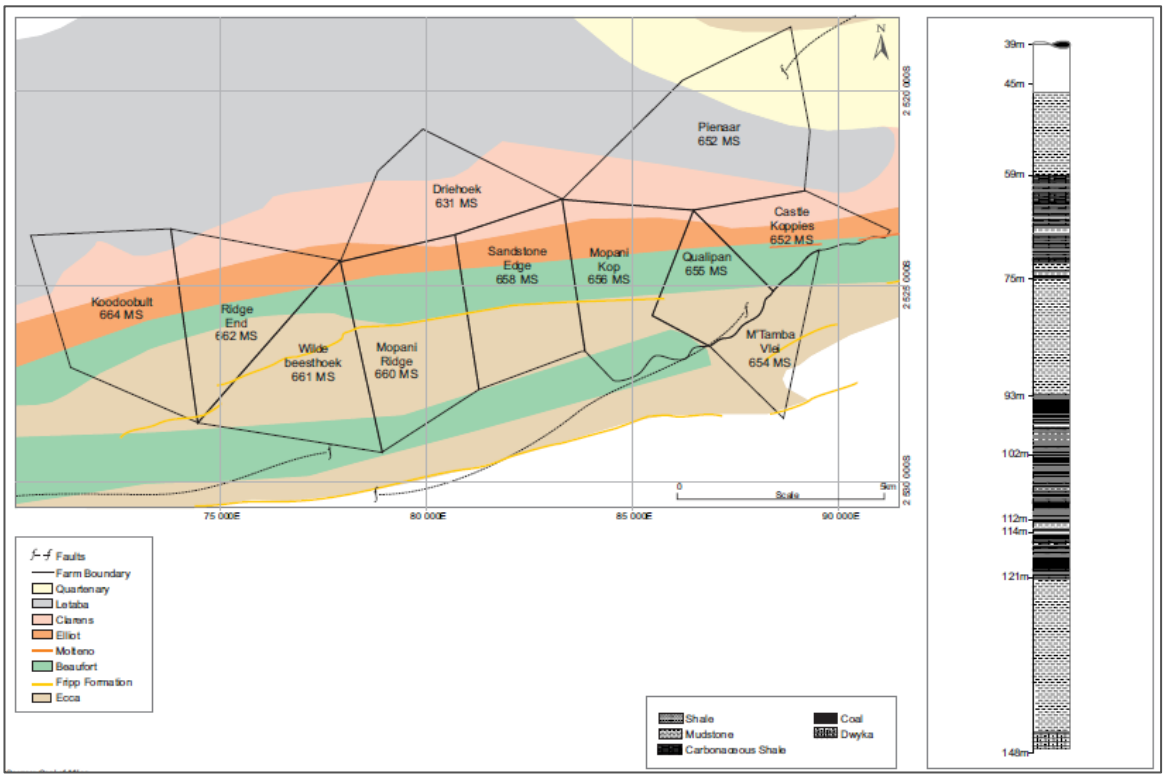
No Coal Resources have been declared to date.

Wildebeesthoek Section

The Wildebeesthoek Section, immediately north of the eastern extremity of the Chapudi Section (Figure 6.3) and northwest of the Makhado Project, is the least developed of the Chapudi Project sections. It is an isolated, upfaulted block of Karoo strata, and has been interpreted to represent an upfaulted extension of the coal seams from down-dip of the main Chapudi Section (Figure 6.16).

Although the presence of coal over the area is known, no Coal Resources have been declared.

Figure 6.16: Wildebeesthoek Section – surface geology and typical stratigraphy



Source: Venmyn Deloitte (2017)

6.4 Exploration potential

Much of the GSP remains to be explored in greater detail, particularly those areas where Coal Resources remain to be declared – that is, the Jutland Section (Mopane project), the Generaal Section of the Generaal Project, and the Chapudi West and Wildebeestfontein sections of the Chapudi Project. The Coal Resources of the Mount Stuart Section (Generaal Project) and the Chapudi Section of the Chapudi Project will require additional exploration, particularly drilling, to increase the confidence and upgrade the Coal Resource classification from the Inferred category.

6.5 Coal Resources

6.5.1 Coal Resources

The critical variable considered for both the primary coking coal product and the secondary thermal product is ash (<10% and <25.9%, respectively). In addition, the following cut-off values were imposed:

- prospecting rights' boundaries
- sub-crop in the south
- minimum VM content of 18% for MTIS
- minimum seam thickness of 0.5 m for GTIS
- a mining layout loss of 2% for MTIS.

The Coal Resource estimates were also discounted by the Company for unknown geological structures, based on the confidence in the Coal Resource classification.

The Coal Resources were estimated from a geological model, constructed by Mr John Sparrow using Minex™ software.

SRK has reviewed the geological model and is satisfied that the data are represented sufficiently accurately in the grids, that the modelling principles employed and the estimation methods used are fit-for-purpose and that the geological model and the Coal Resource estimates can be relied upon.

All Coal Resources and coal qualities have been estimated on an air-dry basis and are inclusive of the Coal Reserves. Note that the in situ Coal Resource estimates include significant amounts of intercalated non-coal material that will be removed during beneficiation.

The Coal Resources as reported in the MCM annual report (MCM, 2025) are shown in Table 6.1. Note that Coal Resources have only been declared for the Voorburg Section of the Mopane Project, for the Mount Stuart Section of the Generaal Project and for the Chapudi Section of the Chapudi Project.

Table 6.1: Greater Soutpansberg Coal Resource estimate (30 June 2025)

Project	Resource category	GTIS (Mt)	MTIS (Mt)	MCM attributable interest (%)	MCM attributable Resource GTIS (Mt)	MCM attributable Resource MTIS (Mt)
Mopane (Voorburg Section only)	Measured	109.435	94.916	97	106.152	92.012
	Indicated	125.034	100.507	96	120.033	96.444
	Measured and Indicated	**234.469**	**195.423**		**226.185**	**188.456**
	Inferred	36.239	24.001	88	31.890	21.130
	Total	**270.708**	**219.424**		**258.075**	**209.586**
Generaal (Mount Stuart Section only)	Inferred	407.163	55.511	100	407.163	55.511
Chapudi (Chapudi Section only)	Inferred	6,399.023	1,318.481	74	4,735.277	975.676
All	**Total**	**7,076.894**	**1,593.416**	**±78**	**5,400.515**	**1,240.773**

Source: MC Mining Limited Annual Report 2025

6.6 Environmental and social aspects

6.6.1 Mining rights and land access rights

According to the MCM website[15], the Chapudi, Mopane and Generaal project areas comprise MCM's longer term Greater Soutpansberg Project. SRK understands from documents reviewed that the mining rights granted for the GSP projects are as presented in Table 6.2.

According to the 2016 Deloitte Independent Competent Person Report (Deloitte, 2016), '*CoAL has agreements with the various surface rights owners to access properties for exploration purposes and access is sufficient for its prospecting requirements*.' However, Deloitte reported a number of land claims for the following sections of GSP Mineral rights: Voorburg, Jutland, Mount Stuart, Generaal, Chapudi West and Wildebeesthoek. The status of conformance with the mining rights, land ownership, rental and land access agreements requirements was last reviewed in 2016.

Based on information reviewed by SRK, there is no evidence of anything that would suggest MCM does not remain compliant. SRK recommends that MCM undertakes a detailed compliance review to identify GSP's operational risks associated with the current land access agreements and surface rights. Additional budget and time might be required to amend agreements.

At this stage, the status of stakeholder relationships with the landowners and traditional owners is good, based on feedback from the site visit.

[15] GSP/MbeuYashu - MCMining Limited, https://www.mcmining.co.za/our-business/projects/gsp-mbeu-yashu,

Table 6.2: SRK reviewed list of Greater Soutpansberg Project mining rights

Project	Holder	File Ref No.	Surface area (ha)	Date granted	Effective date*	Expired date	Farms portion
Chapudi	Chapudi Coal	LP 10044 MR	2,531.57	28/10/2019	30/11/2023	27/10/2049	Fanie 578 MS, Kleinberg 636 MS, Bekaf 650 MS, Joffre 584 MS, Chase 576 MS, Rissik 637 MS, Wildgoose 577 MS, Maseri Pan 520 MS, Solitude 111 MT
		10032 MR	4,353.63	19/09/2017	14/12/2023	18/09/2047	Banff 502 MS, Delft 499 MS, Krige 495 MS, Schalk 542 MS
		10036 MR	1,283.61	23/05/2018	14/12/2023	22/05/2048	Ursa Minor 551 MS
Mopane	Regulus Investment Holdings	10029 MR	2,233.63	28/10/2019	14/12/2023	27/10/2050	Mons 557 MS, Stubbs 558 MS
		LP 10045 MR	871.293	28/10/2019	30/11/2023	27/10/2049	Schuitdrift 179 MT
Generaal	Kwezi Mining Exploration	LP 10050 MR	4,740.23	13/09/2017	30/11/2023	12/09/2047	Juliana 647 MS, Phantom 640 MS, Van Devender 641 MS, Daru 889 MS, Tanga 894 MS, Coen Britz 881 MS, Coen Britz 646 MS
		LP 10053 MR	1,452.43	13/09/2017	30/11/2023	12/09/2047	Portion 1, 2 and Remaining Extent of General 587 MS
		LP 10054 MR	866.87	13/09/2017	30/11/2023	12/09/2047	Portion 1 and Remaining Extent of Boas 642 MS
		LP 10058 MR	1,056.66	13/09/2017	30/11/2023	12/09/2047	Beck 568 MS
		10030 MR	1,002.93	23/05/2018	14/12/2023	22/05/2048	Vera 815 MS
		10031 MR	577.80	23/05/2018	14/12/2023	22/05/2048	Scheveningen 500 MS
		10035 MR	6,409.29	23/05/2018	14/12/2023	22/05/2048	Pretorius 531 MS, Remaining extent and Portion 1 on Pretorius 531 MS, Remaining extent of Otto (Honeymoon) 560 MS, Hermanus 533 MS, Faure 562 MS, Remaining extent of Du Toit 563 MS, Bierman 559 MS, Remaining extent of Verdun 535 MS
	CoAL/MC Mining	LP 10047 MR	5,716.56	13/11/2017	30/11/2023	12/11/2047	Remaining Extent and Portion 2 of Mount Stuart 153 MT, Nakab 184 MT, Remaining Extent and Portion 1 of Terblanche 155 MT, Septimus 156 MT
		10033 MR	3,994	13/09/2017	14/12/2023	12/09/2047	Voorburg 503 MS
		10034 MR	4,902.84	13/09/2017	14/12/2023	12/09/2047	Ancaster 501 MS, Cavan 508 MS, Cohen 591 MS, Jutland 536 MS

Source: MC Mining data room

Note: * Date on which the EMPR is approved under Section 39(4) of the MPRDA.

6.6.2 Environmental approvals

SRK understands that:

- Individual EMPRs were approved at the end of 2023 for the Mopane and Generaal projects as part of the granted mining rights, as described in Table 6.2.
- WULs are not currently in place for the GSP as the projects are in an exploration phase. Should the project proceed beyond the exploration phase, MCM should investigate alternative options for the water supply and submit a WUL application to DWS.
- Waste permits are not currently relevant as the projects are in an exploration phase. The probability of requiring a waste management licence will be based on the anticipated mining activities. This will need to be verified once more technical information is available for the projects.

6.6.3 Social and Labour Plan

SRK understands that the SLPs associated with the mining rights for the Chapudi Project have not yet been approved. SLPs have been approved for Mopane and Generaal.

6.6.4 Environmental and social management

MCM has an environmental policy that is used to guide its environmental management activities (MCM, 2021a). It is assumed that drilling contractors are required to adhere to the Contractor Management Pack (MCM, 2018) and that exploration is being undertaken in line with the exploration Environmental Management Plan. No environmental monitoring is currently taking place as there is no current exploration active.

Water is a critical issue in the area due to the low rainfall and high evaporation rates and competing water demands from farmers. It is essential that the potential water sources are carefully studied to determine the sustainability of water supply and identify potential alternatives for future mining activities (Venmyn Deloitte, 2016). Competition for water between mining and local communities/operations can result in negative publicity if this risk is not managed at the onset. Due to the locality of the project in a water scarce area, this risk is material and the likelihood of this risk being realised in the future is high if the eventual operation impacts on water availability for surrounding water users.

The area is rich in cultural heritage and therefore mining is likely to impact on some aspects of cultural heritage. This could result in reputational damage if an updated and extensive heritage impact assessment is not undertaken adequately. This risk is material if the eventual operation impacts cultural heritage resources. The likelihood of this risk could be mitigated to low if adequate and extensive heritage study is undertaken and the resultant mitigation measures are adhered to ahead of the construction phase.

6.6.5 Environmental liabilities and closure provisions

MCM current rehabilitation financial guarantees was ZAR10,882,257 for GSP as of December 2023[16]. SRK understands that the amount covers the current environmental liabilities of the GSP exploration sites. However, the costing does not provide details of the underlying assumptions inherent in the cost estimate.

Current closure provisions totalling ZAR10,882,257 might be sufficient to cover the current liabilities of the exploration sites. However, with regards to GSP projects in pre-feasibility study stages (such as the Chapudi Project), SRK recommends that a life-of-mine closure cost estimate be developed according to the LOM plan and aligned with the closure objectives and requirements for the projects. Should mining commence, SRK would expect the mine closure costs to be in the same order of magnitude as the coal assets per the identified comparable transactions. Therefore, SRK considers the expected closure costs to be reflected in the multiples that acquirers have paid for the coal assets.

6.7 Risks and opportunities

Geological risks pertain to the continuity of the coal seams and their quality in the lesser explored parts of the GSP. Although the presence of coal is known in all the sub-projects, this has not been proved sufficiently by exploration to declare Coal Resources for all areas, nor is the ability of the coal to be beneficiated to coking coal product confirmed in all areas. Further exploration through drilling and analysing the coal will reduce this risk. As such, in the valuation exercise using comparable market transactions, this is considered when choosing an appropriate multiple.

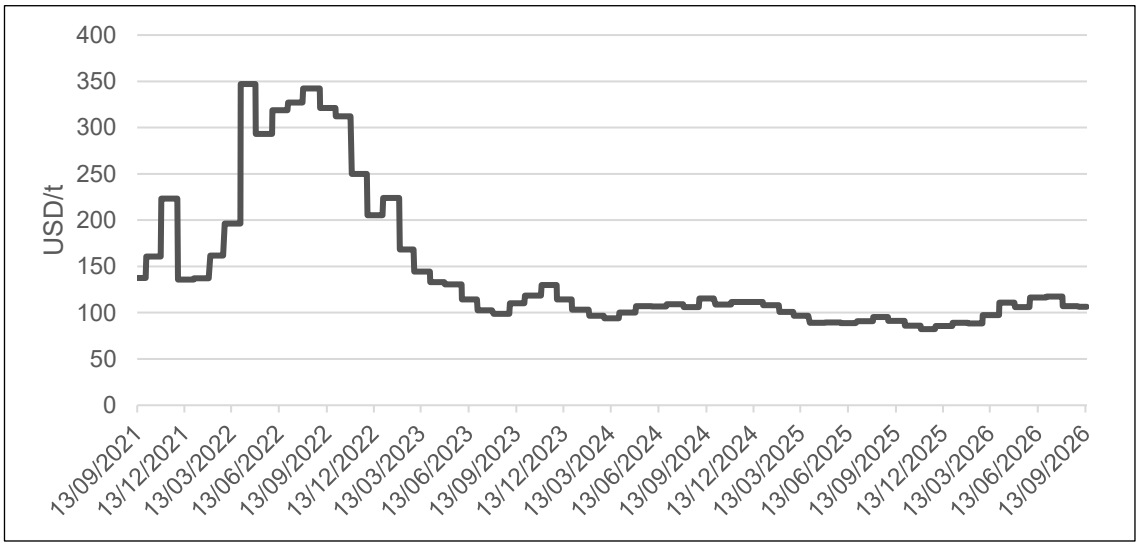
[16] MCM SA Guarantees-202312 (1 1), December 2023

7 Other considerations

7.1 Coal market

SRK has reviewed the coal market prices and notes the South African Richards Bay benchmark thermal coal price is currently 70% lower than its all-time high of USD347/t in June 2022 (Figure 7.1). The Richards Bay thermal coal price fell below US$100/t for most of 2025 but has since had some uplift and has stabilised around USD106/t since January 2026. The monthly average was $106/t for the month of August–September 2026.

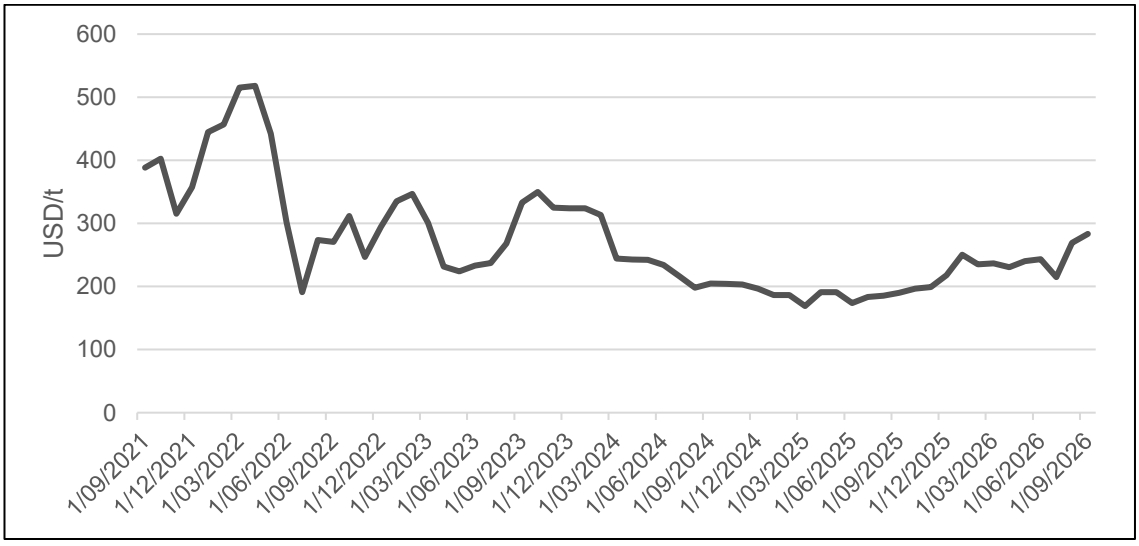
Figure 7.1: Richards Bay thermal coal price



Source: S&P Global

Note: Coal (South Africa), thermal 6000 kcal/kg NAR f.o.b. Richards Bay.

Figure 7.2: Premium hard coking coal ex Australia benchmark price



Source: S&P Global

Note: Premium hard coking coal (Australia), f.o.b. East Coast Australia.

In determining a Market Value for MCM's coal assets, SRK has considered the following:

- In reviewing the latest financial results for the Uitkomst Colliery, the achieved price was 30% lower than the API4 (Ex Richard Bay, SA) average price for the same period. This is because the achieved price includes low-grade middlings coal.
- Vele Colliery is a potential SSCC and thermal coal producer that could be sold into the export market and shipped through the coal terminal in Mozambique.
- The Makhado Project will potentially produce 21% coking coal and 18% thermal coal with a total yield of approximately 39% of ROM production. The intention is to export the coking and thermal fractions through the Maputo Coal Terminal in Mozambique.
- South Africa is traditionally an exporter of only thermal coal and therefore has no market quoted benchmark coking coal price for South African coking product. SRK has adopted Australian premium HCC index (Figure 7.2) as a benchmark for determining discount for any coking coal product from Makhado Project.

8 Valuation

8.1 Valuation methodology

The objective of this section is to provide BDO with:

- a Market Value estimate of MCM's total Coal Resources
- in the case of Makhado, an assessment of Model inputs for the LOM plan and a Market Value estimate for MCM's residual Coal Resources (i.e. those outside of the current LOM plan)
- SRK's opinion regarding the Market Value of MCM's Coal Resources with associated exploration tenure.

SRK has not valued MCM or its corporate subsidiaries as the beneficial owners of the Mineral Assets.

In determining the appropriate parameters for valuation purposes, SRK has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of MCM's projects. SRK has relied on information provided by MCM, as well as information sourced from the public domain, SRK's internal databases and SRK's subscription databases.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Assets being valued are compared with the transaction value of similar Mineral Assets under similar time and circumstances on an open market (VALMIN Code, 2015). Methods include comparable transactions and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the Mineral Asset (VALMIN Code, 2015). Valuation methods that follow this approach include DCF modelling, capitalised margin, option pricing and probabilistic methods.

The Cost Approach is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (VALMIN Code 2015). Methods include the appraised value method and multiples of exploration expenditure (MEE), where expenditures are analysed for their contribution to the exploration potential of the Mineral Asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the Mineral Asset and hence the amount and quality of the information available on the mineral potential of the assets.

Most Mineral Assets can be classified as either:

- **Exploration Project**: properties where mineralisation may or may not have been identified, but where a Coal Resource has not been identified.
- **Advanced Exploration Project**: properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Coal Resource Estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the resource category.
- **Pre-development Project**: properties where Coal Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Coal Resources have been identified, even if no further Valuation, Technical Assessment, delineation or advanced exploration is being undertaken.
- **Development Project**: properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.
- **Operating Mines**: mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Table 8.1 presents the various valuation approaches for the valuation of Mineral Assets at the various stages of exploration and development.

Table 8.1: Suggested valuation approaches according to development status

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015)

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of Mineral Assets, using market-derived data.

The Market Value is defined in the VALMIN Code (2015) as, '… *in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arms-length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion*.' The term Market Value has the same intended meaning and context as the International Valuation Standards Council's (IVSC's) term of the same name. This has the same meaning as Fair Value in RG 111. In the 2005 edition of the VALMIN Code this was known as Fair Market Value.

The Technical Value is defined in the VALMIN Code (2015) as '… *an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations*.' The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

In summary, the various recognised valuation methods are designed to provide an estimate of the Mineral Asset or project value in each of the various categories of development. In some instances, a particular Mineral Asset or project may comprise assets, which logically fall under more than one of the previously discussed development categories.

8.2 Basis of valuation

MCM has developed cashflow models for its Makhado Project and has provided these to BDO and SRK.

In the case of Makhado, SRK has reviewed the underlying technical inputs to the Makhado model and provide recommendations to BDO to make adjustments to various technical inputs and cost assumptions. These recommendations have been modelled by BDO and as a result, in consultation with BDO, it has been agreed that an Income Approach would not be appropriate to value Makhado. This is because the values derived from a DCF approach are lower than those derived from a Market Approach. As such, BDO has used the Income Approach as a cross-check for SRK's Market Approach valuation of Makhado's LOM plan Resources.

In estimating the Market Value of MCM's Mineral Assets as at the Effective Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK has used comparable market transactions as the primary valuation method. To support the comparable market transaction valuation of the Coal Resources, SRK has used a peer group analysis and the yardstick method as a crosscheck.

8.3 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation Report should refer to other recent valuations or IERs undertaken on the mineral properties being assessed. SRK completed a valuation on the MCM Mineral Assets in June 2022, March 2024 and in November 2024. SRK's ISR formed part of BDO's IER, which was provided to MCM shareholders and commented on the 'fairness and reasonableness' of a proposed transaction.

8.4 Recommended assumptions to the Model

MCM has developed a cashflow model (the Model), dated 12 September 2026, for its Makhado Project and has provided this to BDO and SRK. SRK has reviewed the Model and assessed technical production and technical cost projections to advise BDO of its findings.

Table 8.2 presents a summary of SRK's findings and recommendations as made to BDO in relation to the Makhado Project. SRK understands that BDO will use an income approach as a check value at Makhado.

Table 8.2: Makhado Model assumptions and SRK recommendations

Input	Model assumptions	SRK Recommended Base Case input	SRK Recommended Stress Case input	Basis of recommendation
Coal Resource (MTIS Meas+Ind)	296.0 Mt	No change	No change	Including 'Inferred', the total MTIS Coal Resource is 334.9 Mt.
Coal Reserves	106.3 Mt	No change	No change	
LOM Plan (26.5 years)	87.8 Mt	No change	No change	
Annual ROM	3.31 Mtpa (average over LOM)	No change	No change	2.6 Mtpa for 1 year until installation and successful commissioning of XRT sorter, thereafter 3.34 Mtpa.
Total waste (BCM)	222.3 MBCM	No change	No change	
Plant capacity	400 t/h	No change	No change	Could be increased to 500 t/h with additional modifications to the downstream fines circuit – not budgeted.
HCC yield	21.2%	20.2%	19.2%	21.2% average HCC yield is considered optimistic and not sustainable after reviewing recovery from fines beneficiation.
Thermal yield	17.6%	18.6%	19%	Thermal yield is likely to increase at the cost of HCC yield.
Discard	61.2% (53.7 Mt)	62.2 % (54.46Mt)	No change	
Coking Coal Sales	18.6 Mt	16.9 Mt	No change	
Thermal Coal Sales	15.5 Mt	16.3 Mt	No change	
Operating Costs (real terms)				
Mining (including diesel)	ZAR291.17/ROMt	No change	No change	
Processing	ZAR66.08/ROMt	No change	No change	
Sustainability	ZAR159.64 M	ZAR159.64 M	ZAR 207.5 M	ZAR 13.7 M allocated for the first year with ZAR 475,218 monthly from 09/2027. No description of what is included. Stress case comprises 30% contingency.
Environmental	ZAR 109.75 M	ZAR 109.75 M	ZAR 142.6 M	Stress case comprises 30% contingency.
Closure	0	0	ZAR747 M	While closure costs have been estimated at ZAR747M, closure is not certain at end of LOM as additional ~200 Mt of Measured and Indicated MTIS Resources still remain and underground options could be considered.
Trucking to MCT (628 km)	ZAR950/t	No change	No change	
Port cost	ZAR64/t	No change	No change	

Input	Model assumptions	SRK Recommended Base Case input	SRK Recommended Stress Case input	Basis of recommendation
Capital Expenditure (real terms)				
Capex East Pit (sunk)	ZAR646.9 M	ZAR646.9 M	No change	EPCM contingency ZAR104 M – no basis for change.
Capex East Pit (remaining)	ZAR1,036.3 M	ZAR1,036.3 M	No change	
Capex Central Pit (remaining)	ZAR202.4 M	ZAR202.4 M	No change	
Capex West Pit (remaining)	ZAR401.4 M	ZAR401.4 M	No change	
Sustaining	ZAR192 M	ZAR192 M	No change	

Source: Makhado Financial Model, dated 12 September 2026

The Makhado HCC product price is benchmarked against a Midvol 64 HCC product specification and pricing, with a 20% to 15% discount applied for transport to Maputo Coal Terminal. SRK considers this to be to be reasonable.

The applied average Makhado Model sales price for the 5,500 kcal/kg thermal product is US$128/t against an API4 price input of US$156/t after applying a 10% price discount, a linear adjustment for energy content (5,500 Kcal vs 6,000 Kcal benchmark) and a 5% ash discount (i.e. a total discount of 18% for the Makhado thermal coal product). SRK considers this to be to be reasonable.

8.5 Valuation of the Coal Resource

8.5.1 Summary of Coal Resource estimates

MCM's Coal Resources that are adjusted for valuation purposes and are classified as adjusted GTIS Coal Resources in this valuation exercise total 8,651 Mt (attributable 6,720 Mt). The adjusted GTIS Coal Resource estimates are presented in Table 8.3.

Table 8.3: Coal Resources – Gross in situ (100% basis, as at 30 June 2025)

Coal asset	Status	Inferred (Mt)	Indicated (Mt)	Measured (Mt)	Total (Mt)	Interest (%)	Attributable (Mt)
Makhado	Development	116.2	254.0	387.3	757.5	67	507.6
Uitkomst	Care & Maint.	5.7	3.8	14.7	24.2	84	20.4
Vele	Care & Maint.	218.9	426.9	146.8	792.6	100	792.6
GSP – Mopane	Advanced Exploration	36.2	125.0	109.4	270.7	95.5	258.5
GSP – Generaal	Advanced Exploration	407.2	-	-	407.2	100	407.2
GSP – Chapudi	Advanced Exploration	6,399.0	-	-	6,399.0	74	4,735.3
Total (Mt)					**8,651.3**		**6,721.5**

Source: MCM Annual Report (MCM, 2025)

8.5.2 Actual transaction

On 1 November 2023, an investor group known as Goldway Capital Investment Ltd (Goldway) offered to acquire the remaining shares in MCM not already owned by Goldway. On 22 April 2024, Goldway completed an acquisition of a 35.6% stake in MCM. A consideration of ZAR287M was paid for a 35.6% stake of the 6,721Mt attributable Coal Resources, which is an implied multiple of ZAR0.128/t. Using this implied multiple the value for 100% of the attributable Coal Resource is ZAR805 M.

Table 8.4 shows the transaction details that imply a value for the attributable Coal Resource of ZAR1,115.2 M.

Table 8.4: Actual transaction details as at 22 April 2024

		Exchange rate A$:ZAR	
Transaction value of 35.6%	A$23.30 M	12.33	ZAR287.25 M
Implied equity value at 100%	A$65.26 M	12.33	ZAR804.69 M
Attributable Coal Resource	6,289.2 Mt		6,289.2 Mt
Unit equity value per tonne Coal Resource	A$0.0104/t		ZAR0.128/t
Implied enterprise value at 100%	A$90.4 M	12.33	ZAR1,115.2 M
Unit enterprise value per tonne	A$0.0144/t		ZAR0.1773/t

Source: S&P Capital IQ Pro

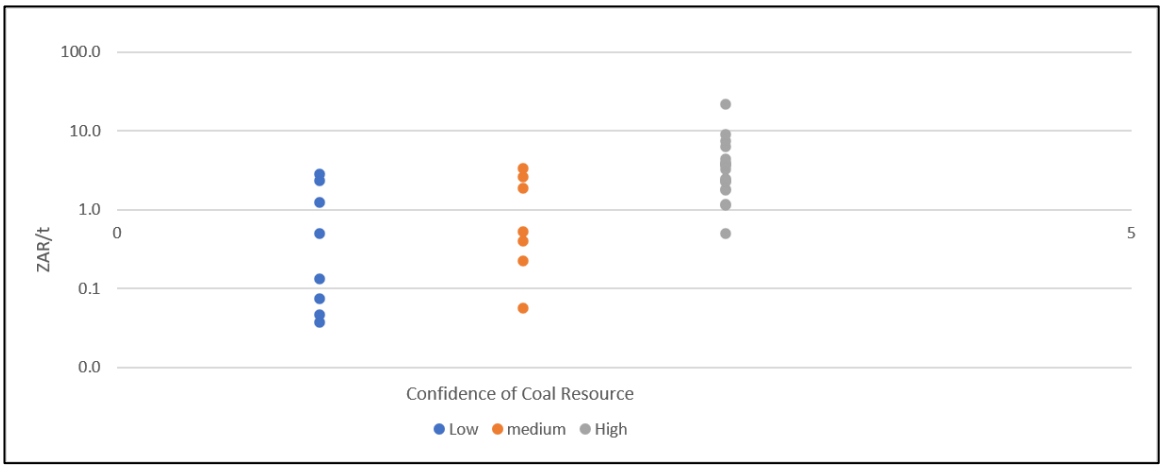
8.5.3 Comparable transactions

In context, since the departure around 2021 of the major mining companies from coal mining in South Africa, the intention has been to no longer invest in coal. As such, while there has been a change in ownership, there has also been limited new investment. The trend among major coal miners of scaling down their operations in South Africa is a result of numerous factors, not least of which is the current global focus on ESG compliance, which is driving behavioural change in investor and institutional interest. Commercial imperatives within the global mining sector to ensure enhanced ESG compliance have also increased in recent years.

Despite this, SRK has selected comparable market transactions as the primary valuation method to establish a Market Value for MCM's Coal Resources. SRK carried out a search for publicly available information on market transactions involving similar coal projects in southern Africa. SRK has not considered transactions from other geographic regions as coal type, coal quality, infrastructure and local market conditions can all differ vastly and as such are not comparable. Based on its analysis, SRK has considered 34 transactions involving assets within South Africa that occurred since 2007 leading up to the Effective Date of this valuation (Appendix A). SRK considers this a good representative sample of transactions that included some of the asset currently held by MC Mining such as Chapudi and Vele. Further to this, each transaction was then indexed according to increasing confidence of coal mineralisation and stage of development. This is graphically illustrated in Figure 8.1.

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Figure 8.1: South African coal transactions classified



Source: SRK analysis, S&P Capital IQ Pro

Notes: A total of 34 transactions were sorted according to the level of Coal Resource confidence based on stage of development.

The transaction values (ZAR/t gross in situ resource) were then normalised using the Richards Bay export coal price as a proxy index to reflect the values in the current South African coal market at the Effective Date of this valuation. The coal price was indexed to the September 2026 average of ZAR1,739/t (USD106.25/t and USD:ZAR 16.37).

The statistics of the population of market transactions are summarised in Table 8.5.

Table 8.5: Comparable market transaction statistics

	Low	Medium	High
Count	8	7	19
Minimum (ZAR/t)	0.04	0.06	0.51
Maximum (ZAR/t)	2.85	3.36	21.91
Average (ZAR/t)	0.90	1.30	4.40
Median (ZAR/t)	0.31	0.53	3.26
25th percentile	0.07	0.31	2.04
75th percentile	1.51	2.25	4.22

Source: SRK analysis

Importantly, while transaction multiples are widely used in valuation, they rely on the assumption that the reported Coal Resources or Coal Reserves have been appropriately reported and can be taken at face value. The method assumes that differences in reporting regimes, between different Competent Persons, resource classification, coal recovery and adopted cut-off grades (which may change between assets and/or companies) do not materially influence the implied multiple. The method implicitly assumes total recoverability of all coal tonnes, as reliable and accurate data are generally not disclosed or available around the time of most transactions or for all companies. Importantly, SRK's implied value calculations are for the purposes of our valuation and do not attempt to estimate or reflect the coal likely to be recovered as required under the JORC Code (2012).

SRK's analysis of the implied resource value multiples is based on the reported Coal Resources involving mainly South African thermal products but also includes a few transactions of metallurgical coal assets. SRK also recognises that the reasonable prospects for eventual economic extraction (RPEEE, with the meaning as defined in the JORC Code) based on depth of coal seams, likely stripping ratios, and structural complexity impact the implied transaction multiples. Therefore, informing our opinion of the Coal Resource of MCM's assets, SRK has considered coal confidence, coal resource estimation differences, coal type and reasonable prospects for eventual economic extraction. SRK also notes that several of the transactions considered included Coal Reserves (supported by a LOM schedule).

In selecting appropriate multiples for Inferred, Indicated and Measured Resources, SRK has chosen from the Low, Medium and High subsets (Table 8.3), respectively. Further to this, in each of the subsets the technical aspect of the coal type is considered in selecting a multiple within the subsets' range. As an example, coal with poor qualities and low recoveries implies a multiple at the low end of the range within a subset. Therefore, for all the Inferred Resource at GSP, SRK has selected a preferred multiple of ZAR$0.04/t (Table 8.5 and Table 8.6), which is the minimum of the of the transaction data.

When selecting an appropriate transaction multiple for Makhado, SRK has selected ZAR3.26/t, ZAR0.53/t and ZAR0.31/t as the appropriate multiple for Measured, Indicated and Inferred, respectively, Resources based on the median of high, medium and low confidence resource transaction dataset.

When selecting an appropriate transaction multiple for Uitkomst and Vele, SRK has considered them as care and maintenance. As such, the selected multiple captures the value of all the plant and equipment required to operate the site net of all expenses that may include remediation. In the case of Uitkomst, SRK has selected ZAR3.26/t as the appropriate multiple for the Measured Resources to reflect that operations have temporarily stopped recently in 1st quarter of 2026 while it re-optimises or sold. Selected value of ZAR3.26/t is based on the median of the High subset of the transaction data.

However, in the case of Vele, SRK has selected a lower multiple for the Measured Resource of ZAR2.57/t to reflect that operations have stopped for a while it re-optimises. ZAR2.57/t is near the 45th percentile of the High subset of the transaction data (~78% of Median of high subset of transaction data). SRK has applied the same ratio to select ZAR0.42/t and ZAR0.24/t for the Indicated and Inferred resource at Vele.

Based on its comparable transaction analysis (Table 8.6), SRK considers the implied value of the Coal Resource resides between ZAR1,655 M and ZAR2,508 M, on an attributable basis.

Table 8.6: Comparable market transaction valuation

Coal asset	Inferred (Mt)	Indicated (Mt)	Measured (Mt)	Total adjusted Resource (Mt)	Range	Implied value Inferred ZAR/t)	Implied value Indicated ZAR/t)	Implied value Measured ZAR/t)	Total value (ZAR M)	% owned	Attributable value (ZAR M)
					Low	0.25	0.42	2.61	1146.7		768.3
Makhado	116.2	254.0	387.3	757.5	High	0.37	0.64	3.91	1720.0	67	1152.4
					Mid	**0.31**	**0.53**	**3.26**	**1,433.4**		**960.4**
					Low	0.25	0.42	2.61	41.5		34.8
Uitkomst	5.7	3.8	14.7	24.2	High	0.37	0.64	3.91	62.2	84	52.3
					Mid	**0.31**	**0.53**	**3.26**	**51.8**		**43.5**
					Low	0.19	0.34	2.06	487.3		487.3
Vele	218.9	426.9	146.8	792.6	High	0.29	0.50	3.08	730.9	100	730.9
					Mid	**0.24**	**0.42**	**2.57**	**609.1**		**609.1**
					Low	0.03	0.32	1.63	219.8		209.9
GSP – Mopane	36.2	125.0	109.4	270.7	High	0.05	0.48	2.45	329.7	95.5	314.8
					Mid	**0.04**	**0.40**	**2.04**	**274.7**		**262.3**
					Low	0.03			12.2		12.2
GSP – Generaal	407.2	-	-	407.2	High	0.05			20.4	100	20.4
					Mid	**0.04**			**16.3**		**16.3**
					Low	0.03			192.0		142.1
GSP – Chapudi	6,399.0	-	-	6399.0	High	0.05			320.0	74	236.8
					Mid	**0.04**			**256.0**		**189.4**
					Low				2,099.4		1,654.5
Total (ZAR M)				**8,651.3**	High				3,183.1		2,507.5
					Mid				**2,641.2**		**2,081.0**

Source: SRK analysis

Note: Mineral Resource based on annual report 2025.

8.5.4 Peer group analysis

As a crosscheck of the Market Value derived from the comparable market transaction method, SRK has considered the Enterprise Values (EVs) per defined Coal Resource of similar listed companies with defined Coal Resources in South Africa.

There are two companies broadly comparable to MCM listed on the ASX – Terracom Resources Ltd (TerraCom) and Thungela Resources Limited Ltd (Thungela) (Table 8.7). Both companies own substantial coal producing assets in South Africa but also have investments in coal producers in Australia. They are considered geographically diversified and better-established producers of coal in South Africa. As such, TerraCom and Thungela can only provide a top end benchmark value for MCM.

In 2020, TerraCom purchased Universal Coal Plc comprising a portfolio of coal assets in South Africa. The company owns and operates the Blair Athol coal mine and has several coal exploration projects in Australia. TerraCom has a reported 3,225 Mt of attributable Coal Resources in both South Africa and Australia (annual report 2025).

Thungela is listed on the JSE and owns interests in and produces its thermal coal from mining operations in the Mpumalanga Province of South Africa, including Goedehoop Colliery, Greenside Colliery, Isibonelo Colliery, Khwezela Colliery, Zibulo Colliery, Mafube Colliery and Rietvlei Colliery. Thungela has an attributable Measure and Indicated Coal Resource of 866.0 Mt. In August 2023, Thungela completed an acquisition of the Ensham coal mine in Australia which increased its attributable Measure and Indicated Coal Resource by 557.5 Mt. In addition, Thungela has approximately 2,565 Mt across various other projects.

As at 18 September 2026, TerraCom and Thungela traded at multiples of ZAR0.51/t and ZAR2.14/t, respectively. In selecting an appropriate multiple range, SRK has adopted ZAR0.51/t as the top end of the range represented by TerraCom's EV ZAR/t multiple and selected ZAR0.20/t as the lower end of the range.

Table 8.7: Peer group analysis

	Market cap (ZAR M)	Enterprise Value (ZAR M)	Attributable Coal Resources and Reserves (Mt)	EV ZAR/t
TerraCom	1,640	1,652	3,225	0.51
Thungela	16,252	9,064	4,227	2.14
MC Mining	**2,505**	**2,652**	**6,721**	**0.40**

Source: S&P Global Capital IQ Pro,
Note: Market capitalisation and EV as at 18 September 2026.

Based on this analysis, SRK has adopted the only two peers as the lower and upper range for the value of MCM. Applying these multiples to MCM's Coal Resources implies a value of between ZAR1,344 M and ZAR3,428 M on an attributable basis, as outlined in Table 8.8.

Table 8.8: Peer group valuation

	Attributable Coal Resource (Mt)	Adopted metric	Implied value (ZAR M)
Low	6,721	0.20	1,344
High	6,721	0.51	3,428
Preferred	**6,721**	**0.20**	**1,344**

The low end of the derived range, at ZAR0.20/t, has been selected as the preferred value, resulting in an implied value of ZAR1,344 million for the coal resource.

SRK considers the peer group valuation to provide a broad market reference only, as TerraCom and Thungela differ materially from MCM in terms of operating status, scale, geographic diversification and the nature and maturity of their coal resource portfolios. Both TerraCom and Thungela have established producing operations and generate ongoing operating cash flows, whereas MCM's mines are currently in care and maintenance.

TerraCom and Thungela produce approximately 7.5 Mtpa and 16.0 Mtpa, respectively, and have substantial operating infrastructure and established access to markets. Thungela also has a geographically diversified portfolio spanning South Africa and Australia, including the producing Ensham operation. These characteristics provide a degree of operational and geographic diversification that is not directly comparable with MCM.

The market multiples applicable to TerraCom and Thungela may therefore reflect value attributable not only to their underlying Coal Resources, but also to existing production, operating cash flows, established infrastructure, mining approvals, operating capability and the potential for near-term exploitation. MCM's mines being in care and maintenance introduces additional uncertainty regarding the timing, capital requirements and economic viability of any future restart. Consequently, applying the peer group multiples directly to MCM's Coal Resources may overstate the value that a market participant would reasonably attribute to those resources.

Accordingly, the peer group analysis has been treated as an indicative benchmark rather than a direct measure of MCM's mineral asset value. Selection of the lower end of the derived range, at ZAR0.20/t, provides a conservative adjustment for the differences in operating status, production, cash-flow generation, geographic diversification and development risk between MCM and the selected peer companies.

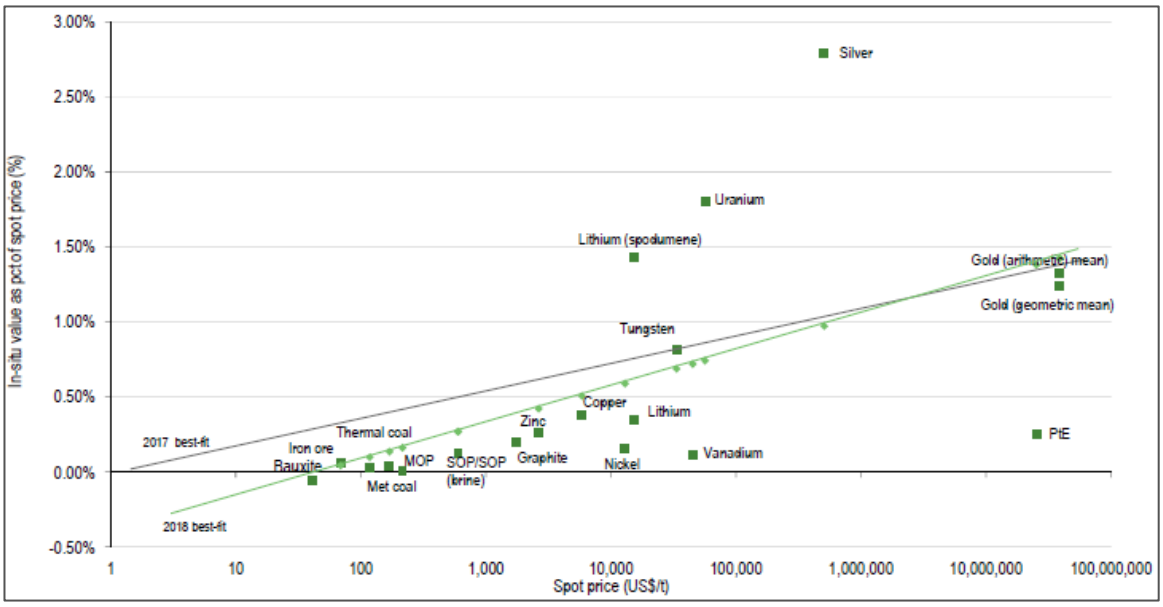
8.5.5 Yardstick

To support the comparable market transaction valuation of the Coal Resources, SRK has used the yardstick method as a guide. This method was first described by MacArthur (1989) specifically for gold projects and was based on a percentage of contained value ranging from 0.1% and 3.0%. This method was further described by Baxter and Chisholm (1990) in estimating the value of the contained metal.

SRK has modified this method for coal projects and has reduced these percentages to better reflect in situ coal value based on analysis by both SRK and Edison Investment Research (Edison).

Edison's mining sector report in January 2019 showed that for coal company values as a percentage of spot coal price is significantly less than 0.5% (Figure 8.2).

Figure 8.2: In situ values versus spot prices, selected metals and minerals



Source: Edison Investment Research, January 2019

SRK analysed the comparable transaction dataset (Appendix A) and calculated the deal value of the in-situ Coal Resource as a percentage of the coal price at the time of the transactions – 90% of the values lie within 0.002% and 0.386% with a median of 0.130%.

Table 8.9: Market transaction in situ values versus spot prices

Statistic	Value
Minimum	0.002%
Maximum	0.526%
Average	0.137%
Median	0.130%
5th percentile	0.002%
95th percentile	0.386%

Source: SRK analysis

Based on this analysis, using the yardstick method of valuation, the SRK adopted specified percentages of the coal price are applied to the defined Coal Resources (Table 8.10).

- Measured Resources – 0.267% to 0.400% of the spot price
- Indicated Resources – 0.135% to 0.267% of the spot price
- Inferred Resources – 0.002% to 0.135% of the spot price.

SRK has adopted the Richards Bay thermal benchmark coal price average for August–September 2026 at ZAR1,739/t.

Table 8.10: Yardstick multiples

Resource	% of the spot price	Value range	
		ZAR/t Low	ZAR/t High
Measured	0.267% to 0.400%	4.64	6.96
Indicated	0.135% to 0.267%	2.35	4.64
Inferred	0.002% to 0.135%	0.03	2.35

Source: SRK analysis

Note: Used average coal price for September 2026 at ZAR1,739/t.

SRK considers this a generic method and problems lie with different types of coals, geographic markets, available infrastructure and processing yields. As in this case, Inferred Coal Resources at GSP are expected to have low processing yields and therefore are considered overvalued. As such, SRK has applied a yield adjustment which brings values broadly more in line with comparable market transactions. Despite this, SRK has used the yardstick method only as a guide.

Application of these multiples and adjusting for processing yield to MCM's attributable Coal Resources implies the value of these resources lies between ZAR1,601 M and ZAR7,678 M.

SRK notes that this high value is approximately three times that of the values implied by its Comparative Transactions Analysis. SRK considers that the values implied by the yardstick approach are generic and do not adequately account for the technical attributes outlined previously. Therefore, SRK has not selected the values implied by the yardstick method and uses it only as a guide to the likely valuation range (Table 8.11).

Table 8.11: Yardstick valuation of Coal Resources

Coal asset	Inferred (Mt)	Indicated (Mt)	Measured (Mt)	Total adjusted Resource (Mt)	Range	Implied value Inferred (ZAR M)	Implied value Indicated (ZAR M)	Implied value Measured (ZAR M)	Total value (ZAR M)	% owned	Attributable value (ZAR M)	Yield adjusted attributable value (ZAR M)
Makhado	116.2	254.0	387.3	757.5	Low	4	596	1798	2399	67	1607	643
					High	273	1179	2694	4146		2778	1111
					Mid	**138**	**888**	**2246**	**3273**		**2193**	**877**
Uitkomst	5.7	3.8	14.7	24.2	Low	0	9	68	77	84	65	39
					High	13	17	103	133		112	67
					Mid	**7**	**13**	**86**	**105**		**89**	**53**
Vele	218.9	426.9	146.8	792.6	Low	8	1002	682	1,691	100	1691	541
					High	514	1982	1021	3,517		3517	1125
					Mid	**261**	**1,492**	**851**	**2,604**		**2604**	**833**
GSP – Mopane	36.2	125.0	109.4	270.7	Low	1	294	508	803	95.5	767	307
					High	85	581	761	1,427		1363	545
					Mid	**43**	**437**	**635**	**1,115**		**1065**	**426**
GSP – Generaal	407.2	-	-	407.2	Low	14	-	-	14	100	14	6
					High	956	-	-	956		956	382
					Mid	**485**	**-**	**-**	**485**		**485**	**194**
GSP – Chapudi	6399.0	-	-	6399.0	Low	223	-	-	223	74	165	66
					High	15,023	-	-	15,023		11117	4447
					Mid	**7,623**	**-**	**-**	**7,623**		**5641**	**2256**
Total (ZAR M)				**8651.3**	Low				5,207		4,309	1,601
					High				25,202		19,843	7,678
					Mid				**15,205**		**12,076**	**4,640**

Source: SRK analysis

8.6 Exploration potential value

Given the valuation methods adopted and the multiples assumed for valuation purposes, SRK has elected in this instance not to assign any additional value to the exploration potential associated with MCM's mineral tenures in South Africa.

In all MCM's mining rights, the geology and the extent of the coal mineralisation is well understood. In SRK's opinion, there is limited potential for the discovery of new coal deposits at economically extractable depths within the current mining rights. However, additional exploration will be required, particularly drilling, to increase the confidence and upgrade the GSP Coal Resources from the Inferred category. This should add value to the current coal assets as the projects advance to increasing stages of development.

9 Valuation summary – Coal Resource

9.1 Market Value

In forming its overall opinion regarding the Market Value for each of the coal assets, SRK has considered the market-based methods, such as comparable transaction analysis normalised to the current coal price, as its primary valuation method while using peer group analysis and the yardstick approach as secondary guides.

In selecting a range in which the market is likely to pay, SRK has selected the range of ZAR1,655M to ZAR2,508 M based on the comparable transaction analysis. Table 9.1 summarises SRK's opinion regarding the current Market Value range of MCM's Mineral Assets.

In selecting a preferred value, SRK has considered the selected value range and adopted the midpoint of ZAR2,081 M as the preferred Market Value as it has no preference for either end of the range.

On the above basis, SRK considers the market is likely to pay between ZAR1,655 M and ZAR2,508 M, with a preferred value of ZAR2,081 M for the total attributable Coal Resources held by MCM (Table 9.1).

Table 9.1: Valuation summary of Total Coal Resources

Coal Asset	Attributable Coal Resource (Mt)	Range	Attributable Low (ZAR M)	Attributable High (ZAR M)	Attributable Preferred (ZAR M)
Makhado	507.6	Market	768.3	1152.4	960.4
		Yardstick	642.9	1111.3	877.1
		Adopted	768.3	1152.4	960.4
Uitkomst	20.4	Market	34.8	52.3	43.5
		Yardstick	39.0	67.3	53.2
		Adopted	34.8	52.3	43.5
Vele	792.6	Market	487.3	730.9	609.1
		Yardstick	541.2	1125.4	833.3
		Adopted	487.3	730.9	609.1
GSP – Mopane	258.5	Market	209.9	314.8	262.3
		Yardstick	306.7	545.1	425.9
		Adopted	209.9	314.8	262.3
GSP – Generaal	407.2	Market	12.2	20.4	16.3
		Yardstick	5.7	382.4	194.0
		Adopted	12.2	20.4	16.3
GSP – Chapudi	4,735.3	Market	142.1	236.8	189.4
		Yardstick	65.9	4,446.7	2,256.3
		Adopted	142.1	236.8	189.4
Total	**6,721.5**	**Market**	**1,654.5**	**2,507.5**	**2,081.0**
		Yardstick	**1,601.4**	**7,678.1**	**4,639.7**
		Adopted	**1,654.5**	**2,507.5**	**2,081.0**

Source: SRK analysis, S&P Capital IQ Pro

In adopting its overall values, SRK considers that any value associated with any exploration potential of the surrounding tenures has been captured in the value attributed to the Coal Resources, that were valued using comparable market transactions involving coal projects with both defined resources and exploration upside.

9.2 Residual Coal Resources

SRK has assessed and reported the Residual Coal Resources (see Table 9.2 and Table 9.3). The calculation of residual resources is affected by Makhado only, since the 12 September 2026 cash flow model provided by MCM applies only to the Makhado asset.

As stated above, SRK has considered the market-based methods, such as comparable transaction analysis, as its primary valuation method, while using peer group analysis and the yardstick approach as secondary guides.

On the above basis, SRK considers the market is likely to pay between ZAR1,501M and ZAR2,278 M, with a preferred value of ZAR1,890 M for the attributable Residual Coal Resources held by MCM (Table 9.3).

Table 9.2: Residual Coal Resources – Gross in situ, as at 30 June 2025

Coal asset	Status	Inferred (Mt)	Indicated (Mt)	Measured (Mt)	Total (Mt)	Interest (%)	Attributable (Mt)
Makhado (residual)	Development	116.2	254.0	299.6	669.8	67	448.8
Uitkomst	Care & Maint.	5.7	3.8	14.7	24.2	84	20.4
Vele	Care & Maint.	218.9	426.9	146.8	792.6	100	792.6
GSP – Mopane	Advanced Exploration	36.2	125.0	109.4	270.7	95.5	258.5
GSP – Generaal	Advanced Exploration	407.2	-	-	407.2	100	407.2
GSP – Chapudi	Advanced Exploration	6,399.0	-	-	6,399.0	74	4,735.3
Total (Mt)					**8,563.5**		**6,662.8**

Source: Based on MCM Annual Report 202

Table 9.3: Valuation summary of Residual Coal Resources

Coal Asset	Attributable Coal Resource (Mt)	Range	Attributable Low (ZAR M)	Attributable High (ZAR M)	Attributable Preferred (ZAR M)
Makhado (residual)	448.8	Market	615.0	922.4	768.7
		Yardstick	533.7	947.7	740.7
		Adopted	615.0	922.4	768.7
Uitkomst	20.4	Market	34.8	52.3	43.5
		Yardstick	39.0	67.3	53.2
		Adopted	34.8	52.3	43.5
Vele	792.6	Market	487.3	730.9	609.1
		Yardstick	541.2	1125.4	833.3
		Adopted	487.3	730.9	609.1
GSP – Mopane	258.5	Market	209.9	314.8	262.3
		Yardstick	306.7	545.1	425.9
		Adopted	209.9	314.8	262.3
GSP – Generaal	407.2	Market	12.2	20.4	16.3
		Yardstick	5.7	382.4	194.0
		Adopted	12.2	20.4	16.3
GSP – Chapudi	4,735.3	Market	142.1	236.8	189.4
		Yardstick	65.9	4,446.7	2,256.3
		Adopted	142.1	236.8	189.4
Total	**6,662.7**	**Market**	**1,501.2**	**2,277.5**	**1,889.4**
		Yardstick	**1,492.2**	**7,514.5**	**4,503.3**
		Adopted	**1,501.2**	**2,277.5**	**1,889.4**

Source: SRK analysis, S&P Capital IQ Pro

9.3 Previous valuations

Previous valuations of MCM coal assets by SRK are show in Table 9.4. The coal price has declined significantly since 2022 and as such the 2022 value was significantly higher than the 2024 valuations. The adopted preferred value ZAR 2,081M for this valuation report is above approximately 27% higher than the 2024 valuations. SRK considers this reasonable given the higher current coal price compared to 2024 and the considerable mine and infrastructure construction and development that has taken place at Makhado over the last 2 years.

Table 9.4: Previous SRK valuations of MCM coal assets

SRK reports	Attributable Mineral Resources (Mt)	Mineral Resources (ZAR$M)
June 2022 (residual resources)	6,401	4,067
March 2024	6,289	1,704
November 2024	6,721	1,589

Sources: SRK

9.4 Discussion on valuation ranges

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with exploration assets.

The wide range in value is driven by the confidence limits placed around the size and quality of the mineral occurrences assumed to occur within each project area. Typically, this means that as exploration progresses and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Resource categories to Coal Reserve status, there is greater confidence around the likely size and quality of the contained mineral and its potential to be extracted profitably.

Estimated confidence of plus or minus 60% to 100% or more are not uncommon for exploration areas and are within acceptable bounds given the level of uncertainty associated with early to advanced stage exploration assets. By applying narrower confidence ranges, one is actually implying a greater degree of certainty regarding these assets than may be the case in reality.

The GSP tenements are exploration assets in the early to advanced stages of assessment. Therefore, there are significant uncertainties around their attributes. This results in a wide valuation range. Where possible, SRK has endeavoured to narrow its valuation range. In recognising this wide range, SRK has also indicated a preferred value for each project.

The preferred value can be the midpoint of the range unless there is a specific reason to choose a bias to either side of the midpoint, within the range.

Closure

This report, Independent Specialist Report on the Mineral Assets of MC Mining Limited, was prepared by



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All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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Appendix A Comparable market transactions

South Africa comparable coal market transactions

Date	Target	Buyer	Seller	Confidence in Coal Resource	Implied multiple (ZAR/t)	Normalised implied multiple (ZAR/t)
07/11/2007	Isicebi Carbon Mining Pty Ltd	Comdek Limited	Lukale Mining Company (Pty) Ltd and Umnotho	Low	0.04	0.13
07/05/2008	Holfontein Coal Project	Lachlan Star Ltd	Coal of Africa Ltd	Medium	1.78	1.23
06/08/2008	Vlakplaats Coal Project	Universal Coal PLC	Universal Pulse Trading 132 Pty Ltd	Low	1.97	0.06
14/07/2009	Vele Project	Coal Of Africa Ltd	Limpopo Coal Co Proprietary Ltd	Medium	0.11	0.05
11/09/2009	Waterberg Coal Projects	Firestone Energy Ltd	Sekoko Resources Pty Ltd	Low	0.13	2.85
01/04/2010	Rietkuil	Sable Mining Africa Ltd	Unknown Company or Entity – 30.0%	High	1.36	3.26
23/04/2010	Rietkuil	Sable Mining Africa Ltd	London Mining Plc – 27.5%	High	0.91	7.38
29/11/2010	Vlakplaats Coal Project	Korea Resources Corp	Continental Coal Ltd	Low	0.79	0.04
29/11/2010	Chapudi Coal Project	Coal of Africa Ltd	Rio Tinto PLC, Kwezi Mining Pty Ltd	Low	0.51	0.50
27/01/2011	Cgynus Property	Universal Coal PLC	Private	Low	0.02	0.51
27/03/2012	Grootegeluk West Coal Project	Resource Generation Limited	Exxaro Resources Limited	Low	0.03	3.61
11/07/2012	Moabsvelden Coal Project	Thebe Investment Corporation	Xceed Resources Ltd	High	0.94	3.87
12/12/2012	Firestone Energy Ltd	Ariona Co SA	Sekoko Resources Pty Ltd	Medium	0.10	0.07
03/02/2014	New Clydesdale	Universal Coal PLC	Exxaro Resources Limited	High	3.12	2.37
27/06/2014	Leeuw Mining And Exploration Proprietary Limited	Keaton Energy Holdings Limited	JPI Leeuw And Associates Proprietary Limited	High	1.48	9.15
28/07/2014	Total Coal South Africa Ltd	Exxaro Resources Limited	Total S.A.	High	3.24	4.44
09/01/2015	Continental Coal Limited (South Africa)	Investors Group	Continental Coal Limited	High	1.53	0.40
08/06/2015	Penumbra Coal Mine	Ichor Coal NV	Continental Coal Limited	High	3.93	0.22
20/10/2015	South Arnot Project	Universal Coal PLC	Exxaro Resources Limited	Low	0.92	1.90
15/02/2016	Leeuw Mining & Exploration Pty Ltd/Amalahle Exploration Pty Ltd	Bayete Energy Resources (Pty) Ltd	Keaton Energy Holdings Limited	High	2.02	2.59
12/09/2016	South African Coal Mining Holdings Limited	JSW Energy Limited	Shareholders of South African Coal Mining Holdings Ltd	High	1.25	2.27
02/02/2017	Keaton Energy Holdings Limited	Wescoal Holdings Limited	Keaton Energy Holdings Limited	Medium	1.66	2.42
30/06/2017	Eloff Mining Company (Pty) Ltd	Universal Coal PLC	Canyon Springs Investments 80 (Pty) Ltd	Medium	0.32	3.36
27/11/2017	Eloff Mining Company (Pty) Ltd	Universal Coal PLC	Manyeka Coal Mines (Pty) Ltd	Medium	0.37	2.27
01/08/2018	New Largo Project	Seriti Resources Proprietary Limited	Anglo American	High	1.99	2.49
30/08/2018	Mooiplaats Colliery	Undisclosed	MC Mining	High	2.98	0.53
01/09/2018	Eloff Mining Company (Pty) Ltd	Universal Coal PLC	South32 Limited	Medium	0.03	6.36
12/11/2018	North Block Complex	Universal Coal PLC	Exxaro Resources Limited	High	0.87	3.73
12/12/2018	Tegeta Exploration And Resources Proprietary Limited	Project Halo	Oakbay Investments Proprietary Limited	High	3.11	1.17
22/08/2019	South32 Sa Coal Holdings Proprietary Limited	Seriti Resources Proprietary Limited	South32 Limited	High	0.60	4.00
02/10/2019	Mbuyelo Coal Operations	Investors Group	ICHOR Coal NV	High	12.67	1.14
25/03/2020	Universal Coal Plc	Terrecom Resources Limited	Universal Coal PLC	High	1.17	21.91
16/02/2021	Wescoal Holdings Limited	RBFT Investments Proprietary Limited	Wescoal Holdings Limited	High	1.26	1.82
09/04/2021	Exxaro Coal Central Proprietary Limited	Overlooked Colliery Proprietary Limited	Exxaro Resources Limited	High	2.19	1.79

Source: S&P Global, SRK analysis

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