

Ikwezi Mining Ltd announces voluntary delisting

1. SUMMARY

Ikwezi Mining Ltd (**the Company**) (ASX: IKW) has formally applied to the Australian Securities Exchange (**ASX**) to be removed from the official list of the ASX (**Official List**) pursuant to ASX Listing Rule 17.11 (**Delisting**).

The Delisting is considered by the Company's board (**Board**) to be in the best interests of the Company for a number of reasons, including low levels of trading and investor interest which mean that the costs and administrative burden of remaining listed on ASX far outweigh any benefits associated with remaining listed.

2. REASONS FOR DELISTING

The key reasons for seeking to be removed from the Official List are:

- (a) **Low levels of trading liquidity:** Currently Shareholders enjoy practically no liquidity despite the Company's ASX listing.
- (b) **No physical presence or Australian operations:** The Company is registered in Bermuda. Its corporate headquarters are based in South Africa. Its subsidiaries also carry out their operations from South Africa and there are no directors or employees of the Company, or any of its subsidiaries, which are based in Australia. As none of the Company's principal activities are performed in Australia, it would be advantageous for the Company to be removed from ASX.
- (c) **Lack of legitimate investor interest:** Trading in the Company's shares is limited in frequency and volume, having regard to the Company's overall capital position. As an example, the average daily traded volume over the 90 calendar days prior to 13 October 2022 (source: <https://www2.asx.com.au/markets/company/ikw>) was 3,098 shares with an average daily value of approximately AUD \$4,500. This represents an average daily traded volume of 0.00007 percent of the total issued shares of 40,649,974.

Additionally, the Board has observed lack of investor interest of the past several years, including the limited participation in entitlement offers. These low trading volumes and lack of investor interest in general further provides evidence to warrant removal from ASX.

- (d) **Negative thermal coal perception:** The escalation of efforts worldwide to reduce emissions, reduce the world's carbon footprint, and the transition to renewable energy has resulted in serious challenges for the thermal coal market. Within the larger mining industry segments, thermal coal is no longer an attractive investment option for many investors, developers, and lenders. The uncertain future of the thermal coal market limits the options of the Company to grow itself or solicit further capital for new thermal coal operations.
- (e) **Costs:** The Company believes that the ongoing administrative and compliance obligations and costs associated with maintaining the Company's quotation on ASX are disproportionate to any current benefits obtained from the Company being listed. Legal, accounting, insurance, and other expenses incurred in satisfying ASX filing, reporting, and compliance requirements have proven burdensome in recent times. The Company estimates that Delisting will save it approximately AUD\$250,000 per year¹,

¹ This is an estimate only. The actual cost savings may differ depending on various factors, some of which are out of the Company's control.

which could be deployed to meet other business requirements of the Company, benefitting Shareholders.

- (f) **Management time and effort:** A significant portion of the Company's management time is presently dedicated to matters relating to compliance directly associated with the Company's ASX listing. If the Company proceeds with the Delisting, management's time may be diverted to matters for the benefit of the Company and its Shareholders.
- (g) **Speculative trading:** Over the course of the current calendar year for 2022, the Board has observed large and unexplained fluctuations in the quoted price of the Company's shares. The following paragraphs highlight some of these movements which indicates to the Board the prevalence of speculative trading as there is no discernible price-volume relationship.
- (i) The year-to-date price and volume information of the Company² indicates that share price increased from AU\$0.52, on 24 February 2022 to AU\$1.87 on 28 April 2022, on the back of very low volumes. The Board confirms that no ASX announcements were made outside of the periodic reports during this above period.
 - (ii) The almost four-fold increase (259.62%) of the market capitalisation of the Company in 9 weeks, from 24 February 2022 to 28 April 2022, with average daily volumes of a few thousand shares only, alerted the Board to review the rationale for the continued listing of the Company.
 - (iii) A fall in the share price, from AU\$1.87 on 24 April 2022 to AU\$1.46 on 20 June 2022, representing a decrease of 22%, with total trading volumes during this period of approximately 110,000 shares (0.003 % of total issued share capital) accentuated concerns of the Board in this regard.
 - (iv) These concerns of the Board were confirmed by another set of price movements, witnessed at end of July 2022, when the price fell from AU\$1.75 per share on 25 July 2022, to AU\$1.30 on 2 August 2022. A 25.7 % fall in the share price in one week, without any major announcements to the market or changes in the operations or profile of the Company. During this period, there was a total trading volume of approx. 30,000 shares (0.0007 % of the total issued share capital) during this brief period is also, in the Board's view, reflective of speculative activity.
 - (v) As of 13 October 2022, the average daily volume of shares traded in the previous 90 calendar days was 3,098 shares, corresponding to 0.00007% of the total issued share capital of the Company.
 - (vi) Low trading volumes, and significant price movements on the back of such low volumes, increase risk of further speculative activity and do not support continued listing of the Company.

The Board believes this is indicative of speculative trading activities; the changes are not linked to matters related to the Company's operations.

² Shareholders can access public share price and trading volume data via the ASX website at <https://www2.asx.com.au/markets/company/ikw>.

3. CONSEQUENCES OF DELISTING

The consequences for the Company and its Shareholders of the Company being removed from the Official List will include the following:

- (a) **Unable to trade shares on the ASX:** shares in the Company will no longer be publicly quoted or traded on the ASX, and Shareholders will only be able to sell their shares in off-market private transactions. Transactions of this kind will be subject to:
 - (i) the applicable laws and regulations of Bermuda; and
 - (ii) the Company's Constitution.
- (b) **Limited means to raise capital:** the Company will no longer be able to raise capital on the ASX.
- (c) **Reduced disclosure obligations:** if the Company is delisted, the ASX Listing Rules will no longer apply. As the Company is registered in Bermuda, the Company will not be an "unlisted disclosing entity" for the purposes of the Corporations Act. This means that there will be no ongoing requirement for the Company to give continuous disclosure of material matters under section 675 of the Corporations Act or financial statements reviewed by an auditor in accordance with the requirements of the Corporations Act.

4. TRADING OPTIONS BEFORE DELISTING

The following alternative will be made available to Shareholders seeking to sell their shares in the lead up to the Company's removal from the Official List:

(a) **On-market sale prior to Delisting**

Shareholders will be able to trade their shares on the ASX until the suspension date (expected to be on or around 28 December 2022) prior to the Delisting.

(b) **Buy-back prior to Delisting**

The Board acknowledge that Shareholders may be unable to sell their shares in the Company after Delisting, as a quotation of the Company's shares on the ASX will no longer be possible and there is no dual listing of the Company's shares on another registered stock exchange.

Accordingly, the Board has decided that the Company will provide Shareholders with liquidity to dispose of their shares prior to the Delisting in the form of an on-market share buy-back (**Buy-back**).

Key features of the Buy-Back are:

- **Buy-back price:** the Buy-back price has been determined to be a maximum of AUD\$0.452 per share. Based on the cash flow position of the Company, as at the date of this Notice of Meeting, the maximum amount that the Company has allocated for the Buy-back (net of any expenses) is approximately AUD\$918,650;
- **Size of the Buy-back:** if the Buy-back is fully completed this would amount to a buy-back of 2,032,450 shares, equally 5% of the total issued share capital of the Company, being 40,649,000 shares;
- **Participation of major shareholders:** the Company's largest shareholder, Finevest Investments Limited, has indicated to the Board that it will not participate in the Buy-back;

- For personal use only
- **Participation of shareholders generally:** except for Finevest Investments Limited, the Company is not aware and has not received notice (formal or informal) of other shareholder intentions at the time of writing; and
 - **Commencement Date:** the Buy-back will commence no earlier than 24 November 2022.

5. TRADING OPTIONS AFTER DELISTING

As the Company is offering Shareholders the opportunity to participate in the Buy Back prior to the Delisting, the Company does not have any immediate plans to offer Shareholders access to other avenues of liquidity after Delisting. Shareholders will only be able to sell their shares in off-market private transactions, subject to the applicable laws of Bermuda and the Company's Constitution.

The Board believes that the proposed Buy-Back provides a suitable exit option to Shareholders given the illiquid nature of the Company's shares.

6. EFFECTS OF DELISTING

If Shareholders approve Resolution 1, the Company will be removed from the Official List on or around 29 December 2022 (**Delisting Date**). The Delisting date will be no earlier than one month after that such date Shareholder approval is obtained.

The Company plans to conduct its business as per usual after the Delisting and the Company is continually evaluating potential business opportunities. The Company has no major business plans to date that have not been previously disclosed to the market.

7. ASX CONDITIONS

The Company has previously applied for, and received, in-principle advice from ASX that, on receipt of an application for the removal of the Company from the Official List of the ASX pursuant to Listing Rule 17.11, ASX would be likely to remove the Company from the official list, on a date to be determined by ASX in consultation with the Company, subject to compliance with the following conditions:

- (a) The request for removal of the Company from the official list of ASX is approved by a special resolution of shareholders of IKW;
- (b) The notice of meeting seeking shareholder approval for the Company's removal from the official list of ASX must:
 - (i) include the time and date at which the Company will be removed from ASX if that approval is given
 - (ii) include a statement to the effect that the removal will take place no earlier than one month after approval is granted;
 - (iii) include a statement to the effect that if holders wish to sell their securities on ASX, they will need to do so before the entity is removed from the ASX official list; and if they don't, details of the processes that will exist after the entity is removed from the official list to allow a shareholder to dispose of their holding and how they can access those processes; and
 - (iv) include, to ASX's satisfaction, information prescribed in section 2.11 of ASX Guidance Note 33; and

- (c) IKW releases the full terms of this decision to the market upon making a formal application to ASX to remove the Company from the official list of ASX.

8. REMEDIES AVAILABLE TO SHAREHOLDERS

As the Company is registered in Bermuda, the Corporations Act does not apply to the Company. This means that a Shareholder cannot commence an action under the Corporations Act against the Company where a shareholder considers the removal of the Company from the Official List to be contrary to the interests of Shareholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a shareholder or group of Shareholders, or that it involves 'unacceptable circumstances'.

Before and after Delisting, Shareholders may pursue further actions under the Bermuda Companies Act 1981 (Companies Act). The following discussion is general in nature and should not be relied upon as advice or recommendations in this regard. Pursuant to section 161(g) of the Companies Act, shareholders can apply to the Supreme Court of Bermuda to wind up a company. The Companies Act states that a company may be wound up by the court if the court is of the opinion that it is "just and equitable to do so". An example of when it may be "just and equitable" to wind up a company is where the affairs of the company are being conducted or have been conducted in a manner oppressive or unfairly prejudicial (herein collectively referred to as "oppression") to the interests of a shareholder or some number of them.

Alternatively, where a court determines that it would be "just and equitable" to wind up a company, but to do so would unfairly prejudice the shareholders seeking the order, the court is given a wide discretion under section 111 of the Companies Act to make such alternative order as it thinks fit "whether for regulating the conduct of the company's affairs in future, or for the purchase of the shares of any shareholders of the company by other shareholders of the company or by the company and, in the case of a purchase by the company, for the reduction accordingly of the company's capital, or otherwise".

The Company provides no further discussion on Shareholders' rights under the Companies Act, and Shareholders are encouraged to contact their respective legal representatives for further information.

This does not constitute legal advice and is provided to assist shareholders to decide how to vote only. The details with respect to Bermudan laws are based on the company's understanding of such laws. The company has not sought advice from Bermudan lawyers on these matters.

9. SHAREHOLDER APPROVAL

The Delisting is subject to shareholder approval as a special resolution at a general meeting proposed to be held on or around 24 November 2022. Further details relating to the Delisting, including potential advantages and disadvantages for shareholders, will be included in the notice of meeting which will be dispatched to shareholders shortly. All shareholders will be entitled to vote on the resolution.

10. INDICATIVE TIMETABLE

The indicative timetable for the proposed Delisting is set out below. Subject to the Company's Constitution, the Corporations Act and the ASX Listing Rules, the Company reserves the right to amend the indicative timetable without prior notice to shareholder.

Indicative Date	Event
27 October 2022	Notice of Meeting dispatched to Shareholders

23 November 2022	Proxy forms due for Meeting
24 November 2022	Meeting to be held to approve Resolution 1
Immediately after the Meeting	Results of Meeting announced to the market
24 November 2022	Opening date for On-market Buy-back
23 December 2022	Closing date for On-market Buy-back
28 December 2022	Suspension date (date on which trading of the Company's shares is suspended on the ASX at the close of trading)
29 December 2022	Delisting Date (date on which delisting is expected to take effect)

Yours faithfully,
IKWEZI MINING LIMITED



Wayne Price
Company Secretary

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