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GROWING

IN STATURE

Scope of the report

In line with international trends and best practice, MC Mining Limited (MC Mining or the Company) presents its annual report for the year ended 30 June 2023. The contents of this report have been informed by regulatory obligations, our risk management processes and the stated interests of our stakeholders. The financial and non-financial activities and performance of MC Mining's colliery and projects are covered in this report.

Although the Company only operates in South Africa, our primary listing remains on the Australian Securities Exchange (ASX), with secondary listings on both the AIM of the London Stock Exchange (LSE) and the Johannesburg Stock Exchange Limited (JSE). This report complies with Australian Accounting Standards, the Corporations Act, 2001 and the International Financial Reporting Standards (IFRS). The compilation of the Reserves and Resources is according to the Australasian Joint Ore Reserves Committee (JORC) guidelines, carried out by the Company's Competent Person, Mr J.C.H.K. Sparrow and independent consultants Mr B Bruwer and Mr C.W. Archer, Ms M Scheepers and Mr G. Bittah.

The Resources and Reserves in the report are published with the Competent Persons' consent.

This report was compiled according to the ASX corporate governance principles. In line with our commitment to mine responsibly, we have reported on our sustainability performance with the aim of incrementally improving both our performance and reporting in this area and, in this respect, our reporting is aligned with the principles of the International Council on Mining and Metals (ICMM).

All reference to \$ is to United States dollar, unless otherwise stated.

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FORWARD- LOOKING STATEMENTS

This report contains forward-looking statements which are not historical facts. Any statement that expresses or implies MC Mining's intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. Forward-looking statements involve inherent risks, uncertainties and assumptions including, without limitation, risks related to the timing or ultimate completion of any proposed transactions or projects, and the possibility that benefits may not materialise as expected. If such risks or uncertainties materialise or such assumptions prove incorrect, actual results could differ materially from those expressed or implied by such forward-looking statements and assumptions. The forward-looking statements in this report are made as of the date of this report, and MC Mining expressly disclaims any obligation to update or correct these statements due to events occurring after issuing this report. The financial information on which the forward-looking statements are based has not been audited nor reported on by the Company's independent external auditors.

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Key highlights



Our assets

THE COMPANY'S OPERATIONAL FOCUS

The company's key assets are the Uitkomst Colliery (metallurgical coal), Makhado Project (hard coking and thermal coal), Vele Colliery (semi-soft and thermal coal) and the Greater Soutpansberg Projects – MbeuYashu (coking and thermal coal).



Resources and Reserves Statement

2023 Attributable MTIS resource grand total

8 652.593Mt

All projects are JORC and SAMREC compliant

Zero Harm

LTIFR 1.01



Our people are our number one priority. They are our greatest asset, and their health and safety is our most pressing focus.

FY2023 Salient Highlights

Safety

remains a foremost priority: the Group recorded six LTIs in FY2023 (FY2022: six LTIs)

Completion of a fully underwritten Rights Issue raising gross proceeds of A\$40 million (approximately \$26.6 million) to develop Makhado, settle debt and for general working capital

Uitkomst secured a route to market to sell its coal on the more lucrative international market with revenue/t improving by

35%

Operation Phenduka turnaround strategy implemented at Uitkomst in June 2023 leading to an increase in ROM coal production and reduction in unit costs

Appointment of Erudite to complete the detailed designs for the Makhado CHPP and sourcing detailed execution quotes for the construction of the CHPP

Finalisation of a Makhado Project

Implementation plan, improving the confidence level of the first five years of the Makhado feasibility studies from $\pm 70\%$ to $\pm 90\%$

Makhado mine plan updated and the LOM increased from 22 years to 28 years despite a 25% higher annual ROM coal production rate

Improved Makhado Project production metrics yielding a

60% increase

of total saleable coal products over the Makhado LOM

Initiation of managed tender processes to select a mining contractor, CHPP operating contractor and the analytical laboratory operator for Makhado

Commencement of Makhado early works and placement of orders for long lead time items for the Makhado Project

Strengthening of human capital

in the Group and establishing capabilities to enable delivery of the Makhado steelmaking coal project and other opportunities



Group revenue increased by 91% to

\$44.8 million

while gross profit increased by 43% to **\$3.6 million**



Uitkomst Colliery sold 241,366t of coal generating

\$34.2 million



Completion of the Makhado steelmaking coal CHPP optimisation study resulting in annual processing capacity increasing from 3.2Mtpa to

4.0Mtpa



Vele Colliery produced

96,673t

of thermal coal during H2 FY2023

RECOMMISSIONING

of the Vele Aluwani Colliery on an outsourced basis after ten years of care and maintenance, limiting the financial and human capital required to recommence operations

Who we are and where we operate

WHO WE ARE

MC Mining is a mining company with high-quality steelmaking and thermal coal assets in South Africa, encompassing long reserve life and excellent growth options.

The company's key assets are the Uitkomst Colliery (PCI and thermal coal) in KwaZulu Natal, Makhado Project (hard coking and thermal coal), Vele Colliery (semi-soft and thermal coal) and the Greater Soutpansberg Projects – MbeuYashu (coking and thermal coal) all in the Limpopo Province.

MC Mining strives to be the premier producer of hard coking, semi-soft and thermal coal in South Africa, driven by its slogan: **Powering and empowering the nation.**

Our good access to rail and port infrastructure, MC Mining can effectively service domestic and international markets; providing a much-needed resource for economic growth and development to the country and the provinces in which it operates.

With a burgeoning population comes increased demands on the delivery of products and services

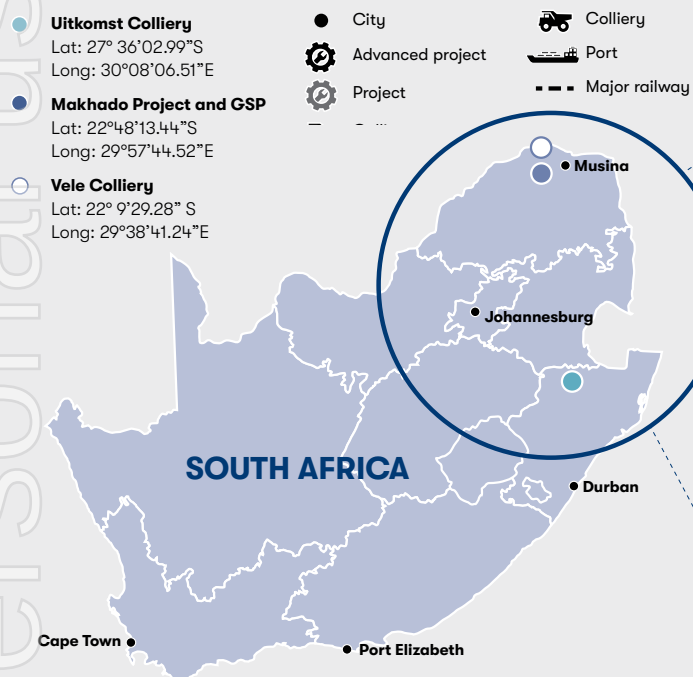
to meet the requirements of a larger population with amplified needs. We acknowledge the responsibility we have to conduct our business with integrity and we are committed to the responsible development and management of our collieries and projects. Environmental best practice, incorporating regulatory compliance, is a top priority at MC Mining.

The company is acutely aware of the necessity to balance the socio-economic potential of mining development with the potential impact it may have on natural and heritage resources. This has given rise to MC Mining's

Co-existence model, a symbiotic model seeking to marry the sometimes divergent interests of mining development, agriculture, environment and heritage in order to create and enhance sustainable value for all stakeholders.

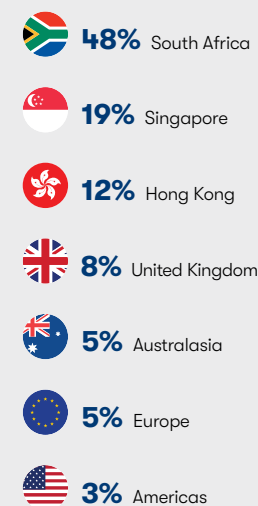
The company is listed on three major global bourses, viz ASX in Australia, AIM in London and the JSE in South Africa.

WHERE WE OPERATE



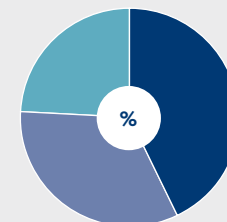
SHAREHOLDERS BY GEOGRAPHY

as at 30 September 2023:



SHAREHOLDERS BY REGISTER

as at 30 September 2023:



Our assets

	1	2	3	4
PROJECT	Makhado Project, flagship project	Uitkomst Colliery	Vele Aluwani Colliery	Greater Soutpansberg Project (comprises Chapudi, Generaal and Mopane Projects)
RESOURCES	344.8Mt mineable tonnes in situ	22.2Mt mineable tonnes in situ	10.0Mt mineable tonnes in situ for the remaining period of the outsource agreement only, over 792M Gross tonnes in situ	>1bn mineable tonnes in situ
LOCATION	Soutpansberg Coalfield, Limpopo province	Utrecht Coalfield, KwaZulu-Natal	Tuli Coalfield, Limpopo province	Soutpansberg Coalfield, Limpopo province
PRODUCT(s)	Steelmaking hard coking coal	Steelmaking (pulverised coal injection) and API4 thermal coal	Semi-soft coking and thermal coal	Coking and thermal coal
REGULATORY STATUS	Fully compliant	Fully compliant	Fully compliant	Mining Rights granted for Chapudi, Generaal and Mopane projects
STATUS	Construction anticipated to commence in H1 CY2024, funding dependent	Cash generative, producing asset	Outsourced, cash generative, producing asset	Early stage exploration project
MINING METHOD	Opencast	Underground operation with planned life-of-mine (LoM) extension	Opencast	Opencast and underground
NUMBER OF EMPLOYEES AND CONTRACTORS	31 (650 expected when in full production)	552	333	–
BACKGROUND	Makhado is MC Mining's most advanced exploration project and studies were completed during FY2023 resulting in the construction of a bespoke 4.0Mtpa CHPP at Makhado, increasing total saleable volumes over the LOM by 60%. The Company also completed a detailed Implementation Plan for the first five years of production (to ±10% certainty) and revised mine plan for the East. Central and West Pits in FY2023. The Company appointed an owner's team and contracted Erudite to undertake the detailed planning for the CHPP and during FY2023, commenced with managed tender processes for the contract miner, CHPP and laboratory operators at site as well as early works. Following the BFS, additional alternative development scenarios were assessed. This resulted in MC Mining subsequently committing to the construction of the Makhado CPP. This plant will have the same processing capacity as the Vele CPP, namely 2.0Mt per annum. The construction of a new CPP at Makhado results in a significant reduction in logistics costs and provides similar results but has a peak funding of ZAR1.3 billion (equivalent to \$82.1 million) due to the requirement to build the Makhado CPP.	Uitkomst Colliery is a high-grade deposit for domestic and international steelmaking and thermal coal markets. The well established underground coal mine has three operating mine sections and an estimated 15-year LOM. The construction of an additional horizontal shaft (adit 2k) is expected to commence in CY2024.	The colliery was placed on care and maintenance in August 2013 due to the global economic downturn coupled with depressed coal prices. The Company previously assessed various strategies to utilise the asset and these confirmed the significant capital and technical investment required to optimise production at the colliery. The Vele coal Resource comprises both steelmaking SSCC and export quality thermal coal but the colliery's CHPP does not have the requisite fines circuits that would allow for the simultaneous production of SSCC and thermal coal. The Vele Colliery was recommissioned on an outsourced basis in December 2022 for an initial five-year period, with limited financial and human capital requirements. The recommissioning of Vele adds a further cash generating unit to the Group.	Chapudi, Generaal and Mopane are three early-stage coal exploration projects in the forming the GSP. The GSP is a significant resource base of steelmaking coking and thermal coal products and forms part of MC Mining's long-term strategy. The Company has secured mining rights for the all project areas.

FY2023 Chairman's Statement



“

MC Mining is committed to deploying its financial and human capital to support South Africa's economic growth.”

Nhlanhla Nene
Chairman

It is a pleasure to share MC Mining's Annual Report for FY2023.

FY 2023 was a watershed year for your company, particularly after the tough environment of the previous years. I draw your attention to the Report of the Managing Director and Chief Executive Officer Godfrey Gomwe on page 5, where he has provided an account of the business of the year, and how management has executed its strategies. These developments include progressing the detailed planning of the flagship Makhado Project, resulting in materially higher steelmaking hard coking coal production capacity, and the addition of another cash generating asset with the recommissioning of the Vele Aluwani Colliery. The recapitalisation of the Group though the fully underwritten Rights Issue also reflects the continued support of our major shareholders.

Our integrated approach to health and safety remains a critical pillar of the business and we continue to focus on achieving zero harm. We are encouraged by the positive results of many of our safety indicators.

MC Mining is committed to deploying its financial and human capital to support South Africa's economic growth. It is widely accepted that economic reform and private sector growth are vital ingredients for the country's recovery.

At MC Mining we are committed to being an active player in this space, contributing both employment opportunities and our high-quality steelmaking HCC product, an essential ingredient in the manufacture of steel, a critical driver of industrialisation.

It is clear that the road to economic success requires strong private sector collaboration: the development of the Makhado steelmaking coal project with a 28-year life of mine will deliver profound outcomes in the area where we operate, creating a common purpose for all stakeholders and improving the conditions of those living in the vicinity of the project.

The Uitkomst Colliery employs more than 520 people; the recommissioning of the Vele Aluwani Colliery in December 2022 has resulted in the creation of 333 new jobs; and the Makhado Project itself is expected to yield 650 new jobs. In the remote areas where we operate, jobs and income have a meaningful and visible impact on the local economy. Our established Makhado Centre of Learning will be fundamental to facilitate skills development in the Vhembe district where Vele, Makhado and the GSP are located. The scarcity of skills in this area, particularly mining related expertise, has been a key learning from the recommissioning of the Vele Colliery, and hence accelerating activities at the centre.

It is unfortunate that our operations were subject to higher levels of scheduled power outages, or loadshedding, during the past year. Apart from the impact on our operations, employees are exposed to additional hardships occasioned by the ongoing and frequent power interruptions. We are encouraged by the appointment of the new South African Minister of Electricity earlier in the year and there have been some promising developments in the energy space. We believe that the increased private participation in the sector could be game changing for the country and the Company. Indeed, MC Mining will be an active participant in a solar energy project in the vicinity of the Makhado Project, which will also benefit surrounding communities.

We at MC Mining are acutely conscious also of our responsibilities with regard to climate change and we are engaging with industry experts to better understand the transition process.

The transport of bulk commodities in South Africa remains a challenge. Again, there have been some helpful reforms in the logistics sector which should encourage investment in infrastructure, which in turn has a multiplier effect on economic growth. It is unfortunate that the rail and port services have degraded, resulting in the fiscus foregoing significant revenues from the export of coal. The rail

slots that have recently become available for the private sector to manage and invest in is positive progress. Furthermore, rail discussions for the Vele Aluwani Colliery and the Makhado Project are promising.

In closing, I extend my gratitude to my fellow board members who continue to provide steady guidance and oversight. In terms of changes to the board during the year, I would like to welcome Ms Yi (Christine) He and Mr Julian Hoskin, who were appointed on 10 March 2023. They bring significant project development and steelmaking coal skills to the board. My thanks go to Mr Junchao Liu who retired as a director on 10 March 2023 for his valuable contribution to the board over the duration of his tenure.

In closing – my acknowledgement of the immense efforts by the MC Mining management team, which has been instrumental in delivering on the Group's strategy during the year. Finally, I thank each and every employee for their commitment and hard work and our shareholders for their supportive engagement.

Nhlanhla Nene
Chairman
26 October 2023

Managing Director & CEO and operational review



“

The global energy shortage is expected to result, in the long term, in elevated international coal prices due to an extended period of under-investment.”

Godfrey Gomwe
Chief executive officer

OVERVIEW

The financial year generated numerous positive outcomes for MC Mining, most notably:

- Safety remains a foremost priority, and the Group recorded six LTIs in FY2023 (FY2022: six LTIs);
- Strengthening of the Group balance sheet and stabilisation of finances with the completion of a fully underwritten Rights Issue raising gross proceeds of A\$40 million (approximately \$26.6 million) to fund the continued development of Makhado, settlement of debt and for general working capital purposes;
- Uitkomst secured a route to market to sell its coal on a more lucrative market in H1 FY2023, resulting in a 91% increase in revenue (FY2023: \$44.8 million vs. FY2022: \$23.5 million);
- Implementation of Operation Phenduka optimisation strategy at Uitkomst in

June 2023 which allows for increased time underground per shift, leading to an increase in ROM coal production and reduction in unit costs;

- Completion of the Makhado steelmaking coal CHPP optimisation study indicating an increase in annual processing capacity from 3.2Mtpa to 4.0Mtpa, followed by the appointment of Erudite to undertake the detailed designs for the Makhado CHPP and infrastructure;
- Finalisation of a five-year Makhado Project Implementation plan, improving the confidence levels of Makhado feasibility studies for the first five years, from +/-70% to +/-90%, and, incorporating a detailed execution plan for the construction of the East Pit and related infrastructure and a detailed mine plan;
- Subsequent to the Implementation Plan, the Makhado LOM plan was updated resulting in the LOM increasing from 22 years to 28 years

in addition to a 25% higher annual ROM coal production rate and improved production metrics yielding a 60% increase of total saleable coal products over the mine life;

- Erudite advanced the detailed designs for the Makhado mine infrastructure and CHPP and commenced obtaining detailed execution quotes for the construction of the CHPP;
- Initiation of managed tender processes to select a mining contractor, CHPP operating contractor and the analytical laboratory operator, commencement of Makhado early works and placement of orders for long lead time items;
- Recommissioning of the Vele Colliery on an outsourced basis after ten years of care and maintenance. The outsourced model limited the financial and human capital required to recommence operations and Vele produced 96,673t (FY2022: nil t) of thermal coal during H2 FY2023; and
- Strengthening of human capital in the Group and establishing capabilities to enable delivery of the Makhado steelmaking coal project and other opportunities.

HEALTH AND SAFETY

The health and safety of MC Mining's employees and contractors remains our

prevailing priority. The Uitkomst Colliery currently employs 552 people (including contractors). The colliery recorded five LTIs during FY2023 (FY2022: five LTIs) and has been fatality-free for eight years. Recorded one LTI during the 12 months (FY2022: one LTI). The Makhado project has had an excellent with record since its establishment, with no LTI's recorded.

PEOPLE AND CAPACITATION

MC Mining's human capital had reduced during COVID-19 and in the interests of cash conservation, these skills were not replaced. Following the completion of the Rights Issue in H1 FY2023, the company commenced recruiting the necessary skills to develop Makhado and recommence operations at Vele Colliery, albeit on an outsourced basis. The human resources recruited included an owner's team as well as the technical and administrative resources to satisfy the company's developmental requirements. Recruiting on an in-source basis was limited to those skills that would be required on a continuing basis in the long term. This Integrated Report has a detailed section dealing with People & Culture that seeks to inform on our strategies and plans going forward.

SAFETY

remains a foremost priority: the Group recorded six LTIs in FY2023 (FY2022: six LTIs)

Managing Director & CEO and operational review continued

MARKETING

The global energy shortage is expected to result, in the long term, in elevated international coal prices due to an extended period of under-investment in exploration combined with the limited development of new projects. This was exacerbated in late February 2022 following the invasion of Ukraine by Russia, leading to record international thermal coal prices. Uitkomst has historically sold its coal on the domestic market. With the increase in prices MC Mining started assessing potential export partners, resulting in a Coal Sales & Marketing Agreement (**Marketing Agreement**) being signed with Overlooked Collieries in July 2022. In turn this allowed Uitkomst to take advantage of the high international thermal coal prices. Uitkomst subsequently commenced exporting thermal coal but following the decline in prices in late CY2022, Uitkomst reassessed its marketing strategy in H2 FY2023, focussing efforts on the domestic market. Coal prices were mixed with thermal coal staying strong in H2 of CY2022, and then weakening in H1 CY2023, while steelmaking hard coking coal prices, which will benefit the Makhado project, remained robust throughout.

RIGHTS ISSUE

With continued shareholder support we were able, in the first half of the financial year ended 30 June 2023 to complete the fully underwritten renounceable 1.012 for 1 renounceable Rights Issue. The Rights Issue proceeds were used to settle debt, provide funding to progress the Makhado project, contribute the necessary capital for the recommissioning of the Vele Aluwani Colliery, and for general working capital purposes. The funds facilitated the commencement of detailed studies required for Makhado and yielded a change in the project's development plan, significantly increasing planned

saleable coal production, particularly steelmaking HCC.

MAKHADO FINANCING

The significant progress both in terms of funding and development at the operation will ensure future value extraction from MC Mining's superior steelmaking coal asset base. We completed the necessary detailed studies required by potential Makhado funders and I am confident that we will conclude the capital raising in H1 CY2024, with construction commencing soon thereafter. The Makhado Bankable Feasibility Study (**BFS**) was augmented in August 2022 to include a pre-feasibility study for two potential alternative development strategies. As a result, the Makhado Project development strategy was reassessed and the colliery's development will no longer be in two phases. Rather than trucking crushed and screened coal to Vele Colliery for processing, the Makhado Project will now include the construction of a bespoke coal handling and processing plant (**CHPP**), increasing peak capital funding requirements but greatly improving the economics of the project. Furthermore, the outlook for the project is positive given the expectations that the steelmaking HCC market will remain robust for the foreseeable future due to supply-side constraints. When in operation, Makhado will be the only significant steelmaking HCC producer in South Africa, resulting in obvious advantages for domestic steel producers. In addition, the project is expected to have a positive impact on employment and the local economy in the Limpopo province.

STEELMAKING COKING COAL

MC Mining has significant coal resources which will enable the company to produce both of both steelmaking and thermal coal. Steelmaking coal or coking coal is a

sedimentary rock found within the earth's crust and includes HCC (Makhado coal), semi-hard HCC, semi-soft coking coal (**SSCC**) (Vele Aluwani coal) and pulverised coal for injection (PCI) (Uitkomst coal). These categories are applied based on quality grades of the metallurgical coal, all of which are used to make steel. The property that really differentiates steelmaking coking coals from other coals is its caking ability, specifically required to manufacture the coke required by blast furnaces in the steel making process. Steelmaking coal typically contains more carbon, less ash and less moisture than thermal coal, which is the coal predominantly produced in South Africa and used for electricity generation.

HCC represents the premium band of metallurgical coals and is a crucial input in the steel making process. It is characterised by its very high coke strength and other characteristics that optimise blast furnace performance. Makhado's steelmaking HCC is classified as a 'mid-volatile' HCC, with its coking and plastic properties making it ideal for use in coal blends of different qualities. Coke is produced by heating steelmaking coal above 1,000°C in a coking oven to create coke – a hard, porous lump. As the temperature of the coal increases, it becomes plastic, fusing together before resolidifying into coke particles, known as the caking process. High-quality coking coals are in demand by steel producers, who need these coals to make high-quality coke to maximise the productivity of their blast furnace operations. The coke is then added to a blast furnace with iron ore. Hot air, pulverised coal and PCI are introduced, creating a flame temperature over 2,000°C, converting the iron ore into a liquid. The impurities in this molten 'pig iron' are removed and alloys added to make steel, one of the most widely used building materials on earth.

The global seaborne steelmaking HCC market is dominated by the two leading producer countries, namely Australia (the Bowen Basin in Queensland) and Canada (the Elk Valley complex in British Columbia). Growth in new steelmaking HCC supply globally faces many constraints including:

- Depleting resource quality
- Unfavourable mining economics in existing major HCC basins
- Rail and port infrastructure capacity limitations
- Sovereign development and operating risk (e.g. Mozambique, Mongolia)
- Growing focus on sulphur content levels, and
- Protracted permitting and approval timeframes

UITKOMST COLLIERY

Background

Uitkomst Colliery is an owner-operated mine situated in the Utrecht coalfield of KwaZulu-Natal. It is a high-grade coal deposit which supplies the domestic steelmaking (PCI) and API4 thermal coal markets. MC Mining acquired an additional 14% of the colliery during FY2023 and now holds an interest of 84% (previously 70%) in Uitkomst with the remaining 16% held by two broad-based Black Economic Empowerment (BEE) trusts, one comprising employees and another host communities.

The colliery is a drill and blast underground coal mine with approximately 15 years remaining LOM. Uitkomst has established infrastructure that includes a processing plant. In the past year (FY2023) Uitkomst received approval from the Department of Mineral Resources & Energy (**DMRE**) to its mining right for the balance of its LOM. Uitkomst currently mines the south adit (horizontal shaft) using three underground mining sections. The

Managing Director & CEO and operational review continued

development of an additional adit (Adit 2k) to the north is expected to commence in CY2024, once the necessary regulatory approvals have been received. This initiative, will reduce the distances employees need for transport from surface to the mining sections, and will improve the underground ventilation. In combination this should result in increased coal output.

Production and marketing

Historically, the Uitkomst Colliery sold its smaller 0 to 40mm coal product into the domestic steelmaking market for use as PCI coal while the larger-sized product (peas) were purchased by local traders and private energy generation companies. The colliery also sells a high ash, coarse discard (middlings) coal. Uitkomst produced 444,984t (FY2022: 470,597t) of ROM coal during FY2023; 5% lower than in the comparative period, mainly due to challenging geological conditions.

Russia's invasion of Ukraine in February 2022 led to significant changes to international coal prices and, combined with the global energy shortage, thermal coal prices rose significantly. Uitkomst did not have a route-to-market to export coal and, in July 2022, concluded the Marketing Agreement with Overlooked, facilitating the export of the colliery's coal. This ensured Uitkomst could take advantage of higher international coal prices. Following a decline in international thermal coal prices in H2 CY222, Uitkomst's marketing initiatives focussed on supplying domestic customers.

During FY2023, Uitkomst sold 241,366t of coal (FY2022: 225,096t), comprising 230,181t (FY2022: 199,065t) of premium duff and sized peas and 11,185t (FY2022: 26,031t) of high ash, coarse discard coal, generating sales revenue of \$34.2 million (FY2022: \$23.5 million), with \$11.4 million (FY2022: \$nil) derived from export coal sales. The increase in Uitkomst's revenue per tonne is attributable to sales on the

international market while the higher cost per saleable tonne is due to inflationary pressures experienced during the year, particularly explosives and labour while export sales resulted in higher logistics costs. Uitkomst also suffered from an increase in the frequency of loadshedding by Eskom, the state power utility, resulting in higher energy costs due to the use of generators during these periods.

MAKHADO PROJECT

Background

MC Mining has a 67% interest in its flagship Makhado steelmaking HCC project, which spans an area of over 60km² across five farms in the Soutpansberg coalfield in the Limpopo province. During 2015, the Company agreed to sell 20% of the project to the Makhado Colliery Community Development Trust, comprising seven beneficiary communities. An agreement was also signed with a black industrialist, facilitating his acquisition of a 6% interest in Makhado, and the IDC acquired a 6.7% shareholding in terms of its existing R160 million (\$8.5 million) loan facility.

The 'shovel ready' Makhado Project has all the regulatory permits and owns the necessary surface rights required to commence mining operations. No LTIs were recorded during the 12 months (FY2022: nil).

Makhado steelmaking HCC

South Africa produces significant quantities of thermal coal but has a very limited domestic supply of high-quality steelmaking coal. Once developed, Makhado is expected to be the only significant steelmaking HCC mine in the country. The project will also provide direct and indirect benefits to communities located in an area with significant unemployment levels and is expected to create approximately 650 permanent job opportunities once operational.

The limited production of high-quality steelmaking coking coal in South Africa results in ArcelorMittal South Africa Limited (**AMSA**) and other coke producers having to import steelmaking HCC for the manufacture of metallurgical coke, a key ingredient in the production of steel. Steelmaking HCC has historically attracted significantly higher sales prices compared to thermal coal and the development of Makhado is expected to deliver positive returns for shareholders. MC Mining has secured an off-take agreement with AMSA for the purchase of between 350,000t and 450,000t of steelmaking HCC annually, with sales prices linked to a published, US dollar-denominated HCC64 (mid-volatile HCC) index. First coal production is expected 18 months from commencement of construction, which is expected during H1 CY2024.

An owner's team was appointed in early FY2023 to drive the planning and development of the Makhado Project. During the period, the Company also appointed independent experts to complete an optimisation study on the Makhado coal handling and processing plant (**CHPP**) resulting in the annual capacity increasing from 3.2 million tonnes per annum (**Mtpa**) to 4.0Mtpa. The Company subsequently appointed Erudite (Pty) Ltd (**Erudite**) to complete the detailed designs for a full process design for the Makhado CHPP and also employed independent consultants to review the Makhado mine plan.

The revised Makhado mine plan forms part of the detailed execution plan and the results of the CHPP optimisation study were used in Erudite's detailed CHPP and infrastructure design work, required by potential funders to complete their assessments. Erudite commenced obtaining detailed execution quotes for the construction of the CHPP. This process will progress in conjunction to

Uitkomst's key production and financial metrics for FY2023 and FY2022 are detailed below.

	FY2023	FY2022	%
Production tonnages			
Uitkomst ROM (t)	444,984	470,597	(5%)
Inventory volumes			
High quality duff and peas at site (t)	50,490	15,534	225%
High quality duff and peas at port (t)	–	22,169	(100%)
	50,490	37,703	34%
Sales tonnages			
ROM (t)	230,181	199,065	16%
Middlings sales	11,185	26,031	(57%)
	241,366	225,096	7%
Financial metrics			
Net revenue/t (\$)	142	104	35%
Production costs/saleable tonnes (\$) ^	123	85	44%

^all costs are incurred in South African Rand

Managing Director & CEO and operational review continued

with the Makhado funding activities and will also cater for the enlarged mining and processing footprint. Makhado is expected to be contractor-operated. In H1 CY2023, the Company initiated a managed tender processes to select a mining contractor, a CHPP operating contractor and the analytical laboratory operator. These processes are expected to be completed in H2 CY2023.

Implementation Plan

The five-year Makhado Project implementation plan (**Implementation Plan**) was completed in April 2023. The Implementation Plan improved the confidence levels of the first five years of the Makhado BFS as well as previous feasibility studies from ±70% accuracy to an estimated accuracy of ±90%. The Implementation Plan is for the first five years of production and includes a detailed execution plan for the construction of the East Pit and related infrastructure and a detailed mine plan.

Updated LOM plan and Coal Reserve

Subsequent to the Implementation Plan, the Company prepared an updated LOM plan and

Coal Reserve estimate for Makhado. The LOM plan expands on the five-year Implementation Plan and incorporates the exploitation of all portions of the East, Central and West Pit coal deposits that are mineable by surface mining methods. The updated Coal Reserve estimate was derived from the updated LOM plan using updated costs, macro-economic fundamentals and coal price assumptions. The updated LOM plan resulted in a 27% increase in the Makhado LOM (from 22 years to 28 years) with a the 25% higher annual ROM coal production rate (from 3.0 Mtpa to 4.0 Mtpa). The improved Makhado production metrics also included:

- 100% increase in CHPP capacity, from 2.0 to 4.0 Mtpa;
- 60% increase of total saleable coal products from 26 to 41 million tonnes over the mine life;
- Time to first production increased from 12 to 18 months owing to the construction of the new, larger CHPP whilst keeping the payback period materially unchanged at 3.5 years from the start of construction; and
- 11% increase in the estimated project peak funding requirements to US\$100 million (ZAR1.8 billion).



Village in the vicinity of the Makhado Project

The Makhado Project metrics over the LOM are detailed in the table below.

	Unit of Measure	LOM Plan
Key Production Metrics		
Mining Production Rate - (Average)	Mtpa	3.9
Total ROM Mined (over the mine life)	Mt	106
Total Waste Mined (over the mine life)	BCM (million)	260
Stripping Ratio (Waste: ROM)	BCM:tonnes	2.5
Steelmaking HCC yield	%	21.2
Thermal coal yield	%	17.6
Total Coal Sales - all products	Mt	41.2
Coal Sales 5,500 kcal TC - Export	Mt	18.7
Coal Sales - Steelmaking HCC (Domestic and Export)	Mt	22.5
Steelmaking HCC - Domestic	Mt	11.2
Steelmaking HCC - Export	Mt	11.3
Key Financial Evaluation Outcomes		
Peak Funding Requirements	ZAR 'Bn	1.8
Free cashflow (post tax)	ZAR 'Bn	17.6
Post-tax IRR	%	37
Post-tax NPV (6%)	ZAR 'Bn	6.8
Post-tax NPV (10%)	ZAR 'Bn	4
Average API thermal coal price (LOM)	USD/t	108
Average HCC prices (LOM)	USD/t	215
Average payback period	Years	3.5

Early works

During H2 FY2023 the MC Mining Board approved the commencement of early works totalling ZAR71.3 million (\$3.9 million), ZAR45.0 million (\$2.4 million) for placement of orders for long lead items, and a further ZAR55 million (\$3.0 million) for electricity supply infrastructure. The various work streams that commenced includes, amongst others:

- detailed design, procurement and construction of the power supply overhead transmission line, with construction team mobilised onsite – a critical path activity;

- refurbishment of onsite accommodation to house project construction crews;
- placement of orders for key long-lead time items, including the payment of a deposit of ZAR19.0 million (\$1.0 million);
- mobilisation of contractors for the construction of the main access road, main bridge and civil works for bulk water reticulation; and
- progress with the erection of fencing to secure the project site.

Managing Director & CEO and operational review continued

Makhado Project Funding

The Company continued the Makhado Project composite debt/equity funding initiatives during FY2023. The fully underwritten, renounceable A\$40.0 million (equivalent to approximately \$26.6 million) Rights Issue completed in November 2022 contributes funding for the Makhado detailed planning, early works and long lead time items. The Company also secured an extension for the repayment of the existing ZAR160.0 million (\$9.8 million) and contractor BOOT funding arrangement of ZAR155.0 million (\$8.3 million). The completion of the revised LOM plan and models, in addition to the Implementation Plan, are prerequisites for funders, and have significantly enhanced achievable options for funding. The detailed planning and ancillary information compiled during FY2023 is being used by potential funders in their due diligence processes and the composite debt/equity funding initiatives are expected to be finalised in the first half of CY2024.

VELE COLLIERY

Background

The 100%-owned Vele Colliery is in the Tuli coalfield of the Limpopo province. Due to the global economic downturn and depressed coal prices, the colliery was placed on care and maintenance in August 2013. Previous assessments of strategies to exploit the asset confirmed significant capital and technical investment required to optimise production of both semi-soft steelmaking coal (SSCC) and thermal coal at the colliery. The Vele Coal Resource comprises both steelmaking SSCC and export quality thermal coal but the colliery's CHPP does not have the requisite fines

circuits that would allow for the simultaneous production of SSCC and thermal coal.

Compliance

Compliance with regulatory and licensing requirements at the colliery is closely monitored through— internal inspections, external audits conducted by the Department of Water, Sanitation and Environment (**DWSE**), as well as audits conducted by the Environmental Compliance Officer. Vele also participates in a Project Steering Committee in line with the historic October 2014 Biodiversity Offset Agreement (**BOA**) between the Company, the Department of Environmental Affairs (**DEA**) and the South African National Parks (**SANParks**). The colliery also participates in the Environmental Management Committee (**EMC**), established as an oversight committee in terms of the colliery's Environmental Authorisation (**EA**). The EMC comprises various stakeholders from regulatory authorities, relevant organs of state, municipal representatives, civic society and stakeholders identified during the initial public process.

Recommencement of Operations

The revised plan to construct the CHPP construction of a CHPP at Makhado and improved market conditions created optionality for the potential recommencement of operations at Vele. Previous Makhado development strategies incorporated the processing of Makhado crushed and screened ROM coal at Vele. The outsourcing of operations at Vele was identified as the optimal strategy as this would secure the necessary investment from a third party to de-water the opencast pit, modify and recommission the

CHPP and remove a significant portion of the ongoing costs associated with the colliery.

The assessment of outsourcing opportunities resulted in the conclusion of a five-year Contract Mining Agreement (**Mining Agreement**) with Hlalethebeni Outsourcing Services (Pty) Ltd (**HOS**) in December 2022. As a result operations were resumed with limited financial and human capital requirements, adding a further cash generating unit to MC Mining's portfolio, and alleviating the 'use it or lose it' risk associated with unutilised mining assets in South Africa.

HOS is mining in terms of an agreed mine plan on an exclusive basis until December 2027. HOS is responsible for all mining and processing costs while the Company remains responsible for the colliery's regulatory compliance, rehabilitation guarantees, relationships with authorities and communities as well as the supply of electricity and water. 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 de-watered the Vele open-cast pit and produced 96,673t (FY2022: nil t) of thermal coal during H2 FY2023 and created 333 permanent jobs. Ramp-up to full production is expected to occur in H2 CY2023 with HOS targeting monthly production of 60,000t of saleable thermal coal from Vele.

GREATER SOUTPANSBERG PROJECT

Background

The GSP is situated in the Soutpansberg coalfield in the Limpopo province, located within close proximity to the Makhado Special

Economic Zone (**SEZ**). The GSP comprises three project areas, namely the Mopane, Generala and Chapudi project areas. The GSP is owned by MC Mining (74%) and its BEE partner, Rothe Investments (Pty) Ltd (26%).

Development

The exploration and development of the three GSP areas is the catalyst for MC Mining's long-term growth and the Company has secured mining rights for all three project areas. The granting of the mining rights was subsequently appealed and the DMRE is still considering the appeals. The GSP projects contain over 7.0 billion gross tonnes in situ of inferred coal resources, positioning the GSP to be a potential long-term coal supplier to the planned SEZ, as well as to the domestic and international steelmaking and thermal coal markets. The Company anticipates starting the various studies required for the outstanding water and environmental regulatory approvals following construction of the Makhado Project.

IN CONCLUSION

MC Mining's progress during FY2023 is very pleasing and I am grateful for the on-going support of our shareholders, our stakeholders, and particularly the IDC. I am very appreciative of the team's hard work and continued efforts and I thank my fellow directors for their contribution and entrusting me to guide the Company.

Godfrey Gomwe

Managing Director and Chief Executive Officer
26 October 2023

Regulatory and compliance

Project	MR granted by the DMRE			IWUL granted by the DHSWS			EA granted by the Environmental Departments			Access to surface rights secured
	Granted	Duration	Status	Granted	Duration	Status	Granted	Duration	Status	
Uitkomst (KwaZulu-Natal)	✓	LOM	Fully compliant ¹	✓	20 years ²	Granted in 2022; fully compliant	✓	LOM	Fully compliant	✓
Makhado Project (Limpopo)	✓	30 years	Granted in 2015; fully compliant	✓	20 years	Granted in 2015; fully compliant ³	✓	LOM	Fully compliant	✓
Vele (Limpopo)	✓	30 years	Granted in 2010; fully compliant	✓	20 years	Granted in 2015; fully compliant	✓	LOM	Fully compliant ⁴	✓
GSP (Limpopo)	Chapudi MR granted in December 2018, Generaal MR granted in November 2019, Mopane MR granted in February 2021			No applications for IWULs submitted – required studies will be completed following construction of the Makhado Project			No applications for EAs submitted – required studies will be completed following construction of the Makhado Project			X

Notes:
¹ Extension Application approved in FY2023

² Extension approved in FY2022

³ Appeal lifted in FY2017 and is pending assessment by the Water Tribunal

⁴ MC Mining committed to spending R55 million over 25 years on bio-diversity and cultural heritage in line with off-set agreement signed in 2014

DMRE Department of Mineral Resources & Energy

DHSWS Department of Human Settlements, Water and Sanitation

EA Environmental Authorisation to undertake mining activities

IWUL Integrated Water Use Licence – water use limits for construction and mining activities

LOM Life-of-mine

MR Mining Right – authorisation to mine resources in accordance with approved mine plan


Uitkomst Colliery

Resources and Reserve Statement as at 30 June 2023

INTRODUCTION

MC Mining reviews and reports its mineral Resources at least annually to coincide with its financial year-end of 30 June.

If there are any material changes to the mineral Resources over the course of the financial year, the Company is required to promptly report these changes. The Uitkomst Colliery was mined continuously during FY2023. In December 2022, the Vele Aluwani Colliery was outsourced and reopened under a five-year Contract Mining Agreement with Hlaethembeni Outsourcing Services (Pty) Ltd (HOS).

In terms of the contract mining agreement all operational aspects of the colliery are handled by HOS.

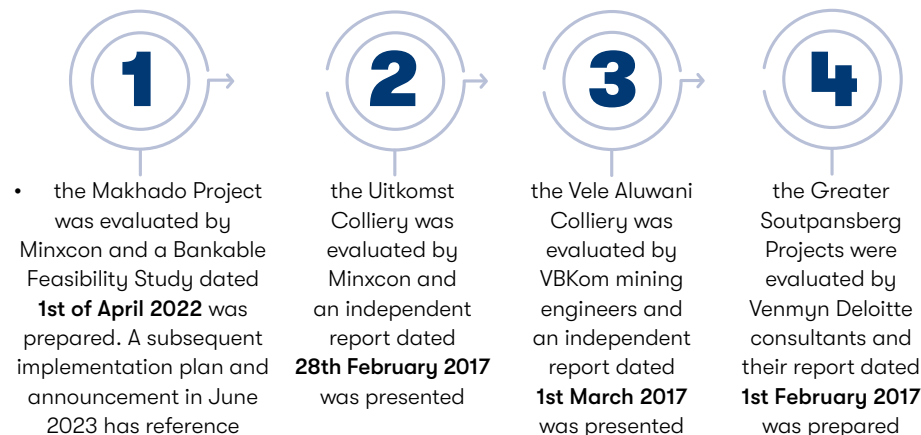
In light of this HOS is in the process of re-evaluating the entire deposit in terms of their mining and sales strategy. While the global Resource in terms of the Mining Right and the extended prospecting permit has been altered by the Resource depleted, HOS has evaluated the short-term Resources and Reserves which are indicated in separate tables and description on Pages 12 to 14. The extended Resource and Reserve is in the process of being evaluated with new drilling and geological Modelling by HOS.

As such, as and when the results of this estimation are completed, they will be reported.

The following Summary of the Resource and Reserve statement for MC Mining's operations and projects are compliant with the Committee for the Mineral Reserves International Reporting Standards (CRIRSCO) of November 2013, which is a requirement due to the fact that MC Mining has its primary listing on the Australian Stock exchange (ASX: MCM:AU) with secondary listings on United Kingdom Alternative Investment Market (AIM: MCM:LN) and the Johannesburg Stock Exchange (JSE: MCZ:SJ).

Under the auspices of CRIRSCO the reporting is required to be compliant with the relevant National Reporting Organisations (NROs) and are required to be founded on the Central Principles of Transparency, Materiality and Competence and are provided on an "if not, why not" basis.

The various projects are the subject of Competent Persons Reports (CPRs) that are all JORC 2012 and SAMREC 2016 compliant. The CPRs used in this report are:



COMPETENT PERSONS

The principal competent persons involved in this declaration are Mr J.C.H.K. Sparrow in terms of the Resource declaration and Messrs B Bruwer and C.W. Archer in terms of the Reserve declaration. Mr Sparrow is in the full time employ of MC Mining as the Group Geologist. Messrs Bruwer and Archer are both consultants to MCM. Mr Bruwer in terms of the projects and Mr Archer in terms of the Uitkomst Colliery.

Mr Bruwer is a qualified mining engineer and registered member of good standing with the SAIMM (South African Institute of Mining and Metallurgy).

Mr Sparrow is a registered professional scientist of good standing with the South African Council for Natural Scientific Professions (SACNASP) (400109/03).

Mr Archer is a qualified mining engineer and registered member of good standing with the SAIMM (706388).

The Vele Aluwani Colliery has been reported by Ms M Scheepers. 400083/10 and reserves by G. Bittah. 400217/1.

All parties have consented to the inclusion of the Resources and Reserves in the FY2023 Integrated Report.

The units of measure in this report are metric, with Tonnes (t) = 1,000kg.

This report includes technical information that requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur MCM does not consider them to be material.

Terminology used herein is English, with English spellings utilised throughout.

BACKGROUND

MC Mining has a number of Operations and Projects that will be reported.

OPERATING COLLIERY

Uitkomst Colliery, Amajuba Magisterial District, KwaZulu-Natal Province, Republic of South Africa (GPS Coordinates, Lat: 27° 36'02.99"S, and Long: 30°08'06.51"E).

OPERATION COLLIERY IN NEW JOINT VENTURE

Vele Aluwani Colliery, Vhembe Magisterial District, Limpopo Province, Republic of South Africa (GPS Coordinates Lat: 22° 9'29.28"S, and Long: 29°38'41.24"E). Production re-established in December 2022.

PROJECTS AT VARIOUS STAGES OF DEVELOPMENT

Makhado Project, Vhembe Magisterial District, Limpopo Province, Republic of South Africa (GPS Coordinates Lat: 22°48'13.44"S, and Long: 29°57'44.52"E). Mining Right granted May 2015.

Chapudi Project, Vhembe Magisterial District, Limpopo Province, Republic of South Africa (GPS Coordinates Lat: 22°52'52.36"S, and Long: 29°39'41.72"E). Mining Right application submitted in June 2013 and granted in December 2018. The project consists of the Chapudi, Chapudi West and Wildebeesthoek Sections

Generaal Project, Vhembe Magisterial District, Limpopo Province, Republic of South Africa (GPS Coordinates Lat: 22°40'34.46"S, and Long: 30° 8'51.19"E). Mining Right application submitted April 2013 and the project consists of the Generaal and Mount Stuart sections.

Resources and Reserve Statement as at 30 June 2023 continued

Mopane Project, Vhembe Magisterial District, Limpopo Province, Republic of South Africa (GPS Coordinates Lat: 22°32'42.06"S, and Long: 29°48'51.40"E). Mining Right application submitted March 2013 and the Project consists of the Voorburg and Jutland Sections.

SUMMARY OF THE MC MINING LIMITED RESOURCES AND RESERVES

Extract from the Resource and Reserve Statement

The Mineral Resource and Reserve statement has been extracted from the independent technical reports compiled by Minxcon

consulting, VBKom consulting engineers and Venmyn Deloitte. These technical reports may be viewed at: <http://www.mcmining.co.za/technical-reports>. The Resources and Reserves are at 30th June 2023 for all assets. The statement below is relevant for the Mineral assets under MC Mining's control at 30th June 2023. They have been based upon reliable exploration and mining results (where appropriate) and accurately estimated using industry best practice standards of modelling. The resources and reserves have been correctly classified according to the JORC Code (2012). The relevant Competent

Persons in the employ of, or, consulting to the Company; Mr J Sparrow, Mr C Archer and Mr B Bruwer consent to the inclusion of this extract of the resources and reserves into the MC Mining Integrated Annual Report 2023. In December 2022, the Vele Aluwani Colliery was reopened under an outsourced Contract Mining Agreement with HOS.

In terms of the outsource agreement, all operational aspects of the colliery are handled by HOS. The resources have been determined by Ms M Scheepers. 400083/10 and reserves by G. Bittah. 400217/1. In light of this, HOS is in

the process of re-evaluating the entire deposit in terms of their mining and sales strategy.

While the global resource in terms of the Mining Right and the extended prospecting permit has not changed, HOS has evaluated the short-term Resources and Reserves which are indicated in separate tables and description on pages 12 to 14. The extended Resource and Reserve is in the process of being evaluated with new drilling and geological Modelling by HOS.

MC Mining Limited Resources¹

Project\Operation	Resource Category ²	Gross Tonnes <i>in situ</i> (GTIS) Mt	Total Tonnes <i>in situ</i> (TTIS) Mt	Mineable Tonnes <i>in situ</i> (MTIS) Mt	MCM Attributable Interest %	MCM Attributable MTIS resource
Vele Aluwani Colliery ⁹	Measured	146.789	132.110	5.353	100	5.353
Uitkomst Colliery ⁷		15.941	15.144	14.347	84	12.051
Mopane Project ³		109.435	98.492	94.916	97	92.012
Makhado Project ⁸		387.340	367.980	241.945	69	166.942
Total Measured Resources		659.505	613.726	356.561		276.358
Vele Aluwani Colliery ⁹	Indicated	426.854	362.826	3.961	100	3.961
Uitkomst Colliery ⁷		3.964	3.568	3.369	84	2.830
Mopane Project ³		125.034	106.279	100.507	96	96.444
Makhado Project		254.000	233.680	54.055	69	37.298
Total Indicated Resources		809.852	706.352	161.893		140.533
Vele Aluwani Colliery ⁹	Inferred	218.932	175.145	0.704	100	0.704
Uitkomst Colliery ⁷		5.678	4.826	4.543	84	3.816
Mopane Project ³		36.239	28.991	24.001	88	21.130
Makhado Project		116.200	104.600	38.857	69	26.811
Generaal Project ⁴		407.163	325.730	55.511	100	55.511
Chapudi Project ⁵		6 399.023	5 119.219	1 318.481	74	975.676
Total Inferred Resources		7 183.235	5 758.512	1 442.097		1 083.648
Grand Total Resources²		8 652.593	7 078.590	1 960.550		1 500.539



Notes

¹ <http://www.mcmining.co.za/technical-reports/>

² The JORC and SAMREC compliant coal resource is at the 30th June 2023 and is inclusive of reserves

³ Mopane Project – Consists of the Voorburg and Jutland sections

⁴ Generaal Project – Consists of the Generaal and Mount Stuart Sections

⁵ Chapudi Project – Consists of the Chapudi, Chapudi West and Wildebeesthoek Sections

⁶ MCMining Limited does not own the surface rights to all farms over which it has rights

⁷ Uitkomst Colliery – A detailed drilling campaign, and remodelling exercise has been undertaken during the year

⁸ Makhado Project – The Makhado Project is undergoing a detailed implementation plan

⁹ Vele Aluwani Colliery – Vele Aluwani Colliery has been re-opened in on an outsourced basis for a five year period. Resources are determined by HOS, the outsourced operating company. The JORC resource is the 2017 estimation by VBKOM depleted by the Mining in 2022/ 2023 as estimated by HOS

Resources and Reserve Statement as at 30 June 2023 continued

MC Mining Limited Reserves¹

Operation	Reserve Category	Mineable Tonnes <i>in situ</i> Reserve Mt	Run of Mine Tonnes (ROM) Mt	Saleable Primary Product Tonnes Mt	Saleable Secondary Product Tonnes Mt	MCM Attributable Interest %
Vele Aluwani Colliery ⁶	Proven	23.306	3.404	1.362		100
Makhado Project ²		227.400	97.756	20.672	17.281	
Uitkomst Colliery ⁵		9.960	6.044	3.917		84
Total Proven		260.666	107.204	25.951	17.281	
Vele Aluwani Colliery ⁶	Probable	301.371	3.188	1.275		100
Makhado Project ²		68.600	8.498	1.846	1.415	69
Uitkomst Colliery ⁵		1.846	1.021	0.696		84
Total Probable		371.817	12.707	3.817	1.415	
Grand Total Reserves³		632.483	119.911	29.768	18.696	



Notes

- ¹ <http://www.mcmining.co.za/technical-reports/>
- ² The Makhado Project reserves have been re-evaluated in the implementation plan and declared in a public statement in June 2023
- ³ The declared coal reserves are based upon the Measured and Indicated Coal Resources only
- ⁴ Tonnages reported in Millions of tonnes and rounding of weighted averages may have occurred
- ⁵ Uitkomst colliery reserves are based on a detailed Life of Mine layout (1st July 2023)
- ⁶ Vele Aluwani Colliery has been re-opened on an outsourced basis for a five year period. Reserves are determined by HOS, the outsource company, for that five-year period

RESOURCE AND RESERVE STATEMENT COMPARISON

A depletion Model based on the footprint of the mined-out areas of Uitkomst Colliery and calculation considering the production for the 2022/2023 financial year. The Makhado Project has undergone a detailed mining re-evaluation based on the ongoing implementation plan as announced in June 2023, resulting in the upgrade of significant reserves from Probable to Proved. Vele Aluwani Colliery is in the process of undergoing a complete re-evaluation by the outsource partner.

MC Mining Limited Resources¹

Project\Operation	Resource Category ²	Gross Tonnes <i>in situ</i> (GTIS) Mt	Total Tonnes <i>in situ</i> (TTIS) Mt	Mineable Tonnes <i>in situ</i> (MTIS) Mt	Attributable Interest %	Attributable MTIS resource
Vele Aluwani Colliery ⁸	Measured	(1.376)	(1.239)	(80.759)	100	(80.759)
Uitkomst Colliery		0.467	0.444	0.421	84	0.353
Mopane Project ³		0.000	0.000	0.000	97	0.000
Makhado Project ⁶		0.000	0.010	14.545	69	10.036
Total Measured Resources		(0.909)	(0.785)	(65.793)		(70.369)
Vele Aluwani Colliery ⁸	Indicated	0.000	0.000	(196.342)	100	(196.342)
Uitkomst Colliery		(0.686)	(0.618)	(0.583)	84	(0.490)
Mopane Project ³		0.000	0.000	0.000	96	0.000
Makhado Project ⁶		0.000	0.000	(14.545)	69	(10.036)
Total Indicated Resources		(0.686)	(0.618)	(211.470)		(206.868)
Vele Aluwani Colliery ⁸	Inferred	0.000	0.000	(74.450)	100	(74.450)
Uitkomst Colliery		(1.422)	(1.209)	(1.137)	84	(0.955)
Mopane Project ³		0.000	0.000	0.000	88	0.000
Makhado Project ⁶		0.000	0.000	31.657	69	21.843
Generaal Project ⁴		0.000	0.000	0.000	100	0.000
Chapudi Project ⁵		0.000	0.000	0.000	74	0.000
Total Inferred Resources		(1.422)	(1.209)	(43.930)		(53.562)
Grand Total Resources		(3.017)	(2.611)	(321.193)		(330.799)



Notes

- ¹ <http://www.mcmining.co.za/technical-reports/>
- ² The JORC and SAMREC compliant coal resource is at the 30th June 2023 and is inclusive of reserves
- ³ Mopane Project – Consists of the Voorburg and Jutland sections
- ⁴ Generaal Project – Consists of the Generaal and Mount Stuart Sections
- ⁵ Chapudi Project – Consists of the Chapudi, Chapudi West and Wildebeesthoek Sections
- ⁶ Makhado Project
- ⁷ MCMining Limited does not own the surface rights to all farms over which it has rights
- ⁸ Vele Aluwani Colliery Vele Aluwani Colliery has been re-opened in on an outsourced basis for a five year period. Resources are determined by HOS, the outsourced operating company. The JORC resource is the 2017 estimation by VBKOM depleted by the Mining in 2022/ 2023 as estimated by HOS

Resources and Reserve Statement as at 30 June 2023 continued

MC Mining Limited Reserves¹

Operation	Resource Category	Mineable Tonnes <i>in situ</i> Reserve Mt	Run of Mine Tonnes (ROM) Mt	Saleable Primary Product Tonnes Mt	Saleable Secondary Product Tonnes Mt	MCM Attributable Interest %
Vele Aluwani Colliery	Proven	(0.500)	(21.876)	(3.304)	(9.682)	100
Makhado Project		0.000	34.956	8.272	6.381	69
Uitkomst Colliery		0.504	0.426	0.461	0.000	84
Total Proven		0.004	13.506	5.429	(3.301)	
Vele Aluwani Colliery	Probable	0.000	(262.927)	(46.572)	(117.751)	100
Makhado Project		0.000	1.998	0.546	0.415	69
Uitkomst Colliery		(0.279)	(0.171)	(0.068)	0.000	84
Total Probable		(0.279)	(261.100)	(46.094)	(117.336)	
Grand Total Reserves		(0.276)	(247.594)	(40.665)	(120.638)	



Notes

¹ <http://www.mcmining.co.za/technical-reports/>

² The declared coal reserves are based upon the Measured and Indicated Coal Resources only.

³ Tonnages reported in Millions of tonnes and rounding of weighted averages may have occurred.

GOVERNANCE ARRANGEMENT AND INTERNAL CONTROLS

MC Mining has ensured that the Mineral Resources quoted are subject to good governance arrangements and internal control. The Company has engaged external independent consultants to update the Mineral Resource in accordance with the JORC Code 2012 and SAMREC 2016.



Vele open cast mining pit

Sustainability review – Our Approach

INTRODUCTION

PLACING SUSTAINABILITY AT THE HEART OF TRANSFORMATION

Sustainability is at the heart of our purpose - to create sustainable benefits for all our stakeholders through a shared value approach.

We integrate sustainability into our corporate strategy and prioritise our obligation to pursue sustainability to deliver a positive social and economic contribution to all our stakeholders.

We continue to refine our Sustainability Strategy to ensure that it is responsive and relevant to the needs of our people, the society and the environment in which we operate. We strive to continually improve our sustainability reporting each year to provide greater transparency about matters which are most important to our stakeholders.



Uitkomst Colliery

We are committed to a shared value approach, seeking to balance shareholder returns and profits against the needs of our people and the society in which we operate to ensure that we create value for ALL our stakeholders :



Our shareholders
return on their investment



Our regulators
we drive a beyond compliance approach



Our employees
create a conducive working environment to retain and develop our people



Our communities
uplift our communities, and create opportunities for benefit



Our customers
operate in a fair and equitable manner



Our neighbours, landowners and civic society
demonstrating courageous leadership, pursuing collaboration, and seeking compromise.

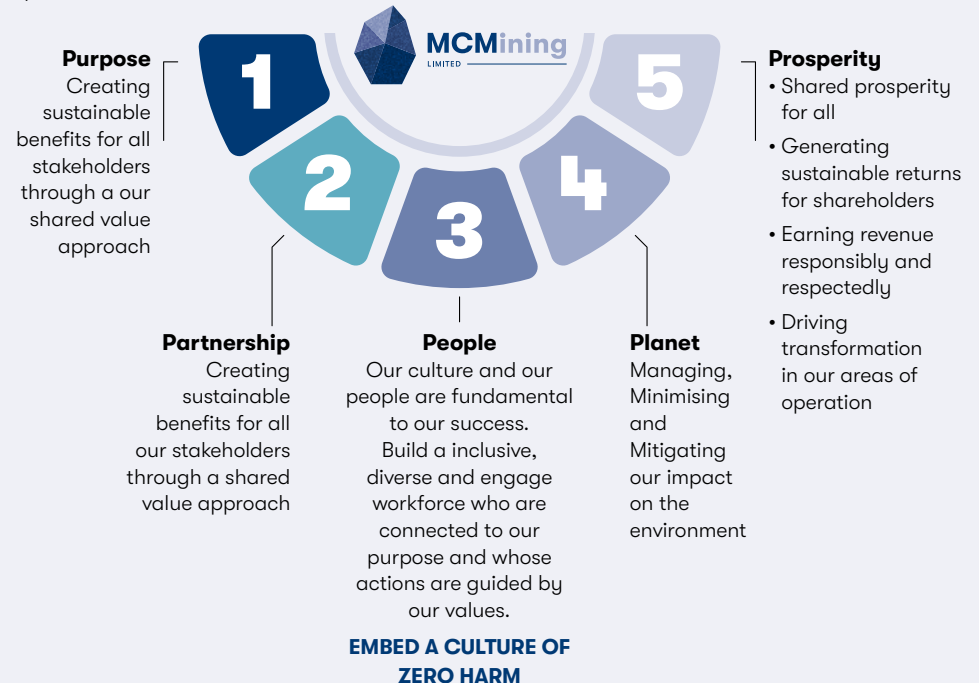
Sustainability is a priority at MC Mining and we believe that when our resources are developed sustainably, we can change the lives of the people in our areas of our operation for the better. It is fundamental to delivering on our corporate strategy, and we actively engage all our partners to support this. Our values of integrity, leading by example, and care, respect and trust are the guiding principles of our strategy.

Our sustainability strategy is aligned to the UN's Sustainable Development Goals (SDGs) and we contribute to these goals by upholding the internationally recognized standards and principles on human rights, labour, the environment and the economy.

This report considers our interactions with our people, our communities, our environment and society. Our operations strive to build sustainable communities through creating local jobs, empowering and investing in local communities. We actively promote enterprise and supplier development through our supply chain processes, and implement a number of training and development initiatives to build capacity within the society in which we operate.

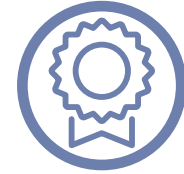
SUSTAINABILITY FRAMEWORK

Our framework guides our journey towards sustainable development and enables us to operate in the best interests of our shareholders and our communities, while minimizing our impact on the environment.



Sustainability review – Our Approach continued

OUR VALUES

**SAFETY**

We put safety first in all we do

INTEGRITY

We are honest, fair, ethical and transparent

CARE, RESPECT AND TRUST

We always treat people with respect, dignity and common courtesy regardless of background, lifestyle or position

PROFESSIONALISM

We maintain high professional standards in all that we do

ENTREPRENEURIAL SPIRIT

We continue to find innovative ways to create value for all our stakeholders

LEAD BY EXAMPLE

We lead others by our actions

FOUR PILLARS OF SUSTAINABILITY

Our sustainability strategy is premised on four pillars:

There is a renewed focus on four all pillars as we strive for the sustainable use of resources.

**ENVIRONMENTAL**

Preserving the environment through a more rational use of natural resources.

1

**SOCIAL**

Contributing to the general social development of the environment in which we operate.

2

**ECONOMIC**

Focusing on the efficient use of resources to improve profitability and achieve economic growth.

3

**HUMAN**

Nurturing and developing the human component of MC Mining and society.

4

Sustainability review – Our Approach continued

THESE PILLARS ARE BEING INTEGRATED INTO THE OPERATIONS ACROSS THE GROUP IN THE FOLLOWING MANNER:



Sustainability Pillars	Environmental	Social	Economic	Human
Creating sustainable benefits for all our stakeholders through a shared value approach				
Theme	Beyond Compliance Approach Preserving the environment through a more rational use of natural resources.	Shared purpose to transform our areas of operation Contributing to the general social development of the environment in which we operate	Generating sustainable returns for shareholders Earning revenue responsibly and repeatedly	Shared Prosperity for all As MCM thrives so must our people.
Purpose	Direct all our efforts to deliver positive and long-lasting environmental outcomes and sustainable legacy for local communities	To Build Trust, Co-Operation and Community Across Our Differences • Build sustainable communities • Foster social cohesion • Create meaningful jobs • Develop skills and capacity	Embed sustainability into all elements of the business	Build an inclusive, diverse and engaged workforce who are connected to our purpose and whose actions are guided by our values.
Legal/ Regulatory Framework	MPRDA NEMA, NWA, National Waste Act	MPRDA	ASX, AIM, JSE Kings Code	MHSA Labour Relations Act, BCA, EEA
Intervention	Minimising our impact on • Land (Culture, Heritage, Biodiversity) • Water (Clean Water and Sanitation) • Air (Climate Change) through an ESG approach	• Social and Labour Plan • Corporate Social Investment		Attract, Retain and Develop: • Diversity and Inclusion • Capacity Building • Talent Management • Employee Engagement

Sustainability review – Our Approach continued

OUR KEY SUSTAINABILITY ISSUES

Our ability to create value in the short, medium and long term may be affected by matters which substantively impact our strategic objectives. Integral to our planning processes is identifying and evaluating these matters that are of common material interest to our stakeholders and our business, as well as understanding how these matters will affect our ability to create value. Our success will be measured by how well we manage these issues.

The aim of our materiality assessment is to ensure that the issues of society, environment and economy which pose risks and opportunities to MC Mining are identified and addressed. We conducted a desk top exercise with key stakeholders to determine these material matters.

Category	Issue	Description of Potential Impact S – Social ENV – Environment E – Economy	Mitigation Measures
Social	Maintaining our social licence to operate • Stakeholder engagement - building sustainable relations • Engaging transparently and collaboratively with integrity • Fostering social cohesion amongst communities • Building trust with communities within our area of operation • Community activism and unrest	S – The strength of our social licence to operate is an important consideration for sustainability. S – Fostering social cohesion within our communities minimises the scope for community unrest.	E – Implement the shared value approach to maximise the benefits for community participation throughout the value chain. S – Skilled team to drive the execution of the strategy. S – Identify mutually beneficial issues aligned to our purpose and seek common ground to achieve these.
Social	Create a dialogue on assessing and managing the impact of the Just Transition	E/S – It is generally accepted that moving towards renewables makes economic sense. This could however have an impact on the workforce and must therefore be designed in a socially just and fair way. E/S – Just Transition must secure the future and livelihoods of workers and their communities in the transition to a low-carbon economy.	E/S – Conversation series on “Just Transition” and the company’s position, role and potential action E/S – Preparing the workforce to fully participate in the low-carbon economy while minimizing the impacts of labour market transitions. E/S – Identifying and supporting inclusive economic opportunities for workers in their communities. S – Ensure effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights. S – Develop a just transition model that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind.

Sustainability review – Our Approach continued

OUR KEY SUSTAINABILITY ISSUES CONTINUED

Category	Issue	Description of Potential Impact S – Social ENV – Environment E – Economy	Mitigation Measures
Environment	Managing the impacts of climate change	E – The financing of new coal projects is a challenge. Most local and international financial institution seem to have resolved that they will not be funding fossil fuel projects given the pressures of climate change. E – The metallurgical sector is being tarred with the same brush, but steel and ferro-alloys are critical in the development of renewables, and metallurgical coal is still essential. It is generally accepted that there is a 30-year development window for “green steel” production to become feasible. ENV/S – There is a growing drive by societies to achieve net zero carbon emissions. E/ENV/S – It is generally recognised that climate change could impact the sustainability of society and industrial users, e.g. the impact of increasing water stress on operations, impact of increasing flooding episodes on infrastructure/ assets.	E/ENV – Adoption of latest technology, infrastructure design and methodologies, and embracing opportunities presented such as carbon abatement and offset projects. E/ENV – Project level interventions to adapt methodologies and technologies to address climate change mitigation and decarbonise operations. E/ENV – Identifying and implementing renewable energy opportunities in partnership with regional stakeholders. ENV – An actionable climate strategy that demonstrates a recognition of the potential impacts of climate change on the operations. ENV – Setting of carbon reduction targets at operations and identifying feasible carbon abatement strategies and projects to help achieve the carbon reduction targets. ENV – Identify climate adaptation corridors as part of a Biodiversity Offset programme.
Environment	Water scarcity	E/ENV/S – Various development sectors (agriculture, mining, industry), society and the environment are competing to secure sufficient water at a high level of assurance. E/S – There is an ongoing increase in demand by agriculture to ensure food security for the growing population. S – Lack of water infrastructure maintenance prevents communities from accessing adequate water of an acceptable quality.	E/ENV – Assess opportunities to reduce freshwater consumption by replacing freshwater with non-freshwater sources. E/S – Assess opportunities to reduce regional water losses in conjunction with the relevant Water Boards / local municipalities. E/S – Upgrading and replacing of community water supply in host communities. E/S – Participation in regional water reduction initiatives and water infrastructure developments.

Sustainability review – Health and Safety



**We are
resolute in
our pursuit of
Zero Harm**

Our people are our number one priority. They are our greatest asset, and their health and safety is our most pressing focus. Our goal is to ensure Zero Harm. Every day, all our actions are geared toward that goal.

We aim to embed and integrate the Zero Harm culture into all our activities:

- Through an integrated approach across all we do

- Through a proactive approach
- Through a collaborative approach

We continue to develop our safety and health culture as our business continues to grow, working together to achieve the goal of Zero Harm. Through various awareness and safety campaigns, we strive to entrench our Zero Harm Culture and Zero Tolerance for unsafe behaviour and practices.



OUR APPROACH

Our approach is aligned with the UN SDG Goal of ensuring good health and wellbeing for our people and executed within our internal health and safety performance standards outlined in our Sustainability Policy.

In line with our values, we focus on:



Lead by Example

Highly engaged, visible and accountable leadership, leading by example are essential in ensuring that all our people are safe. There is ongoing engagement with mine management and their respective departments on health and safety risk management, and our continually updated operational procedures.



Enhance Capacity

Our goal is to enhance the capacity of our employees to manage health and safety risks. We strive for continuous improvement through learning lessons from incidents and events, to ensure that these are preventable in future. Our training programmes focus on creating a mind-set shift in which every employee embraces our ultimate objective of zero harm, and working together to create an incident and injury-free environment.



Manage Risk

We manage our health and safety risk through our risk management processes which are central to our operational and project management. Through these processes we identify, assess, and analyse and address or mitigate risks associated with our business and operational activities. Our safety approach is reviewed regularly to ensure that our approach remains relevant and is aligned to global best practice.

Our communication and awareness programmes focus on ensuring that all our people are aware of our safety targets, strategies and gaps in developing leadership skills in safety.



Improving Performance

We continually strive to improve our performance against global best practice. This is done through our awareness campaigns, dialogue sessions, accountability training, and ongoing assessment and review.

OUR PERFORMANCE

For the first time, the MC Mining Group will now report its safety performance, whereas in the past we reported on our only operation, the Uitkomst Colliery. The recommencement of activities at the Vele Aluwani Colliery, and the commencement of early works at the Makhado Project has led to the inclusion safety statistics for these sites.

For the Limpopo assets, we have appointed a Regional Safety Manager, as well as Safety Officers at both at the Vele Aluwani Colliery and the Makhado Project.

Our safety targets are reviewed annually, and stringent systems and process are applied.

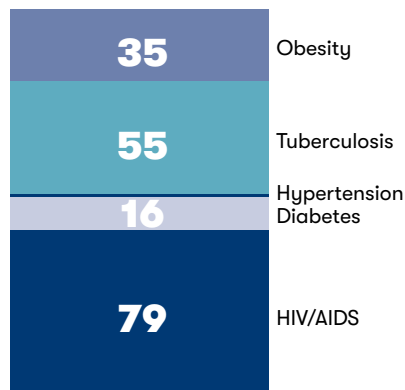
Sustainability review – Health and Safety *continued*

UITKOMST COLLIERY

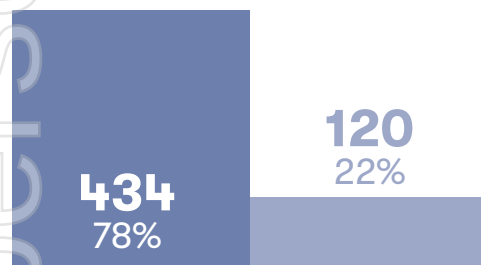
The Uitkomst Colliery achieved **eight years of fatality-free operations** (since January 2015). The Lost Time Injury Frequency Rate was 1.17, up from 1.12 in the previous year.



Breakdown of diseases

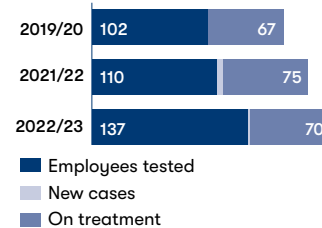


Gender breakdown



HIV/AIDS

79 ↑3



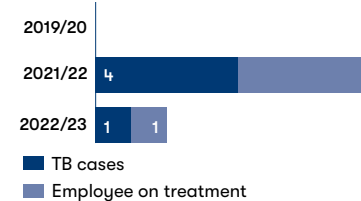
Pneumoconiosis

0

Suspected case **1**

Tuberculosis

1 ↓3



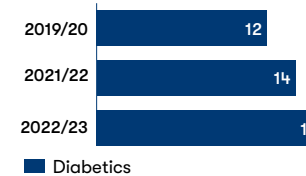
Noise induced hearing loss

0

Suspected case **0**

Diabetes

15 ↑1



Hypertension

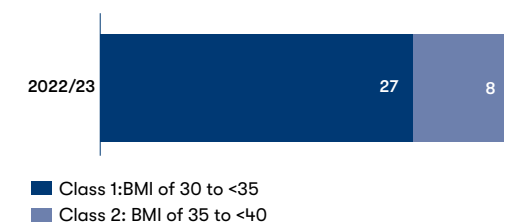
55 ↑2



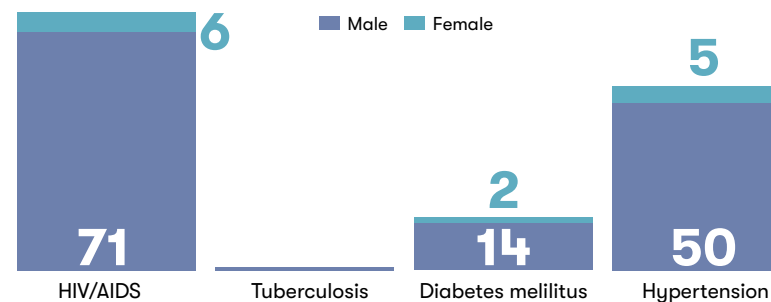
Obesity

35

Case



Disease according to gender



Health and wellness

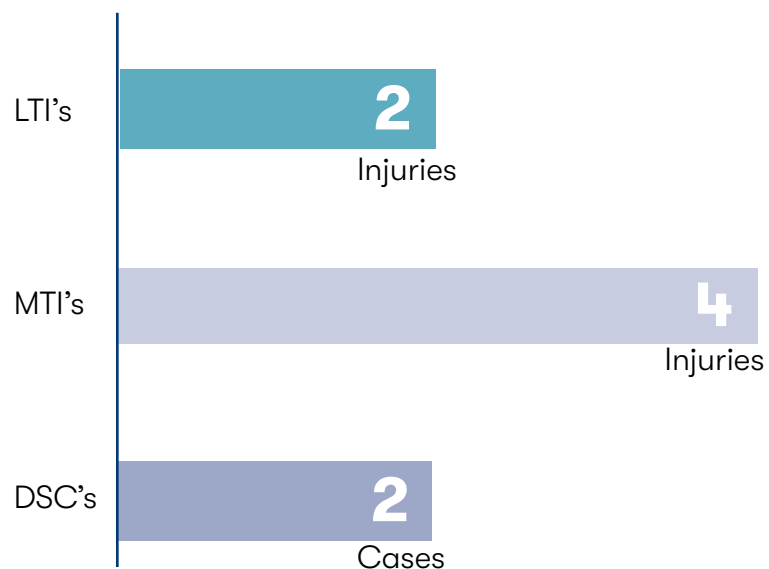
Sustainability review – Health and Safety *continued*

VELE ALUWANI COLLIERY

The Vele Aluwani Colliery recommenced operations in December 2022 on an outsourced basis. The Colliery has achieved a 0.7 LTIFR.

Severity of Incidents

8 Safety incidents



Vele Aluwani Colliery

Occupational Health

HIV/AIDS	Tuberculosis	Diabetes
3	0	12
Hypertension	Pneumoconiosis	Noise Induced Hearing loss
52 up by 1 ↑	0	0
Obesity		
Level 1 (30-35)	Level 2 (36-40)	Level 3 (40+)
73	29	11

Sustainability review – Health and Safety *continued*

In June 2023, we launched the **Vikela Safety Campaign at Vele Aluwani Colliery.**

Vikela Safety Campaign launched in June 2023, with the awareness campaign rolled out in June 2023. In line with our approach of visible felt leadership, the senior management of the outsourcing arrangement was present and led the campaign.

Vikela is a Zulu word meaning **To Prevent**. All employees were encouraged to use the slogan:

Vikela... Prevent
incidents. In Venda,
“*U tshireledza*”

In addition, we have included in our safety reporting:



Identification of
High Potential Hazards



High Potential
Incidents

OCCUPATIONAL HEALTH

An independent occupational hygienist is employed at both the Uitkomst and Vele Aluwani Collieries to conduct regular monitoring at our operation and projects, thus ensuring compliance with airborne pollutants, thermals stress and occupational noise requirements. An Emergency Response Vehicle is also contracted to provide emergency health services to Vele and the Makhado Project.



Sustainability review – Stakeholder engagement

SECURING AND MAINTAINING OUR SOCIAL LICENCE TO OPERATE

Our ability to unlock and create value is dependent on our relationships with our stakeholders, our activities and the difference we make to society. We acknowledge our role in society, particular in the areas in which our operations are located, and we recognise our potential to actively contribute to developing sustainable communities and a building a thriving society.

Through engagements with our key stakeholders including our people, communities, traditional leadership, regulators, customers and civic society, we clearly understand the needs and expectations of our stakeholders. Our goal is to develop mutually beneficial relationships to ensure that our stakeholders clearly understand our purpose and that we work together to deliver value.

We recognise that our success is not only measured by the financial returns we deliver to shareholders, but also the value we deliver to society. Striving to earn and maintain our social licence to operate, we engage with our stakeholders regularly to build enduring, inclusive and mutually beneficial relationships as we seek at all times to maximise the benefits for society through our activities.

We operate in complex, multi-stakeholder environments with massive challenges of poverty, high unemployment, low skills levels and few opportunities. Our stakeholders frequently have high expectations from our operations, which constitutes a key risk, as we strive to address their concerns by rapidly seeking to deliver appropriate projects. Our stakeholder engagement processes focus on capacity-building to develop a shared understanding and purpose to work together to change the lives of our communities for the better.

STAKEHOLDER ENGAGEMENT STRATEGY

Our stakeholders are defined as those interested in and potentially affected by our operations and projects. A stakeholder engagement strategy is key to building and securing the trust of our stakeholders. Our engagement strategy is direct and managed through our Corporate Affairs Department at a corporate and mine site level.

The vision of the strategy is to build social cohesion and social capital within communities in order to develop sustainable communities through inclusive, transparent and regular engagement.

Through our engagement with our communities, we aim to understand and skilfully manage their expectations and challenges, and work collaboratively with them to create social, environmental and economic value.

Our stakeholder groups include:



Shareholders and investors



Our employees, organised labour structures and contractors



Local communities and traditional leadership



Regulatory authorities at a national, provincial and local level



Landowners and neighbours



Civic society partners

Our stakeholder strategy seeks to:

1

Identify
stakeholders, their needs, challenges and expectations

2

Engage
with stakeholders regularly and proactively to share relevant and empowering information, seek mutual understanding and **shared purpose**

3

Integrate
information into decision making processes at all levels

4

Create and enhance
value for all

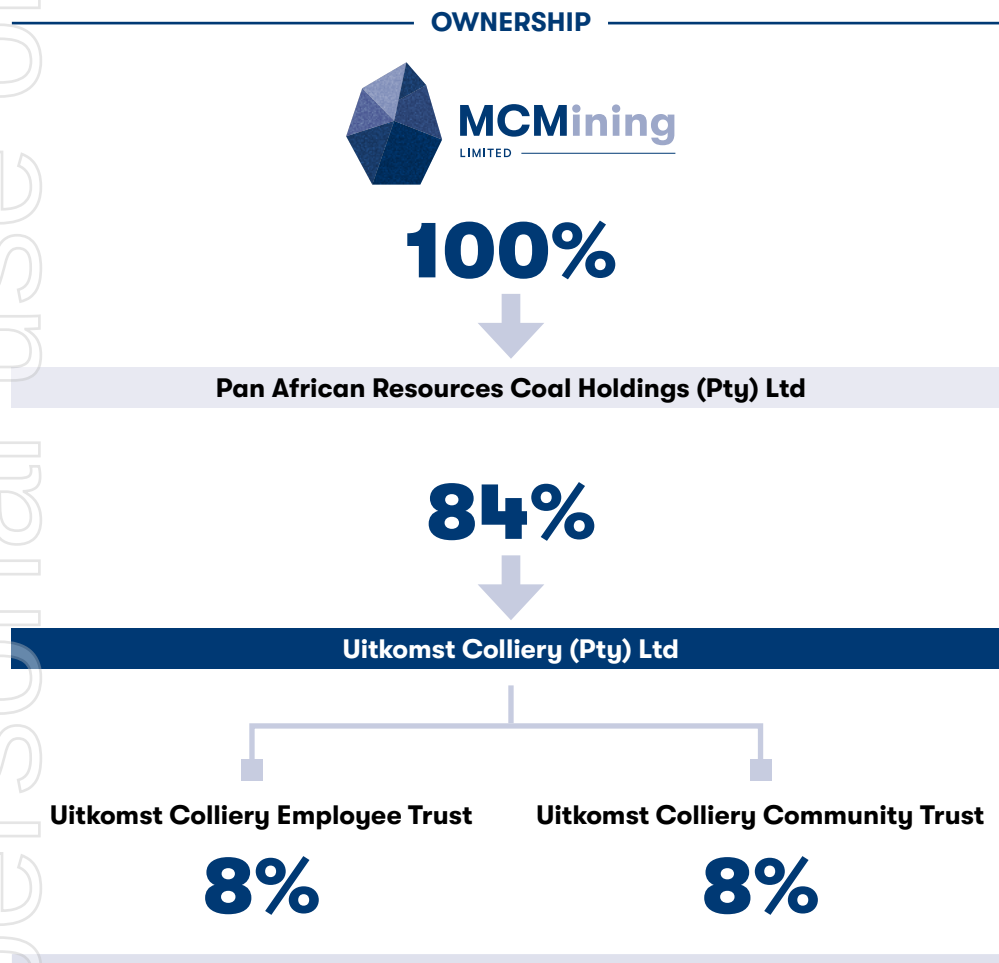
5

Review, Assess and Report
progress

Sustainability review – Stakeholder engagement continued

UITKOMST COLLIERY

The Uitkomst Colliery is located on Farm Uitkomst which is leased from the Qophumlando Community Property Association, comprising 57 beneficiary families which reside on the farm. We have conducted a door to door survey to develop a demographic analysis of our directly affected communities. In December 2022, we acquired the shareholding of Mcijo Trust resulting in MC Mining holding an 84% interest in the Colliery. The Uitkomst Colliery is located on Farm Uitkomst which is leased from the Qophumlando Community Property Association, comprising 57 beneficiary families which reside on the farm. We have conducted a door to door survey to develop a demographic analysis of our directly affected communities.



Engagement structures

Structure	Stakeholder Groups	Mandate	Meeting Frequency
Qophumlando Community Property Association	Community	Legal entity to enter into agreements: • Lease Agreement • Ownership Agreement	Quarterly, and when required
Various Community Structures	Community	General community issues : • Employment • ESDP • Community Benefit • SLP	As and when required
AMCU	Organised Labour	Employee Matters	Quarterly
FALWUSA Programme for Women in Mining (ProWIm)	Employee (EEA)	Attract women into mining and retain in the Colliery	Quarterly
Emadlangeni Municipality	Local Government	SLP Socio Economic Benefits	Quarterly
Regulatory Authorities	Authorities National – DMRE, DHSWS, DRDLR Provincial – DHSWS, DAFF	Compliance and legislative framework	Annually Individual Departments quarterly

DEPARTMENTAL ACRONYMS

AMCU	Association of Construction and Union	DoA	Department of Agriculture
DAFF	Department of Agriculture, Forestry and Fisheries	DRDLR	Department of Rural Development and Land Reform
DEFF	Department of Environment, Forestry and Fisheries	FALWUSA	Free at Last Workers Union of South Africa
DHSWS	Department of Human Settlements, Water and Sanitation	LEDET	Limpopo Economic Development, Environment and Tourism
DDMRE	Department of Mineral Resources and Energy		

Sustainability review – Stakeholder engagement continued

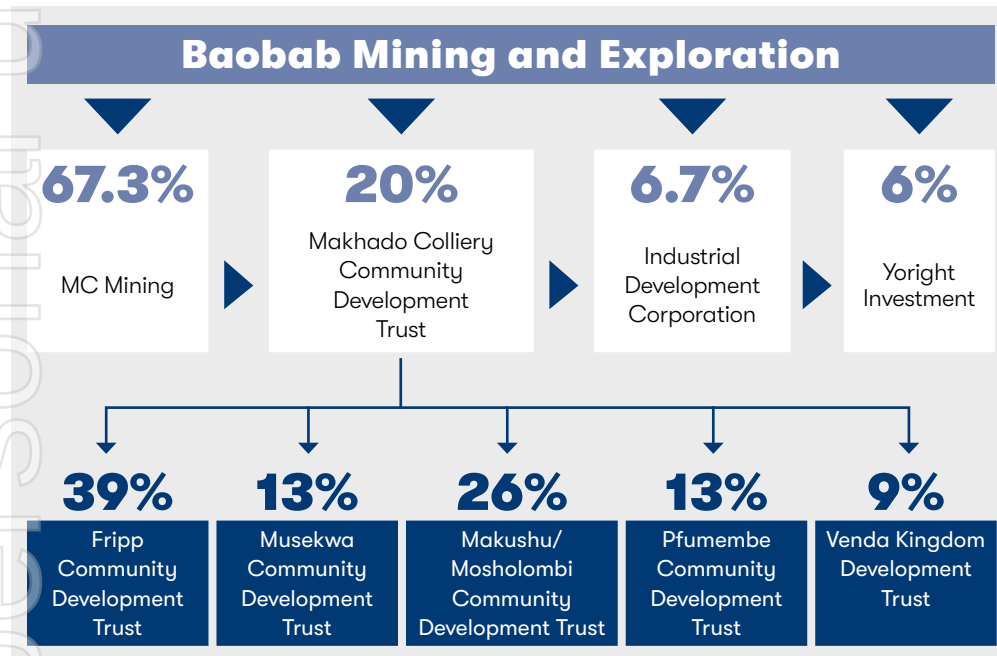
MAKHADO PROJECT

The Makhado Project is located within a complex, multi-stakeholder environment. It stretches across five farms, with seven beneficiary communities.

Community	Location	Category	Households	Population
Mudimeli	Fripp Farm	Host community	985	6,400
Mulambwane				
Nekuvule				
Moshomlombi	Telema/Grey	Neighbouring Communities	280	1,680
Makushu			320	1,920
Pfumembe			141	846
Musekwa	4 main villages	Land Claimants	2,750	16,500
Totals			4,476	27,346

OWNERSHIP

The Makhado Colliery Community Development Trust holds a 20% stake in Baobab Mining and Exploration, split equally across the communities.



As we continue to advance the Makhado Project, we have resumed more frequent engagement with the established stakeholder engagement structures. On 23 March 2023, an Information Sharing Day was held at Makhado Centre of learning, with more than 650 people in attendance.

An update on the project was shared and opportunities for participation through job creation, procurement training and development were shared.

The Sustainability Team also held a three-day registration drive, going to each community to get individuals to register their skills and entrepreneurs to register their companies on the Stakeholder Management System.



The Makhado Engagement Structures are as follows:

Structure	Stakeholder Groups	Mandate	Meeting Frequency
King's Advisory Forum	Traditional Leadership	Structure for sharing of information regarding development in the Venda area	As and when required
Makhado Chiefs Forum	Traditional Leadership	To deal with traditional and ancestral matters	Quarterly
Makhado Colliery Community Consultative Forum	Community	Structure to share information on Makhado, and to deal with community issues	Quarterly
Communities	Community	Engagement with communities through mass meeting to share information	Annually
Authorities			
Integrated Government Forum (IGF)	National: DMRE, DHSWS, DFFE, DRDLR	Compliance and legislative framework	Annually
	Provincial: LEDET, DAFF,		Individual Departments quarterly
	Local: Makhado, Musina and Municipalities		

Sustainability review – Stakeholder engagement continued

VELE ALUWANI COLLIERY

Before the recommencement of operations at the Vele Aluwani Colliery, a roadshow was conducted with the various stakeholder groups to engage with them on the potential reopening of the Colliery. The local and provincial government were consulted, along with other community structures.

The stakeholder groups of the Vele Aluwani Colliery are varied, due in part to the proximity of the mine to the Mapungubwe World Heritage Site. These include Land Claimant communities, authorities at a national, provincial and local

level, neighbouring landowners, the Save Mapungubwe Coalition (representing a number of statutory bodies like Birdlife South Africa, Endangered Wildlife Trust, the Association of Southern African Professional Archaeologists (ASAPA) and UNESCO, amongst others.

In March 2023, we engaged with community stakeholders residing in the village of Muswodi, as well as those in Musina. Each of these events were attended by just over 1 300 people.

The Vele Environmental Management Committee (EMC), an oversight committee in terms of Vele's Environmental Authorisation

was established in 2012. The membership of the EMC includes representatives from relevant organs of state at a national, provincial and local level, civic society (represented by the Save Mapungubwe Coalition), farmers' forum and other stakeholder groups identified during the EIA process. The quarterly meetings are well attended, and are characterised by robust debate and constructive discussion on global best practice. There is a shared mind set to ensure improved levels of compliance at the colliery.

In October 2014, an MC Mining, the Department of Environmental Affairs and

the South African National Parks (SANParks) signed historic Biodiversity Offset Agreement (BoA) to strengthen co-operation between the three parties towards the conservation and sustainable development of the Mapungubwe World Heritage Site protect the outstanding universal value of the Mapungubwe Cultural Landscape.

A Project Steering Committee (PSC) was instituted to implement and manage the project of the BoA, and to deliver on its objectives. Throughout FY 2023, the PSC continued to oversee the implementation of the projects of the BoA.

Structure	Stakeholder groups	Mandate	Meeting frequency
Environmental Management Committee (EMC)	MC Mining, DMRE, DFEE, DHSWS, Capricorn and Blouberg Municipalities, Weipie Farmers Association, Coalition	Established in terms of the EA to monitor environmental compliance	Quarterly
Heritage Sub-Committee	DFEE, SAHRA, SANParks, Coalition, ASAPA, MC Mining	Sub-committee of the EMC to monitor compliance within the approved Heritage Management Plan	Quarterly
Water Sub-Committee	DHSWS, Farmers Association, Coalition MC Mining	Sub-committee of the EMC to monitor compliance within the approved IWUL	Quarterly
Project Steering Committee	DFEE, SANParks, MC Mining	Established in terms of the Biodiversity Offset Agreement	Quarterly
Vele Community Forum	Land claimant communities Tshivhula, Machete and Leshivha	To provide updates to community on the project and the SVM	Bi-annual
Authorities	National: DMRE, DHSWS, DFEE, DRDLR Provincial: LEDET, DAFF, DoA, Local: Musina and Vhembe municipalities	Compliance Legislative framework Socio-economic transformation	

Sustainability review – People and culture

Our purpose is to improve people's lives and to drive change – not only in what we do by how we do it.

Through courageous and decisive leadership, we strive to collaborate to unlock value for all our stakeholders. We strive to create a positive workplace culture where employees and business partners with different backgrounds, lifestyles, and abilities are respected, have equal rights, and are given the opportunity to succeed. We recognise that significant value can be derived through diverse perspectives and views.

Through our onboarding process, we ensure that our values are constantly communicated, that every person in the organisation clearly understands his or her value and is connected to our purpose.



Uitkomst Colliery



COURAGEOUS AND DECISIVE LEADERSHIP

The Standards against which this is done include but are not limited to: United Nations Global Compact, OECD recommendations on corruption; Mining Charter, BBBEE Codes of Good practice. Matters to be considered: Promotion of equality, prevention of unfair discrimination, reduction of corruption; contribution to community development; consumer Relationships, Labour and Employment, Ethics Management



1

PRINCIPLED AND ETHICAL LEADERSHIP

Our value system drives our principled approach to doing business

“The MC Mining Way”



ETHICAL AND RESPONSIBLE COMPANY

All our strategies, policies and procedures have been designed to ensure we establish a culture of integrity and ethics



2

OUR PEOPLE AND CULTURE

Building an inclusive culture with a diverse and capable workforce to drive the strategy of the company



LABOUR AND EMPLOYMENT

We ensure the protection of basic human rights, and have a zero-tolerance approach to any discrimination, and recognise the right to collective bargaining



3

STRENGTHENING SOCIETY

Recognizing the transformative potential of our business to change the lives of people in the areas where we operate



SHARED VALUE

Our shared value approach places sustainability at the heart of transformation.



4

SUSTAINABILITY AND ESG

We integrate sustainability into our corporate strategy and prioritise our obligation to deliver a positive outcome for all our stakeholders.



STRATEGIES, POLICIES & PROCEDURES

All our policies and strategies enable us to deliver on all our commitments

Sustainability review – People and culture continued

OUR COMMITMENTS

1

We are committed to achieving zero harm for every person who works for MC Mining.

2

It is our fundamental obligation to provide safe working conditions for all.

3

We strive to create an inclusive culture, build a diverse workforce empowered to live out our values and embrace our purpose

4

Based on our current demographics, we have designed four initiatives to address the human capital risk to the business :

Talent Management

Leading with Purpose – our bespoke personal, professional and Organisational Development Programme

Employee Engagement through Employee Resource Groups (ERGs)

Mentorship Programme

CREATING AN INCLUSIVE WORKPLACE WHERE OUR PEOPLE ARE EMPOWERED, ENGAGED AND CONNECTED TO OUR PURPOSE

Our culture and our people are fundamental to our success. We are committed to building an inclusive, diverse and engaged workforce who are connected to our purpose and whose actions are guided by our values. We believe that an environment which enhances employee wellbeing will also enhance performance.

We strive to change the way our employees and stakeholders experience our business by

creating an inclusive workplace in which:

- Our people live our values in the day-to-day operations of the business
- They are empowered to reach their full potential
- Every person feels that his/her contribution to our business performance is recognised and valued
- There is a shared commitment to growth and continual improvement
- Advocate for each other
- Diverse views and cultures are celebrated and valued.

OUR APPROACH

We employ just over 550 employees at the MC Mining group.

- 35% of our people are characterized as “youth” (the South African definition of youth is 18-35).
- The average age of our human capital is 45.4, against a global average of 41 which speaks to an aging workforce
- Our talent management strategy targets graduates, with a focus on women, and places them on a development programme, under the mentorship of more experienced employees.



Sustainability review – People and culture *continued*

HUMAN CAPITAL SNAPSHOT

Group Permanent Employees

554
Total Employees

434
Males

78%

120
females

22%

Non-white



White



Race & Sex Breakdown

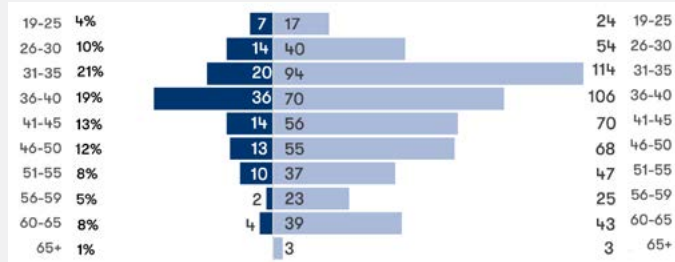
African Male



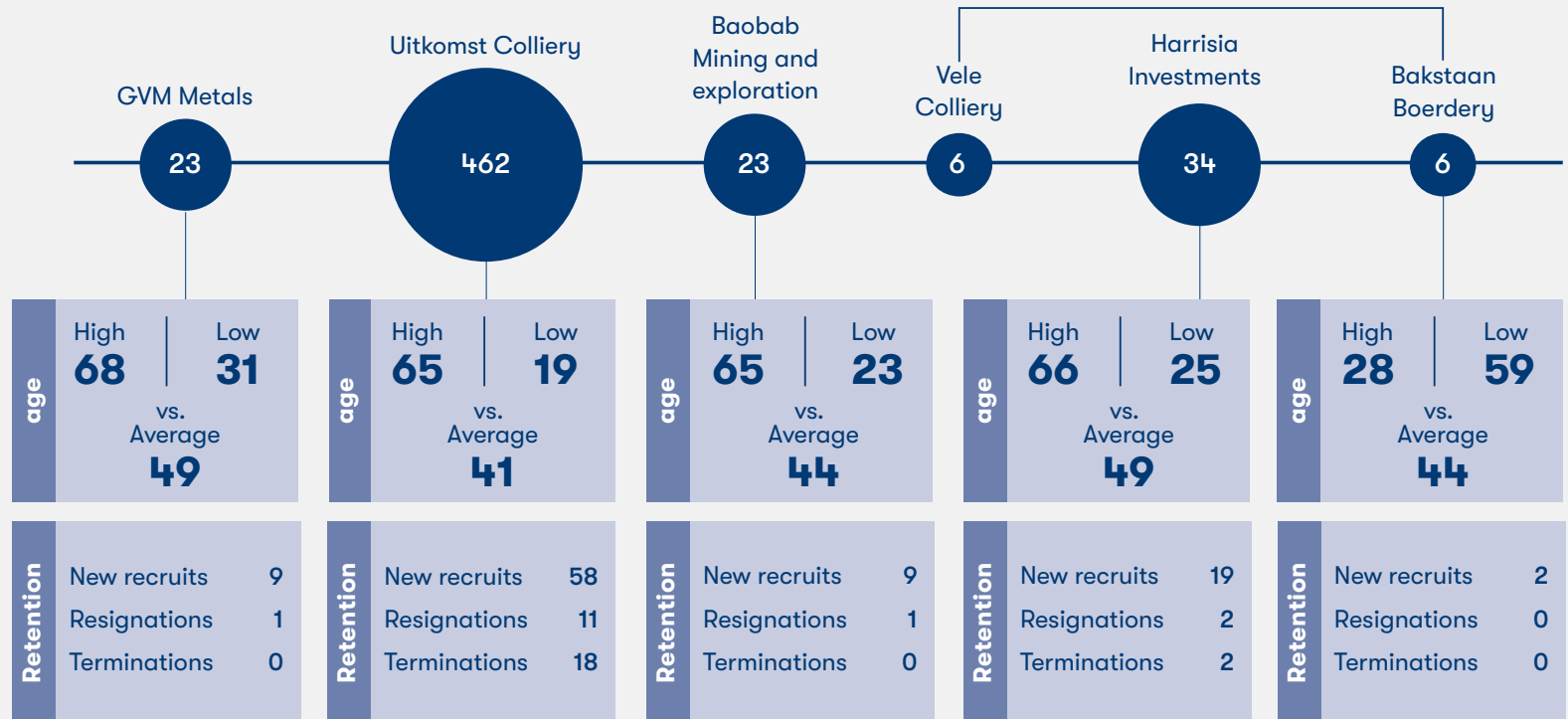
White Male



African Female


 Coloured
Indian
White Female
<3%


- 35% of our people are characterized as “youth”. The average age of our human capital is 45.4, against a global average of 41 which speaks to an aging workforce
- Our talent management strategy targets graduates, with a focus on females and place them on a development programme, under the mentorship of the more experienced employees.



Sustainability review – People and culture continued

TALENT MANAGEMENT STRATEGY

Our workforce is becoming increasingly diverse. 22% of our employees are women, up from 18% in the previous year. We believe that our workforce must reflect the community and society where we operate, and our inclusive recruitment processes target local people in our areas of operation to ensure that we achieve this goal.

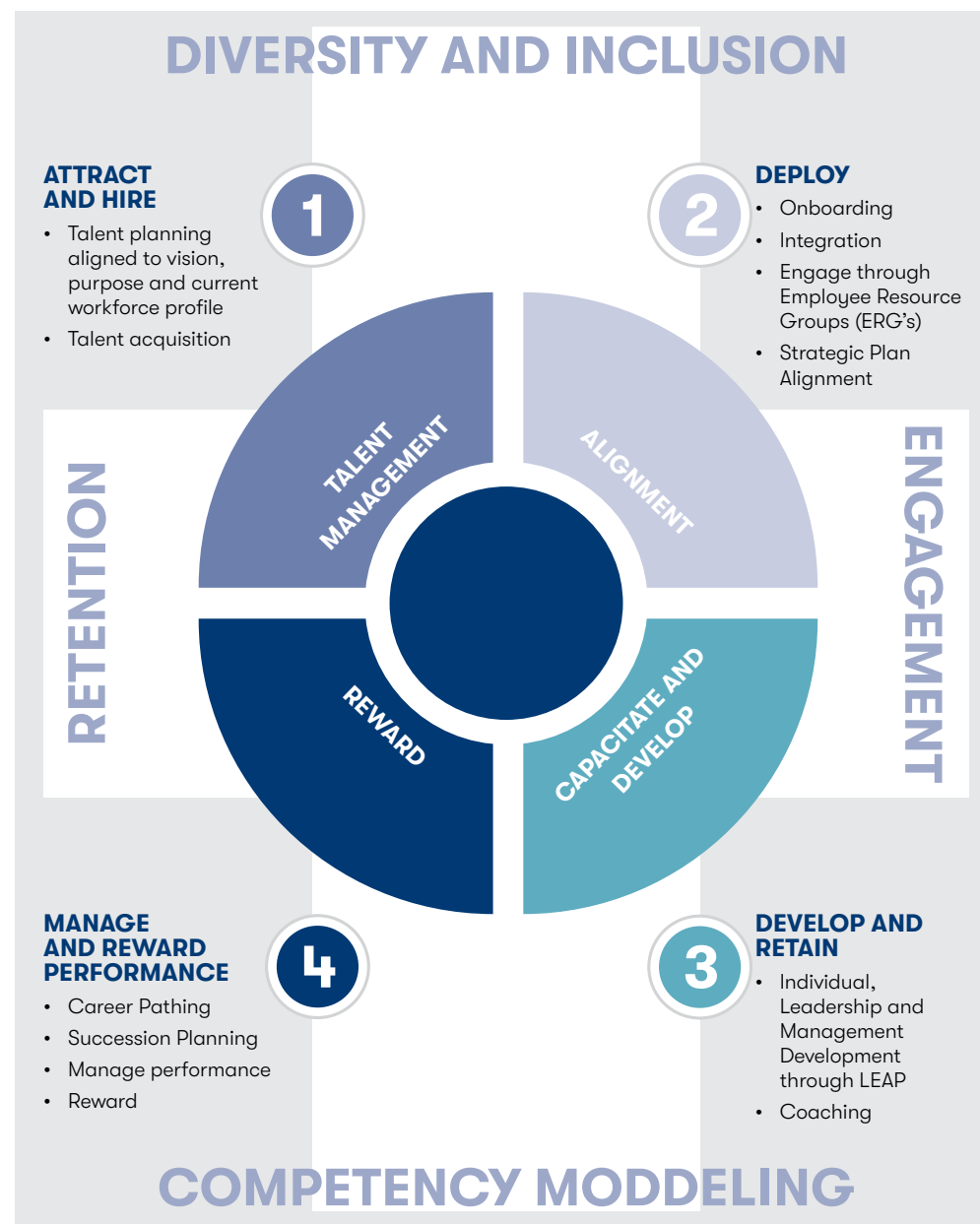
We are committed to promoting a workplace culture and environment in which all people feel that they belong, and their contribution to the success of the company is recognised.

Our values of safety, respect and integrity underpin how we interact and engage with each other, and enable us to attract and retain a talented, diverse and inclusive workforce.

We continually review and redesign our policies and procedures to harness the full potential of our employees, enabling them to thrive and to make a difference in their work environment.



Our approach is premised on the following areas:



Sustainability review – People and culture *continued*

1. Diversity and inclusion

We are committed to building an inclusive workforce and a workplace culture in which every individual feels supported and valued. We continue to train our leadership to support diversity, and we have developed structures and policies that promote and prioritise inclusion and the protection of our employees. Our goal is to promote an environment in which both management and employees consistently

advocate for one another, and remain accountable in their efforts.

In South Africa, women make up 14% of the total workforce employed by the mining industry. At MC Mining, 22% of our workforce comprise women, with Uitkomst showing a marginal year on year improvement to 18%. The South African Minerals Council has set a target of 30-40% of female representation in the mining industry within the next 10 years.

PROGRAMME FOR WOMEN IN MINING – PROWIM

Programme for Women in Mining (ProWim) was launched in 2021 at Uitkomst Colliery to identify and attract more women into our organisation, while we retain talented women through our integrated approach.

A survey was done at the time to determine challenges, needs and opportunities and a bespoke training and development programme developed. These are held on a quarterly basis on a Saturday to ensure all women can attend.

In addition, quarterly review and update sessions are held to determine if the environment and mindsets are changing at our operations.



UITKOMST
COLLIERY
ADDRESS • ATTRACT • ADVANCE • ASSESS

ZELDA RADZUMA, originally from the Mudimeli Community, Makhado Project

As part of ProWim, our Trainee Miner, Zelda Radzuma received her blasting ticket on her first attempt. Zelda, a graduate of our MC Mining Bursary Fund, has been working at our Uitkomst Colliery since completing her studies.



ZWOTHE MUTHAMBI, originally from the Musekwa Community, Makhado Project

Zwothe completed her trade test and is now a qualified diesel mechanic.



Sustainability review – People and culture continued

2. Capacity Building

We encourage a life-long approach to learning, and we offer opportunities for our people to grow. Our consistent approach to training focuses on developing skills and competencies in leadership, sustainability and compliance. Leadership training remains a key focus.

During this year, we launched our Leading with Purpose Programme (LEAP)



The purpose of this programme is to :

- Address the human capital needs of MC Mining and the development potential of the employee.
- Accelerate the development of the high-potential employee by capacitating them with the skills to play a leadership role in the company through a management development programme
- Design a career path for the employee so that he/she clearly understands the value they add to the organisation and the growth opportunities which exist
- Ensure the sustainability of the organisation. MC Mining's talent management strategy will ensure that the appropriate people, with the relevant approach and skills are selected to meet the needs of the organisation.

Current programmes underway are the Miner Development Programme and the Artisan Development Programme

We are reviewing proposals from various acknowledged business schools to appoint an implementing partner for LEAP.

During FY2023, we invested over R12 million on development initiatives.

3. Talent Management

Fundamental to the success of our business strategy is our ability to identify, attract, support and retain talented individuals. Our talent management strategy aims to develop and advance talented people within the organisation and provide opportunities which challenge their abilities

We facilitate leadership training, formal studies, mentorship and internships for our

people to build leadership, management and technical competencies.

Some of the challenges we experience include:

- Attracting highly skilled individuals due to the remoteness of our operations
- Retaining high potential individuals in the various operations due to differing culture and value systems
- Over-representation of white males in management roles at the operations
- Under representation of women in general, and in managerial roles

Talent management

Our human capital are fundamental to the success of our business

The rapid growth of the company has led to a review of the talent management strategy



Purpose	To provide the human capacity required to execute the Organisation's Strategy				
Principles	Align with strategy	Equitable	Collaborative	Internal consistency	Inclusive
Challenges	Aging Workforce	Insufficient Intuitional Memory	Building and sustaining strong talent pipeline	Need to adjust to technological shifts	
Process	Talent planning	Alignment and integration	Learning and development	Reward and retention	
Activities	• Define what is needed, critical roles • Functional expertise by operation, level and location • Search, attract and select	• Engage • Onboarding and integration into Employee Resource Groups (ERGs) • Alignment to Organisational Strategy	• Individual, Leadership and Management Development through LEAP • Coaching • Career pathing • Succession planning	• Career advancement • Performance management • Reward • Retain	

Sustainability review – People and culture continued

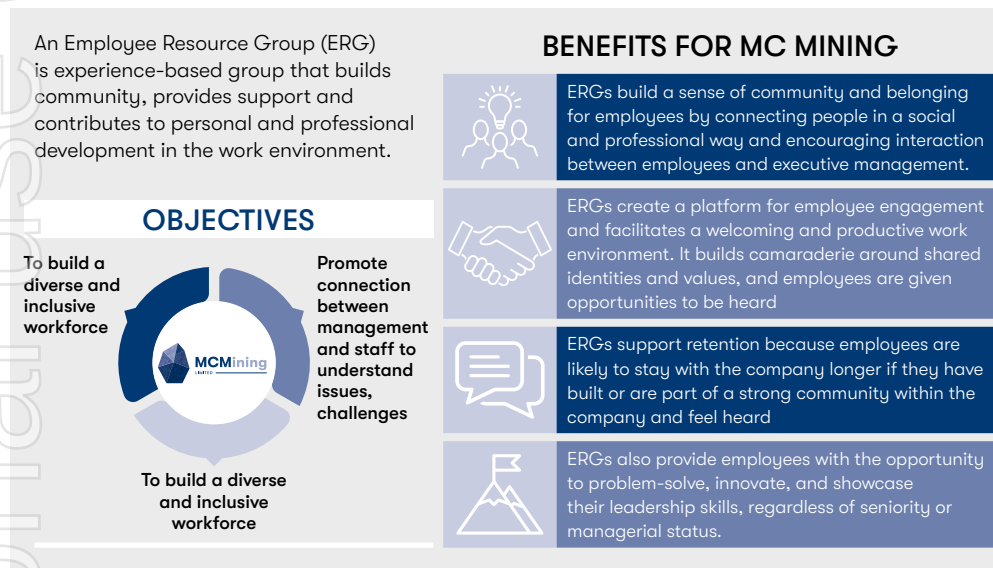
4. Employee Engagement

Engaging with our people regularly, openly and transparently assists us in identifying what works well in the workplace and what needs to be improved. We believe that people who are engaged contribute to the success of our business.

We identified Employee Resource Programmes (ERPs) as a mechanism to build community, provide support for employees and contribute to personal and professional development in the work environment. This ERP creates an open forum for employees who share a common identity to meet and support one another in building their community and sense of belonging.

Employee Engagement – Employee Resource Groups/Committees

An Employee Resource Group (ERG) is experience-based group that builds community, provides support and contributes to personal and professional development in the work environment.



The program facilitates a clear line of communication from ERGs to leadership in order to voice concerns and solve problems. The ERGs provide a resource for leadership regarding employee/community issues, needs and policies.

In 2023, we launched the first ERP at the Uitkomst Colliery called, Operation Phenduka. Other ER's to be formed will focus on:

- Diversity and Inclusion – Embracing our Differences
- Talent Management – Leading with Purpose
- Social Impact Programmes – Making a Difference

5. Performance Management

Our performance management system aims to not just reward our employees for exceptional performance, but also to retain them by continuous planning for career development and growth.

CASE STUDY – EMPLOYEE RESOURCE GROUP – UITKOMST COLLIERY

An Employee Resource Group (ERG) was formed at Uitkomst to deal with the challenges that the colliery was facing :

- Low morale
- Low production
- High costs

In addition, the global challenges of low coal prices, and decreased demand for coal further exacerbated the situation at the Colliery.

Various sessions were held with organised labour, management, and the various departments at the Colliery to identify possible solutions to the challenges.

Within 10 months, the Colliery reached its target. The current goal is to sustain and exceed the target in the new financial year.

This ERG, titled Operation Phenduka, and was implemented in August 2022, with 5 key objectives:

Operation Phenduka

- 1 Increase Production
- 2 Re-evaluate and Reset the culture, renew the value statement
- 3 Review all operations and departments and consider the “way we do things”
- 4 Reduce costs
- 5 Reposition the company’s marketing strategy



Vele Aluwani Colliery stockpile

Sustainability review – Our environmental commitments



MANAGING OUR IMPACT

Effective environmental management is essential to operating ethically and responsibly. We are committed to protecting our natural resources including water, biodiversity, heritage, air, and the ecosystem in which we operate.

We have a responsibility to understand the impact of our business on the environment and our key stakeholders, our communities. We aim to minimize our footprint and create a net positive back to our communities, thus creating sustainable value for society.

We analyse, track and report our ESG impacts and our carbon footprint across the MC Mining group.

We are in the process of designing our Roadmap to NetZero by 2050 to drive a transformative, sustainable transition to net zero through purposeful actions, collaborative interventions and best practice methodology to maximise our contribution to a net positive society. The Roadmap seeks to create a systematic and integrated approach to ESG impact management, which includes the establishment of a Net Zero Advisory Council (NETZAC).

The establishment of MC Mining's NET ZERO's Advisory Council (NETZAC) will bring together a community of experts in their respective fields to drive the company's net zero strategy, transitioning from a commitment to a campaign of action. From a pledge to a practice and from a promise to a plan

in action. Through NETZAC, purposeful conversations on the sustainable future of MC Mining will take place

Our net zero roadmap must be considered in the context of our Sustainability Framework which seeks to protect and preserve both the environment and the communities in our areas of operation.

This Roadmap will reflect the various stages of our projects and operations, and will initially look at a five-year year Strategic Plan. The interventions identified in the roadmap aim to meet our environmental, societal, human and governance obligations. Our approach is guided by our Sustainability Strategy.

OUR APPROACH



DRIVING A TRANSFORMATIVE, SUSTAINABLE TRANSITION TO NET ZERO THROUGH PURPOSEFUL ACTIONS, COLLABORATIVE INTERVENTIONS AND BEST PRACTICE METHODOLOGY TO MAXIMISE OUR CONTRIBUTION TO A NET POSITIVE SOCIETY AND NATURAL ENVIRONMENT



Vele Aluwani

Sustainability review – Our environmental commitments continued

SUSTAINABILITY REPORTING

We measure, analyse, track and report on the following on a monthly, quarterly and annual basis

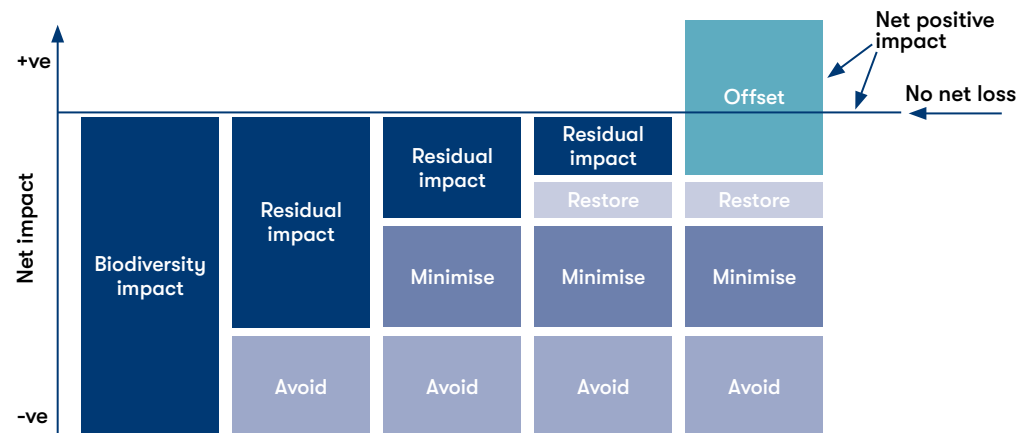
Environment	Social	Economic	Human
• Energy consumption • GHG emissions • Water usage • Waste management • Recycling • Air quality • Biodiversity • Rehabilitation	• Safety performance • Occupation health • Work force • Local procurement • Community spend • Skills development • Social investment	• Sustainable returns • Legal licence to operate • Managing climate related risks and opportunities • Auditing • Bribery and corruption	• Social licence to operate • Diversity and inclusion • Capacity building • Employee and community engagement

Our pathway to net zero will focus on the following areas:

1. Energy Management – building an integrated, clean and resilient energy system by transforming our carbon management strategies, energy production and consumption mix.
2. Water Management – designing a strategy to minimise total water consumption, maximise alternative water sources, interrogate water recycling strategies and designing of zero discharge facilities.
3. Waste Management – designing a zero waste to landfill approach through a circular systems to maximise recycling, minimise waste, recover, repurpose and reintroduce waste back into nature or the market place.
4. Land Management – creating a net positive through transformative land use strategies to meet the challenges change, protect biodiversity, and improve the health and well being of our communities.

BIODIVERSITY OFFSET AT THE MAKHADO PROJECT

The mining footprint of the Makhado Project covers just over 3 700 ha. We have allocated 3 800ha outside of the mining footprint for a voluntary biodiversity offset on a “like for like” basis. This land will be utilised for conservation, heritage, biodiversity and other associated economic benefits co-existence model. Our goal is to create a net positive impact from our operations.



The Environmental Management Strategy and System (EMS) adopted at the Vele and Uitkomst Collieries has been developed as the formal tool for environmental management. These systems are independently audited every quarter, and reports are submitted to the regulatory authorities.

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 is reviewed by the Environmental Management Committee (EMC) on a quarterly basis, and the monitoring programme and/or protocols revised where necessary.

Sustainability review – Our environmental commitments continued

Our environmental goals are based on the following considerations:

Consideration	Goal	Current Activities	Future Outlook/Plans
Water Management	- To reduce our dependence on water due to the water scarcity in our asset locations - To reduce freshwater usage - To prevent the deterioration of water resource quality	The water management systems at the operations have been designed to operate a closed water system with zero discharge to the natural environment. MC Mining's operations strive, through the implementation of continued improvement projects, to reduce water consumption by increasing the use of wastewater in the processing of coal. We employ the latest water management technology at our operations. Clean and dirty water facilities are monitored regularly to ensure compliance with the IWUL requirements. Action is taken in the event of any exceedances.	Produce more accurate site-specific and regional water balances for the active operations. Assess opportunities to reduce freshwater consumption by replacing freshwater with non-freshwater sources. Assess opportunities to reduce regional water losses in conjunction with the relevant Water Boards / local municipalities
Biodiversity and Land Use	- To minimise our land usage and promoting conservation and biodiversity - To invest in biodiversity stewardship	The EMS system adopted at Vele and Uitkomst Collieries are utilised for ecological, environmental and ecosystem management at the operations. The EMS system will be rolled-out at Makhado Colliery upon commencement of construction. Alien Vegetation Eradication Programmes are in place at the active operations.	Implement a Rescue and Relocation Plan at the active operations prior to ground clearance. Develop and implement a Biodiversity Offset strategy for Makhado Colliery once operational. Ongoing rehabilitation as disturbed areas become available.

Sustainability review – Our environmental commitments continued

Our environmental goals are based on the following considerations:

Consideration	Goal	Current Activities	Future Outlook/Plans
Energy Use	• To ensure resource efficiency in respect of energy consumption • To invest in renewable energy sources where possible	Monitoring our energy usage from the national grid and energy produced using diesel generators allows MC Mining to identify any potential opportunity for energy savings.	Ongoing monitoring of energy usage to identify potential opportunities for energy savings.
			</

Sustainability review – Our environmental commitments continued

Our environmental goals are based on the following considerations:

Consideration	Goal	Current Activities	Future Outlook/Plans	
Waste management	• To eliminate unnecessary wastage and waste to landfill by implementing waste reduction, reuse, and recycling initiatives in support of circular economies where practical	Waste is separated at source on operating sites, with waste bins placed strategically in the plant and mining areas according to the colour codes. All the hazardous waste is stored in bunded facilities to prevent and minimise possible pollution.	Implement improved waste monitoring programmes at the operational mines.	
Rehabilitation and closure provision	• To reduce our environmental footprint through concurrent and final rehabilitation • To ensure sustainable and appropriate post-mining land use	Financial Environmental Liability Status		Develop a Rehabilitation, Decommissioning and Closure Plan for each of the operations in line with the requirements of the Regulations pertaining to the Financial Provision for Prospecting, Exploration, Mining or Production Operations (GN1147).

Sustainability review – Our contribution to society

FULFILLING OUR PURPOSE TO DELIVER VALUE

The success of our business is directly linked to our ability to create lasting value for the society in which we operate. We believe that the communities residing within and around our areas of operation should be the main beneficiaries of our activities. In line with the goals of the National Development Plan, and the UN's Sustainable Development Goals, we collaborate with our social partners and local and provincial government to create an enabling environment in which we can reduce inequalities and alleviate poverty. We acknowledge our obligation to drive economic and social transformation in the society in which we operate and change the lives of those who live in it for the better.

Managing the expectations of our communities across the group remains a challenge. The needs of our communities are extensive – jobs, access to basic services, quality education, decent housing amongst others. While we recognise the potential of our shared value approach to address the societal and economic challenges in our areas of operation, we cannot do it alone.

The State at various levels is the primary enabler of inclusive, sustainable development, and the provider of basic services. Partnerships between communities, government and private sector are key to achieving the goals of the National Development (NDP) of reducing poverty and inequality, raising economic growth, increasing

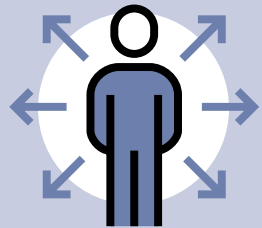
employment, building skills, developing capabilities, amongst others. Our collaborative approach seeks to achieve these ideals.

Through our Social and Labour Plan we build partnerships with communities and local and regional government structures to improve the well-being of our communities. We carefully select the projects in which we invest through a prioritisation of the challenges as we evolve from compliance to sharing value.

Seeking to build thriving communities, we engage and collaborate on building local capacity and sharing economic benefits with our stakeholders.



Makhado Centre of Learning staff



We aim to maximise the opportunities for local communities to benefit from our activities through:



1 Investment in Education

The MCM Educational Support programme invests in various high schools to prepare the Grades 10-12 learners for tertiary education. The Makhado Centre of Learning, accredited by merSETA and MICSETA has provided various training programmes to more than 300 members of the various communities.



2 Investment in Enterprise and Supplier Development

The MCM Enterprise and Supplier Development Programme, the Elevator Point is a strategic mechanism to create jobs, build capacity and diversify the local economy.



3 Investment in Infrastructure

Our investment in roads, water facilities, health and emergency services benefit our communities and will continue to do for years to come.



4 Creating decent and stable employment opportunities

We are committed to hiring local people – 100% of our unskilled workforce and 65% of our semi and skilled employees come from our local communities.



5 Investment in Training and Capacity Building

The MCM Bursary Fund, Artisan Programme and other training initiatives form the basis of local transferable skills and addresses the huge skills gap within our communities.

Sustainability review – Our contribution to society continued

ENTERPRISE AND SUPPLIER DEVELOPMENT



THE ELEVATOR POINT

THE POINT WHERE ENTREPRENEURS ARE
ENABLED, EQUIPPED & ELEVATED

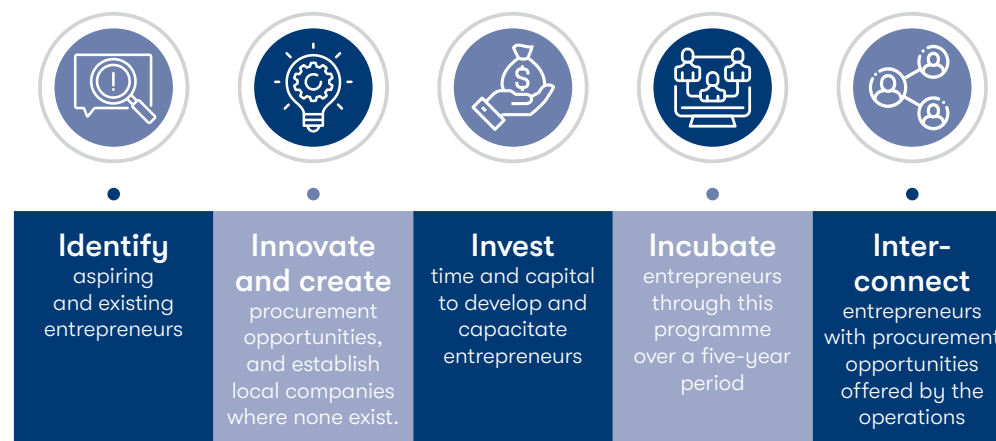
Contributing to local prosperity and sustainability

In partnership with The Business Place, MC Mining, the Elevator Point is the point at which entrepreneurs are elevated to expand their business and become more professional in their service offering.

This incubation-based approach aims to systematically provide holistic support over a five-year period. This includes support and assistance to develop business plans, develop tender responses and budgeting processes. Additionally, the project provides administrative, financial and other support which may be required.

The programme provides monthly training programmes to build capacity and develop business skills, computer skills, entrepreneurship, technical and portable skills like brick making, welding, plumbing and carpentry.

Our ESDP aims to:



In addition, our ESDP provides :

- Start-up funding for newly established SMEs
- Interest free loans to purchase capital equipment
- Payment of invoices within 7 days of receipt
- Assistance with legal compliance – compilation and submission of reports,

The Elevator Point operates at the various operations :

- Makhado Project – from the Makhado Centre of Learning. During early works, local entrepreneurs were awarded contractors to the value of over R45 million. These contracts included water reticulation, construction of a bridge, erection of fencing, upgrading of lodge facilities amongst others. Just over 160 people are employed through this process.
- Vele Aluwani Colliery – from the Vele mine office. Procurement opportunities are ringfenced for communities. These include coal hauling, provision of water bowsers amongst others. Approximately 40 jobs have been created through the local procurement process.
- Uitkomst Colliery – we are in the process of converting the Community Multi Purpose Centre into the Elevator Point.

TRAINING AND DEVELOPMENT AT THE MAKHADO PROJECT

A. Miner Development Programme

Uitkomst Colliery

Zelda Radzuma, a mining engineering graduate from our Bursary Fund, has been placed on the Miner Development Programme at the Uitkomst Colliery. She has completed her training at the Colliery Training Centre in Mpumalanga, and was the only candidate out of six to successfully get her blasting certificate on the first attempt.

Three other trainee miners have also been placed on the programme.

Vele Aluwani Colliery

Thodani Mufamadi, also a graduate of the MC Mining Bursary Fund, has been placed on JCI Mining's Miner Development Programme and is currently working at the Vele Aluwani Colliery.

B. Graduate Programme

We have recruited four of our Bursary Alumni, all from the Makhado Project communities, to work at MC Mining.

C. MC Mining Bursary Fund

Currently there are 13 students on our bursary fund studying in various disciplines and fields ranging from Mining Engineering, Accounting and Safety Management, in line with the organisational needs.

D. Makhado Centre of Learning

The Makhado Centre of Learning was launched in 2017 to build the skills and capacity necessary to access recruitment opportunities at the Makhado Project. This Centre employs 10 people, all of whom are from our surrounding communities.

Directors' Report

The directors of MC Mining Limited (MC Mining or the Company) submit herewith the annual report of the Company and the entities controlled by the Company (its subsidiaries), collectively referred to as the "Group", for the financial year ended 30 June 2023. All balances are denominated in United States dollars unless otherwise stated. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. INFORMATION ABOUT THE DIRECTORS AND KEY MANAGEMENT PERSONNEL

The names and particulars of the directors of the Company during or since the end of the financial year are set out below. Unless otherwise stated, the directors held office during the whole of the financial year:

Nhlanhla Musa Nene

Independent Non-Executive Chairman

Mr Nene holds a B Comm. (Hons) from the University of the Western Cape, Certificate in Economics (UNISA) and a Certificate in Macro and Microeconomics (University of London). He is a former Minister of Finance, in the Republic of South Africa. Previously, he served as Deputy Minister of Finance and Chairman of the Public Investment Corporation, the largest institutional investor in South Africa. During his years in public office he represented South Africa at a number of Multilateral Institutions (IMF, World Bank, G20, BRICS, Commonwealth and the AfDB). Prior to this he held senior positions in financial services at Metropolitan Life. He served as Chairman of the Supervisory Board of Arise BV (Dutch based investment

company with a focus on Africa), Non-executive Chairman of Thebe Investment Corporation and is a former director of Access Bank. He also served as Interim Director and Head of Wits Business School and Honorary Adjunct Professor: Wits Business School. He is the Chairman of the Old Mutual Super Fund.

Godfrey Gomwe

Managing Director and Chief Executive Officer

Mr Gomwe holds the qualifications of Chartered Accountant (Zimbabwe) B Acc(UZ) MBL(UNISA). He is a businessman with over 35 years' experience in metals and mining industries. He is the former Chief Executive Officer (CEO) of Anglo American Plc's global Thermal Coal business, whose responsibilities included oversight over Anglo's Manganese interests in the joint venture with BHP. He served as Executive Director of Anglo American South Africa until August 2012. His career included roles as Head of Group Business Development Africa, Finance Director and Chief Operating Officer of Anglo American South Africa.

Previously, Godfrey was Executive Chairman and Chief Executive of Anglo American Zimbabwe Limited. He also served on a number of Anglo American operating Boards and Executive Committees including Kumba Iron Ore, Anglo American Platinum, Highveld Steel & Vanadium and Mondi South Africa, the latter two in the capacity of Chairman. Prior to joining Anglo American in 1999, Godfrey held many leadership positions and directorships in listed and unlisted companies.

Andrew David Mifflin

Independent Non-Executive Director

Mr Mifflin obtained his BSc. (Hons) Mining Engineering from Staffordshire University

and has a Master's Degree in Business Administration. Andrew has over 30 years' experience specifically in the coal mining arena. His experience spans various organisations such as British Coal Corporation, Xstrata and more recently GVK Resources. He has gained in depth knowledge of coal operations, both thermal and hard coking coal as well as in project development.

Zhen (Brian) He

Non-Executive Director

Mr He holds a Bachelor's degree in Business Administration from Sichuan University and is currently Marketing and Public Relations Executive for Pan African Mining Pvt. Ltd. Between 2012 and 2015, Brian worked as Managing Director of Real Gain Investment Pvt. Ltd and was responsible for infrastructure and construction market development, as well as overseas market investments. He has previously served as Construction Manager for CRI – Eagle Investments (Pty) Ltd and Eagle Canyon Investments (Pty) Ltd.

Khomotso Brian Mosehla

Independent Non-Executive Director

Mr Mosehla is a Chartered Accountant (South Africa) and completed his articles with KPMG. Khomotso worked at African Merchant Bank Limited for five years where he gained a broad range of experience, including management buy-out, leveraged buy-out and capital restructuring/raising transactions. In 2003, he established Mvelaphanda Corporate Finance for the development of Mvelaphanda's mining and non-mining interests. Mr Mosehla served as a director on the boards of several companies, including Mvelaphanda Resources Limited and was the CFO of The Housing Development Agency until March 2021. Mr Mosehla served

as a Chairman of Northam Platinum Limited as well as Zambezi Platinum Limited until June 2021.

An Chee Sin

Non-Executive Director

Mr Chee Sin is an Accredited Tax Practitioner with the Singapore Institute of Accredited Tax Professionals and is also a Chartered Accountant with the Institute of Singapore Chartered Accountants. He has more than 17 years of extensive experience in international and local corporate taxation and co-founded Pinnacle Tax Services Pty Ltd (Pinnacle Tax) in 2004. Prior to joining Pinnacle Tax, he held the position of Director of Corporate Tax with KPMG and has coordinated various advisory projects, including cross-border fund structures, corporate restructurings, treasury and mergers and acquisitions.

Ontiretse Mathews Senosi

Non-Executive Director

Mr Senosi is a qualified mining engineer (University of the Witwatersrand) with over 25 years' experience in mining and project execution. He gained experience at Anglo Coal before successfully pursuing personal business interests in mining, engineering and consulting as well as civil and construction projects, and was a key contributor in the successful execution of numerous coal mining projects. Mr Senosi has extensive experience in opencast and underground coal mining and is the CEO of the Overlooked Mining Group which produces over 7.5 million tonnes per annum of thermal coal for the export and domestic markets. He represents the Senosi Group Investment Holdings (Pty) Ltd, MC Mining's single largest shareholder.

Directors' Report continued

1. INFORMATION ABOUT THE DIRECTORS AND KEY MANAGEMENT PERSONNEL

continued

Junchao Liu

Non-Executive Director

Resigned 10 March 2023

Mr Junchao Liu has a Bachelor of Arts and postgraduate training in international finance and trade from Beijing Foreign Studies University. He served as the Deputy Director of Business Development of Beijing Haohua Energy Resource Co. Ltd (BHE) and Deputy General Manager of Haohua Energy International (Hong Kong) Co. Ltd (HEI). HEI is MC Mining's six largest shareholder and Mr Liu was their representative on the board.

Yi (Christine) He

Non-Executive Director

Appointed: 10 March 2023

Ms He has a bachelor's degree in English Literature from Sichuan University and over 20 years' experience at senior management level.

Her broad commercial experience includes, amongst others, the financing, development and execution of large construction and mining projects.

Julian Hoskin

Independent Non-Executive Director

Appointed: 10 March 2023

Mr Hoskin is a qualified Mining Engineer and holds a Master of Applied Science (Mining Geomechanics) as well as a master's degree in Business Administration.

During his 38 years working as a professional engineer, Mr Hoskin has been exposed to resource evaluation and project delivery and has managed mining operations as well as the construction of metallurgical and thermal coal mines and ports.

Mr Hoskin has developed numerous mining projects in Australia, driving them up the value-curve from exploration to feasibility stage and ultimately, construction of the coal mine. He has extensive mine management experience and has also optimised established mines, ensuring improved returns for stakeholders.

2. DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by the directors in the three years immediately before the end of the financial year are as follows:

Director	Company	Period of directorship
Nhlanhla Nene	None	
Godfrey Gomwe	AECI Limited	2015 – 2023
	Econet Wireless Zimbabwe Limited	2013 – Present
	Orion Minerals Limited	2019 – Present
An Chee Sin	None	
Andrew Mifflin	None	
Zhen Brian He	None	
Khomotso Mosehla	Northam Platinum Limited	2015 – 2021
	Zambezi Platinum Limited	2015 – 2021
Junchao Liu	None	
Mathews Senosi	None	
Christine He	None	
Julian Hoskin	None	

3. DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares or options in shares or debentures of the Company as at the date of this report.

Director	Ordinary shares	Performance rights	Unlisted options
N Nene	–	–	–
G Gomwe*	–	1,474,787	12,000,000
A Chee Sin	–	–	–
A Mifflin	–	–	–
Z He	264,845	–	–
J Hoskin	–	–	–
Y He	36,930,267	–	–
K Mosehla	–	–	–
M Senosi	95,357,455	–	–
	132,552,567	1,474,787	12,000,000

* 4 million options have vested during the year/at year end. The remaining 8 million is subject to the satisfaction of the vesting criteria. The rights were granted in August 2023 as part settlement for a performance bonus.

Directors' Report continued

4. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Information about the remuneration of directors is set out in the remuneration report of this directors' report, on pages 50 to 57.

5. SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During and since the end of the financial year, share options and performance rights were granted to Directors of the

Company and of its controlled entities as part of their remuneration. Details of options and performance rights granted to Directors and senior management are set out on page 55.

6. COMPANY SECRETARY

Mr Tony Bevan, a Chartered Accountant with over 25 years' experience, is the Company Secretary and works with Endeavour Corporate Pty Ltd, the company engaged to provide contract secretarial, accounting and administration services to MC Mining.

7. PRINCIPAL ACTIVITIES

The Company is a limited company incorporated in Australia. Its common shares are listed on the ASX, the AIM of the LSE and the JSE in South Africa. The principal activities of the Company and its subsidiaries are the acquisition, exploration, development and operation of steelmaking (coking) coal and thermal coal projects in South Africa.

The Group's principal assets and projects include:

- Uitkomst Colliery, an operating metallurgical and thermal coal mine with a circa 15-year life of mine (LOM);

- Makhado steelmaking hard coking coal project (Makhado Project or Makhado);
- Vele Colliery, a semi-soft coking and thermal coal mine, which was recommissioned in late December 2022; and
- Three exploration and development stage coking and thermal coal projects, namely Chapudi, Generaal and Mopane in the Soutpansberg Coalfield (collectively the Greater Soutpansberg Projects (GSP)).

8. REVIEW OF OPERATIONS – SALIENT FEATURES

- No fatalities (FY2022: nil) and six LTIs (FY2022: six);
- The Uitkomst Colliery produced 444,984 tonnes (t) (FY2022: 470,597t) of run of mine (ROM) coal during the 12 months to 30 June 2023;
- Uitkomst sold 241,366t of coal in FY2023 (FY2022: 225,096t) comprising 230,181t (FY2022: 199,065t) of premium duff and sized peas and 11,185t (FY2022: 26,031t) of high ash, coarse discard coal – generating sales revenue of \$34.2 million (FY2022: \$23.5 million);
- Uitkomst was impacted by adverse geological conditions and frequent incidents of electricity loadshedding implemented by Eskom, the state power utility, resulting in increased diesel generator usage. Production at the colliery requires extended travel time to the underground mining areas and a revised shift system to increase mining time was implemented during June 2023;
- Thermal coal prices decreased during FY2023 from \$342/t in July 2022 to \$103/t at the end of the financial year;
- Conclusion of a Coal Sales & Marketing Agreement (Marketing Agreement) with Overlooked (Proprietary) Limited (Overlooked), a related party, for FY2023, facilitating the export of Uitkomst coal, taking advantage of elevated international coal prices during H1 FY2023;
- The decline in benchmark API4 thermal coal prices in H2 FY2023 combined with high trucking and port logistics costs resulted in Uitkomst selling its coal on the domestic market in H2 FY2023;
- The Company continued the Makhado Project composite funding initiatives during the year and anticipates that the funding will be concluded in H2 CY2023. The various initiatives underway include amongst others, build, own, operate, transfer (BOOT) funding arrangements, additional senior debt as well as debt/equity instruments, coal prepayments and construction-based financing.
- Updated LOM plan and Coal Reserve estimate for the fully-licensed and shovel-ready Makhado Project, significantly increasing the LOM and improving the project's economics;
- Commencement of managed tender processes to select the outsourced mining contractor, plant and laboratory operators, which are expected to be completed during Q4 CY2023;
- Commencement of critical early works activities including the construction of a bridge across the Mutamba river;
- The mining and processing operations at the opencast Vele Colliery were outsourced to Hlalethebeni Outsourcing Services (Pty) Ltd (HOS) and recommissioned in late December 2022. HOS produced 96,673t of thermal coal since the recommissioning of the Vele Colliery; and
- Limited activities at the Company's GSP during FY2023.

9. CORPORATE SALIENT FEATURES

- Completion of fully underwritten renounceable 1.012 for 1 renounceable rights issue (Rights Issue) through the issue of 200,026,719 new ordinary shares to investors in South Africa, Australia and New Zealand, raising A\$40 million (US\$26.6 million) (before costs);
- The ZAR60 million (US\$3.2 million) owing to Dendocept (Pty) Ltd in terms of the Standby Loan Facility, was settled as part of the Rights Issue;
- Repayment of the remaining ZAR20 million (US\$1.0 million) loan owing to the Senosi Group Investment Holdings (Proprietary) Limited; and
- Buy-back of a 14% interest in Uitkomst held by a minority black economic empowerment partner, increasing MC Mining's interest in the colliery to 84% and ensuring the colliery satisfies the 'once empowered, always empowered' principle.

10. SUBSEQUENT EVENTS

- The Industrial Development Corporation of South Africa Limited (IDC) agreed to extend the repayment date for the R160 million (\$8.5 million) loan plus accrued interest, to 30 September 2023;
- The IDC withdrew the conditional, undrawn R245 million (US\$13.0 million) loan facility, which has been available since July 2019; and
- The MC Mining Directors approved the grant of 3,119,632 performance rights to staff in terms of the Company's shareholder approved Performance Rights plan. These performance rights are in lieu of a deferred cash bonus and will vest in June 2026 if the recipient remains an employee of MC Mining.

Directors' Report continued

10. SUBSEQUENT EVENTS continued

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

11. FINANCIAL REVIEW

- The elevated international thermal coal prices in the first half of the financial year led to the Company assessing alternative coal marketing strategies for Uitkomst and the conclusion of a Marketing Agreement in July 2022. The Marketing Agreement allowed Uitkomst to sell the majority of its coal at prices linked to international coal indexes rather than at floating and fixed price domestic prices. Following the decline in international coal prices at the end of CY2022, the Company sold the majority of its coal on the domestic market and the marketing agreement expired at the end of June 2023.
- Operating cash flows of \$5.8 million (FY2022: \$3.6 million) generated by the Uitkomst Colliery and the Vele Colliery;
- The R/\$ exchange rate continues to be volatile and gains/losses from these elements are unpredictable;
- Contributing to the net loss after tax of \$4.4 million (2022: \$20.8 million) were non-cash charges of \$3.7 million (FY2022: \$19.1 million) which includes the following:
 - Depreciation and amortisation of \$2 million (FY2022: \$2.6 million)

- Share based payment expense of \$0.9 million (FY2022: \$0.8 million)
- Total unrestricted cash balances at year-end of \$7.5 million (FY2022: \$3.0 million).

12. GOING CONCERN

Attention is drawn to the disclosure in the annual financial statements on the going concern assumption (refer note 1), noting that there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors are satisfied however, at the date of signing the annual financial report, that there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The directors have based this on a number of assumptions which are set out in detail in note 1 to the annual financial report. In order to meet its working capital requirements, the Group is exploring and progressing several alternative strategies to raise additional funding including, but not limited to:

- The issue of new equity for cash in the Company or its subsidiary that owns the Makhado project;
- Convertible MC Mining equity funding;
- Further debt funding including composite debt/equity instruments;
- Production based funding and inventory prepayment funding facilities;

- Cash generated from the Company's collieries; and
- Further contractor BOOT funding or construction-based funding arrangements.

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

The conclusion of the debt and equity raise is by its nature an involved process and is subject to successful negotiations with the external funders and shareholders. Any equity raise is likely to be subject to a due diligence process. The Group has a history of successful capital raisings to meet the Group's funding requirements and completed an A\$40 million fully underwritten rights offer during the reporting period. The Company has historically successfully negotiated extensions to the repayment of outstanding debt facilities. The directors believe that at the date of signing the annual financial statements there are reasonable grounds to believe that they will be successful in achieving the matters set out above and that the Group will therefore have sufficient funds to meet their obligations as and when they fall due.

13. FUTURE DEVELOPMENTS

MC Mining's flagship Makhado steelmaking Hard Coking Coal (HCC) project has secured the regulatory approvals and surface rights over the mining and processing areas. MC Mining is heavily invested in the Makhado Project as the complex regulatory environment in South Africa demanded significant capital

and time investment to achieve its current 'shovel ready' status. The development of the Makhado Project is expected to deliver positive returns for shareholders and position MC Mining as South Africa's pre-eminent steelmaking HCC producer.

Makhado is expected to produce steelmaking HCC and would be the only significant steelmaking HCC producer in South Africa, resulting in obvious advantages for domestic steel producers. Development of Makhado is also expected to have a positive impact on employment and the general Limpopo province economy resulting in the creation of approximately 650 direct jobs.

The Makhado coal handling and processing plant (CHPP) optimisation study was completed by independent experts, resulting in the annual capacity. The Company subsequently appointed Erudite (Pty) Ltd (Erudite) to complete the detailed designs for a full process design for the CHPP.

Implementation Plan

The Company also completed a five-year Makhado Project Implementation Plan in April 2023 with the goal of improving the accuracy of Makhado pre-feasibility studies from $\pm 30\%$ accuracy to an estimated accuracy of $\pm 10\%$.

The Implementation Plan for the first five years of production, also included a detailed execution plan for the construction of the East Pit, Makhado and related infrastructure and a detailed mine plan for the first five years of operations.

Directors' Report continued

13. FUTURE DEVELOPMENTS continued

Updated LOM Plan and Coal Reserve

Subsequent to the Implementation Plan, MC Mining prepared an updated LOM plan and Coal Reserve estimate for Makhado. This was completed in June 2023. The LOM plan builds on the five-year Implementation Plan and incorporates the exploitation of all portions of the East, Central and West Pit coal deposits that are mineable by surface mining methods. The updated Coal Reserve estimate was derived from the updated LOM plan using updated costs, macro-economic and coal price assumptions.

The updated LOM plan extended the Makhado LOM from 22 years to 28 years (27% increase), despite the 25% higher annual ROM coal production rate and improved production metrics, including:

- 25% increase in the targeted mining rate from 3.2 to 4.0Mtpa of ROM coal;
- 100% increase in CHPP capacity, from 2.0 to 4.0 Mtpa;
- 60% increase of total saleable coal products from 26 to 41 million tonnes over the mine life;
- time to first production increasing from 12 to 18 months due to the construction of the new, larger CHPP whilst keeping the payback period materially unchanged at 3.5 years from the start of construction; and
- 11% increase in the estimated project peak funding requirements to US\$100 million (ZAR1.8 billion).

The key Makhado Project production metrics over the LOM are detailed in the table below.

Production Metrics	Unit of Measure	LOM Plan
Mining Production Rate – (Average)	Mtpa	3.9
Total ROM Mined (over the mine life)	Mt	106
Total Waste Mined (over the mine life)	BCM (million)	260
Stripping Ratio (Waste: ROM)	BCM tonnes	2.5
Steelmaking HCC yield	%	21.2
Thermal coal yield	%	17.6
Total Coal Sales – all products	Mt	41.2
Coal Sales 5,500 kcal thermal coal – Export	Mt	18.7
Coal Sales – Steelmaking HCC (Domestic and Export)	Mt	22.5
Steelmaking HCC – Domestic	Mt	11.2
Steelmaking HCC – Export	Mt	11.3

The Makhado Project economics are detailed in the table below:

Parameter	Unit of Measure	LOM Plan
Construction period	Months	18
Long term ZAR:US\$ exchange rate used	ZAR:US\$	18.8
Benchmark Prices (real, long term)	Premium HCC price	US\$/t 215
	API4 (6,000 kcal) thermal coal price	US\$/t 108
Realised Prices (real) HCC	64 Mid Vol HCC (export)	US\$/t 193
	64 (domestic) Mid Vol	US\$/t 175
	Thermal coal 5,500 kcal	US\$/t 29
Fully-allocated Unit Costs (C3)	US\$/saleable t	83
Construction Capital	ZAR 'Bn	1.7
Financial Evaluation Outcomes		
Peak Funding Requirements	ZAR 'Bn	1.8
Free cashflow (post tax)	ZAR 'Bn	17.6
Post-tax IRR	%	37
Post-tax NPV (6%)	ZAR 'Bn	6.8
Post-tax NPV(10%)	ZAR 'Bn	4
Average payback period (years)	Years	3.5

The Makhado NPV is most sensitive to variances in the USD:ZAR exchange rate, steelmaking HCC price and HCC yields. The NPV increases by 45%, 35% and 25%, respectively, when the USD:ZAR Forex rate, HCC price and HCC yields are each increased by 10%. Conversely, the NPV is less sensitive to changes in mining operating costs and product trucking costs. The NPV decreases by 12% and 9% when mining costs and product trucking costs are increased by 10% respectively.

Engineering and operational tenders

Erudite is in the process of completing the detailed designs for the Makhado mine infrastructure and CHPP during FY2023 and also commenced obtaining detailed execution quotes for the construction of the CHPP. This process is expected to be finished in H2 CY2023 and will also cater for the enlarged mining and processing footprint. The Makhado Project will be contractor-operated and the Company has commenced with managed tender processes to select a mining contractor, CHPP operating contractor and the analytical laboratory operator. These processes are expected to be completed in Q4 CY2023. First coal production is expected 18 months from commencement of construction, which is expected during H1 CY2024.

Directors' Report continued

13. FUTURE DEVELOPMENTS continued

Early works

The Company's directors approved the commencement of early works of ZAR71.3 million (\$3.9 million), ZAR45.0 million (\$2.4 million) for long lead items and a further ZAR55 million (\$3.0 million) for electricity supply infrastructure.

The various work streams that commenced during the period include, amongst others:

- detailed design, procurement and construction of the power supply overhead transmission line, with construction team mobilised onsite – a critical path activity;
- refurbishment of onsite accommodation to house project construction crews;
- placement of orders for key long-lead time items, including the payment of a deposit of ZAR19.0 million (US\$1.0 million);
- mobilisation of contractors for the construction of the main access road, main bridge and civil works for bulk water reticulation; and
- progress with erection of fencing to secure the project site.

Vele Aluwani Colliery

The Vele Coal Resource comprises both steelmaking semi-soft coking coal (SSCC) and export quality thermal coal.

However, the Vele's CHPP does not have the requisite fines circuits that would allow for the simultaneous production of SSCC and thermal coal. The Company has previously reported that due to the global economic downturn and lower coal prices, the colliery was placed on care and maintenance from August 2013.

The construction of a CHPP at Makhado and improved market conditions created optionality for the potential recommencement of operations at Vele as previous Makhado development strategies incorporated the processing of Makhado crushed and screened ROM coal at Vele. This resulted in the conclusion of a mining and processing outsourcing agreement with Hlaithembeni Outsource Services Proprietary Limited (HOS) and the recommissioning of Vele in December 2022. The recommissioning of the Vele Colliery adds a further cash generating unit to MC

Mining's portfolio with limited financial or human capital contributions and by the end of June 2023, had created 333 permanent jobs.

HOS is responsible for all mining and processing costs and the Company remains responsible for the colliery's regulatory compliance, rehabilitation guarantees, relationships with authorities and communities as well as the supply of electricity and water. The 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. As a result, the generator at the Vele CHPP will be used as a back-up source of power, with Eskom being the primary source of electricity at the colliery. This satisfies the Company's commitment with regards to electricity infrastructure.

HOS completed the de-watering of the Vele Colliery open cast pit and produced 96,673t (FY2022: nil t) of thermal coal during H2 FY2023. Ramp-up to full production is expected to occur in H2 CY2023 with HOS targeting monthly production of 60,000t of saleable thermal coal from Vele.

Greater Soutpansberg Projects

The exploration and development of MC Mining's three Soutpansberg coalfield projects namely the Chapudi, Mopane and General project areas, is the catalyst for the long-term growth of the Company. The South African Department of Mineral Resources & Energy (DMRE) has granted mining rights for the three project areas comprising the GSP, which collectively contain over 7.0 billion gross tonnes *in situ* of inferred steelmaking HCC, SSCC and thermal coal resources. The exploration and development of the GSP positions the Company to be a potential long-term domestic and export steelmaking coal supplier. The Company anticipates commencing with the various studies required for the outstanding water and environmental regulatory approvals following the construction of the Makhado Project.

14. ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation and there has consequently been no breach. The Group is subject to numerous environmental regulations in South Africa, including:

- National Environmental Management Act, 1998 (No. 107 of 1998): Amendment to the Environmental Impact Assessment Regulations 2014;
- National Water Act, 1998 (No.36 of 1998);
- National Heritage Resources Act, 1999 (Act 25 of 1999); and
- National Environmental Management Air Quality Act, 2004 (No. 39 of 2004).

Quarterly meetings are held at the Company's most sensitive site, the Vele Colliery, through the Environmental Management Committee, an independently chaired body to provide oversight and monitor compliance at the Colliery.

The membership of the EMC comprises various regulatory authorities and affected stakeholders.

The Board believes that there are adequate systems in place for the management of its environmental impacts but from time to time statutory non-compliances may occur. The Board takes these seriously and continues to monitor compliance.

15. CORPORATE GOVERNANCE

The Group recognises the need for the highest standards of corporate behaviour and accountability. The Directors have accordingly followed, where possible, the recommendations set by the ASX Corporate Governance Council. For further information on corporate governance policies adopted by MC Mining, refer to the Company's website.

16. DIVIDENDS

No dividend has been paid or proposed for the financial year ended 30 June 2023 (FY2022: nil).

17. SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS OR PERFORMANCE RIGHTS

There are 12,000,000 unissued shares under option as at the date of this report. These Options were issued to the Managing Director and CEO as part of his terms of engagement. 4,000,000 of the Options vested on 30 June 2023 and are convertible to ordinary MC Mining shares at no cost and expire five years after issue.

Directors' Report continued

17. SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS OR PERFORMANCE RIGHTS continued

Details of unissued performance rights granted as at the date of this report are:

	Number of shares under performance rights	Class of shares	Exercise price	Expiry period
Performance rights	2,328,480	Ordinary	Nil	Nov-23
Performance rights	9,183,906	Ordinary	Nil	Jun-25
Total performance rights (as at 30 Jun 2023)	11,512,386			
Performance rights (granted in August 2023)*	3,119,632	Ordinary	Nil	Jun-26
Total performance rights (as at the date of this report)	14,632,018			

No other shares or interests were issued during or since the end of the financial year as a result of the exercising of options or meeting of performance rights criteria.

* The MC Mining Directors approved the grant of 3,119,632 performance rights during August 2023. These performance rights were granted to conserve cash and are in lieu of a deferred cash bonus. The performance rights will vest in June 2026 if the recipient is an employee of MC Mining. The grant of the performance rights included:

- 1,474,787 to Godfrey Gomwe, Managing Director and CEO, being 50% of his performance bonus and is payable in shares as per Mr Gomwe's employment contract
- 929,628 to key management personnel, to conserve cash, being 30% of the performance bonus:
 - 477,831 to Florence Duval (General Manager: Sustainability)
 - 451,797 to Stephen Rowse (General Manager: Finance & Administration)

18. INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium of \$0.2 million (FY2022: \$0.2 million) in respect of a contract insuring the directors of the Company, the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

To the extent permitted by law, the company has agreed to indemnify its auditors, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify the auditor during or since the financial year.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred by such an officer or auditor.

19. PROCEEDINGS ON BEHALF OF THE COMPANY

No persons applied for leave to bring or intervene in proceedings on behalf of the Company during or since the end of the financial year.

20. NON-AUDIT SERVICES

No non-audit services were provided during the current financial year. Details of amounts paid or payable to the auditor are outlined in note 24 to the consolidated financial statements.

21. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 57 of these consolidated financial statements.

Directors' Report continued

22. DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, a total of four scheduled and fifteen unscheduled board meetings were held as well as three Nomination and Remuneration Committee, three Safety and Health Committee meetings and three Audit and Risk Committee meetings were held.

Director	Board Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee Meetings		Safety, Health, Environment & Technical Committee Meetings		Social & Ethics Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
N Nene	8	8	–	–	3	3	–	–	–	–
G Gomwe	8	8	–	–	–	–	–	–	1	1
A Mifflin	8	7	–	–	–	–	5	5	1	1
An Chee Sin	8	6	3	3	–	–	–	–	–	–
J Hoskin ¹	8	1	–	–	–	–	–	–	–	–
J Liu ²	8	6	–	–	3	3	–	–	1	–
KB Mosehla	8	8	3	3	3	3	–	–	–	–
M Senosi	8	8	–	–	–	–	5	5	1	1
Y He ³	8	1	–	–	–	–	–	–	–	–
Y He	8	6	–	–	–	–	5	4	1	–

¹ Appointed Independent Non-Executive Director on 10 March 2023.

² Resigned as Non-Executive Director on 10 March 2023.

³ Appointed as Non-Executive Director on 10 March 2023.

Directors' Report continued

23. REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the Directors report, sets out information about the remuneration of MC

Mining's Directors and its senior management for the financial year ended 30 June 2023. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director details;
- Remuneration policy;
- Relationship between the remuneration policy and company performance;
- Remuneration of Directors and senior management; and
- Key terms of employment contracts.

The Board is responsible for establishing remuneration packages applicable to the Board members of the Company.

The policy adopted by the Board is to ensure that remuneration properly reflects an individual's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest calibre.

Directors' remuneration packages are also assessed in the light of the condition of markets within which the Company operates, the Company's financial condition and the individual's contribution to the achievement of corporate objectives. Executive Directors are remunerated by way of a salary commensurate with their required level of service.

Total remuneration for all Non-Executive Directors, excluding share-based payments, as approved by shareholders, at the December

2010 General Meeting, is not to exceed AUD1,000,000 per annum (USD667,192).

The Board has a Nomination and Remuneration Committee which was made up as follows: Ms He (Chairman), Mr Nene and Mr Mosehla. The Company does not have any scheme relating to retirement benefits for Non-Executive Directors.

24. DIRECTOR AND KEY MANAGEMENT PERSONNEL DETAILS

The following persons acted as directors of the Company during or since the end of the financial year:

• N Nene	Independent Chairman
• G Gomwe	Managing Director and CEO
• A Chee Sin	Independent Non-Executive Director
• A Mifflin	Independent Non-Executive Director
• K Mosehla	Independent Non-Executive Director
• M Senosi	Non-Executive Director
• Y He ¹	Non-Executive Director
• J Hoskin ²	Independent Non-Executive Director
• Z He	Non-Executive Director
• J Liu ³	Non-Executive Director
• FM Duval	General Manager: Sustainability
• SR Rowse	General Manager: Finance and Administration

¹ Appointed Non-Executive Director on 10 March 2023.

² Appointed Independent Non-Executive Director on 10 March 2023.

³ Resigned as Non-Executive Director on 10 March 2023.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Executive Director, FM Duval as General Manager: Sustainability and S Rowse as General Manager:

Finance and Administration satisfied the definition of 'key management personnel' during the FY2023 and are separately disclosed in the remuneration report. No further "key management personnel" have been identified which should be disclosed separately.

25. REMUNERATION POLICY

The remuneration policy of MC Mining has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of MC Mining believes the remuneration policy to be appropriate and effective in its ability to attract and retain management personnel to run and manage the Group, as well as create goal congruence between Directors, management and shareholders.

The Board's policy for determining the nature and amount of remuneration for management personnel of the Group is as follows:

- The remuneration structure is developed by the Nomination and Remuneration Committee and approved by the Board after professional advice is periodically sought from independent external consultants.
- Management personnel receive a base salary (based on factors such as length of service and experience), performance rights and performance incentives.

- Incentives paid in the form of cash and performance rights are intended to align the interests of the Directors, management and the Company with those of the shareholders.

The Nomination and Remuneration Committee reviews senior management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of senior management personnel is measured against criteria agreed annually with each executive and bonuses and incentives are linked to predetermined performance criteria. The performance criteria vary and are determined in line with each individual's performance contract. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, options or performance rights, and can recommend changes to the Nomination and Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

All remuneration paid to management personnel is valued at the cost to the Company and expensed.

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board amended the policy with regards to remuneration of shareholder nominee Non-Executive Directors who will receive remuneration in line with Non-Executive Directors. This is effective from March 2023 and the remuneration for the March to June 2023 period was accrued at year-end. The Nomination and Remuneration Committee

Directors' Report continued

25. REMUNERATION POLICY continued

determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees, excluding share-based payments that can be paid to Non-Executive Directors is AUD1,000,000 (USD667,192).

To assist Directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chairman for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Options granted do not carry dividend or voting rights. Options are valued using a hybrid single barrier option pricing model. The model incorporates a Monte Carlo simulation, which simulates the Company's share price at the performance measurement date.

The Company has a shareholder approved performance rights plan (the Plan) to assist in the reward, retention and motivation of eligible employees and to align the interest of eligible employee with the shareholders of the Company.

Prior to a performance right being exercised, the performance grants do not carry any dividend or voting rights.

Performance rights are granted for no consideration and no exercise price is payable upon exercise of the performance rights.

Apart from the special incentive performance rights, the performance rights proposed to be granted are subject to the following vesting conditions:

- The base price of the performance rights will be the 30 day volume weighted average price (VWAP) subject to a hurdle rate based on the South African Consumer Price Index (Hurdle Rate).
- The vesting of performance rights will be assessed annually to determine whether one third of the performance grants are cancelled or earned.
- The vesting of performance rights will be assessed using the volume weighted average price (VWAP) of shares over the 30 days prior to the specific vesting date.

The special incentive performance rights were granted to certain employees of the company in the form of MC Mining shares. The incentive shares vest in full on the hot commissioning of the Vele Colliery plant. If the hot commissioning did not take place before 31 December 2022, the incentive shares would lapse. The hot commissioning of the Vele Plant occurred in December 2022, and the vesting conditions were met and 1,602,393 MC Mining ordinary shares were issued on 28 April 2023.

26. PERFORMANCE-BASED REMUNERATION

The key performance indicators (KPIs) are set annually, which includes consultation with management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential to position the Group for future expansion and profit, covering financial and non-financial as well as short and long-term goals. Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved.

27. HEDGING OF MANAGEMENT REMUNERATION

No member of executive management entered into an arrangement during or since the end of the financial year to limit the risk relating to any element of that person's remuneration.

28. RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2023.

	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	44,799	23,511	20,702	17,155	26,403
Net loss before tax	4,008	20,719*	12,107	12,850	33,522**
Net loss after tax	4,398	20,835	11,837	12,190	33,726
Share price at start of year	A\$0.10	A\$0.10	A\$0.13	A\$0.67	A\$0.36
Share price at end of year	A\$0.13	A\$0.10	A\$0.10	A\$0.13	A\$0.67
Basic and diluted loss per share (\$ cents) from continuing operations	1.46	11.41	7.76	8.55	23.72

* includes net impairment expense of \$14.9 million

** includes net impairment expense of \$23.3 million

Directors' Report continued

29. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each major element of the remuneration of each director are:

	Short term employee benefits			Post-employment benefits	Termination benefits	Share based payments	Total	Share based % of Total
	Salary and fees	Bonus	Non-monetary benefits	Super-annuation		Performance rights		
2023	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors								
A Mifflin	42,294	–	–	–	–	140,775	183,069	77
An Chee Sin	42,558	–	–	–	–	140,775	183,333	77
KB Mosehla	42,558	–	–	–	–	140,775	183,333	77
N Nene	66,877	–	–	–	–	140,775	207,652	68
M Senosi	–	–	–	–	–	140,775	140,775	100
Y He	–	–	–	–	–	–	–	–
J Hoskin	–	–	–	–	–	–	–	–
Z He	–	–	–	–	–	140,775	140,775	100
J Liu	–	–	–	–	–	140,775	140,775	100
Executive Directors								
G Gomwe	250,016	–	–	–	–	662,913	912,930	73
	444,305	–	–	–	–	1,648,338	2,092,643	79
Key management personnel								
FM Duval	236,264	51,310	–	–	–	57,728	345,302	17
SR Rowse	240,980	28,155	–	–	–	48,907	318,042	15
	477,244	79,465	–	–	–	106,635	663,344	16
	921,549	79,465	–	–	–	1,754,973	2,755,987	64

No director appointed during the period received a payment as part of their consideration for agreeing to hold the position.

FM Duval as General Manager: Sustainability and SR Rowse as General Manager: Finance and Administration were deemed as key management personnel during the 2023 financial year.

Performance rights granted to the Directors following shareholder approval in November 2022, expired in June 2023 and were cancelled on 30 June 2023.

Directors' Report continued

29. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL continued

	Short term employee benefits		Post-employment benefits	Super-annuation	Termination benefits	Share based payments	Total	Share based % of Total
	Salary and fees	Bonus	Non-monetary benefits			Performance rights		
2022	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors								
N Nene ¹	14,060	–	–	–	–	–	14,060	–
A Chee Sin ^{2 3}	18,958	–	–	–	–	83,211	102,169	81
A Mifflin ^{2 3}	46,405	–	–	–	–	83,211	129,616	64
H Zhen ²	–	–	–	–	–	83,211	83,211	100
J Liu ²	–	–	–	–	–	83,211	83,211	100
K Mosehla ^{2 3}	49,979	–	–	–	–	83,211	133,190	62
M Senosi	–	–	–	–	–	–	–	–
S Ding	–	–	–	–	–	–	–	–
B Pryor ⁴	51,933	–	–	–	–	83,211	318,042	62
Executive Directors								
G Gomwe ⁵	67,415	–	–	–	–	–	67,415	–
S Randazzo ⁶	407,173	–	–	–	–	405,353	812,526	50
	655,923	–	–	–	–	904,619	1,560,542	58

¹ Mr Nene was appointed Non-Executive Director on 11 April 2022 and Chairman on 28 April 2022 and all of Mr Nene's salary and fees were accrued at 30 June 2022.

² Performance rights approved by shareholders in December 2021, expired in June 2022 and were cancelled.

³ All of Mr Chee Sin and Mr Mosehla's salary and fees were accrued at year-end and \$10,949 of Mr Mifflin's salary and fees were accrued at 30 June 2022.

⁴ Mr Pryor resigned as Chairman on 11 March 2022 and the 1,000,000 Performance rights granted were forfeited.

⁵ Mr Gomwe was appointed Non-Executive Director on 11 April 2022 and Managing Director and CEO on 28 April 2022.

⁶ Mr Randazzo resigned as Executive Director on 8 April 2022 and Interim CEO on 27 April 2022, was deemed a 'good leaver' and all Performance Rights vested.

Directors' Report continued

30. SHARE-BASED PAYMENTS GRANTED AS COMPENSATION

The following grants of share-based payment compensation to directors and key management personnel relate to the current financial year:

Name	Option series	Number granted	During the financial year				% of compensation for the year consisting of options
			Number vested	% of grant vested	Number forfeited	% of grant forfeited	
Non-Executive Directors							
N Nene	Performance grant	1,000,000	–	–	(1,000,000)	100	68
A Chee Sin	Performance grant	1,000,000	–	–	(1,000,000)	100	77
A Mifflin	Performance grant	1,000,000	–	–	(1,000,000)	100	77
K Mosehla	Performance grant	1,000,000	–	–	(1,000,000)	100	77
J Liu	Performance grant	1,000,000	–	–	(1,000,000)	100	77
M Senosi	Performance grant	1,000,000	–	–	(1,000,000)	100	100
Z He	Performance grant	1,000,000	–	–	(1,000,000)	100	100
Y He	Performance grant	–	–	–	–	100	100
J Hoskin	Performance grant	–	–	–	–	–	–
Executive Director							
G Gomwe ¹	Option grant	12,000,000	4,000,000	33	–	–	73
		19,000,000	4,000,000	21	(7,000,000)	–	79
Key management personnel							
FM Duval	Performance grant	1,839,905	613,302	33	–	–	17
SR Rowse	Performance grant	1,794,304	598,101	33	–	–	16
		3,634,209	1,211,403	33	–	–	16
		22,634,209	5,211,403	23	(7,000,000)	–	64

¹ The Board approved the vesting of Mr Gomwe's Options on 30 June 2023. The vesting of the remaining Options remain subject to the satisfaction of the applicable vesting criteria.

Directors' Report continued

30. SHARE-BASED PAYMENTS GRANTED AS COMPENSATION continued

The following grants of share-based payment compensation to directors and key management personnel relate to the previous financial year:

			During the financial year				
Name	Option series	Number granted	Number vested	% of grant vested	Number forfeited	% of grant forfeited	% of compensation for the year consisting of options
Non-Executive Directors							
A Chee Sin	Performance grant	1,000,000	–	–	(1,000,000)	100	0
A Mifflin	Performance grant	1,000,000	–	–	(1,000,000)	100	0
H Zhen	Performance grant	1,000,000	–	–	(1,000,000)	100	0
J Liu	Performance grant	1,000,000	–	–	(1,000,000)	100	0
K Mosehla	Performance grant	1,000,000	–	–	(1,000,000)	100	0
B Pryor	Performance grant	1,000,000	–	–	(1,000,000)	100	0
Executive Director							
S Randazzo ¹	Performance grant	4,871,406	4,871,406	100	–	–	63
		10,871,406	4,871,406	–	(6,000,000)	–	(241,845)

¹ The Board approved the vesting of Mr Randazzo's Performance Rights payments following his resignation on 8 April 2022.

No share-based payment arrangements existed during the prior financial period.

31. KEY TERMS OF EMPLOYMENT CONTRACTS

The Company has entered into formal contractual employment agreements with the CEO who is the Managing Director of the Company. There are no formal contractual employment agreements with any other member of the Board. The employment conditions of the Managing Director and Chief Executive Officer are:

Mr Gomwe was appointed as Non-Executive Director on 11 April 2022 and Managing Director and CEO on 28 April 2022. Mr Gomwe's annual remuneration of ZAR4.9 million (\$0.3 million) and has a six-month notice

period. Mr Gomwe is also entitled to receive a short-term incentive or bonus of up to 200% of annual salary, subject to meeting performance objectives determined by the Board, with 50% paid in cash and the balance in shares. As a long-term incentive, Mr Gomwe is entitled to receive Performance Rights. The Performance Rights are intended to align the interests of shareholders and management and to conserve cash resources.

During the year Mr Gomwe received 12 million options. The 12 million options vest in three equal tranches on 30 June 2023, 30 June 2024 and 30 June 2025 if the target benchmark share price for that specific tranche is obtained.

The target benchmark share prices for the respective dates are ZAR1.89, ZAR3.22 and ZAR4.55 based on the 30-day volume weighted average price on the JSE at the vesting date. The first tranche of 4,000,000 options vested on 30 June 2023.

The employment conditions of the following specified executives have been formalised in employment contracts:

Ms Duval is the General Manager: Sustainability and receives annual remuneration of ZAR5.1 million (\$0.3 million).

Ms Duval is also entitled to receive a short-term incentive or bonus of up to 150% of

annual salary, subject to meeting performance objectives determined by the Board, with 70% paid in cash and the balance in shares. As a long-term incentive, Ms Duval is entitled to receive Performance Rights. The Performance Rights are intended to align the interests of shareholders and management and to conserve cash resources.

During the year Ms Duval received 1.8 million performance rights. The performance rights vest in three equal tranches on 30 June 2023, 30 June 2024 and 30 June 2025 if the target benchmark share price for that specific tranche is obtained. The target benchmark share price for the respective dates is ZAR1.52 based on the 30-day volume weighted average price on the JSE at the vesting date. The first tranche of 613,302 shares vested on 30 June 2023.

Mr Rowse is the General Manager: Finance and Administration and receives annual remuneration of ZAR4.7 million (\$0.3 million). Mr Rowse is also entitled to receive a short-term incentive or bonus of up to 150% of annual salary, subject to meeting performance objectives determined by the Board, with 70% paid in cash and the balance in shares. As a long-term incentive, Mr Rowse is entitled to receive Performance Rights. The Performance Rights are intended to align the interests of shareholders and management and to conserve cash resources.

During the year Mr Rowse received 1.8 million performance rights. The performance rights vest in three equal tranches on 30 June 2023, 30 June 2024 and 30 June 2025 if the target benchmark share price for that specific tranche is obtained. The target benchmark share price for the respective dates is ZAR1.52 based on the 30-day volume weighted average price on the JSE at the vesting date. The first tranche of 598,101 shares vested on 30 June 2023.

Directors' Report continued

32. LOANS FROM KEY MANAGEMENT PERSONNEL

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2023.

33. OTHER TRANSACTIONS

No other transactions were entered into with any member of Key Management Personnel other than those detailed in this Remuneration Report.

34. DIRECTOR AND KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Option holdings

12,000,000 share options exist as at 30 June 2023. 4,000,000 of these options vested on 30 June 2023 and were granted to the Managing Director and CEO as part of his engagement terms.

	Held at 1 July 2022	Granted as remuneration	Expired/ Other changes	Exercised	Held at 30 June 2023
Executive Director					
G Gomwe	–	12,000,000	–	–	12,000,000
	–	12,000,000	–	–	12,000,000

The movement during the reporting period in the number of performance grants over ordinary shares potentially vesting before 30 June 2023 subject to performance criteria, held directly, indirectly or beneficially by each director including their personally-related entities, is as follows:

	Held at 1 July 2022	Granted as remuneration	Expired/ Other changes	Exercised	Held at 30 June 2023
Non-Executive Directors					
A Mifflin	–	1,000,000	–	(1,000,000)	–
An Chee Sin	–	1,000,000	–	(1,000,000)	–
KB Mosehla	–	1,000,000	–	(1,000,000)	–
N Nene	–	1,000,000	–	(1,000,000)	–
M Senosi	–	1,000,000	–	(1,000,000)	–
Y He	–	–	–	–	–
J Hoskin	–	–	–	–	–
Z He	–	1,000,000	–	(1,000,000)	–
J Liu	–	1,000,000	–	(1,000,000)	–
	–	7,000,000	–	7,000,000	–

	Held at 1 July 2022	Granted as remuneration	Expired/ Other changes	Exercised	Held at 30 June 2023
Key management personnel					
FM Duval	1,067,889	1,839,905	–	(557,688)	2,350,106
SR Rowse	531,964	1,794,304	–	(288,847)	2,037,421
	1,599,853	3,634,209	–	(846,535)	4,387,527
	1,599,853	10,634,209	(7,000,000)	(846,535)	4,387,527

The movement during the reporting period in the number of ordinary shares held, directly, indirectly or beneficially by each director including their personally-related entities, is as follows:

	Held at 1 July 2022	Granted as remuneration	On exercise of options	Other changes	Held at 30 June 2023
Non-Executive Directors					
N Nene	–	–	–	–	–
A Chee Sin	–	–	–	–	–
A Mifflin	–	–	–	–	–
Z He	–	–	–	264,845	264,845
J Hoskin	–	–	–	–	–
J Liu	–	–	–	–	–
K Mosehla	–	–	–	–	–
M Senosi	38,363,909	–	–	56,993,546	95,357,455
Y He	10,495,871	–	–	26,434,396	36,930,267
Executive Director					
G Gomwe	–	–	–	–	–
	48,859,780	–	–	83,692,787	132,552,567

This marks the end of the remuneration report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s298(2) of the Corporations Act 2001.



Nhlanhla Nene
Chairman

21 September 2023



Godfrey Gomwe
Managing Director and Chief Executive Officer

21 September 2023

Directors' declaration

The directors declare that:

- in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- in the directors' opinion, the attached consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1.1 to the consolidated financial statements;
- in the directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity; and
- the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Nhlanhla Nene
Chairman

21 September 2023



Godfrey Gomwe
Managing Director and Chief Executive Officer

21 September 2023

Independent Auditor's Report

mazars

TO THE MEMBERS OF MC MINING LIMITED

Report on the audit of the financial report

We have audited the accompanying financial report of MC Mining Limited ("Company"), and its subsidiaries ("Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of MC Mining Limited is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which describes several matters concerning the Group's ability to continue as a going concern. The Group's ability to continue as a going concern is dependent on future debt and equity funding at a level satisfactory to enable ongoing operations and future developments to be completed. These circumstances indicate that a material inherent uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Authorised Audit Company: 338599
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Independent Auditor's Report continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key audit matter	How we addressed the key audit matter
Impairment of assets (Notes 3, 5, 6, and 7) At 30 June 2023, the Group's consolidated statement of financial position included \$108.3 million in non-current assets, comprising primarily of property, plant and equipment, development assets, and exploration and evaluation assets. At the end of each reporting period, the Group exercises judgement in determining whether there is any indication of impairment of its cash-generating units (CGUs) as disclosed in Note 3 to the financial statements. If any such indicators exist, the Group estimates the recoverable amount of the non-current assets in the relevant CGU. During the 2023 financial year and as at 30 June 2023, the Group assessed there were no impairments required for any CGU. The nature of impairment assessments involves the use of estimates and judgements and the uncertainty associated with these estimates and judgements means that there is a significant chance of a material adjustment to the reported value of the related items in the next financial year and therefore the related items may be realised at amounts that differ from the estimates recorded at 30 June 2023. As a result, we considered the impairment testing and the related disclosures to be a key audit matter.	Our procedures included, but were not limited to: - Assessed whether the Group's determination of CGUs was in accordance with Australian Accounting Standards. - Considered the Group's process for identifying and considering external and internal information which may be an indicator of impairment and evaluated the completeness of the factors identified. - Compared the Group's market capitalisation relative to its net assets. - Performing analytical procedures and obtaining explanations from management. - For each CGU: - Assessed whether the valuation methodology applied by the Group to measure the recoverable amount of the CGU met the requirements of Australian Accounting Standards. - Tested the mathematical accuracy of the impairment model. - Involved our valuation experts to assess the key cashflow forecast assumptions such as commodity price, discount rates, and foreign exchange rates with reference to external observable market data. - Compared future production forecasts in the impairment models to published reserves and resources estimates, and understood the Group's reserve estimation processes, including assessing the qualifications, competence, and objectivity of the Group's internal experts and the scope and appropriateness of their work. - Assessed the operating and capital expenditure included in the impairment model with reference to approved budgets and forecasts and results of the current and previous periods. - Performed sensitivity analysis to evaluate the effect on the CGU's recoverable amount of reasonably possible changes in key forecast assumptions. - Recalculated the carrying amounts of the Greater Soutpansberg Projects CGU and Vele Colliery CGU and compared the carrying amount to the recoverable amount to determine the estimated impairment charge. - Assessed the adequacy of the disclosures in the financial report.

Independent Auditor's Report continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the group financial report. The auditor is responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report continued

Report on the remuneration report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

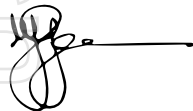
In our opinion, the Remuneration Report of MC Mining Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Mazars Assurance Pty Limited
Authorised Audit Company: 338599



Matthew Green
Director

Brisbane, 21 September 2023

Auditor Independence Declaration



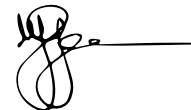
TO THE DIRECTORS OF MC MINING LIMITED

As lead auditor for the audit of MC Mining Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Mazars Assurance Pty Limited
Authorised Audit Company: 338599



Matthew Green
Director

Brisbane, 21 September 2023

Mazars Assurance Pty Ltd (ABN 13 132 902 188)
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Consolidated Statement of Financial Position

Figures in US\$'000	Notes	Group 2023	Group 2022
Assets			
Non-current assets			
Property, plant and equipment	5	34,621	23,475
Right-of-use assets	18	2,322	3,132
Development assets	6	–	17,739
Exploration and evaluation assets	7	65,682	67,839
Intangible assets	8	503	–
Other financial assets	12	5,239	4,599
Restricted cash	13	23	100
Total non-current assets		108,390	116,884
Current assets			
Inventories	9	4,088	4,445
Trade and other receivables	10	4,458	1,093
Cash and cash equivalents	13	7,499	2,993
Total current assets		16,045	8,531
Total assets		124,435	125,415

Figures in US\$'000	Notes	Group 2023	Group 2022
Equity and liabilities			
Equity			
Issued capital	14	1,069,871	1,045,395
Accumulated loss		(930,676)	(926,245)
Reserves	15	(50,937)	(41,190)
Total equity attributable to owners of the parent		88,258	77,960
Non-controlling interests		(907)	(824)
Total equity		87,351	77,136
Liabilities			
Non-current liabilities			
Provisions	16	6,035	8,048
Deferred tax liabilities	11	3,648	4,232
Lease liabilities	18	1,932	2,057
Borrowings	19	48	–
Total non-current liabilities		11,663	14,337
Current liabilities			
Provisions	16	395	203
Trade and other payables	17	7,881	9,307
Current tax liabilities		276	362
Lease liabilities	18	573	885
Borrowings	19	16,296	21,656
Bank overdraft	13	–	1,529
Total current liabilities		25,421	33,942
Total liabilities		37,084	48,279
Total equity and liabilities		124,435	125,415

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Figures in US\$'000	Notes	Group 2023	Group 2022
Revenue	20	44,799	23,511
Cost of sales	21	(41,209)	(20,999)
Gross profit		3,590	2,512
Other operating income	22	1,568	293
Reversal/(Expected) credit losses	23	284	(331)
Administrative expenses	24	(8,918)	(6,840)
Impairment expense	25	–	(14,851)
Other gains	26	752	63
Loss from operating activities		(2,724)	(19,154)
Finance income	27	393	147
Finance costs	28	(1,677)	(1,712)
Loss before tax		(4,008)	(20,719)
Income tax expense	29	(390)	(116)
Loss for the year		(4,398)	(20,835)
Loss for the year attributable to:			
Owners of Parent		(4,315)	(20,732)
Non-controlling interest		(83)	(103)
		(4,398)	(20,835)
Other comprehensive income net of tax			
Components of other comprehensive income that may be reclassified to profit or loss			
Losses on exchange differences on translation		(10,476)	(12,346)
Total Exchange differences on translation		(10,476)	(12,346)
Comprehensive income attributable to:			
Comprehensive income, attributable to owners of parent		(14,791)	(33,078)
Comprehensive income, attributable to non-controlling interests		(83)	(103)
Total comprehensive income for the year		(14,874)	(33,181)
Earnings per share attributable to owners of the parent during the year			
Basic earnings per share			
Basic loss per share	31	(1.46)	(11.41)
Total basic loss per share (cents)		(1.46)	(11.41)
Diluted earnings per share			
Diluted loss per share	31	(1.46)	(11.41)
Total diluted loss per share (cents)		(1.46)	(11.41)

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

Consolidated Statement of Changes in Equity

Figures in US\$'000	Issued capital	Capital profit reserve	Foreign currency translation reserve	Warrant reserve	Share based payment reserve	Accumulated loss	Attributable to owners of the parent	Non-controlling interests	Total
Balance at 1 July 2021	1,041,884	91	(30,198)	1,177	1,493	(907,202)	107,245	(721)	106,524
Changes in equity									
Loss for the year	–	–	–	–	–	(20,732)	(20,732)	(103)	(20,835)
Other comprehensive income	–	–	(12,346)	–	–	–	(12,346)	–	(12,346)
Total comprehensive income for the year	–	–	(12,346)	–	–	(20,732)	(33,078)	(103)	(33,181)
Issue of equity	3,523	–	–	–	–	–	3,523	–	3,523
Warrants expired	–	–	–	(1,177)	–	1,177	–	–	–
Share issue costs	(12)	–	–	–	–	–	(12)	–	(12)
Performance grants issued	–	–	–	–	1,186	–	1,186	–	1,186
Performance rights forfeited	–	–	–	–	(7)	–	(7)	–	(7)
Performance rights expired ¹	–	–	–	–	(1,016)	512	(504)	–	(504)
Performance rights vested	–	–	–	–	(393)	–	(393)	–	(393)
Balance at 30 June 2022	1,045,395	91	(42,544)	–	1,263	(926,245)	77,960	(824)	77,136
Balance at 1 July 2022	1,045,395	91	(42,544)	–	1,263	(926,245)	77,960	(824)	77,136
Changes in equity									
Loss for the year	–	–	–	–	–	(4,315)	(4,315)	(83)	(4,398)
Other comprehensive income	–	–	(10,476)	–	–	–	(10,476)	–	(10,476)
Total comprehensive income for the year	–	–	(10,476)	–	–	(4,315)	(14,791)	(83)	(14,874)
Issue of equity	26,173	–	–	–	–	–	26,173	–	26,173
Dividends paid to minority interest in the group	–	–	–	–	–	(116)	(116)	–	(116)
Share issue costs	(1,697)	–	–	–	–	–	(1,697)	–	(1,697)
Performance grants issued	–	–	–	–	1,928	–	1,928	–	1,928
Performance rights vested	–	–	–	–	(217)	–	(217)	–	(217)
Performance rights expired ¹	–	–	–	–	(982)	–	(982)	–	(982)
Balance at 30 June 2023	1,069,871	91	(53,020)	–	1,992	(930,676)	88,258	(907)	87,351
Notes	14	15	15	15	15				

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

¹ This amount includes the performance incentive which expired in the same financial year in which it was issued, and has been derecognised through profit or loss.

Consolidated Statement of Cash Flows

Figures in US\$'000	Notes	Group 2023	Group 2022
Cash flows from operating activities			
Receipts from customers		48,164	21,174
Payments to suppliers and employees		(51,494)	(23,335)
Net cash flows used in operations	37	(3,330)	(2,161)
Dividends received		–	48
Interest paid		(145)	(254)
Interest received		389	9
Income taxes paid	38	(452)	–
Net cash used in operating activities		(3,538)	(2,358)
Cash flows used in investing activities			
Purchase of property, plant and equipment	5	(1,513)	(1,015)
Restricted cash movements		77	–
Investment in development assets	6	(252)	(5)
Investment in exploration assets	7	(6,164)	(134)
Proceeds from the disposal of other financial assets	12	5	4
Purchase of other financial assets	12	(863)	(378)
Cash flows used in investing activities		(8,710)	(1,528)
Cash flows from financing activities			
Repayment of deferred consideration paid for acquisition of properties		–	(2,670)
Proceeds from issuing shares		22,795	3,511
Share issue costs		(1,697)	–
Dividends paid to minority interest in the group		(116)	–
Proceeds received from borrowings		328	4,927
Repayments of borrowings	19	(1,678)	(644)
Repayments of leases	18	(698)	(864)
Cash flows from financing activities		18,934	4,260
Net increase in cash and cash equivalents before effect of exchange rate changes		6,686	374
Effect of exchange rate changes on cash and cash equivalents		(651)	67
Net increase in cash and cash equivalents		6,035	441
Cash and cash equivalents at beginning of the year		1,464	1,023
Cash and cash equivalents at end of the year	13	7,499	1,464

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

Accounting Policies

1. GENERAL INFORMATION

MC Mining Limited (MC Mining or the Company) is a limited company incorporated in Australia. Its common shares are primary listed on the Australian Securities Exchange plc (ASX), the AIM market of the London Stock Exchange (AIM) and the Johannesburg Securities Exchange's (JSE) secondary market in South Africa. The addresses of its registered office and principal places of business is Suite 8, 7 The Esplanade, Mt Pleasant, Perth, Western Australia 6000.

The principal activities of the Company and its subsidiaries (the Group or the Consolidated Entity) are the acquisition, exploration, development and operation of metallurgical and thermal coal projects in South Africa.

The Group's principal assets and projects include:

- The operating mine, Uitkomst Colliery;
- The Makhado steelmaking HCC project that has been granted a mining right (MR), an integrated water use licence (IWUL) and an environmental authorisation;
- The Vele Aluwani Colliery, a semi soft coking and thermal coal mine; and
- Three exploration and development stage coking and thermal coal projects, namely Chapudi, General and Mopane, all of which have been granted MR's and together form the Greater Soutpansberg Project.

Going Concern

The Group has incurred a net loss after tax for the 12 months ended 30 June 2023 of \$4.4 million (30 June 2022: loss of \$20.8 million). During the period ended 30 June 2023, net cash outflows from operating activities were \$3.5 million (30 June 2022 net outflow: \$2.3 million). As at 30 June 2023 the Group had a net current liability position of \$9.4 million (30 June 2022: net current liability position of \$25.4 million).

During July 2023, the termination/ settlement date of the \$8.5 million (ZAR160.0 million) IDC loan facility, excluding accrued interest, was extended to 30 September 2023. The IDC cancelled the July 2019 \$13.0 million (ZAR245.0 million) conditional term loan and based on the larger scale and peak funding requirement of the Makhado Project, the Group has subsequently applied for a larger senior debt facility from the IDC. The July 2017 facility was subject to the satisfaction of the outstanding conditions, including the IDC reaffirming its financial due diligence and credit approval.

The Directors have prepared a cash flow forecast for the eighteen-month period ended 31 December 2024, taking into account available facilities, additional debt funding that although not yet concluded is expected to be raised, and expected cash flows to be generated by Uitkomst and the Vele Colliery. On the basis of these equity and debt funding initiatives being successfully implemented, the forecast indicates that the Group will have sufficient cash to fund their operations for at least the twelve-month period from the date of signing this report.

Accounting Policies continued

1. GENERAL INFORMATION continued

These cash flow forecasts referred to above include the following assumptions:

- Meeting commitments to creditors arising from continuing operations;
- Deferring the settlement of the existing IDC loan (plus accrued interest) to when Makhado is at steady state production as opposed to being payable in September 2023 (refer note 19) and/or converting this facility to equity;
- Continued favourable coal prices and utilisation of cash generated by the Group's collieries;
- Convertible equity funding of \$25.0 million;
- Production based funding of \$25.0 million and steelmaking HCC inventory prepayment of \$15.9 million (ZAR300.0 million);
- Contractor funding including a BOOT arrangement of \$8.2 million (ZAR155.0 million) and further construction-based funding; and
- In addition to the above mentioned potential funding sources including the convertible equity, production based funding, steelmaking HCC inventory prepayment facilities, BOOT arrangement and construction based funding referred to above, securing additional composite debt/equity funding required (Additional Funding) to finance the development of the Makhado Project, through either debt or equity.

The Group is still in negotiations with the IDC on the further deferral of the existing loan repayment. The Company has signed a Memorandum of Agreement with the BOOT funder and has paid a deposit of \$1.0 million for long lead-time items.

The Group is exploring and progressing several alternatives to raise the additional funding including, but not limited to:

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

The conclusion of the debt and equity raise funding initiatives as included in the cash flow forecast and for purposes of obtaining the Additional Funding as outlined above, and renegotiations with the IDC on an extension of the repayment of the current facility, is by its nature an involved process subject to successful negotiations with the external funders and shareholders. In addition, any equity or debt raised is likely to be subject to a due diligence process.

These conditions create a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are of the opinion that the going concern basis remains appropriate as a result of the following considerations:

- The Group is already in discussions with the IDC on the further deferral of the settlement of the existing loan and the possibility of securing a new facility;
- The Group has a history of successful capital raisings to meet the Group's funding requirements; and
- The Group has the capacity if necessary to reduce its operating cost structure in order to minimise its working capital requirements and defer the timing of any future capital raising.

Subject to raising the required funding noted above, the development of the Makhado Project is expected to subsequently commence within the twelve months following the signing of these annual financial statements.

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

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

Such adjustments could be material.

Basis of presentation

1.1 Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Company.

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Directors on 20 September 2023.

Accounting Policies continued

1. GENERAL INFORMATION continued

1.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

All amounts are presented in United States dollars, and rounded to nearest thousand unless otherwise noted.

1.3 Fair value measurement

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or fair value less costs to disposal in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. ACCOUNTING POLICIES

2.1 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current
- ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A list of controlled entities is contained in note 40 to the consolidated financial statements.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between: the aggregate of the fair value of the consideration received and the fair value of any retained interest;

and

- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Accounting Policies continued

2. ACCOUNTING POLICIES continued

2.2 Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency which is South African Rand and/or Australian Dollar). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United States dollars ("\$"), which is the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment in the foreign operation.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into United States dollars using the spot rate of exchange ruling at the reporting date.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the year, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity in the foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or loss of joint control over a jointly controlled entity that includes a operation), all of

the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

2.3 Exploration and evaluation expenditure

(i) Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area.

Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

(ii) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group conclude that a future economic benefit is more likely than not to be realised.

Capitalised expenditure includes costs directly related to exploration and evaluation activities in the relevant area of interest, including materials and fuel used, surveying costs, drilling costs and payments made to contractors. General and administrative costs are allocated to an exploration or evaluation area of interest and capitalised as an asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that are valued beyond proven and probable reserves. Similarly, the costs associated with acquiring an exploration and evaluation asset (that does not represent a business) are also capitalised. They are subsequently measured at cost less accumulated impairment.

Accounting Policies continued

2. ACCOUNTING POLICIES continued

2.3 Exploration and evaluation expenditure continued

All capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied, and assessed for impairment if facts and circumstances indicate that an impairment may exist. See note 2.9.

Exploration and evaluation expenditure that has been capitalised is reclassified to development assets when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Prior to such reclassification, exploration and evaluation expenditure capitalised is tested for impairment.

2.4 Development assets

Development expenditure incurred by the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure. No depreciation is recognised in respect of development assets.

Development assets are assessed for impairment if facts and circumstances indicate that an impairment may exist. See note 2.9.

A development asset is transferred as a 'mining property' at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management. Immediately prior to such transfer, development assets are tested for impairment.

2.5 Property, plant and equipment - Mining property, plant and equipment

Mining property includes expenditure that has been incurred through the exploration and development phases, and, in addition, further development expenditure that is incurred in respect of a mining property after the commencement of production, provided that, in all instances, it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise, such expenditure is classified as cost of sales.

Mining property includes plant and equipment associated with the mining property.

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Depreciation on plant and equipment included within mining property is computed on a straight-line basis over ten years. Depreciation on other components such as processing plants of mining property, is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved and probable and unclassified reserves.

Mining property is assessed for impairment if facts and circumstances indicate that an impairment may exist. See note 2.9.

2.6 Property, plant and equipment – Mining Rights

Mining rights are classified as property, plant and equipment on commencement of commercial production.

Depreciation is charged using the units-of-production method. The units-of-production basis results in a depreciation charge proportional to the depletion of proved and probable and unclassified reserves.

Mining rights are assessed for impairment if facts and circumstances indicate that an impairment may exist. Refer to note 2.9 - Impairment of tangible and intangible assets.

2.7 Property, plant and equipment (excluding development assets, mining property and mining rights)

Freehold land is stated at cost and is not depreciated.

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where items of property, plant and equipment contain components that have different useful lives to the main item of plant and equipment, these are capitalised separately to the plant and equipment to which the component can be logically assigned.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Accounting Policies continued

2. ACCOUNTING POLICIES continued

2.7 Property, plant and equipment (excluding development assets, mining property and mining rights) continued

The annual depreciation rates applicable to each category of property, plant and equipment are as follows:

Furniture, fittings and office equipment	13% – 50%
Buildings	5% – 20%
Plant and equipment	10% – 50%
Motor vehicles	20% – 33%
Other assets	17% – 33%
Leasehold improvements	Shorter of lease term and useful lives

2.8 Intangible assets

An intangible asset is recognised at cost if it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight-line basis over their estimated useful lives based on the unit of production method. The amortisation method used and the estimated remaining useful lives are reviewed at least annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets are assessed for impairment if facts and circumstances indicate that an impairment may exist. See note 2.9.

2.9 Impairment of tangible and intangible assets

The carrying amounts of the Group's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing fair value less costs of disposal, the estimated future cash flows were discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted due to a market price not being available.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 Leasing

At inception of a contract, the group assessed whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in AASB 16.

As a lessee

The group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Refer to note 2.9

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

Accounting Policies continued

2. ACCOUNTING POLICIES continued

2.10 Leasing continued

The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (below \$5,000) and short-term leases.

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity.

Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.12 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of AASB 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets

- Amortised cost
- Fair Value Through Profit or Loss

Financial liabilities

- Amortised cost

Financial assets at amortised cost

The following financial assets are classified as financial assets subsequently measured at amortised cost:

- Trade and other receivables
- Cash and cash equivalents
- Deposits included as part of other financial assets
- Restricted cash

Classification

Assets are classified in this category because the contractual terms give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and it is the Group's business model to collect the contractual cash flows on these assets.

Accounting Policies continued

2. ACCOUNTING POLICIES continued

2.12 Financial instruments continued

Measurement

Financial assets at amortised cost are recognised when the Group becomes a party to the contractual provisions of the asset. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at the transaction price. These financial assets are subsequently measured at amortised cost. All other financial assets are initially measured at fair value less transaction costs. The amortised cost is the amount recognised on the financial asset, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method, of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Effective interest rate

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or (where appropriate) a shorter period, to the amortised cost of a financial instrument.

Interest income is calculated using the effective interest method, and is included in profit or loss in finance income.

The application of the effective interest method to calculate interest income on a receivable is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the financial asset, provided it is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a financial asset was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the financial asset in the determination of interest. If, in subsequent periods, the financial asset is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

When a financial asset is denominated in a foreign currency, the carrying amount of the financial asset is determined in the foreign currency. The carrying amount is then translated to using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other gains.

Impairment

The Group assesses on a forward-looking basis the Expected Credit Losses (ECLs) associated with its financial assets carried at amortised cost. ECLs are a probability-weighted estimate of credit

losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). Refer to note 9 for further details.

Expected credit loss allowances are measured on either of the following bases:

- the ECL on all other financial instruments (with the exception of trade receivables) is measured at the 12-month ECL, unless there has been a significant increase in credit risk; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group considers a financial asset to be in default when financial assets are past due 90 days or more. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial assets at Fair Value Through Profit or Loss

The following financial assets are classified at Fair Value Through Profit or Loss:

- Equity securities in investment funds included in other financial assets

Classification

Investments held by the Group as equity securities in investment funds are classified as financial assets and subsequently measured at fair value through profit or loss. Assets are classified in this category because the Group does not hold these investments solely to collect payments of principal and interest on the principal outstanding, and the Group manages these investments based on their fair value.

Measurement

Financial assets at Fair Value Through Profit or Loss are recognised when the Group becomes a party to the contractual provisions of the investment. These financial assets are recognised initially at fair value. These financial assets are subsequently re-measured at fair value with all gains or losses recognised directly in profit or loss.

Financial liabilities at amortised cost

Classification

The following financial liabilities are classified as financial liabilities subsequently measured at amortised cost:

- Bank overdraft
- Borrowings
- Lease liabilities
- Trade and other payables

Accounting Policies continued

2. ACCOUNTING POLICIES continued

2.12 Financial instruments continued

Measurement

Liabilities at amortised cost are recognised when the Group becomes a party to the contractual provisions of the liability. The liabilities are initially measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

When financial liabilities are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the presentation currency using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Trade receivables

The group makes use of a simplified approach as a practical expedient to the determination of expected credit losses on trade receivables. The group applies the AASB 9 simplified approach to measure expected credit losses, which uses a lifetime expected credit loss allowance, for trade receivables. Trade receivables that are more than 30 days past-due are assessed to have an increase in credit risk. The simplified approach is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade receivables through use of a loss allowance account. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due date. The movement in expected credit losses are disclosed separately on the consolidated statement of profit and loss and other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits. Cash and cash equivalents are accounted for at amortised cost.

Restricted cash comprise cash balances which are encumbered and the Group does therefore not have unrestricted access to these funds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The increase in provisions due to the passage of time is included in the finance cost line item in the consolidated statement of profit or loss and other comprehensive income.

Rehabilitation provision

A provision for rehabilitation is recognised when there is a present obligation as a result of exploration, development or production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably.

The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The provision for future rehabilitation costs is the best estimate of the present value of the expenditure required to settle the rehabilitation obligation at the reporting date, based on current legal and other requirements and technology. Future rehabilitation costs are reviewed annually and any changes in the estimate are reflected in the present value of the rehabilitation provision at each reporting date.

Accounting Policies continued

2. ACCOUNTING POLICIES continued

2.13 Provisions continued

The initial estimate of the rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and depreciated or amortised on the same basis as the related asset.

Changes in the estimate of the provision are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset in property, plant and equipment.

2.14 Taxation

The income tax expense or income for the period represents the sum of the tax currently payable or recoverable and deferred tax.

Current taxation

The tax currently payable or recoverable is based on taxable profit or loss for the year. Taxable profit or loss differs from profit or loss as reported in the consolidated statement of profit or loss and other comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date in countries where the Group operates and generates taxable income.

Deferred taxation

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit or loss.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if a taxable temporary difference arises from the initial recognition of goodwill or any temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax balances are calculated using the tax rates that are expected to apply to the reporting period or periods when the temporary difference reverse, based on tax rates and tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.15 Revenue from contracts with customers

Revenue is recognised at the transaction price the Group expects to be entitled to net of the amount of applicable sales tax.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over coal sold to a customer at a point in time, which is generally indicated as follows:

- The Group has a present right to payment for the coal sold
- The customer has legal title to the coal sold
- The Group has transferred physical possession of the coal sold
- The customer has the significant risks and rewards of ownership of the coal sold
- The customer has accepted the coal sold

No discounts are provided for coal sales.

The Group exports coal FOB (Free On Board) or FOT (Free On Truck) depending on the contractual terms. Delivery of the saleable coal to the contractor shall take place as saleable coal is deposited at an area designated by the Group as stockpiles.

There are no remaining performance obligations (unsatisfied or partially unsatisfied) based on the terms of the contracts requiring disclosure.

Accounting Policies continued

2. ACCOUNTING POLICIES continued

2.15 Revenue from contracts with customers continued

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods to the customer and when the customer pays for that goods will be one year or less.

2.16 Share-based payments

Equity-settled

Equity-settled share-based payments to employees are measured at the fair value or the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to the equity-settled share-based payment reserve.

Equity-settled share-based payment transactions with employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2.17 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Short term employee benefits are expensed as the related service is provided.

2.18 Segment information

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's executive committee.

Management has determined the reportable segments of the Group based on the reports reviewed by the Company's executive committee that are used to make strategic decisions. The Group has two reportable segments in the current year: Exploration and Mining (2022: Exploration, Development and Mining) (see note 32).

3. CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The primary areas in which estimates and judgements are applied are discussed below.

Asset carrying values and impairment charges

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost of disposal calculations, which incorporate various key assumptions. Key assumptions include future coal prices, future operating costs, discount rates, foreign exchange rates and coal reserves.

Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised requires judgement and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. The Group applies the principles of AASB 6 and recognises exploration and evaluation assets when the rights of tenure of the area of interest are current, and the exploration and evaluation expenditures incurred are expected to be recouped through successful development and exploitation of the area. If, after having capitalised the expenditure under the Group's accounting policy, a judgment is made that recovery of the carrying amount is unlikely, an impairment loss is recorded in profit or loss.

Development expenditure

Development activities commence after the commercial viability and technical feasibility of the project is established.

Judgment is applied by management in determining when a project is commercially viable and technically feasible.

Any judgements may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to profit or loss.

The Company considers the following items as pre-requisites prior to concluding on commercial viability:

- All requisite regulatory approvals from government departments in South Africa have been received and are not subject to realistic legal challenges;
- The Company has the necessary funding to engage in the construction and development of the project as well as general working capital until the project is cash generative;

Accounting Policies continued

3. CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS continued

Development expenditure continued

- A Joint Ore Reserve Committee (JORC) compliant resource proving the quantity and quality of the project as well as a detailed Mine Plan reflecting that the colliery can be developed and will deliver the required return hurdle rates;
- The Company has secured off-take and/or logistics agreements for a significant portion of the product produced by the mine and the pricing has been agreed; and
- The Company has the appropriate skills and resources to develop and operate the project.

Impairment assessment

Long-term mining assets forming part of board-approved projects are valued based on estimates of future discounted cash flows (DCF) of the latest board-approved business forecasts regarding production volumes, costs of production, capital expenditure, coal prices and market forecasts for foreign exchange rates. The discount rate is a risk adjusted discount rate, taking into account specific risks relating to the Cash Generating Unit (CGU) where cash flows have not been adjusted for the risk. This methodology is typically applied to CGUs classified as Property, Plant and Equipment as well as Exploration and Evaluation assets (e.g. Uitkomst and Vele Colliery).

Coal resources outside approved mine plans are valued based on an *in situ* resource multiple based value. Comparable market transactions are used as a source of evidence. This methodology is typically applied to CGUs classified as Property, Plant and Equipment and Exploration and Evaluation assets (e.g. Greater Soutpansberg Project, Makhado Project). For Exploration and Evaluation projects that are at an advanced stage of evaluation and conditionally approved by the Board (e.g. Makhado Project), DCFs are also used and validated by *in situ* resource multiple based values.

The key financial assumptions used in the current year's impairment calculations are:

Hard coking coal (HCC) price (real US\$ per ton) ⁽ⁱ⁾	\$215
Thermal coal price (real US\$ per ton) ⁽ⁱⁱ⁾	\$108
Rand/US\$ exchange rate ⁽ⁱⁱⁱ⁾	18.8
Real discount rates ^(iv)	8.23% – 12.80%
<i>In situ</i> resource multiple valuation range (Rand per tonne) ^(v)	ZAR1 to ZAR5

- Estimated with reference to the short-term future quotes for hard coking coal free-on-board Australia. Management's models considered a HCC price range of between \$210 per tonne and \$248 per tonne, with a base case of \$215 per tonne.
- Estimated with reference to the forward curve for API4 thermal coal free-on-board Richards Bay. Management's models considered a real long-term thermal coal price range of between \$123 per tonne and \$126 per tonne, with a base case of \$126 per tonne.

- Estimated with reference to the prevailing exchange rates and consensus outlooks. Management's models considered a Rand vs US Dollar exchange rate range of between R18.54 and R20.47 with a base case of R18.54.
- Pre-tax real discount rates that reflect management's assessments of market conditions and risks specific to the various projects. Management's models considered between 12.62% and 12.80% for established and producing projects and 8.23% for future projects.
- Based on historic thermal and premium coal transactions in South Africa a weighted range of between R3 and R6 per gross tonne *in situ* was determined reasonable for the Group's impairment assessment purposes. The carrying values of the Group's exploration and evaluation projects were comfortably supported within this range after adjusting for project risk factors.

Sensitivity analysis for DCF calculations

Sensitivity	Change	Effect on estimated recoverable amount US\$ million		
		Uitkomst Colliery	Vele Colliery	Makhado Project
Long-term HCC prices	+10%	N/A	N/A	123
	-5%	N/A	N/A	(61)
Long-term thermal prices	+7.5%	N/A	N/A	38
	-7.5%	N/A	(18)	(38)
Long-term exchange rate	+6%	N/A	N/A	96
	-3%	N/A	N/A	(48)
Discount rate	+1%	–	–	(3)
	-1%	–	–	3

- Keeping all other inputs constant, this sensitivity scenario would not result in an impairment charge for the Makhado Project. Should the long-term HCC price decrease by 23%, an impairment will be recognised for the Makhado Project.
- Keeping all other inputs constant, this results in a \$11.0 million impairment in the Vele Colliery with no impairment charge to the Makhado Project. Should the long-term thermal coal price decrease by 55%, an impairment will be recognised for the Makhado Project.
- Keeping all other inputs constant, this sensitivity scenario would not result in an impairment charge for the Makhado Project. Should the long-term exchange rate decrease by 18%, an impairment will be recognised for the Makhado Project.
- Keeping all other inputs constant, this sensitivity scenario would result in no impairment charges for the Uitkomst Colliery, Vele Colliery or the Makhado Project. An impairment will be recognised should the discount rate increase by 19% for Makhado, 7% for Uitkomst and 6% for Vele.

Accounting Policies continued

3. CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS continued

The key financial assumptions used in the prior year's impairment calculations were:

Hard coking coal (HCC) price (real US\$ per ton) ⁽ⁱ⁾	\$212
Thermal coal price (real US\$ per ton) ⁽ⁱⁱ⁾	\$155
Rand/US\$ exchange rate ⁽ⁱⁱⁱ⁾	15.80
Real discount rates ^(iv)	12.1% – 13.34%
<i>In situ</i> resource multiple valuation range (SA Rand per ton) ^(v)	ZAR4 – ZAR8

- (i) Estimated with reference to the short-term future quotes for hard coking coal free-on-board Australia. Management's models considered a HCC price range of between \$191 per tonne and \$240 per tonne, with a base case of \$220 per tonne.
- (ii) Estimated with reference to the forward curve for API4 thermal coal free-on-board Richards Bay. Management's models considered a real long-term thermal coal price range of between \$140 per tonne and \$170 per tonne, with a base case of \$155 per tonne.
- (iii) Estimated with reference to the prevailing exchange rates and consensus outlooks. Management's models considered a Rand vs US Dollar exchange rate range of between R15.33 and R16.75 with a base case of R15.80.
- (iv) Pre-tax real discount rates that reflect management's assessments of market conditions and risks specific to the various projects. Management's models considered between 16% and 17% for established and producing projects and between 17% and 19% for developing and future projects, with a base case of 12.1% for established and producing projects and between 13% and 14% for developing and future projects.
- (v) Based on historic thermal and premium coal transactions in South Africa a weighted range of between R3 and R8 per gross tonne *in situ* was determined reasonable for the Group's impairment assessment purposes. The carrying values of the Group's exploration and evaluation projects were comfortably supported within this range after adjusting for project risk factors.

Sensitivity analysis for DCF calculations (prior year)

Sensitivity	Change	Effect on estimated recoverable amount US\$ million		
		Uitkomst Colliery	Vele Colliery	Makhado Project
Long-term HCC prices	+10%	N/A	11	39
	-5%	N/A	(5)	(19)
Long-term thermal prices	+7.5%	13	22	22
	-7.5%	(13)	(22)	22
Long-term exchange rate	+6%	9	24	40
	-3%	(3)	(12)	(20)
Discount rate	+1%	(1)	(6)	(12)
	-1%	2	7	13

- (i) Keeping all other inputs constant, this sensitivity scenario would not result in an impairment charge for the Makhado Project or the Vele Colliery.
- (ii) Keeping all other inputs constant, this sensitivity scenario would result in an impairment charges of \$10.4 million for the Uitkomst Colliery and no impairment charges for the Vele Colliery or the Makhado Project. However, Uitkomst will re-assess its marketing strategy if API4 prices reduced significantly.
- (iii) Keeping all other inputs constant, this sensitivity scenario would result in an impairment charge of \$0.6 million for the Uitkomst Colliery, with no impairment charges for the Vele Colliery or the Makhado Project.
- (iv) Keeping all other inputs constant, this sensitivity scenario would result in no impairment charges for the Uitkomst Colliery, Vele Colliery or the Makhado Project.

Coal reserves

Economically recoverable coal reserves relate to the estimated quantity of coal in an area of interest that can be expected to be profitably extracted, processed and sold.

The Group determines and reports coal reserves under the Australasian Code of Reporting of Mineral Resources and Ore Reserves (the 'JORC Code'). This includes estimates and assumptions in relation to geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, exchange rates and expected coal demand and prices.

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations and mining operations conducted, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- asset carrying values may be affected due to changes in estimated future cash flows; and
- depreciation and amortisation charges may change where such charges are determined on the units of production basis, or where the useful economic lives of assets change.

Rehabilitation and restoration provisions

Certain estimates and assumptions are required to be made in determining the cost of rehabilitation and restoration of the areas disturbed during mining activities and the cost of dismantling of mining infrastructure. The amount the Group is expected to incur to settle its future obligations includes estimates regarding:

- the future expected costs of rehabilitation, restoration and dismantling;
- the expected timing of the cash flows and the expected life of mine (which is based on coal reserves noted above);
- the application of relevant environmental legislation; and
- the appropriate rate at which to discount the liability.

Accounting Policies continued

3. CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS continued

Rehabilitation and restoration provisions continued

Changes in the estimates and assumptions used could have a material impact on the carrying value of the rehabilitation provision and related asset. The provision is reviewed at each reporting date and updated based on the best available estimates and assumptions at that time. The carrying amount of the rehabilitation provision is set out in note 16.

Taxation

The group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the consolidated statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes and operating costs.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to profit or loss.

Estimating the incremental borrowing rate

The group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR, therefore, reflects what the group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgements estimates.

Residual value and useful life of property, plant and equipment

The group depreciates its assets over their estimated useful lives, as more fully described in the accounting policies for property, plant and equipment.

The estimation of useful lives of assets are based on historical performance as well as expectations about future use and therefore require a significant degree of judgement to be applied by management. Judgement is applied by management in determining the residual values for property, plant and equipment. When determining the residual value for property, plant and equipment, the following factors are taken into account:

- External residual value information (if available); and
- Internal technical assessments for specialised mining equipment.

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards and interpretations adopted in the current year

The Group has adopted all new and revised standards issued by the International Accounting Standards Board that are relevant and effective for accounting periods beginning on or after 1 July 2022, as listed below:

Standard	Amendment	Title
AASB 2020-3 Amendments to AASB 116	Amendment	Property, Plant and Equipment: Proceeds before Intended Use
AASB 2020-3 Amendments to AASB 137	Amendment	Onerous Contracts – Cost of Fulfilling a Contract

AASB 2020-3 Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset.

The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group has reviewed the amendment and the principles have already been applied before adoption. The amendment therefore does not have a significant impact on the Group.

AASB 2020-3 Amendments to AASB 137 – Onerous Contracts – Cost of Fulfilling a Contract

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The Group has reviewed the amendment and concluded that it does not have a significant impact on the Group.

Accounting Policies continued

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS continued

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that apply to the group's accounting period beginning on 1 July 2023 or later periods, but have not been early adopted by the group.

The standards, amendments and interpretations that are relevant to the group is:

Standard(s) Amendment(s) Interpretation(s)	Nature of the change	Salient features of the changes	Effective date*
AASB 2021-2 Amendments to AASB 108 – Definition of Accounting Estimates	Amendment	The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged. The impact of the amendment has been determined to not be material as these principles are already applied.	1-Jul-23
AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current	Amendment	Amendment: Classification of Liabilities as Current or Non-current: • Classification to be based on whether the right to defer settlement by at least twelve months exists at the end of the reporting period; • Classification is unaffected by expectation of settlement; • Settlement refers to transfer of cash equity instruments, other assets or services; and • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The impact of the amendment has been determined to not be material as these principles are already applied.	1-Jul-23
2022-6 Amendments to AASs – Non-current Liabilities with Covenants	Amendment	A consequence of the first amendment is that a liability would be classified as current if its repayment conditions failed their test at reporting date, despite those conditions only becoming effective in the 12 months after the end of the reporting period. In response to this possible outcome, the AASB has issued AASB 2022-6 Amendments to AASs – Non-current Liabilities with Covenants in December 2022: • Clarifying that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. • Adding presentation and disclosure requirements for non-current liabilities subject to compliance with future covenants within the next 12 months. • Clarifying specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date. The impact of the amendment has been determined to not be material as the Group doesn't have any covenants.	1-Jul-24
AASB 2021-5 Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Amendment	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and opposite temporary differences – e.g. leases and provisions. For lease liabilities and provisions, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognised as assets at the beginning of the earliest comparative period presented. The group accounts for deferred tax on leases and provisions applying the 'integrally linked' approach, resulting in a similar outcome to the amendments and as a result there will be no impact on the Group.	1-Jul-23

* Effective date refers to annual period beginning on or after the said date.

Notes to the Consolidated Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT

Figures in US\$'000 Reconciliation for the year ended 30 June 2023 – Group	Land and buildings	Leasehold improvements	Mining property, plant and equipment	Motor vehicles	Mining rights	Other	Total
Balance at 1 July 2022							
At cost	8,020	77	7,386	1,058	16,194	1,330	34,065
Accumulated depreciation	(1,617)	(77)	(2,665)	(788)	(4,268)	(1,175)	(10,590)
Carrying amount	6,403	–	4,721	270	11,926	155	23,475
Movements for the year ended 30 June 2023							
Additions	110	7	696	458	–	242	1,513
Transfer from development assets (note 6)	651	–	16,325	–	–	–	16,976
Transfer from right-of-use assets (note 18)	–	–	571	–	–	–	571
– Cost	–	–	1,016	–	–	–	1,016
– Accumulated depreciation	–	–	(445)	–	–	–	(445)
Depreciation	(236)	–	(658)	(122)	(283)	(74)	(1,373)
Rehabilitation asset	–	–	(1,760)	–	–	–	(1,760)
Exchange differences relating to:	(908)	–	(2,194)	(53)	(1,592)	(28)	(4,775)
– Cost	(1,130)	(6)	(2,648)	(165)	(2,156)	(148)	(6,253)
– Accumulated depreciation	222	6	454	112	564	120	1,478
Disposals	(3)	–	–	–	–	(3)	(6)
– Cost	(99)	(66)	–	(12)	–	(766)	(943)
– Accumulated depreciation	96	66	–	12	–	763	937
Property, plant and equipment at the end of the year	6,017	7	17,701	553	10,051	292	34,621
Closing balance at 30 June 2023							
At cost	7,552	12	21,025	1,339	14,038	658	44,624
Accumulated depreciation	(1,535)	(5)	(3,324)	(786)	(3,987)	(366)	(10,003)
Carrying amount	6,017	7	17,701	553	10,051	292	34,621

Notes to the Consolidated Financial Statements continued

Figures in US\$'000 Reconciliation for the year ended 30 June 2022 – Group	Land and buildings	Leasehold improvements	Mining property, plant and equipment	Motor vehicles	Mining rights	Other	Total
Balance at 1 July 2021							
At cost	8,681	117	7,618	1,052	18,481	1,599	37,548
Accumulated depreciation	(1,585)	(117)	(2,259)	(801)	(3,842)	(1,574)	(10,178)
Carrying amount	7,096	–	5,359	251	14,639	25	27,370
Movements for the year ended 30 June 2022							
Additions	435	–	318	131	–	170	1,054
Depreciation	(237)	–	(674)	(75)	(968)	(29)	(1,983)
Rehabilitation asset	–	–	502	–	–	–	502
Exchange differences relating to:	(891)	–	(784)	(37)	(1,745)	(11)	(3,468)
– Cost	(1,096)	(40)	(1,053)	(126)	(2,287)	(440)	(5,042)
– Accumulated depreciation	205	40	269	89	542	429	1,574
Disposals	–	–	–	–	–	–	–
Property, plant and equipment at the end of the year	6,403	–	4,721	270	11,926	155	23,475
Closing balance at 30 June 2022							
At cost	8,020	77	7,386	1,058	16,194	1,330	34,065
Accumulated depreciation	(1,617)	(77)	(2,665)	(788)	(4,268)	(1,175)	(10,590)
Carrying amount	6,403	–	4,721	270	11,926	155	23,475

No impairment charge was required for property, plant and equipment during the 2023 and 2022 financial years.

Other assets consist of office, computer equipment, furniture and fittings.

Notes to the Consolidated Financial Statements continued

6. DEVELOPMENT ASSETS

Balances at year end and movements for the year

Figures in US\$'000	Group 2023	Group 2022
Balances at year end and movements for the year		
Reconciliation for the year		
Balance at the beginning of the year	17,739	19,055
Movements for the year		
Additions	252	5
Transfers to property, plant and equipment (note 5)	(16,976)	–
Transfers to intangible assets (note 8)	(594)	–
Movement in Rehabilitation asset	271	1,115
Foreign exchange differences	(692)	(2,436)
Development assets at the end of the year	–	17,739

The Vele Colliery was recommissioned in December 2022 and as a result, the Vele 'Development Asset' was reclassified as a 'Production Asset'.

7. EXPLORATION AND EVALUATION ASSETS

7.1 Reconciliation of changes in exploration and evaluation assets

Figures in US\$'000	Exploration and evaluation assets	Total
Reconciliation for the year ended 30 June 2023 – Group		
Balance at 1 July 2022		
At cost	82,689	82,689
Accumulated impairment losses	(14,850)	(14,850)
Carrying amount	67,839	67,839
Movements for the year ended 30 June 2023		
Additions	6,164	6,164
Decrease through net exchange differences	(8,228)	(8,228)
Movement in rehabilitation asset	(93)	(93)
Exploration and evaluation assets at the end of the year	65,682	65,682
Closing balance at 30 June 2023		
At cost	78,556	78,556
Accumulated impairment losses	(12,874)	(12,874)
Carrying amount	65,682	65,682

An assessment was performed for the 2023 financial year and no impairment was recognised for the year ended 30 June 2023.

7.1 Reconciliation of changes in exploration and evaluation assets

Reconciliation for the year ended 30 June 2022 – Group

Figures in US\$'000	Exploration and evaluation assets	Total
Balance at 1 July 2021		
At cost	93,467	93,467
Accumulated impairment losses	–	–
Carrying amount	93,467	93,467
Movements for the year ended 30 June 2022		
Additions	134	134
Decrease through net exchange differences	(10,999)	(10,999)
Movement in rehabilitation asset	88	88
Impairment loss recognised in profit or loss	(14,851)	(14,851)
Exploration and evaluation assets at the end of the year	67,839	67,839
Closing balance at 30 June 2022		
At cost	82,689	82,689
Accumulated impairment losses	(14,850)	(14,850)
Carrying amount	67,839	67,839

The Company impaired various exploration assets during FY2022 that it does not expect to develop in the foreseeable future. The charge for FY2022 included:

- \$4.3 million relating to Exploration assets situated to the west of the Vele Colliery that have a low probability of being developed;
- The impairment of historical exploration costs of \$0.2 million incurred on prospecting rights to the east of the Makhado Project that expired; and
- An impairment expense of \$10.3 million for specific prospects that form part of the GSP that MC Mining with uncertainty over their development in the foreseeable future, but the MRs remain intact.

An assessment was performed for the 2023 financial year and no impairment was recognised for the year ended 30 June 2023.

Notes to the Consolidated Financial Statements continued

8. INTANGIBLE ASSETS

Reconciliation of changes in intangible assets

Figures in US\$'000	Biodiversity asset	Total
Reconciliation for the year ended 30 June 2023 – Group		
Balance at 1 July 2022		
At cost	–	–
Accumulated amortisation and impairment losses	–	–
Carrying amount	–	–
Movements for the year ended 30 June 2023		
Transfer of biodiversity asset from development assets (Note 6)	594	594
Decrease through net exchange differences	(57)	(57)
Amortisation	(34)	(34)
Biological assets at the end of the year	503	503
Closing balance at 30 June 2023		
At cost	536	536
Accumulated amortisation and impairment losses	(33)	(33)
Carrying amount	503	503

The biodiversity asset relates to the asset capitalised as part of the biodiversity offset provision as disclosed in note 16 to the financial statements. The biodiversity offset agreement provides the Group to right to mine as per the mining right.

9. INVENTORIES

Inventories comprise:

Figures in US\$'000	Group 2023	Group 2022
Consumable stores	512	580
Finished goods	3,595	3,910
Other	–	8
Provision for obsolete inventory	(19)	(53)
	4,088	4,445

The cost of inventories recognised as an expense during the year was \$10 million (2022 expense: \$3.8 million).

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

Figures in US\$'000	Group 2023	Group 2022
Trade receivables	3,888	941
Expected credit loss allowances	(311)	(616)
Trade receivables – net balance	3,577	325
Other receivables	675	768
Value added tax – Non-financial asset	206	–
	4,458	1,093

The carrying amount of trade and other receivables approximate their fair value due to their short-term maturity.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as disclosed above.

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due. In order to mitigate the risk of financial loss from defaults, the Group only deals with reputable customers with consistent payment histories. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed on a regular basis. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

A loss allowance is considered for all trade receivables, in accordance with AASB 9 Financial Instruments, and is monitored at the end of each reporting period. The Group measures the possible loss allowance for trade receivables by applying the simplified approach which is prescribed by AASB 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses (ECLs) on trade receivables. To measure the ECLs, trade receivables are grouped based on shared credit risk characteristics and the days past due to identify non-performing receivables. In addition, forward-looking macro-economic conditions and factors are considered when determining the ECLs for trade receivables, namely trading conditions in the regional coal user markets, as well as economic growth and inflationary outlook in the short-term. Trade receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 30 days past due. Based on the year-end ECL assessment performed, a provision of \$0.3 million (FY2022: \$0.6 million) was required at the end of the financial year.

The majority of trade receivables at the end of the current and previous financial year are denominated in South African Rand.

Notes to the Consolidated Financial Statements continued

11. DEFERRED TAX

11.1 The analysis of deferred tax assets and deferred tax liabilities is as follows:

Figures in US\$'000	Group 2023	Group 2022
Deferred tax liability	(3,648)	(4,232)
Net deferred tax liabilities	(3,648)	(4,232)
The deferred tax balances at year-end are represented by:		
Provision	536	893
Balance at end of year	536	893
Capital allowances on property plant and equipment	(4,184)	(5,082)
Prepayments	–	(43)
Balance at end of year	(4,184)	(5,125)

11.2 Reconciliation of deferred tax movements

Group	Deferred tax	Total
Opening balance at 1 July 2022	(4,232)	(4,232)
Provisions	(261)	(261)
Capital allowances	(1,299)	(1,299)
Prepayments	37	37
Right-of-use asset	155	155
Foreign Exchange	1,952	1,952
Closing balance at 30 June 2023	(3,648)	(3,648)
Opening balance at 1 July 2021	(4,669)	(4,669)
Provisions	388	388
Capital allowances	(2,219)	(2,219)
Prior year adjustment	(46)	(46)
Foreign Exchange	2,314	2,314
Closing balance at 30 June 2022	(4,232)	(4,232)

Deferred income tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of \$21.8 million (2022: \$21.5 million) in respect of losses amounting to \$4.2 million (2022: \$4.5 million) and unredeemed capital expenditure of \$54.1 million (2022: \$21.5 million) that can be carried forward against future taxable income.

12. OTHER FINANCIAL ASSETS

12.1 Other financial assets incorporates the following balances:

Figures in US\$'000	Group 2023	Group 2022
Equity securities in investment funds*	5,191	4,580
Deposits**	48	19
	5,239	4,599

Fair value movements in other financial assets are recognised in other (losses)/gains in the consolidated statement of profit or loss. Refer to note 26.

* Included in this investments are unit trust investments where the underlying funds invest in equity instruments and money market instruments, both local and foreign.

** Deposits are classified as financial assets at amortised cost.

The equity securities in investment funds are for the rehabilitation provisions and Eskom payment and infrastructure guarantees.

12.2 Movements in other financial assets

Figures in US\$'000	Group 2023	Group 2022
At the beginning of the year	4,599	4,708
Revaluations	467	71
Interest received	3	131
Disposal of investment	(5)	(4)
Acquisition of investments	863	378
Foreign exchange differences	(688)	(685)
At the end of the year	5,239	4,599

Notes to the Consolidated Financial Statements continued

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Figures in US\$'000	Group 2023	Group 2022
Balances with banks	7,499	2,993
Bank overdrafts	–	(1,529)
	7,499	1,464
Restricted cash	23	100
	23	100

The bank overdraft relates to an ABSA facility that was secured during the 2020 financial year, from ABSA Bank for \$1.3 million (ZAR 24.9 million). The facility is for short-term working capital requirements and potential expansion opportunities. It has a floating coupon at the South African Prime rate (currently 9.75% per annum) plus 3.0%, with the operating mine, Uitkomst Colliery, trade receivables and a notarial bond over immovable assets ceded as security. The facility is subject to annual review.

Credit risk

Cash at bank earns interest at a floating rate based on daily bank deposit rates. Cash is deposited at highly reputable financial institutions of a high quality credit standing within Australia and the Republic of South Africa.

The fair value of cash and cash equivalents approximates to the values as disclosed in this note.

14. ISSUED CAPITAL

14.1 Authorised and issued share capital

Figures in US\$'000	Group 2023	Group 2022
Issued		
399,665,202 (2022: 197,654,870) fully paid ordinary shares	1,069,871	1,045,395
Share reconciliation		
Shares outstanding – beginning of the period	197,654,870	154,419,555
Issued during the year	202,010,332	43,235,315
Shares outstanding – closing	399,665,202	197,654,870

14.2 Additional disclosures

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings.

In the event of winding up of the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Share options granted

Share options granted under the Company's share option plan and performance rights granted in terms of the Company's performance right scheme plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in note 30.

15. RESERVES

15.1 Classification of reserves

Figures in US\$'000	Group 2023	Group 2022
Capital profit reserves	91	91
Share based payment reserve	1,992	1,263
Foreign currency translation reverse	(53,020)	(42,544)
Total reserves	(50,937)	(41,190)

15.2 Detailed analysis of reserves

	Capital profit reserve	Foreign currency translation reserve	Share based payment reserve	Total
2023				
Opening balance	91	(42,544)	1,263	(41,190)
Performance grants issued	–	–	1,928	1,928
Performance rights exercised	–	–	(217)	(217)
Performance rights expired	–	–	(982)	(982)
Exchange differences on translating foreign operations	–	(10,476)	–	(10,476)
Total reserves for the year	91	(53,020)	1,992	(50,937)

Notes to the Consolidated Financial Statements continued

15. RESERVES continued

	Capital profit reserve	Foreign currency translation reserve	Share based payment reserve	Warrant reserve	Total
2022					
Opening balance	91	(30,198)	1,493	1,177	(27,437)
Performance grants issued	–	–	1,186	–	1,186
Performance rights forfeited	–	–	(7)	–	(7)
Shares vested	–	–	(393)	–	(393)
Exchange differences on translating foreign operations	–	(12,346)	–	–	(12,346)
Performance rights expired	–	–	(1,016)	–	(1,016)
Warrants expired	–	–	–	(1,177)	(1,177)
Total reserves for the year	91	(42,544)	1,263	–	(41,190)

15.3 Nature and purpose of reserves

Capital reserve

The capital profits reserve contains capital profits derived during previous financial years.

Share-based payment reserve

Share based payment reserve represent the value of unexercised share options and performance rights to directors and employees. It also includes a share based payment reserve in Uitkomst Colliery issued in terms of Black Economic Empowerment (Financial Reporting Pronouncement) charges which is a requirement in South Africa.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of operations into presentation currency.

Warrants reserve

The warrants reserve relates to the warrants issued to the IDC in terms of the Loan Agreement to advance funding to Baobab. Refer note 19.

16. PROVISIONS

16.1 Provisions comprise:

Figures in US\$'000	Group 2023	Group 2022
Provisions for employee benefits	395	203
Other provisions	6,035	8,048
	6,430	8,251
Other provisions	6,035	8,048
Non-current portion	6,035	8,048
Provisions for employee benefits	395	203
Current portion	395	203
	6,430	8,251

16.2 Other provisions

	Biodiversity offset provision	Rehabilitation provision	Total
Balance at 1 July 2022	2,191	5,857	8,048
Unwinding of discount (Refer to note 28)	123	575	698
Change in assumptions on rehabilitation provisions	–	(1,698)	(1,698)
Foreign Exchange	(299)	(714)	(1,013)
Balance at 30 June 2023	2,015	4,020	6,035
Balance at 1 July 2021	2,357	4,332	6,689
Unwinding of discount (Refer to note 28)	135	402	537
Change in assumptions on rehabilitation provisions*	–	1,257	1,257
Foreign Exchange	(301)	(688)	(989)
Additions	–	554	554
Balance at 30 June 2022	2,191	5,857	8,048

* The change in assumptions regarding rehabilitation provisions was allocated as follows: \$1.7 million (2022: \$0.5 million) to property, plant, and equipment (Note 5), \$0.3 million (2022:\$1.1 million) to Development assets (Note 6), \$0.1 million (2022: \$0.09 million) to Exploration and evaluation assets (Note 7), with the remaining portion recognised in profit or loss.

Notes to the Consolidated Financial Statements continued

16. PROVISIONS continued

16.3 Details of other provisions

Biodiversity offset provision

The Biodiversity offset agreement (BOA) was signed by the Department of Environmental Affairs (DEA), South African National Parks Board and the Company to the value of \$3,4 million (ZAR55 million) over a 25 year period.

The BOA commits the Company to pay \$3,4 million (ZAR55 million) to the South African National Parks Board over a period of 25 years. The following payment arrangement has been agreed:

Phase 1 – ZAR2 million paid in 2015

Phase 2 – ZAR15 million from year 2016 to 2021 (*ZAR2.5 million annually)

Phase 3 – ZAR13 million from year 2022 to 2028 (*ZAR1.8 million annually)

Phase 4 – ZAR13 million from 2029 to 2033 (*ZAR2.6 million annually)

Phase 5 – ZAR12 million from 2034 to 2038 (*ZAR2.4 million annually)

* For the purpose of the present value calculation, these payments per phase have been estimated as annual payments and discounted at a rate of 6%.

Rehabilitation provision

The rehabilitation provision represents the current cost of environmental liabilities as at the respective year end. An annual estimate of the quantum of closure costs is necessary in order to fulfil the requirements of the DMRE, as well as meeting specific closure objectives outlined in the mine's Environmental Management Programme (EMP).

Although the ultimate amount of the obligation is uncertain, the fair value of the obligation is based on information that is currently available. This estimate includes costs for the removal of all-current mine infrastructure and the rehabilitation of all disturbed areas to a condition as described in the EMP.

The period assumed in the calculation of the present value of the obligation is the shorter of the remaining period of the mining license and the aggregate of the construction period of the mine and the total estimated LOM.

The current estimate available is inflated by the long-term South African inflation rate of 5.40% annually and the discount rates applied to establish the current obligations are the annual 10 year South Africa government bond rate at 30 June 2023 of 10.54% (2022: 10.50%) for the provision raised during the 2023 year.

Due to the changes in assumptions the Vele Colliery, the Makhado Project and Uitkomst Colliery had a decrease in the present value of the environmental obligation during 2023. The GSP is still in Exploration phase and no formal decision to mine is currently in place.

17. TRADE AND OTHER PAYABLES

Trade and other payables comprise:

Figures in US\$'000	Group 2023	Group 2022
Trade creditors	3,433	2,788
Accrued liabilities	2,616	4,233
Other payables	1,832	2,286
Total trade and other payables	7,881	9,307

The average credit period is 30 days.

18. LEASE LIABILITIES

The Group has leases for buildings, vehicles and underground mining equipment. The rolling five-year facility is subject to a floating coupon at the South African prime rate (currently 11.75% (2022:8.25%) per annum) plus 0.5% to 2.75% and is secured by the mining equipment purchased.

18.1 Lease liabilities comprise:

Figures in US\$'000	Group 2023	Group 2022
Lease obligation	2,505	2,942
Non-current liabilities	1,932	2,057
Current liabilities	573	885
	2,505	2,942

The movement in the lease liabilities is as follows:

Balance at beginning of the year	2,942	2,412
Modification*	332	1,339
Additions	678	119
Interest	295	281
Repayments	(698)	(864)
Terminations	(281)	–
Transfer to borrowings	(381)	–
Foreign exchange differences	(382)	(345)
Balance at end of year	2,505	2,942

Notes to the Consolidated Financial Statements continued

18. LEASE LIABILITIES continued

18.1 Lease liabilities comprise: continued

Figures in US\$'000	Group 2023	Group 2022
The maturity of the Group's undiscounted lease payments is as follows:		
Not later than one year	644	885
Later than one year and not later than five years	2,141	2,707
Later than five years	1,052	332
	3,837	3,924
Less future finance charges	(1,332)	(982)
Present value of minimum lease payments	2,505	2,942

* Relates to a change in the interest rate and/or lease term.

18.2 Amounts recognised in the consolidated statement of financial position

The Group leases various assets including land, buildings, plant and machinery and vehicles.

Figures in US\$'000	Group 2023	Group 2022
Right-of-use assets		
Land	462	89
Buildings	639	149
Machinery	299	1,144
Motor vehicles	922	1,750
	2,322	3,132
The movement in the right-of-use assets is as follows:		
Balance at beginning of the year	3,132	2,588
Additions	678	119
Transfers to property, plant and equipment (Note 5)	(571)	–
Depreciation	(618)	(637)
Modification	272	1,462
Disposal	(238)	–
Foreign exchange differences	(333)	(400)
Balance at end of the year	2,322	3,132

Figures in US\$'000	Group 2023	Group 2022
18.2 Amounts recognised in the consolidated statement of profit or loss and other comprehensive income		
Depreciation		
Buildings	135	11
Machinery	193	214
Motor vehicles	282	387
Other expenses and gains		
Interest expense	295	281
Short term lease expenses	71	167

19. BORROWINGS

19.1 Borrowings comprise:

Figures in US\$'000	Group 2023	Group 2022
Pan African Resources Management Services (Pty) Ltd	–	270
Industrial Development Corporation of South Africa Limited	16,190	16,796
Dendocept (Pty) Ltd	–	3,368
Senosi Group Investment Holdings (Pty) Ltd	–	1,222
ABSA Instalment sale agreements	154	–
	16,344	21,656
Balance at beginning of the year	21,656	19,482
Loans acquired during the year	328	7,953
Transfer to share capital	(3,378)	(3,024)
Repayments	(1,678)	(644)
Reallocation of interest previously disclosed as part of accruals	1,228	–
Interest accrued	539	537
Transferred from leases	381	–
Foreign exchange differences	(2,732)	(2,648)
Balance at end of year	16,344	21,656
Non-current portion of borrowings	48	–
Current portion of borrowings	16,296	21,656
	16,344	21,656

Notes to the Consolidated Financial Statements continued

19. BORROWINGS continued

19.2 Additional disclosures

Senosi Group Investment Holdings (Pty) Ltd (SGIH)

The ZAR 20.0 million (\$1.2 million) loan from SGIH and outstanding interest was repaid in two tranches during September 2022 (ZAR10.5 million) and December 2022 (ZAR10.2 million).

Industrial Development Corporation of South Africa Limited

The IDC has provided longstanding financial support for the development of the Makhado Project and in March 2017 granted MC Mining a facility of which ZAR160.0 million (\$8.5 million) was drawn to progress Makhado to its fully-permitted status and to partially fund the acquisition of the surface rights over the project area and to further develop the project. The Company is required to repay the loan amount plus an amount equal to the after tax internal rate of return equal to 16% (Pre-tax rate of 22,22%) of the amount of each advance. This resulted in IDC becoming a 6.7% shareholder in MC Mining subsidiary, Baobab, the owner of the Makhado Project. The IDC has extended the date for repayment date for the ZAR160.0 million (\$8.5 million) (plus accrued interest) to 30 September 2023. If the outstanding loan is not repaid, the IDC can convert the outstanding balance to equity in Baobab or MC Mining and will include the addition of a 10% premium to the outstanding loan balance. The conversion into MC Mining equity will be based on a 10% discount to the 30-day weighted average price. The conversion of the IDC loan would result in the IDC being a significant shareholder in either Baobab or MC Mining.

The additional facility of the conditional July 2019 R245 million (\$13 million) for the development of the fully permitted Makhado steelmaking HCC project remained subject to the IDC confirming its due diligence and credit approval and in July 2023 the Company was informed that this facility had not been extended.

The warrants for the second draw down of ZAR40 million (\$2.1 million) of the ZAR160 million (\$8.5 million) facility, equate to 0.833% of the entire share capital of MC Mining as at 1 October 2020, and it is not known if or precisely when these warrants will be issued. Furthermore, upon each advance, Baobab is required to issue new ordinary shares in Baobab to the IDC equivalent to 5% of the entire issued share capital of Baobab if the drawdown was ZAR120.0 million (\$6.4 million). Following the total drawdowns of ZAR160.0 million (\$8.5 million), the IDC is a 6.7% shareholder in Baobab.

Pan African Resources Management Services (Pty) Ltd

As part of the acquisition of the underground mining equipment and liabilities of Khethekile, the Group assumed a loan of \$1.1 million (ZAR21.0 million) from Pan African Resources Management Services (Pty) Ltd (PARMS). The loan bears interest at the South African Prime rate plus two percent and is compounded monthly. It is repayable in 48 monthly instalments of approximately \$0.1 million (ZAR1.0 million) per month. As at 30 June 2023 the loan was fully repaid.

Dendocept (Pty) Ltd

The ZAR60 million (US\$3.4 million) owing to Dendocept (Pty) Ltd in terms of Standby Loan Facility, was settled as part of the Rights Issue that took place in November 2022, where shares in the Company were issued to Dendocept to settle the loan.

20. REVENUE

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

20.1 Revenue comprises:

Figures in US\$'000	Group 2023	Group 2022
Sale of coal	44,799	23,511
Total revenue	44,799	23,511

20.2 Disaggregation of revenue from contracts with customers

	Sale of coal	Total
Revenue per geographical region		
2023 – South Africa	44,799	44,799
2022 – South Africa	23,511	23,511

Notes to the Consolidated Financial Statements continued

21. COST OF SALES

Cost of sales comprise:

Figures in US\$'000	Group 2023	Group 2022
Employee costs	8,686	9,161
Security	283	311
Inventory	10,094	(3,820)
Underground mining	2,872	4,657
Human Resources	1,406	1,105
Training	26	204
Wash plant	331	337
Administration	1,486	1,974
Environmental	99	177
Logistics	6,939	858
Commission	1,156	–
Utilities	762	877
Engineering	4,419	2,186
Safety	327	308
Depreciation	1,919	2,511
Royalties	404	153
Total cost of sales	41,209	20,999

22. OTHER OPERATING INCOME

Other operating income comprises:

Figures in US\$'000	Group 2023	Group 2022
Rental income	363	–
Scrap sales	14	22
Sundry income	1,191	271
Total other operating income	1,568	293

23. (REVERSAL)/EXPECTED CREDIT LOSSES

Figures in US\$'000	Group 2023	Group 2022
(Reversal)/Expected credit losses on trade receivables	(284)	331

The \$0.3 million in the current year relates to a reversal of expected credit losses, and the expected credit loss amounting to \$0.3 million relates to expected credit losses on trade receivables in the 2022 year. Refer to note 10 for further detail.

24. ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

Figures in US\$'000	Group 2023	Group 2022
Employee expense	4,260	2,698
Professional fees	504	1,082
Legal expenses	110	256
Other overheads	3,926	2,718
Depreciation	118	86
Total administrative expenses	8,918	6,840
Included in administrative expenses is auditors' remuneration as follows:		
Remuneration for audit and review of the financial report:		
Mazars – South Africa	97	113
Mazars – Australia	49	43
	146	156

25. IMPAIRMENT EXPENSE

The net impairment expense includes:

Figures in US\$'000	Group 2023	Group 2022
Impairment of assets	–	14,851

The impairment of assets in the 2022 year arose mainly from the impairment of identified areas of the GSP and Vele prospecting rights amounting to \$14.9 million. Refer to note 7 for further detail.

Notes to the Consolidated Financial Statements continued

26. OTHER GAINS

Other gains comprise:

Figures in US\$'000	Group 2023	Group 2022
Foreign exchange (loss)/gain		
– Unrealised	(44)	(103)
– Realised	377	(26)
Revaluation of investments	368	71
Other	51	121
Total other gains and (losses)	752	63

27. FINANCE INCOME

Finance income comprises:

Figures in US\$'000	Group 2023	Group 2022
Interest income	393	147

28. FINANCE COSTS

Finance costs included in profit or loss:

Figures in US\$'000	Group 2023	Group 2022
Interest on borrowings	539	638
Unwinding of discount from provisions	698	537
Interest on leases	296	281
Interest paid on bank and third parties	144	256
Total finance costs	1,677	1,712

29. INCOME TAX EXPENSE

29.1 Income tax recognised in profit or loss:

Figures in US\$'000	Group 2023	Group 2022
Current tax		
Current year	412	–
Deferred tax		
Current year deferred tax	(22)	116
Total income tax expense	390	116

The Group's effective tax rate for the year was 9.7% (2022: 0.6%). The tax rate used for the 2023 and 2022 reconciliations below is the corporate tax rate of 30% for Australian companies.

29.2 The income tax for the year can be reconciled to the accounting loss as follows:

Figures in US\$'000	Group 2023	Group 2022
Loss before tax from operations	(4,008)	(20,719)
Income tax calculated at 30.0%	(1,202)	(6,216)
Tax effect of		
– Expenses that are not deductible for tax purposes	2,984	2,325
– Differences in tax rates	365	87
– Income not taxable	(424)	(660)
– Other temporary differences not recognised	(935)	4,531
– Other	–	(150)
– Prior year adjustments	(398)	199
Tax charge	390	116

Notes to the Consolidated Financial Statements continued

30. SHARE-BASED PAYMENTS

Employee share option plan

The Group maintains certain Employee Share Option Plans ('ESOP's') for executives and senior employees of the Group as per the rules approved by shareholders on 30 November 2009. In accordance with the terms of the schemes, eligible executives and senior employees may be granted options to purchase ordinary shares.

There were no share-based payments existing at 30 June 2023.

Performance Rights Plan

The Performance Rights factor in a hurdle rate based on the compound annual growth rate of total shareholder return across the period from the grant date. The Performance Rights were valued using a hybrid employee share option pricing model to simulate the total shareholder return of MC Mining at the expiry date using a Monte-Carlo model.

2019 Performance rights

On 22 November 2019, 1,143,660 performance rights were issued to senior management. The number of rights are split into three tranches. The market based vesting conditions are to be measured over the one-year period from 22 November 2019 to 21 November 2020 for Tranche 1, the two-year period from 22 November 2019 to 21 November 2021 for Tranche 2 and the three-year period from 22 November 2019 to 21 November 2022 for Tranche 3. Tranche 1 and Tranche 2 did not attain and the performance criteria were cancelled.

Inputs into the model were as follows:

	Tranche 1	Tranche 2	Tranche 3
Number of rights	381,220	381,220	381,220
22 November 2019 closing price	ZAR3.20	ZAR3.68	ZAR3.93
Exercise price	Nil	Nil	Nil
Vesting date	21-Nov-20	21-Nov-21	21-Nov-22
Performance period (years)	1	2	3
Risk free interest rate	7.42%	7.42%	7.42%

381,220 (Tranche 1) of Performance Rights issued on 22 November 2019 expired on 21 November 2020.

381,220 (Tranche 2) of Performance Rights issued on 22 November 2019 expired on 21 November 2021.

381,220 (Tranche 3) of Performance Rights issued on 22 November 2019 have vested and 381,220 MC Mining Limited ordinary shares were issued on 3 April 2023.

2020 Performance rights

On 20 November 2020, 3,492,720 performance rights were issued to senior management. The number of rights are split between three tranches. The market based vesting conditions are to be measured over the one-year period from 20 November 2020 to 19 November 2021 for Tranche 1, the two-year period from 20 November 2020 to 19 November 2022 for Tranche 2 and the three-year period from 20 November 2020 to 19 November 2023 for Tranche 3. Tranche 1 performance rights did not vest and were cancelled.

Inputs into the model were as follows:

	Tranche 1	Tranche 2	Tranche 3
Number of rights	1,164,240	1,164,240	1,164,240
19 November 2020 closing price	ZAR2.20	ZAR2.20	ZAR2.20
Exercise price	Nil	Nil	Nil
Vesting date	19-Nov-21	19-Nov-22	19-Nov-23
Performance period (years)	1	2	3
Risk free interest rate	6.94%	6.94%	6.94%

1,164,240 (Tranche 1) of Performance Rights issued on 20 November 2020 expired on 19 November 2021.

1,164,240 (Tranche 2) of Performance Rights issued on 20 November 2020 vested on 19 November 2022.

Special incentive performance rights

On 24 September 2020, 1,602,393 Performance Rights were issued to senior management as a special incentive.

These were granted to certain employees of the company in the form of MC Mining Limited shares. The Incentive Shares will vest in full on the hot commissioning of the Vele Colliery plant. If the hot commissioning does not take place before 31 December 2022, the Incentive Shares would lapse. A directors' resolution was passed on 22 March 2022 to extend the expiry date of the special incentive to 31 December 2022. The hot commissioning of the Vele Plant has taken place in December 2022, and the vesting conditions were met. Following this, 1,602,393 MC Mining Limited ordinary shares were issued on 3 April 2023.

Notes to the Consolidated Financial Statements continued

30. SHARE-BASED PAYMENTS continued

Special incentive performance rights continued

Inputs into the model were as follows:

	Performance rights
24 September 2020 closing price	ZAR1.47
Exercise price	Nil
Vesting date	31-Mar-22
Risk free interest rate	6.94%
Expiry date per directors resolution	31-Dec-22

2022 Performance rights

On 1 July 2022, 9,183,906 performance rights were issued to senior management. The number of rights are split between three equal tranches. The market based vesting conditions are to be measured over the one-year period from 1 July 2022 to 30 June 2023 for Tranche 1, the two-year period from 1 July 2022 to 30 June 2024 for Tranche 2 and the three-year period from 1 July 2022 to 30 June 2025 for Tranche 3.

Inputs into the model were as follows:

	Tranche 1	Tranche 2	Tranche 3
Number of rights	3,061,302	3,061,302	3,061,302
11 July 2022 closing price	ZAR1.10	ZAR1.10	ZAR1.10
Exercise price	Nil	Nil	Nil
Vesting date	30-Jun-23	30-Jun-24	30-Jun-25
Performance period (years)	1	2	3
Risk free interest rate	7.52%	7.52%	8.17%

3,061,302 (Tranche 1) of Performance Rights issued on 1 July 2022 vested on 30 June 2023 and the issue of the ordinary shares is subject to South African exchange control approval.

2022 Options (Executive Director)

On 24 October 2022, 12,000,000 options were issued to the Executive Director. The number of options are split between three tranches. The market based vesting conditions are to be measured over the period from 24 October 2022 to 30 June 2023 for Tranche 1, the two-year period from 24 October 2022 to 30 June 2024 for Tranche 2 and the three-year period from 24 October 2022 to 30 June 2025 for Tranche 3.

Inputs into the model were as follows:

	Tranche 1	Tranche 2	Tranche 3
Number of rights	4,000,000	4,000,000	4,000,000
24 October 2022 closing price	ZAR2.50	ZAR2.50	ZAR2.50
Exercise price	Nil	Nil	Nil
Vesting date	30-Jun-23	30-Jun-24	30-Jun-25
Performance period (years)	0.68	1.68	2.68
Risk free interest rate	9.41%	9.41%	9.41%

4,000,000 (Tranche 1) of Options issued on 24 October 2022 vested on 30 June 2023.

2022 Performance rights (Non-Executive Directors)

On 24 October 2022, 7,000,000 performance rights were issued to Non-Executive Directors conditional upon the Makhado Project being fully funded by 30 June 2023. The number of rights in one tranches. The vesting conditions were to be measured over the period from 24 October 2022 to 30 June 2023.

Inputs into the model were as follows:

	Tranche 1
Number of rights	7,000,000
24 October 2022 closing price	ZAR2.50
Exercise price	Nil
Vesting date	30-Jun-23
Performance period (years)	0.68
Risk free interest rate	9.41%

7,000,000 (Tranche 1) of Performance Rights issued on 24 October 2022 expired on 30 June 2023 as the vesting criteria were not satisfied.

The total share based payment expense recognised in relation to the Performance Rights in the current financial year is \$0.95 million (FY2022: \$0.1 million).

Notes to the Consolidated Financial Statements continued

30. SHARE-BASED PAYMENTS continued

Movement in performance rights

Figures in US\$'000	Group 2023	Group 2022
Performance rights outstanding at beginning of the year	4,312,092	8,183,422
Performance rights expired	(7,000,000)	(6,545,459)
Performance rights forfeited	–	(3,325,871)
Performance rights granted	16,183,906	10,871,406
Performance rights shares issued	(1,983,612)	(4,871,406)
Outstanding at the end of the period	11,512,386	4,312,092
Movement in options		
Options outstanding at beginning of the year	–	–
Options granted	12,000,000	–
Outstanding at the end of the period	12,000,000	–

31. EARNINGS PER SHARE

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Figures in US\$'000	Group 2023	Group 2022
Basic loss per share (cents)	1.46	11.41
Loss for the year attributable to owners of the company	(4,315)	(20,732)
Earnings used in the calculation of basic earnings per share	(4,315)	(20,732)
Weighted number of ordinary shares	'000	'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	296,483	181,698

Diluted earnings per share

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

Headline earnings per share (in line with JSE requirements)

The calculation of headline loss per share at 30 June 2023 was based on the headline loss attributable to ordinary equity holders of the Company of \$4.3 million (2022: \$5.9 million) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2023 of 296,483,154 (2022:181,697,943)

The earnings and weighted average number of ordinary shares used in the calculation of headline earnings per share are as follows:

Figures in US\$'000	Group 2023	Group 2022
Loss for the year attributable to owners of the company	(4,315)	(20,732)
Impairment expense (refer note 25)	–	14,851
Earnings used in the calculation of headline earnings per share	(4,315)	(5,881)
Total headline earnings per share (cents)	(1.46)	(3.24)

32. SEGMENT INFORMATION

32.1 General information

The accounting policies of the reportable segments are the same as those described in note 2, accounting policies.

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

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

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

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

In order to reconcile the segment results with the consolidated statement of profit or loss and other comprehensive income, corporate results should be taken into account (as per the reconciliation noted).

Notes to the Consolidated Financial Statements continued

32. SEGMENT INFORMATION continued

32.2 Segments

	Exploration	Mining	Total
Year ended 30 June 2023			
Revenue	–	44,799	44,799
Cost of sales	(127)	(40,939)	(41,066)
Gross profit	(127)	3,860	3,733
Other income	–	690	690
Reversal of credit losses	–	284	284
Other operating (losses)/gains	3	60	63
Administrative expenses	(843)	(1,715)	(2,558)
Operating (loss)/profit	(967)	3,179	2,212
Interest income	264	63	327
Finance costs	(528)	(1,067)	(1,595)
Loss before tax	(1,231)	2,175	944
Income tax charge	–	(390)	(390)
Segment net (loss)/profit after tax	(1,231)	1,785	554
The development segment is not applicable for the current year as the Vele Colliery, a SSCC and thermal coal mine, was recommissioned in late December 2022 and reclassified for segment reporting purposes under mining.			
Segment assets	38,110	42,321	80,431
Items included in the Group's measure of segment assets			
– Addition to non-current assets	6,434	2,451	8,885
Segment liabilities	(20,055)	(15,417)	(35,472)

	Exploration	Development	Mining	Total
Year ended 30 June 2022				
Revenue	–	–	23,511	23,511
Cost of sales	–	–	(20,996)	(20,996)
Gross profit	–	–	2,515	2,515
Other income	–	47	174	221
Expected credit losses	–	–	(331)	(331)
Other operating (losses)/gains	(6)	(2)	122	114
Net Impairment expense	(10,530)	–	–	(10,530)
Administrative expenses	(876)	(666)	(349)	(1,891)
Operating (loss)/profit	(11,412)	(621)	2,131	(9,902)
Interest income	22	3	26	51
Finance costs	(689)	(431)	(577)	(1,697)
Loss before tax	(12,079)	(1,049)	1,580	(11,548)
Income tax charge	–	–	(160)	(160)
Segment net (loss)/profit after tax	(12,079)	(1,049)	1,420	(11,708)
Segment assets	67,917	18,065	30,017	115,999
Items included in the Group's measure of segment assets				
Year ended 30 June 2022				
Exploration Development Mining				
Total				
– Addition to non-current assets	158	229	1,297	1,684
Segment liabilities	(21,480)	(7,631)	(14,958)	(44,069)

Notes to the Consolidated Financial Statements continued

32. SEGMENT INFORMATION continued

32.3 Reconciliations

Reconciliations of the total segment amounts to respective items included in the consolidated financial statements are as follows:

Figures in US\$'000	Group 2023	Group 2022
32.3.1 Total loss for reportable segment		
Segment profit or loss as reported	554	(11,708)
Other operating income	879	70
Other operating gains/(losses)	691	(49)
Administrative expenses	(6,503)	(4,953)
Interest income	65	97
Finance costs	(84)	(16)
Net impairment expense	–	(4,320)
Taxation	–	44
Group loss after tax	(4,398)	(20,835)
32.3.2 Total segment assets		
Segment total assets as reported	80,431	115,999
Unallocated property, plant and equipment	5,029	4,964
Other financial assets	3,918	4,037
Other receivables	–	100
Unallocated current assets	5,326	314
Unallocated exploration and evaluation assets	29,198	1
Unallocated right-of-use assets	533	–
Group total assets	124,435	125,415
32.3.3 Total liabilities		
Segment total liabilities as reported	(35,472)	(44,069)
Unallocated liabilities	(1,618)	(4,210)
Group total liabilities	(37,090)	(48,279)

The Group operates in two principal geographical areas – Australia (country of domicile) and South Africa (country of operations).

Figures in US\$'000	Group 2023	Group 2022
32.3.4 Revenue by location of operations		
The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.		
South Africa	44,799	23,511
Group revenue by location of operations	44,799	23,511
32.3.5 Non-current assets by location of operations		
South Africa	68,368	107,781
Total non-current assets	68,368	107,781

33. RELATED PARTIES

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

Figures in US\$'000	Group 2023	Group 2022
Short-term employee benefits	444	655
Share-based payments	663	821
	1,107	1,476

The Group has not provided any of its key management personnel with loans.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Mathews Senosi is a non-executive director of MC Mining and owns 95.4 million ordinary shares (23.9%) in the Company. Mr Senosi acquired 38.4 million shares in April 2022 following his investment of R46.0 million (\$2.8 million) in the Company. The investment was made following signature of the SGIH Agreement between MC Mining and SGIH. Mr Senosi's interest was increased by 57 million ordinary shares in November 2022 through the rights issue.

In terms of the SGIH Agreement, SGIH also lent R20.0 million (\$1.2 million) to Limpopo Coal Company (Pty) Ltd, a wholly owned subsidiary of MC Mining. The loan incurred interest at the South African prime interest rate (currently 11.75%) and the loan was repaid in two tranches during September 2022 (ZAR10.0 million) and December 2022 (ZAR10.2 million). Refer to note 19 for the loan with SGIH.

Notes to the Consolidated Financial Statements continued

33. RELATED PARTIES continued

During FY2023, the Uitkomst Colliery sold 106,598t (FY2022: 23,772t) of coal to Overlooked Colliery (Pty) Ltd (Overlooked) at market related prices prior to Overlooked being a related party. The sales generated revenue of R217 million (\$11.4 million) (FY2022: \$2.1 million). Mr Senosi is Overlooked's CEO and controlling shareholder.

Christine (Yi) He is a non-executive director of MC Mining and owns 36.9 million ordinary shares (9.2%) in the Company. The company entered into a 5 year lease agreement in August 2022 to rent office space from CRI-Eagle Investment (Pty) Ltd. CRI-Eagle Investment (Pty) Ltd is owned by Christine He. The monthly rental per lease agreement is R250,000 (\$14,078) per month, with a 6% escalation each year on the 1st of July. The total lease liability at 30 June 2023 amounts to R11.2 million (\$0.6 million).

34. EVENTS AFTER THE REPORTING DATE

- The Industrial Development Corporation of South Africa Limited (IDC) agreed to extend the repayment date for the R160 million (\$8.5 million) loan plus accrued interest, to 30 September 2023;
- The IDC withdrew the conditional, undrawn R245 million (US\$13.0 million) loan facility, which has been available since July 2019; and
- The MC Mining Directors approved the grant of 3,119,632 performance rights to staff in terms of the Company's shareholder approved Performance Rights plan. These performance rights are in lieu of a deferred cash bonus and will vest in June 2026 if the recipient remains an employee of MC Mining.

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

35. FINANCIAL INSTRUMENTS

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Corporate Treasury

forms part of the Finance function and reports quarterly to the Group's audit and risk committee, that monitors risks and policies implemented to mitigate risk exposures.

35.1 Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

Figures in US\$'000	Note	Group 2023	Group 2022
Financial assets			
Trade and other receivables ¹	10	4,252	1,093
Cash and cash equivalents ¹	13	7,499	2,993
Restricted cash ¹	13	23	100
Other financial assets ^{1 2}	12	5,239	4,599
Total financial assets		17,013	8,785
Financial liabilities			
Borrowings ¹	19	16,344	21,656
Bank overdraft ¹	13	–	1,529
Trade and other payables ¹	17	7,881	9,307
Leases ¹	18	2,505	2,942
Total financial liabilities		26,730	35,434

¹ Financial instrument classified at amortised cost.

² Financial instrument classified at fair value through profit or loss

35.2 Fair value of financial assets and liabilities

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

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

Notes to the Consolidated Financial Statements continued

35. FINANCIAL INSTRUMENTS continued

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

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities. The balances classed here are financial assets comprising deposits and listed securities (note 12).

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The financial assets classed as Level 2 comprise of investments with investment firms. These investments serve as collateral for rehabilitation guarantees. The third party utilised a market approach with level 2 inputs in determining the value. The inputs used to determine fair values of listed or quoted investments are based on the quoted market price at reporting period date. (note 12).

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

There were no assets reclassified into/out of FVTPL (Fair Value Through Profit and Loss) during the year nor were any assets transferred between levels.

As at 30 June 2023	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	–	5,191	–	5,191

As at 30 June 2022				
Financial assets at FVTPL	–	4,580	–	4,580

35.3 Market risk

35.3.1 Foreign exchange risk

Exposure

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar and the US dollar. Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency. Most of the Company's purchases are denominated in SA rand. However, certain items during the exploration, development and plant construction phase as well as long lead-capital items are denominated in US dollars, Euros or Australian dollars. These have to be acquired by the South African operating company due to the South African Reserve Bank's Foreign Exchange Control Rulings. This exposes the South African subsidiary companies to changes in the foreign exchange rates.

The Group's cash deposits are largely denominated in the US dollar, Australian dollar and the SA rand. A foreign exchange risk arises from the funds deposited in US dollars and Australian dollars which will have to be exchanged into the functional currency for working capital purposes.

The Group generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

At financial year end, the financial instruments exposed to foreign currency risk movements are as follows:

30 June 2023	Held in GBP \$'000	Held in AUD\$'000	Held in USD \$'000	Total
Financial assets				
– Cash and cash equivalents	–	4,636	1	4,637
– Trade and other receivables	–	5	–	5
Total financial assets	–	4,641	1	4,642
Financial liabilities				
– Trade and other payables	(21)	(172)	–	(193)
Total financial liabilities	(21)	(172)	–	(193)

30 June 2022	Held in GBP \$'000	Held in AUD\$'000	Held in USD \$'000	Total
Financial assets				
– Cash and cash equivalents ¹	–	15	1	16
Total financial assets	–	15	1	16
Financial liabilities				
– Trade and other payables	(32)	(109)	–	(141)
Total financial liabilities	(32)	(109)	–	(141)

¹ Cash includes restricted cash

Sensitivity

The following table details the Group's sensitivity to a 10% increase and decrease in the US dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

Notes to the Consolidated Financial Statements continued

35. FINANCIAL INSTRUMENTS continued

35.3 Market risk environment

35.3.1 Foreign exchange risk environment

Impact on post tax profit

Judgements on reasonable possible movements	2023	2022
USD increase by 10%	445	28
USD decrease by 10%	(445)	(28)

The assumed 10% movement used in the foreign exchange sensitivity analysis is based on the currently observable market environment, which indicates a deterioration in foreign currencies relative to the reporting currency.

35.3.2 Interest rate risk management

Exposure

The Group's interest rate risk arises mainly from short-term borrowings, cash and bank balances and restricted cash.

The Group has variable interest rate borrowings. Variable rate borrowings expose the Group to cash flow interest rate risk. The Group has not entered into any agreements, such as hedging, to manage this risk.

The Group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates.

The following table summarises the sensitivity of the financial instruments held at the reporting date, following a movement in variable interest rates, with all other variables held constant. The sensitivities are based on reasonably possible changes over a financial period, using the observed range of actual historical rates.

Sensitivity

Judgements on reasonable possible movements	Impact on post tax profit	
	2023	2022
Increase of 2% (2022: 2%) in interest rate	(53)	(187)
Decrease of 2% (2022: 2%) in interest rate	53	187
Increase of 5.0% (2022: 5.0%) in interest rate	(133)	(467)
Decrease of 5.0% (2022: 5.0%) in interest rate	133	467

The impact is calculated on the net financial instruments exposed to variable interest rates as at the reporting date and does not take into account any repayments of short-term borrowings.

35.4 Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to credit losses not being significant.

At year-end there is no significant concentration of credit risk represented in the cash and cash equivalents, restricted cash and trade accounts receivables balance. The Group manages its credit risk by predominantly dealing with counterparties with a positive credit rating.

The credit risk on liquid funds are limited because the counterparties are banks with high credit-ratings assigned of BB- by international credit-rating agencies.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Figures in US\$'000	Group 2023	Group 2022
Other financial assets	5,239	4,599
Restricted cash	23	100
Trade and other receivables	4,252	1,093
Cash and cash equivalents	7,499	2,993
	17,013	8,785

Movement in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Figures in US\$'000	Group 2023	Group 2022
Balance at 1 July	616	351
Net remeasurement of loss allowance	(284)	331
Foreign exchange differences	(21)	66
Balance at 30 June	311	616

Notes to the Consolidated Financial Statements continued

35. FINANCIAL INSTRUMENTS continued

35.5 Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost effective manner. The Group's Executive continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

Maturities of financial liabilities

The contractual maturities of the Group's financial liabilities at the reporting date were as follows:

Year ended 30 June 2023	Less than 12 months	Between 2 and 5 years	Over 5 years	Total
Financial liabilities				
Trade and other payables (Note 17)	7,880	–	–	7,880
Lease liabilities (Note 18)	644	2,141	1,052	3,837
Borrowings	16,309	48	–	16,357
	24,833	2,189	1,052	28,074

Year ended 30 June 2022

Financial liabilities				
Trade and other payables (Note 17)	9,307	–	–	9,307
Bank overdraft (Note 13)	1,529	–	–	1,529
Lease liabilities (Note 18)	885	2,707	332	3,924
Borrowings	18,288	3,368	–	21,656
	30,009	6,075	332	36,416

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (net of cash) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

The Group's Board reviews the capital structure of the Group on a quarterly basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The Group maintained its target-gearing ratio, determined as the proportion of net debt to equity, at 20% (2022: 20%).

Balances of managed capital	Group 2023	Group 2022
Net debt ¹	8,846	18,664
Equity ²	87,351	77,136
Debt to equity ratio	10%	24%

¹ Debt is defined as long-term and short-term borrowings as described in note 19 less unrestricted cash and cash equivalents.

² Equity includes all capital and reserves of the Group that are managed as capital.

37. RECONCILIATION OF LOSS BEFORE TAX TO NET CASH USED IN OPERATIONS

	Group 2023	Group 2022
Loss before tax	(4,008)	(20,719)
Adjustments for:		
Finance income	(396)	(147)
Finance costs	1,678	1,714
Depreciation	2,026	2,620
Net impairment expense	–	14,850
Share-based payments	948	792
Movement in expected credit losses	(304)	331
Re-valuation of investments	(467)	(71)
Rehabilitation adjustment	(114)	142
Loss on disposal of property, plant and equipment	6	–
Movement in provisions	172	(1)
Foreign (gains)/losses	(333)	129
Change in operating assets and liabilities:		
Adjustments for decrease/(increase) in inventories	388	(3,724)
Adjustments for (increase)/decrease in trade accounts receivable	(3,061)	2,006
Adjustments for increase/(decrease) in trade payables	135	(83)
Net cash flows from operations	(3,330)	(2,161)

Notes to the Consolidated Financial Statements continued

38. INCOME TAX PAID

	Group 2023	Group 2022
Income tax paid		
Amounts receivable/(payable) at the beginning of the year	(362)	(409)
Amounts (receivable)/payable at the end of the year	276	362
Taxation expense (credit)	(412)	(116)
Foreign exchange movement	46	47
Less deferred tax included in taxation expense	–	116
	(452)	–

39. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

The Group has no significant contingent liabilities at the reporting date.

Commitments

In addition to the commitments of the parent entity as disclosed under note 41, subsidiary companies have typical financial commitments associated with their MR's granted by the South African DMRE.

As at 30 June 2023, the group had a \$0.2 million commitment which relate to its social and labour plan at Uitkomst Colliery. In addition to the amount provided for in the consolidated statement of financial position.

The board of directors has approved a capital expenditure of approximately \$9.2 million in the near future, relating to the development of the Makhado Project.

40. CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Country of incorporation	30 June 2023 %	30 June 2022 %
Tshikunda Mining Proprietary Limited	South Africa	60	60
Bakstaar Boerdery Proprietary Limited*	South Africa	100	100
Baobab Mining & Exploration Proprietary Limited**	South Africa	93	93
Chapudi Coal Proprietary Limited ***	South Africa	100	100
Coal of Africa & ArcelorMittal Analytical Laboratories Proprietary Limited****	South Africa	50	50
Cove Mining NL	Australia	100	100
Fumaria Property Holdings Proprietary Limited	South Africa	100	100
Golden Valley Services Proprietary Limited	Australia	100	100
GVM Metals Administration (South Africa) Proprietary Limited	South Africa	100	100
Harrisia Investments Holdings Proprietary Limited	South Africa	100	100
Kwezi Mining Exploration Proprietary Limited****	South Africa	100	100
Limpopo Coal Company Proprietary Limited	South Africa	100	100
Makhado Centre of Learning NPC**	South Africa	100	100
MbeuYashu Proprietary Limited	South Africa	74	74
Nyambose Mining Proprietary Limited	South Africa	100	100
Pan African Resources Coal Holdings Proprietary Limited	South Africa	100	100
Regulus Investment Holdings Proprietary Limited	South Africa	100	100
Silkwood Trading 14 Proprietary Limited	South Africa	100	100
Uitkomst Colliery Proprietary Limited*****	South Africa	100	100
MC Mining South Africa Proprietary Limited	South Africa	100	100

* Subsidiary company of Fumaria Property Holdings Proprietary Limited

** 67% on completion of the Makhado Project BBBEE transactions

*** Subsidiary companies of MbeuYashu Proprietary Limited

**** The group have rights to the asset, liabilities, revenue and expenses of Coal of Africa & ArcelorMittal Analytical Laboratories (Pty) Ltd, its direct share is jointly held and accounted for as a joint operation. The company is currently dormant.

***** PARCH is considered a 100% shareholder of Uitkomst through 84% shareholding and 100% voting rights. The other 16% shareholding is held by minority shareholders which don't have voting rights.

Notes to the Consolidated Financial Statements continued

41. PARENT ENTITY FINANCIAL INFORMATION

Summary financial information

	2023	2022
Non-current assets	261,368	280,871
Current assets	4,811	146
Total assets	266,179	281,017
Non-current liabilities	–	–
Current liabilities	3,043	3,381
Total liabilities	3,043	3,381
Net assets	263,136	277,636
Shareholders' Equity		
Issued capital	1,069,847	1,045,396
Accumulated deficit and reserves	(805,206)	(765,564)
	264,641	279,832
Loss for the year	(1,505)	(2,283)
Total comprehensive loss	(1,505)	(2,283)

Contingencies and commitments

- MC Mining has subordinated all loans to subsidiary companies
- MC Mining has provided surety for the IDC borrowing facility entered into by Baobab (refer note 19)

Tenements held by MC Mining and its Controlled Entities

Project Name	Tenement Number	Location	Interest
Chapudi Project*	Albert 686 MS	Limpopo~	74%
	Bergwater 712 MS		74%
	Remaining Extent and Portion 2 of Bergwater 697 MS		74%
	Blackstone Edge 705 MS		74%
	Remaining Extent & Portion 1 of Bluebell 480 MS		74%
	Remaining Extent & Portion 1 of Bushy Rise 702 MS		74%
	Castle Koppies 652 MS		74%
	Chapudi 752 MS		74%
	Remaining Extent, Portions 1, 3 & 4 of Coniston 699 MS		74%
	Driehoek 631 MS		74%
	Remaining Extent of Dorps-rivier 696 MS		74%
	Enfield 512 MS (consolidation of Remaining Extent of Enfield 474 MS, Brosdoorn 682 MS & Remaining Extent of Grootvlei 684 MS)		74%
	Remaining Extent and Portion 1 of		74%
	Grootboomen 476 MS		74%
	Grootvlei 684 MS		74%
	Kalkbult 709 MS		74%
	Remaining Extent, Remaining Extent of Portion 2, Remaining Extent of Portion 3, Portions 1, 4, 5, 6, 7 & 8 of Kliprivier 692 MS		74%
	Remaining Extent of Koodoobult 664 MS		74%
	Koschade 657 MS (Was Mapani Kop 656 MS)		74%
	Malapchani 659 MS		74%
	Mapani Ridge 660 MS		74%
	Melrose 469 MS		74%
	Middelfontein 683 MS		74%
	Mountain View 706 MS		74%
	M'tamba Vlei 654 MS		74%
	Remaining Extent & Portion 1 of Pienaar 635 MS		74%
	Remaining Extent & Portion 1 of Prince's Hill 704 MS		74%
	Qualipan 655 MS		74%

Project Name	Tenement Number	Location	Interest
	Queensdale 707 MS		74%
	Remaining Extent & Portion 1 of Ridge End 662 MS		74%
	Remaining Extent & Portion 1 of Rochdale 700 MS		74%
	Sandilands 708 MS		74%
	Portions 1 & 2 of Sandpan 687 MS		74%
	Sandstone Edge 658 MS		74%
	Remaining Extent of Portions 2 & 3 of Sterkstroom 689 MS		74%
	Sutherland 693 MS		74%
	Remaining Extent & Portion 1 of Varkfontein 671 MS		74%
	Remaining Extent, Portion 2, Remaining Extent of Portion 1 of Vastval 477 MS		74%
	Vleifontein 691 MS		74%
	Ptn 3, 4, 5 & 6 of Waterpoort 695 MS		74%
	Wildebeesthoek 661 MS		74%
	Woodlands 701 MS		74%
Kanowna West & Kalbara	M27/41	Coolgardie^	Royalty<>
	M27/47		Royalty<>
	M27/59		Royalty<>
	M27/72,27/73		Royalty<>
	M27/114		Royalty<>
	M27/196		Royalty<>
	M27/181		5.99%
	M27/414,27/415		Royalty<>
	P27/1826-1829		Royalty<>
	P27/1830-1842		Royalty<>
	P27/1887		Royalty<>
Abbotshall Royalty	ML63/409,410	Norseman^	Royalty
Kookynie Royalty	ML40/061	Leonora^	Royalty
	ML40/135,136		Royalty

Tenements held by MC Mining and its Controlled Entities continued

Project Name	Tenement Number	Location	Interest	Project Name	Tenement Number	Location	Interest
Makhado Project	Fripp 645 MS	Limpopo~	67%#	Mopane Project*	Ancaster 501 MS	Limpopo~	100%
	Lukin 643 MS		67%#		Banff 502 MS		74%
	Mutamba 668 MS		67%#		Bierman 599 MS		74%
	Salaita 188 MT		67%#		Cavan 508 MS		100%
	Tanga 849 MS		67%#		Cohen 591 MS		100%
	Daru 889 MS		67%#		Remaining Extent, Portions 1 & 2 of Delft 499 MS		74%
	Windhoek 900 MS		67%#		Dreyer 526 MS		74%
Generaal Project*	Beck 568 MS	Limpopo~	74%		Remaining Extent of Du Toit 563 MS		74%
	Bekaf 650 MS		74%		Faure 562 MS		74%
	Remaining Extent & Portion 1 of Boas 642 MS-		74%		Remaining Extent and Portion 1 of Goosen 530 MS		74%
	Chase 576 MS		74%		Hermanus 533 MS		74%
	Coen Britz 646 MS		74%		Jutland 536 MS		100%
	Fanie 578 MS		74%		Krige 495 MS		74%
	Portions 1, 2 and Remaining Extent of Generaal 587 MS		74%		Mons 557 MS		100%
	Joffre 584 MS		74%		Remaining Extent of Otto 560 MS (Now Honeymoon)		74%
	Juliana 647 MS		74%		Remaining Extent & Portion 1 of Pretorius 531 MS		74%
	Kleinenberg 636 MS		74%		Schalk 542 MS		74%
	Remaining Extent of Maseri Pan 520 MS		74%		Stubbs 558 MS		100%
	Remaining Extent and Portion 2 of Mount Stuart 153 MT		100%		Ursa Minor 551 MS		74%
	Nakab 184 MT		100%		Van Heerden 519 MS		74%
	Phantom 640 MS		74%		Portions 1, 3, 4, 5, 6, 7, 8, 9, Remaining Extent of Portion 10, Portions 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 29, 30, 35, 36, 37, 38, 39, 40, 41, 44, 45, 46, 48, 49, 50, 51, 52 & 54 of Vera 815 MS		74%
	Riet 182 MT		100%		Remaining Extent of Verdun 535 MS		74%
	Rissik 637 MS		100%		Voorburg 503 MS		100%
	Schuitdrift 179 MT		100%		Scheveningen 500 MS		74%
	Septimus 156 MT		100%				
	Solitude 111 MT		74%				
	Stagt 183 MT		100%				
	Remaining Extent & Portion 1 of Terblanche 155 MT		100%				
	Van Deventer 641 MS		74%				
	Wildgoose 577 MS		74%				

Tenements held by MC Mining and its Controlled Entities continued

Project Name	Tenement Number	Location	Interest	Project Name	Tenement Number	Location	Interest
Uitkomst Colliery and prospects	Portion 3 (of 2) of Kweekspruit No. 22	KwaZulu-Natal~	84%		Portion 13 (of 4) of Klipspruit No. 178		84%
	Portion 8 (of 1) of Kweekspruit No. 22		84%		Remainder of Portion 14 of Klipspruit No. 178		84%
	Remainder of Portion 1 of Uitkomst No. 95		84%		Portion 16 (of 14) of Klipspruit No. 178		84%
	Portion 5 (of 2) of Uitkomst No. 95		84%		Portion 18 of Klipspruit No. 178		84%
	Remainder Portion1 of Vaalbank No. 103		84%		Portion 23 of Klipspruit No. 178		84%
	Portion 4 (of 1) of Vaalbank No. 103		84%		Remainder of Portion 1 of Jackalsdraai No. 299		84%
	Portion 5 (of 1) of Vaalbank No. 103		84%		Remainder of Jericho B No. 400		84%
	Remainder of Portion 1 of Rustverwacht No. 151		84%		Portion 1 of Jericho B No. 400		84%
	Remainder of Portion 2 of Rustverwacht No. 151		84%		Portion 2 of Jericho B No. 400		84%
	Remainder of Portion 3 (of 1) of Rustverwacht No. 151		84%		Portion 3 of Jericho B No. 400		84%
	Portion 4 (of 1) Rustverwacht No.151		84%		Remainder of Jericho C No. 413		84%
	Portion 5 (of 1) Rustverwacht No. 151		84%		Portion 1 of Jericho C No. 413		84%
	Remainder of Portion 6 (of 1) of Rustverwacht No. 151		84%		Remainder of Portion 1 of Jericho A No. 414		84%
	Portion 7 (of 1) of Rustverwacht No. 151		84%		Remainder of Portion 2 (of 1) of Jericho A No. 414		84%
	Portion 8 (of 2) of Rustverwacht No. 151		84%		Portion 3 (of 1) of Jericho A No. 414		84%
	Remainder of Portion 9 (of 2) of Rustverwacht No. 151		84%		Portion 4 (of 1) of Jericho A No. 414		84%
	Portion 11 (of 6) of Rustverwacht No. 151		84%		Portion 5 (of 2) of Jericho A No. 414		84%
	Portion 12 (of 9) of Rustverwacht No. 151		84%		Portion 6 (of 1) of Jericho A No. 414		84%
	Portion 13 (of 2) of Rustverwacht No. 151		84%		Margin No. 420		84%
	Portion 14 (of 2) of Rustverwacht No. 151		84%	Vele Colliery and prospects	Portions of Overvlakte 125 MS (Remaining Extent, 3, 4, 5, 6, 13, 14)	Limpopo~	100%
	Portion 15 (of 3) of Rustverwacht No. 151		84%		Bergen Op Zoom 124 MS		100%
	Portion 16 (of 3) of Rustverwacht No. 151		84%		Semple 155 MS		100%
	Portion 17 (of 2) of Rustverwacht No. 151		84%		Voorspoed 836 MS		100%
	Portion 18 (of 3) of Waterval No. 157		84%		Alyth 837 MS		100%
	Remainder of Portion 1 of Klipspruit No. 178		84%	*	Form part of the Greater Soutpansberg Projects		
	Remainder of Portion 4 of Klipspruit No. 178		84%	~	Tenement located in the Republic of South Africa		
	Remainder of Portion 5 of Klipspruit No. 178		84%	^	Tenement located in Australia		
	Portion 6 of Klipspruit No. 178		84%	#	MC Mining's interest will reduce to 67% on completion of the 26% Broad Based Black Economic Empowerment (BBBEE) transaction		
	Portion 7 (of 1) of Klipspruit No. 178		84%		<> net smelter royalty of 0.5%		
	Portion 8 (of 1) of Klipspruit No. 178		84%				
	Portion 9 of Klipspruit No. 178		84%				
	Remainder of Portion 10 (of 5) of Klipspruit No. 178		84%				
	Portion 11 (of 5) of Klipspruit No. 178		84%				

Shareholder information

TOP 20 SHAREHOLDERS AT 30 SEPTEMBER 2022

Rank	Name	% ISC	30 Sep 2022
1	Senosi Group Investment Holdings (Pty) Ltd	23.9%	95 357 455
2	Shining Capital GP Ltd	8.8%	35 000 000
3	Dendocept Proprietary Limited	7.1%	28 265 593
4	Jun Liu & Lu Zhang	6.6%	26 499 345
5	Pacific Goal Investment Limited	6.2%	24 927 757
6	Haohua Energy International (Hong Kong) Resource Co., Ltd.	5.8%	23 120 879
7	Ying He Yuan Investment (S) Pte Ltd	5.4%	21 413 462
8	Longelephant International Trade Limited	3.8%	15 162 581
9	Summer Trees Pte Ltd	3.2%	12 894 230
10	Yi He	2.2%	8 664 674
11	MSP Capital (Pty) Limited	1.8%	7 321 142
12	Jun Liu	1.7%	6 735 240
13	ArcelorMittal S.A.	1.6%	6 306 672
14	Sebastian Randazzo	1.4%	5 531 764
15	Barclays Wealth	1.0%	3 980 998
16	Justin Collen	0.7%	2 846 569
17	Peresec Prime Brokers Pty. Ltd.	0.6%	2 209 442
18	Johannes Wentzel	0.5%	2 111 153
19	Ping He	0.5%	1 892 728
20	Cedex Investment (Pty) Ltd	0.4%	1 554 779

SUBSTANTIAL SHAREHOLDERS

Rank	Name	% ISC	30 Sep 2022
1	Senosi Group Investment Holdings (Pty) Ltd	23.9%	95 357 455
2	Shining Capital GP Ltd	8.8%	35 000 000
3	Dendocept Proprietary Limited	7.1%	28 265 593
4	Jun Liu & Lu Zhang	6.6%	26 499 345
5	Pacific Goal Investment Limited	6.2%	24 927 757
6	Haohua Energy International (Hong Kong) Resource Co., Ltd.	5.8%	23 120 879
7	Ying He Yuan Investment (S) Pte Ltd	5.4%	21 413 462

ORDINARY SHARES

Refer note 14 of the financial statements.

OPTIONS & PERFORMANCE RIGHTS

There are no voting rights attached to Options and Performance Rights.

DISTRIBUTION OF EQUITY SECURITY HOLDERS

Category	Number of security holders	% of shares
1 to 1,000	28	0.00%
1,001 to 5,000	35	0.03%
5,001 to 10,000	33	0.07%
10,001 to 100,000	99	1.07%
100,000 and over	130	98.83%
	325	100%

The number of shareholders holding less than a marketable parcel of ordinary shares is 49.

This information is current at 30 September 2023.

Glossary of terms and acronyms

\$	United States dollar
AIM	Alternative Investment Market
AMSA	ArcelorMittal South Africa Limited
ASAPA	Association of Southern African Professional Archaeologists
ASX	Australian Securities Exchange
BEE	Black economic empowerment
BBBEE	Broad-based black economic empowerment
BFS	Bankable Feasibility Study
BoA	Biodiversity Offset Agreement
Baobab	Baobab Mining and Exploration (Pty) Limited
BOOT	Build, own, operate, transfer
CEO	Chief Executive Officer
CGU	Cash generating units
CPP	Coal processing plant
CPR	Competent Persons Report
CRIRSCO	Committee for Mineral Reserves International Reporting Standards
DAFF	Department of Agriculture, Forestry and Fisheries (provincial)
DCF_s	Discounted cash flows
Dendocept	Dendocept (Proprietary) Limited
DFFE	Department of Forestry, Fisheries and Environment (national)
DMRE	Department of Mineral Resources and Energy
DoA	Department of Agriculture
DHSWS	Department of Human Settlements, Water and Sanitation
EA	Environmental Authorisation
ECL_s	Expected Credit Losses
EIA	Environmental Impact Assessment
Eskom	State power utility in South Africa
EMC	Environmental Management Committee
EMP	Environmental Management Plan
EMS	Environmental Management Strategy & Systems
GHG	Green house gases
GSP	Greater Soutpansberg Project
GTIS	Gross tonnes <i>in situ</i>
HCC	Hard coking coal
ICMM	International Council on Mining and Metals
IDC	Industrial Development Corporation of South Africa Limited
IFRS	International Financial Reporting Standards

IGF	Integrated Government Forum
IRR	Internal Rate of Return
IWUL	Integrated Water Use Licence
JORC	JORC Australasian Joint Ore Reserves Committee
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
JSE	Johannesburg Stock Exchange
KPI	Key performance indicators
LEDET	Limpopo Department of Economic Development, Environment and Tourism
LOM	Life-of-mine
LSE	London Stock Exchange
LTI	Lost time injury
LTIFR	Lost time injury frequency rate
MC Mining	MC Mining Limited
merSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MR	Mining right
Mtpa	Million tonnes per annum
MTIS	Mineable tonnes <i>in situ</i>
NDP	National Development Plan
NPV	Net Present Value
NRO	National Reporting Organisations
ROM	Run-of-mine
SACNASP	South African Council for Natural Scientific Professions
SAIMM	South African Institute of Mining and Metallurgy
SAHRA	South African Heritage Resources Agency
SAMREC	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SANParks	South African National Parks
SDG	Sustainable Development Goals
SEZ	Special Economic Zone
SGIH	Senosi Group Investment Holdings (Proprietary) Limited
SVM	Sustainable Value Model
t	Tonnes
TSR	Total shareholder return
TTIS	Total tonnes <i>in situ</i>
Uitkomst	Uitkomst Colliery (Pty) Limited
VWAP	Volume weighted average price
ZAR	South African rand

Corporate information

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ABSA Bank

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Perth WA6000, Australia

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Bristol BS99 6ZZ
United Kingdom

Rosebank Towers, 15 Bierman Avenue
Rosebank, 2196
South Africa

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Exchange Plaza
2 The Esplanade
Perth WA6000, Australia

AIM (Secondary listing)

London Stock Exchange
10 Paternoster Square
London EC4M7LS, United Kingdom

JSE Limited (Secondary listing)

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