



ABN 98 008 905 388

## **EXTRAORDINARY GENERAL MEETING – NOTICE AND PROXY FORM**

4<sup>th</sup> March 2022

Dear Shareholder

The extraordinary general meeting of MC Mining Limited (**Company**) Shareholders is scheduled to be held virtually, at 10:00am (London time) on 11 April 2022 (**Meeting**). This Meeting has not been called by your Directors; it has been called in response to a request under Section 249D of the Corporations Act. Please refer to the attached Chairman's letter for further information.

As a result of the potential health risks and various Governments' restrictions in response to the COVID-19 pandemic, the Directors have made the decision to hold the Meeting virtually. Accordingly, there will not be a physical location where Shareholders can attend the Meeting in person.

In accordance with the Treasury Laws Amendment (2021 Measures No. 1) Act 2021, the Company will not be sending hard copies of the Notice of Meeting (**Notice**) to Shareholders unless a Shareholder has previously requested a hard copy. Instead, a copy of the Notice will be available under the "Investors and Media – Announcements" section of MC Mining's website at [www.mcmining.co.za](http://www.mcmining.co.za)

Details of how those entitled to attend can participate in the meeting, including how they can participate in a vote taken at the meeting and speak at the meeting (to the extent that they are entitled to do so) is contained in the Notice available on the Company's website.

Shareholders are urged to attend the Meeting virtually or by returning a completed Proxy Form.

As you have not elected to receive notices by email, a copy of your personalized proxy form is enclosed for your convenience. **Shareholders are encouraged to complete and lodge either proxies online or otherwise in accordance with the instructions set out in the proxy form and the Notice.**

Your proxy voting instruction must be received by 10:00am (London time) on 9 April 2022. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting, please contact the Company's share registry Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (overseas) .

The Company will update shareholders by way of announcement on the various stock markets if changing circumstances impact the planning or arrangements for the Meeting. Details will also be made available on our website at [www.mcmining.co.za](http://www.mcmining.co.za)

This announcement has been approved by the Company's Disclosure Committee.

**Authorised by:**

Tony Bevan  
Company Secretary

Dear Shareholder,

I am writing to you in response to a notice from Dendocept Proprietary Limited ("**Dendocept**") and its associates, Ms Yi (Christine) He and her spouse Mr Jun Liu ("**Requisitioning Shareholders**") requesting that the Company convene a meeting under the Corporations Act to remove myself and Sam Randazzo as Directors and appointing 2 nominees in our place, namely Mr Nhlanhla Nene and Mr Godfrey Gomwe (the "**Notice**"). This is not a meeting that has been requested by your Board.

It is important that I give you a short history of the circumstances leading up to the receipt of the Notice, so that you are fully informed before you decide how to vote.

Your vote against each resolution would retain the existing Board. If you vote in favour of the resolutions, this would have the effect of removing myself and Mr Randazzo from the Board and electing Mr Nhlanhla Nene and Mr Godfrey Gomwe in our place.

The Requisitioning Shareholders Statement included in Schedule 4 to the Notice of Meeting makes assertions which I believe are without merit and therefore wish to address. It is my view that since entering into a ZAR86 million capital raising with respected South African mining group, Senosi Group Holdings Proprietary Limited ("**SGIH**") the Company is now well placed to finalise a financing package to fund the development of the Makhado project. In fact, it is the Board's view (other than Mr Zhen He who has not expressed his view on this) that the Company is now in the best financial and corporate condition it has been for several years.

Prior to entering into the ZAR86 million capital raising agreement, as announced on 1 February 2022 with SGIH, of which ZAR40 million has already been advanced, your Company had received and was negotiating a funding offer from Dendocept which was to provide ZAR60 million of funding in the form of a loan convertible into the Company's Shares at a 30% discount to the 30-day VWAP of the Company's Shares at the time of conversion.

In acting in the best interests of all Shareholders, the Board resolved to enter into the funding agreement with SGIH and not Dendocept for the following reasons:

- (a) the SGIH funding agreement provided an additional ZAR26 million of funding than Dendocept had offered;
  - (b) SGIH's involvement in coal mine development, operations and marketing will provide significant tangible and intangible benefits for the Company in its advancement to development of the Makhado project. SGIH is a substantial mining house with investments in coal mining, contract mining, commodity trading, gold mining, energy, engineering and property;
  - (c) the conditions precedent that were proposed pursuant to the Dendocept offer made it difficult for the Company to know when it would actually receive the loan funds. It was very important for the Company to be clear on when it would receive the loan funds as the Company's subsidiary that owns the Makhado project, had to repay the ZAR35 million outstanding balance to the vendors of the surface rights at the Makhado project site. The Company however had certainty under the SGIH funding agreement to pay the ZAR35 million obligation. The outstanding amount owing to the vendors of
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the surface rights at the Makhado project site has now been paid using funds advanced by SGIH; and

- (d) the issue price of ZAR1.20 per Share under the SGIH funding agreement represented a premium of 7% to the Company's Share price at the time the agreement was signed as opposed to the 30% discount that Dendocept offered. At the current Share price (ZAR1.05), the price paid by SGIH represents a 14.3% premium to market. A 30% discount to the current ZAR1.05 Share price equates to Dendocept paying just ZAR0.735 per Share. The pricing of Shares under the Dendocept offer was therefore around 38% less than what SGIH is paying for each Share. This difference is significant for all Shareholders.

The timing of the Notice seeking to remove myself and Mr Randazzo came just 2 weeks after the SGIH capital raising offer was announced.

I will leave it to Shareholders to form their own view on what has motivated the Requisitioning Shareholders to remove Mr Randazzo and myself from the Board and appoint 2 of their nominees in our place. It should be noted that the Notice makes reference to a lack of progress by the Company and I question why the Requisitioning Shareholders have not targeted the whole Board rather than only two Directors.

Current Company director, Mr Zhen He is the brother of Requisitioning Shareholder, Ms Yi He. Therefore, if the resolutions are passed and two of the Requisitioning Shareholder nominee directors are appointed, they will have 2 additional nominees. Furthermore, independent directors, Mr Andrew Mifflin and Mr Khomotso Mosehla have informed the Board that they intend to resign their directorship if the resolutions are passed.

Accordingly, if the resolutions are passed the Requisitioning Shareholders will have two nominee directors and one associated director. This is an unreasonably high number of nominee and associated directors (3 out of 5 or 60% of the total Board) connected to the Requisitioning Shareholders, who collectively hold just a 6.8% shareholding in the Company. It is therefore reasonable to assume that if the resolutions are passed there will be a change of control of MC Mining without payment of a control premium. If a nominee of SGIH is appointed to the Board after this meeting in accordance with SGIH's rights under its funding agreement, this will result in the number of Directors increasing to 6, in which case the nominee and associated directors would be 3 out of 6 of the total Board.

The majority of the Board (other than Mr Zhen He who has not expressed his view on this) have conveyed their full confidence in myself and Mr Randazzo, have confirmed their support of us remaining as directors of the Company and are recommending that Shareholders vote against all resolutions.

**Your Board recommends that Shareholders vote**

**AGAINST**

**all of the proposed resolutions**

We appreciate your continued support of the Board and your patience while we deal with this unwelcomed Shareholder requisition.

We look forward to delivering to Shareholders value through the imminent development of the Makhado project and ask for your support, by voting **AGAINST** all the proposed resolutions.

Yours sincerely

**Bernard Pryor**  
**Non-Executive Chairman**

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