ANNOUNCEMENT **28 August 2024**

KINETIC DEVELOPMENT GROUP TO INVEST US$90 MILLION IN MC MINING LIMITED

MC Mining Limited (**MC Mining** or the **Company**) is pleased to announce that the Company has reached an agreement with Hong Kong Stock Exchange (**HKSE**) main board listed Kinetic Development Group Limited (**KDG**) (1277.HK) the terms of which provide that KDG (or its designee) will subscribe, in two tranches, for a total of 51% of the post transaction issued share capital of MC Mining.

The proposed investment by KDG will not only advance MC Mining's flagship Makhado steelmaking, hard coking coal project into production, but is also expected to accelerate the broader strategy of the group to develop its various tenements in the Vhembe region of Limpopo Province, including the Greater Soutpansberg Projects (**GSP**) and the Vele Aluwani Colliery (**Vele**). KDG is an integrated coal mining and trading group incorporated in the Cayman Islands with extensive operational experience and expertise, and a successful history of production from its assets that it operates in the autonomous regions of Inner Mongolia and Ningxia, China for over a decade.

Under the terms of the agreement, KDG will subscribe for an initial 13.04% of MC Mining for an aggregate consideration of US$12,970,588 and implied price per share of US$0.2089 [1] (at the prevailing exchange rates, AU$0.3083[2] or ZAR3.7206[1] per share) which subscription shall be effected no later than 5:00 pm Hong Kong Time on 4 September 2024, subject to the satisfaction of certain conditions outlined below. The second subscription for the remaining aggregate US$77,029,412 will be effected within seven (7) business days of the fulfilment or waiver of the conditions precedent applicable to that subscription including obtaining shareholder approval at an Extraordinary General Meeting (**EGM**) and receiving all relevant regulatory approvals.

[1] Based on the number of MC Mining shares expected to be to be issued on first closing
[2] Financial times cross rates as at 09:30 British Standard Time, 26 August 2024

Transaction Highlights

The transaction is expected to:

- create a diversified international coal mining group with operations in two of the fastest growing continents in the world;
- unlock the potential of the Makhado steelmaking, coking coal project to become the largest hard coking coal operation in South Africa providing opportunity for import substitution for local large scale industry;
- leverage cross pollination of international best practice and local knowledge from the skills available to KDG and MC Mining to minimise implementation risk and optimise operational efficiency across the MC Mining projects;
- facilitate, due to the scale of the projects planned, deployment of new capital to develop business support infrastructure such as logistics and utilities delivery;
- result in direct investment into a region with a deep, supportive and skilled labour pool; and
- enable MC Mining to take advantage of business development incentives offered by the adjacent Musina Makhado Special Economic Zone further creating vertical integration opportunities for industrial development of the region

Mathews Senosi, Chairman of MC Mining stated:

"We are privileged to be in a position to attract high quality investment from a strategic equity partner with the capacity and capability of Kinetic Development Group. The transaction re-affirms the quality of assets that MC Mining has been nurturing over a number of years. We are pleased to have finally achieved our objective to be in a position to finalise full financing for the Makhado Project as the start of a growth journey that we look forward to embarking on with excellent partners."

Wenzhong Ju, Chairman of the board and executive director of Kinetic Development Group stated:

"The investment in MC Mining is the next step of our intent to diversify and deepen both our product mix between thermal and steelmaking coal as well as extend our geographic footprint into prospective and high growth regions, taking advantage of our access to both high quality financial and human resources for the coal sector.

We are enthusiastic about the long-term prospects of MC Mining and its potential as a substantive contributor in the industrial coal space in the region and exporter of high-quality coal products. We look forward to working with the MC Mining team and the Company's broader stakeholders in realising what is a commendable vision that is aligned with our own."

Key Transaction Terms

The key terms of the agreement include:

- KDG (or its designee) will subscribe for 13.04% of the post subscription issued share capital of MC Mining for a consideration of US$12,970,588 as first close funding to allow MC Mining to commence development and construction of its early coal plan for the Makhado steelmaking coal project;
- Utilisation of the proceeds raised under the transaction will be in accordance with a use of proceeds plan (**Use of Proceeds Plan**) that will be provided by MC Mining to KDG prior to first closing, which specifies that the proceeds raised under the transaction will be used to advance the Company's Makhado and other core coal projects[3];
- The appointment of senior KDG executive Mr. Huang Muhui, who has been nominated by KDG given his extensive experience in managing and driving KDG's global mergers and acquisitions activities, to the board of MC Mining effective from the first close;
- The issue of 62,102,002[4] new MC Mining shares on the first close will be carried out by utilising the Company's placement capacity under ASX Listing Rule 7.1 and so will not be subject to shareholder approval;
- On the second close, KDG (or its designee) will subscribe for such number of additional shares as is required to give it a total holding of 51% of the post transaction issued share capital of MC Mining for a further US$77,029,412;

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[3] Please see Schedule 1 for further information

[4] This number may increase to 63,302,002 if certain unquoted management options are exercised prior to first closing. In such circumstances, the implied issue price referred to in footnote 2 will decrease to US$0.2049

- The shares issued by MC Mining to KDG (or its designee) will be subject to up to a 12 month period of voluntary escrow, with the escrow period for each tranche commencing on the relevant issue date[5];
- The second closing is subject to a number of conditions including:
  - The Company's shareholders pass the second closing resolution at an EGM by the majorities required under item 7 of section 611 of the Corporations Act; and
  - To the extent applicable, the approval, if any, as required under the South African Competition Act, is obtained from the relevant authorities[6];
- The second closing is to be completed within 270 days of the agreement, failing which KDG has the right, if the second closing has not occurred other than as a result of KDG's breach, to request the Company to buy back the first close shares in compliance with all applicable laws including with the approval of the Company's shareholders at a general meeting[7];
- Following completion of the second closing, KDG will also be entitled (and is expected) to appoint additional directors to the board such that its nominee directors constitute a majority of MC Mining's directors; and
- A more detailed summary of the key terms of the subscription agreement (including the various conditions precedent to completion of the second closing) will be included in the meeting documents for the proposed EGM[8]

A copy of KDG's disclosure to HKSE, which includes additional disclosures required under the listing rules of HKSE, accompanies this announcement.

[5] The escrow agreement is subject to certain exceptions and its enforceability is subject to the ASX Listing Rules and applicable laws
[6] Please see Schedule 1 for further information
[7] In such circumstances, the escrow restrictions applicable to MC Mining shares held by KDG (or its designee) will also be lifted
[8] The proposed EGM is expected to be held before the end of 2024

About Kinetic Development Group

KDG is an integrated coal mining group listed on the HKSE and has a current market capitalization of over US$1.2 billion[9]. KDG's business covers the full coal value chain including mining, processing, logistics and marketing. The key coal resource under operation of the Group is the underground thermal coal Dafanpu Coal Mine.

About MC Mining Limited

MC Mining is an ASX and JSE-listed coal exploration, development and mining company operating in South Africa. MC Mining's key projects include the Uitkomst Colliery (metallurgical and thermal coal), Makhado Project (hard coking coal), Vele Colliery (semi-soft coking and thermal coal), and the Greater Soutpansberg Projects (coking and thermal coal).

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

Transaction Advisors:

Kinetic Development Group Limited:

Morgan, Lewis and Bockius	Hong Kong Legal Advisors
Clayton Utz	Australian Legal Advisors
Webber Wentzel	South African Legal Advisors

MC Mining Limited:

R&A Strategic Communications	Financial PR (South Africa)
BSM Sponsors Proprietary Limited	JSE Sponsor
K&L Gates	Australian Legal Advisors to MC Mining Limited
Falcon & Hume Attorneys Inc	South African Legal Advisors to MC Mining Limited
Ares Capital Proprietary Limited	Financial advisor to MC Mining Limited

[9] Financial Times, 26 August 2024

Schedule 1

Use of Proceeds

MC Mining intends to use the proceeds raised from the issuance of new shares to KDG primarily for the following purposes:

- Maintenance, security and compliance costs related to all the projects including Makhado, Vele and the GSP.
- Commissioning of a coal handling and preparation plant at Makhado.
- Establishment of power and water infrastructure and civil works at the Makhado project.
- The partial repayment of certain outstanding loans.

Each of these matters will be set out in detail in the Use of Proceeds Plan.

Conditions precedent

There are a number of conditions precedent in the subscription agreement between MC Mining and KDG that need to be satisfied before the first closing (i.e. the completion of the issue of the first tranche of shares to KDG) and the second closing (i.e. the completion of the issue of the second tranche of MC Mining shares to KDG) may be effected the more material of which are as follows:

Conditions precedent for the first closing

- MC Mining shall have taken all necessary corporate action such that immediately on the first closing its board of directors shall have not more than seven members, including Mr Huang Muhui; and
- MC Mining shall have prepared and provided to KDG the Use of Proceeds Plan;

Conditions precedent for the second closing

- MC Mining's shareholders pass all resolution/s required under the Corporations Act (including a resolution for the purposes of Item 7 of section 611 of the Corporations Act) and the ASX Listing Rules (if applicable);
- MC Mining shall have taken all necessary corporate action such that immediately on the second closing KDG nominee directors constitute the majority of MC Mining's board (including as a result of the appointment/removal of directors as specified by KDG);
- the technical reports commissioned by KDG conclude that the geology and quality of coal at the Makhado Project is substantially consistent with the findings of MC Mining's competent person reports as previously disclosed by MC Mining to KDG; and

- if applicable, receipt of any approval required by the Competition Act of South Africa for the implementation of the Subscription Agreement shall have been granted, either unconditionally or subject to such conditions as have been approved in writing by that date, by the parties affected by such conditions, it being agreed that such approval shall not be unreasonably withheld or delayed.

Additional conditions precedent applicable to the first closing and the second closing are set out in KDG's disclosure to HKSE, a copy of which accompanies this announcement.

Kinetic Development Group Limited
力量發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1277)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF SHARES IN MC MINING

THE SUBSCRIPTION

The Board is pleased to announce that on 26 August 2024 (after trading hours), the Company and MC Mining entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price.

Upon completion of the Subscription, MC Mining will be held as to 51% by the Group and become a non-wholly owned subsidiary of the Group and its financial results will be consolidated into the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Subscription are more than 5% and all of the applicable percentage ratios are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should be aware that the completion of the Subscription is conditional upon the satisfaction of multiple conditions precedent, which may or may not be satisfied. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

I. SHARE SUBSCRIPTION AGREEMENT

The principal terms of the Share Subscription Agreement are described below:

Date: 26 August 2024 (after trading hours)

Parties:

(i) The Company; and

(ii) MC Mining

Subscription Shares: The Company agrees to subscribe for and purchase, and MC Mining agrees to issue and sell to the Company certain new shares in MC Mining in the following manners:

(i) at the First Closing (as defined below), the Company agrees to subscribe for and purchase, and MC Mining agrees to issue and sell to the Company such number of new shares in MC Mining (the "**First Closing Shares**"), representing approximately 13.04% of the issued share capital of MC Mining immediately after the First Closing; and

(ii) at the Second Closing (as defined below), the Company agrees to subscribe for and purchase, and MC Mining agrees to issue and sell to the Company such number of new shares in MC Mining (the "**Second Closing Shares**"), which shall, together with the First Closing Shares, account for approximately 51% of the issued share capital of MC Mining immediately after the Second Closing.

Total consideration and payment: The total consideration payable by the Company under the Share Subscription Agreement amounts to US$90,000,000, which comprises (i) US$12,970,588 to be paid at the First Closing (as defined below); and (ii) US$77,029,412 to be paid at the Second Closing (as defined below).

Use of proceeds: MC Mining shall use the proceeds from the issuance and sale of the First Closing Shares and the Second Closing Shares to develop, exploit and operate its coal business solely and only in accordance with a plan to be delivered by MC Mining to the Company prior to the First Closing, which shall set out in reasonable detail projected time and purpose for each use of the proceeds (the "**Use of Proceeds Plan**").

Closings: *First Closing*

Subject to the closing conditions for each Closing and for the First Closing specified in the Share Subscription Agreement having been waived or satisfied, the consummation of the issuance of the First Closing Shares (the "**First Closing**") shall take place as soon as practicable, but in no event later than seven (7) Business Days after the date of the Share Subscription Agreement, or at such other time and place as the Company and MC Mining shall mutually agree in writing.

On the First Closing, MC Mining shall issue the First Closing Shares to the designee of the Company and enter its name in the register of members of MC Mining as the registered holder of the First Closing Shares.

Second Closing

The consummation of the issuance of the Second Closing Shares (the "**Second Closing**") shall take place as soon as practicable, but in no event later than seven (7) Business Days after the closing conditions for each Closing and for the Second Closing specified in the Share Subscription Agreement have been waived or satisfied, or at such other time and place as the Company and MC Mining shall mutually agree in writing (together with the First Closing, the "**Closings**", each a "**Closing**").

On the Second Closing, MC Mining shall issue the Second Closing Shares to the Company or its designee (as applicable) and enter its name in the register of members of MC Mining as the registered holder of the Second Closing Shares.

Conditions precedent: Completion of the Share Subscription Agreement is conditional upon the following conditions having been fulfilled, or waived by the Company, provided that below conditions precedent numbered (i)(a), (iii)(e), (iii)(f) and (iii)(g) shall not be waived:

(i) Conditions precedent for each Closing

(a) MC Mining shall have performed and complied in all material respects with all obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it on or before such Closing.

(b) No provision of any applicable Laws shall prohibit the consummation of any transactions contemplated by the Transaction Documents.

(c) All corporate and other proceedings in connection with the Subscription and the other Transaction Documents to be completed at such Closing and all documents incident thereto shall have been completed, and the Company shall have received all such counterpart original or other copies of such documents as it may reasonably request.

(d) Each of the parties to the Transaction Documents (other than the Company) shall have executed and delivered such Transaction Documents to the Company.

(e) The chief executive officer of MC Mining shall have executed and delivered to the Company at such Closing a certificate dated as of such Closing stating that the conditions specified in the Share Subscription Agreement have been fulfilled as of such Closing.

(ii) **Additional conditions precedent for the First Closing**

(a) MC Mining shall have taken all necessary corporate action such that immediately on the First Closing its board of directors shall have six (6) or seven (7) members, including appointment of Mr. Huang Muhui, who is designated by the Company as a member of the board of MC Mining with effect as of the First Closing, and evidence thereof shall have been delivered to the Company.

(b) MC Mining shall have prepared and provided to the Company the Use of Proceeds Plan.

(c) the Company shall have received opinions from the Australian counsel and the South African counsel for MC Mining, dated as of the date of the First Closing.

(iii) **Additional conditions precedent for the Second Closing**

(a) MC Mining shall have taken all necessary corporate action such that immediately on the Second Closing its board of directors shall have the additional directors designated by the Company as members of the board, and removal of directors as required by the Company from members of the board of MC Mining with effect as of the Second Closing, such that the Company will appoint a majority of the nominee directors of the board of directors, with the names of the directors to be nominated and/or removed by the Company to be provided to MC Mining at least five (5) business days prior to the Second Closing, and evidence thereof shall have been delivered to the Company, including the delivery of relevant approvals from the board and executed director appointment letters.

(b) Subject to certain exceptions, qualifications and disclosures specified in the Share Subscription Agreement, each of the representations and warranties of MC Mining contained in the Share Subscription Agreement shall have been true, correct, complete and not misleading when made and shall be true correct, complete and not misleading on and as of the Second Closing with the same effect as though such representations and warranties had been made on and as of the date of the Second Closing, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

(c) There shall have been no material adverse effect as of the Second Closing.

(d) The technical reports commissioned by the Company prior to the First Closing conclude that the geology and quality of coal at the Makhado Project is substantially consistent with the findings of MC Mining's Competent Persons' Reports previously disclosed to the Company.

(e) MC Mining's shareholders pass a resolution approving the Second Closing by the majorities required under the Corporations Act and the other applicable provisions of the Company's constitution, the Corporations Act and the ASX Listing Rules (as applicable).

(f) MC Mining's ordinary shares shall have continued to be quoted for trading on ASX.

(g) To the extent applicable, the approval, if any, required by the South African Competition Act for the implementation of the Share Subscription Agreement shall have been granted, either unconditionally or subject to such conditions as have been approved in writing by that date, by the parties affected by such conditions, it being agreed that such approval shall not be unreasonably withheld or delayed.

Company's right to share buy-back:

Subject to the Share Subscription Agreement, if the Second Closing does not occur for any reason, other than as a result of a breach of the Share Subscription Agreement by the Company, within 270 days after the date of the Share Subscription Agreement, the Company may give a notice ("**Buy-Back Demand**") to MC Mining requesting MC Mining to buy-back the Company's First Closing Shares.

On receipt of a Buy-Back Demand from the Company, MC Mining shall, subject to the receipt by MC Mining of requisite shareholders' approval under the Corporations Act, proceed to buy-back MC Mining's First Closing Shares, at the Subscription Price per First Closing Share.

Material representations and warranties:

MC Mining represents and warrants to the Company, among other things, that the following statements are true, correct, complete and not misleading:

(i) Each Target Group Company is the sole record and beneficial holder of all of the equity securities of its applicable subsidiary(ies), free and clear of all encumbrances of any kind other than those arising under applicable law.

(ii) MC Mining is not required to obtain the approval of its shareholders under the Corporations Act or the ASX Listing Rules for the issuance of the First Closing Shares to the Company.

(iii) As of the date on which MC Mining issues a Cleansing Statement under the Share Subscription Agreement, the Company is entitled to rely on the sale offer exemption under section 708A(5) of the Corporations Act in respect of the ordinary shares to which the Cleansing Statement relates.

(iv) MC Mining has complied with all its disclosure requirements under the Corporations Act and the ASX Listing Rules and there is no material information or circumstance which MC Mining is not obliged to notify ASX about, pursuant to ASX Listing Rule 3.1 and it is not withholding any information in reliance on the exemption in ASX Listing Rule 3.1A other than in respect of the transactions contemplated by the Share Subscription Agreement.

(v) The audited consolidated balance sheet and income statements and cash flows for the Target Group as of and for the twelve-months ended 30 June 2023 and the unaudited consolidated balance sheet (the "**Balance Sheet**") and income statements and cash flows for the Target Group as of and for the six-months ended 31 December 2023 (the "**Statement Date**") (a) have been prepared in accordance with the books and records of the Target Group Companies, (b) fairly present in all material respects the financial condition and position of the Target Group Companies as of the dates indicated therein and the results of operations and cash flows of the Target Group Companies for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto and normal year-end audit adjustments that are not expected to be material, and (c) were prepared in accordance with the accounting standards applied on a consistent basis throughout the periods involved.

(vi) Since the Statement Date, there has not been any material adverse effect or any material change in the way the Target Group Company conducts its business.

(vii) No Target Group Company has any liabilities of the type that would be disclosed on a balance sheet in accordance with the applicable accounting standards, except for (i) liabilities set forth in the Balance Sheet that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Target Group Company business consistent with its past practices and which do not exceed US$2,000,000 in the aggregate.

(viii) The Target Group Companies are the holders of the mining rights and there are no encumbrances registered or otherwise existing in relation to the mining rights.

(ix) Each Target Group Company operated the coal business and the coal assets in compliance, and the coal business and the coal assets are currently in compliance in all material respects with all applicable environmental, health and safety laws, except where the failure to do so would not have a material adverse effect.

II. BASIS OF DETERMINATION OF CONSIDERATION

The total consideration payable by the Company under the Subscription amounts to US$90,000,000, which was negotiated on an arm's length basis between the Company and MC Mining, and also taking into account, on the part of the Company, (i) the valuation of 100% equity interest in MC Mining of US$217.1 million as at 30 June 2024 as appraised by an independent valuer adopting the discounted cash flow method of the income approach and the market approach (the "**Valuation**"). Further details of such Valuation are set out in the section headed "Valuation" below; (ii) the consolidated assets and net assets of MC Mining as of 31 December 2023 of US$124,783,000 and US$83,771,000 respectively; (iii) the total market capitalisation amount of MC Mining of US$10,416,576 as quoted on ASX, where MC Mining maintains its primary listing, and US$37,192,877 as quoted on JSE, where MC Mining maintains its secondary listing, both as at 23 August 2024, being the last trading day of MC Mining's shares on ASX and JSE prior to the date of this announcement; (iv) the liquidity and price history of the shares of MC Mining on ASX and JSE; and (v) the proportional interest of the Group in MC Mining and the fact that it will become a non-wholly owned subsidiary of the Group upon completion of the Subscription.

The consideration will be funded by internal resources of the Group.

III. INFORMATION OF MC MINING

MC Mining is a company operating in South Africa primarily engaged in steelmaking, coal and thermal coal exploration, development and mining. It has maintained a primary listing on ASX with a secondary listing on the JSE. MC Mining's key projects include the Uitkomst Colliery, Makhado Project, Vele Colliery and the Greater Soutpansberg Projects, located in different regions of South Africa.

As at the date of this announcement, MC Mining has a total of 414,013,349 issued shares, among which 93.69% are directly owned by Goldway Capital Investment Limited and its members. Based on publicly available information, Goldway Capital Investment Limited is in turn held as to 41.23% by Senosi Group Investment Holdings Proprietary Limited, a company controlled by the family trust of Mr. Mathews Senosi, the Chairman of MC Mining, and by other shareholders each holding less than 10% equity interest. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, MC Mining and its ultimate beneficial owners are third party independent of the Company and the connected persons of the Company.

Upon completion of the Subscription, MC Mining will be held as to 51% by the Group and become a non-wholly owned subsidiary of the Group and its financial results will be consolidated into the Group.

Major Assets and Operational Status

MC Mining currently owns four key projects with 27 mining rights in total, the details of which are summarised below:

(1) Uitkomst Colliery

Uitkomst Colliery is an operating high-grade metallurgical and thermal coal colliery with its single mining right held by Uitkomst Colliery Proprietary Limited, a subsidiary indirectly owned by MC Mining as to 84%. The current mining right was granted over various properties situated at magisterial district of Utrech Coalfield, in the KwaZulu-Natal Province of South Africa, with an area of 11,169.40 hectares, and will expire on 20 November 2052.

Based on the public information disclosed by MC Mining on the ASX, Uitkomst Colliery sells a 0 to 40 mm (duff) product into the metallurgical domestic market for use as pulverised coal, and it supplies sized coal (peas) products to local energy generation facilities and also sells smaller volumes of a high-ash, coarse discard coal (middlings) product.

(2) Makhado Project

Makhado Project is a steelmaking hard coking and thermal coal exploration and evaluation project with its mining right owned by Baobab Mining and Exploration Proprietary Limited, a subsidiary indirectly owned by MC Mining as to 67.3%. The project is situated in the Soutpansberg Coalfield, in the Limpopo Province of South Africa, with an area of 7,651.28 hectares. The current mining right will expire on 25 January 2046.

Based on the public information disclosed by MC Mining on the ASX, MC Mining has initiated certain early works at the Makhado Project and aims to develop the project into South Africa's pre-eminent steelmaking hard coking coal producer.

(3) Vele Colliery

Vele Colliery is a semi-soft coking and thermal coal colliery with its mining right held by Limpopo Coal Company Proprietary Limited, a wholly-owned subsidiary of MC Mining. The coal is located in the Tuli Coalfield, in the Limpopo Province of South Africa, with an area of 8,662.73 hectares. The current mining right will expire on 18 March 2040.

Based on the public information disclosed by MC Mining on the ASX, Vele Colliery was recommissioned in December 2022 after having been on care and maintenance since late 2013.

(4) Greater Soutpansberg Projects

Greater Soutpansberg Projects are three exploration stage coking and thermal coal projects, namely (i) Mopane – eight mining rights for this project have been legally executed. The projects are located in the magisterial district of Makhado, in the Limpopo Province of South Africa, and the mining rights are owned by MC Mining and various non-wholly owned subsidiaries indirectly owned by MC Mining as to 74%, covering a total area of 24,757.73 hectares and expiring between the years 2047 and 2049 respectively; (ii) Generaal – eight mining rights for this project have been legally executed. The project is located in the magisterial district of Musina, Vhembe and Makhado, in the Limpopo Province of South Africa, and the mining rights are owned by MC Mining and various non-wholly owned subsidiaries indirectly owned by MC Mining as to 74%, covering a total area of 19,767.18 hectares and expiring between the years 2047 and 2049 respectively; and (iii) Chapudi – eight mining rights for this project have been legally executed. The project is located in the magisterial district of Makhado in the Limpopo Province of South Africa and the mining rights are owned by MC Mining and various non-wholly owned subsidiaries indirectly owned by MC Mining as to 74%, covering a total area of 47,178.38 hectares and the mining rights are expiring in 2047.

Based on the public information disclosed by MC Mining on the ASX, as at the date of this announcement, the Greater Soutpansberg Projects are in exploration and development stage.

Major Financial Data of MC Mining

According to the published consolidated financial statements of MC Mining, (i) for the financial year ended 30 June 2022, its net losses before and after taxation were US$20,719,000 and US$20,835,000 respectively; (ii) for the financial year ended 30 June 2023, its net losses before and after taxation were US$4,008,000 and US$4,398,000 respectively; and (iii) the consolidated assets and net assets of MC Mining as of 31 December 2023 were US$124,783,000 and US$ 83,771,000 respectively.

IV. INFORMATION OF THE COMPANY

The Company is a limited company incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange. The principal business of the Company, together with its subsidiaries, is extraction and sales of coal products.

V. VALUATION

Since the discounted cash flow method of the income approach was adopted in the preparation of the Valuation, such Valuation constitutes profit forecasts under Rule 14.61 of the Listing Rule. For the purpose of complying with Rule 14.60A of the Listing Rules, details of the principal assumptions, including commercial assumptions, upon which the Valuation was based are as follows:

(1) The Target Group will continue to operate as a going concern and has sufficient liquidity and capability to achieve the business development; all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;

(2) There will be sufficient supply of technical staff in the industry in which the Target Group operates or intends to operate, and the Target Group will retain competent management, key personnel and technical staff to support their ongoing operations and developments;

(3) There will be no major changes in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

(4) There were no major changes in the financial position and performance of the Target Group between 30 June 2024 and the date of the valuation report, i.e. 26 August 2024;

(5) There will be no major changes in the political, legal, economic or market conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group;

(6) There will be no material changes in the relevant interest rates and exchange rates that would impact the Target Group's business; and

(7) There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Target Group as of 30 June 2024.

The Board has confirmed that they have made the forecast after due and careful enquiry. The letter from the Board has been set out in Appendix I. The reporting accountants of the Company, KPMG, have reported on the calculations of the discounted future cash flows used in the valuation. The report from KPMG on the calculations of the discounted future cash flows used in the valuation has been set out in Appendix II. The discounted future cash flows do not involve the adoption of accounting policies.

The following are the qualifications of the experts who have given their opinion in this announcement:

Name	**Qualification**
Win Bailey Valuation and Advisory Limited ("**Win Bailey**")	Independent professional valuer
KPMG	Certified Public Accountants

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Win Bailey and KPMG is an independent third party. Neither Win Bailey nor KPMG has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As at the date of this announcement, neither Win Bailey nor KPMG had any direct or indirect interests in any assets which have been, since 31 December 2023 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Win Bailey and KPMG has given and has not withdrawn its consent to the publication of this announcement including its report or letter and all references to its name in the form and context in which it respectively appears in this announcement.

VI. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Subscription represents a major milestone in the Company's strategy to expand its global footprint. The Group has an established track record of successful and profitable coal mining operations in the PRC, while MC Mining is holding various coal mining assets in South Africa with promising potentials, which remains largely untapped as of the date hereof. The Board believes that there are clear synergies for the cooperation between the Group and MC Mining and is confident that, upon completion of the Subscription and after consolidating MC Mining as a non-wholly owned subsidiary of the Group and combining the respective management expertise of both the Group and MC Mining, the business and operational prospects of MC Mining will be elevated to the next level. As disclosed in the interim results announcement of the Company dated 19 August 2024, the Group is actively seeking potential mining project targets. The Subscription aligns with the overall development strategies of the Group and allows the Group to leverage its industry expertise to develop valuable mining assets across key regions. The added scale and diversification from the Subscription will also improve the Group's risk profile and long-term sustainability. The Board also believes that the Subscription represents an attractive opportunity to expand its business overseas and to create value to the Shareholders.

The terms and conditions of the Share Subscription Agreement are negotiated on an arm's length basis between the parties thereto. The Board (including the independent non-executive Directors) is of the view that the terms of the Share Subscription Agreement are fair and reasonable, and the Subscription are in the interest of the Company and Shareholders as a whole.

VII. MAJOR RISKS OF THE SUBSCRIPTION

(i) Risk of uncertainties in completion of the Subscription

Completion of the Subscription is subject to certain conditions precedent beyond control of the Company and MC Mining (see the section headed "Conditions precedent" above). There are uncertainties in whether the Subscription can be completed.

(ii) Operational risk of the projects

The major assets of MC Mining are located in South Africa, where the politics, economics and culture are different from those of China. The Company will bear risks in management and operation after completion of the Subscription.

The Uitkomst Colliery is the MC Mining's only project in current production. It is expected that MC Mining's profit will improve rapidly after the Makhado Project commences production. However, MC Mining may bear certain short-term difficulties in its operation. There are risks that the mining volume may not reach the designated production capacity; there may be declining of ore grade; the grade of mined ores may fall short of the designated grade, and the volumes of metals mined and produced may be lower than expectation. These may adversely affect the economic benefits of the Subscription.

(iii) Political and legal risks

The Subscription should observe the laws and regulations of relevant countries and regions; hence there are risks of governments and regulatory authorities initiating investigations or introducing policies against the Subscription. The execution of the Subscription will strictly comply with the policies and laws of the relevant countries and regions, in order to effectively control the policy and legal risks.

(iv) Foreign exchange risks

The Subscription will be settled in US$. The continuous fluctuations in the exchange rate will bring foreign currency risks to the Subscription to a certain extent.

(v) Market risks

Market risks lie in the future price trend of coal. If the coal prices fluctuate substantially in the future, there will be uncertainties as to the profitability of the project, which has impact on the value of MC Mining.

VIII. IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Subscription are more than 5% and all of the applicable percentage ratios are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should be aware that the completion of the Subscription is conditional upon the satisfaction of multiple conditions precedent, which may or may not be satisfied. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

IX. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"ASX"	Australian Securities Exchange
"ASX Listing Rules"	official listing rules of ASX, as amended from time to time
"Board"	the board of Directors
"Company"	Kinetic Development Group Limited (formerly known as Kinetic Mines and Energy Limited), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"Corporations Act"	Corporations Act 2001 (Cth) of Australia
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"JSE"	Johannesburg Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MC Mining"	MC Mining Limited ACN 008 905 388, a company incorporated under the Laws of Australia and its securities are listed on the JSE and ASX (ASX: MCM)
"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
"Share Subscription Agreement"	the share subscription agreement dated 26 August 2024 entered into between the Company and MC Mining in relation to the subscription of the Subscription Shares by the Company
"Shareholders"	the shareholders of the Company
"South Africa"	the Republic of South Africa

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the Subscription Shares by the Company pursuant to the terms of the Share Subscription Agreement
"Subscription Price"	US$90,000,000, being the total amount payable by the Company to MC Mining for the Subscription pursuant to the Share Subscription Agreement
"Subscription Share(s)"	the First Closing Shares and the Second Closing Shares
"Target Group Company(ies)" or "Target Group"	MC Mining and its subsidiaries
"Transaction Documents"	the Share Subscription Agreement and each of such agreements and documents as contemplated by, and/or annexed and exhibited to, the Subscription, and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing
"US$"	United States dollars, the lawful currency of United States
"%"	per cent

By Order of the Board
Kinetic Development Group Limited
Ju Wenzhong
Chairman and Executive Director

Hong Kong, 26 August 2024

As at the date of this announcement, the Board comprises seven Directors, of whom three are executive Directors, namely Mr. Ju Wenzhong (Chairman), Mr. Li Bo (Chief Executive Officer) and Mr. Ji Kunpeng; one is a non-executive Director, namely Ms. Zhang Lin; and three are independent non-executive Directors, namely Ms. Liu Peilian, Mr. Chen Liangnuan and Ms. Xue Hui.

26 August 2024

Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sirs,

DISCLOSEABLE TRANSACTION – SUBSCRIPTION OF SHARES IN MC MINING

We refer to the announcement of Kinetic Development Group Limited (the "**Company**") dated 26 August 2024 (the "**Announcement**") relating to the captioned transaction. Capitalized terms used in this letter shall have the same meanings as those defined in the Announcement unless stated otherwise.

We refer to the valuation report dated 26 August 2024 issued by Win Bailey (the "**Valuation Report**") regarding the valuation of 100% equity interest of MC Mining of US$217.1 million as at 30 June 2024 (the "**Valuation**") based on the market approach and discounted cash flows, which constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Win Bailey about different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which Win Bailey is responsible. We have also considered the report from KPMG dated 26 August 2024 regarding whether the discounted future cash flows used in the Valuation, so far as the calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions set out in the Valuation Report, which the Board has relied on, in all material respects. We have noted that the profit forecasts in the Valuation are mathematically accurate and the discounted cash flows will not be affected by accounting policies.

Pursuant to the requirements of the Listing Rules, the Board confirmed that the Valuation prepared by Win Bailey has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
Kinetic Development Group Limited
Ju Wenzhong
Chairman and Executive Director

The following is the text of a report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

KPMG

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF 100% EQUITY INTEREST IN MC MINING LIMITED AND ITS SUBSIDIARIES

To the Board of Directors of Kinetic Development Group Limited

We refer to the discounted future cash flows on which the valuation (the "**Valuation**") dated 26 August 2024 prepared by Win Bailey Valuation and Advisory Limited in respect of the appraisal of the fair market value of 100% equity interest in MC Mining Limited and its subsidiaries (the "**Target Group**") as at 30 June 2024 is based. The Valuation is prepared based in part on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of Kinetic Development Group Limited (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.60A(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Group or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG
Certified Public Accountants
Hong Kong
26 August 2024