

**Mantengu Mining Limited**

Incorporated in the Republic of South Africa

(Registration number 1987/004821/06)

Share Code: MTU

ISIN Code: ZAE000320347

("Mantengu" or "the Company" or "the Group")

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**REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2023 ("RESULTS" or "INTERIM FINANCIAL RESULTS")**

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The board of directors of the Group ("the Board") hereby present the Condensed Consolidated Interim Financial Results for the six months ended 31 August 2023.

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<b>Reviewed</b>	<b>Restated</b>	<b>Audited</b>
	<b>6-months ended</b>	<b>6-months ended</b>	<b>12-months</b>
	<b>31 Aug 2023</b>	<b>31 Aug 2022</b>	<b>ended 28 Feb</b>
	<b>R' 000</b>	<b>R' 000</b>	<b>2023</b>
	<b>R' 000</b>	<b>R' 000</b>	<b>R' 000</b>
Revenue	13 087	330	4 492
Cost of Sales	(11 617)	(315)	(5 503)
<b>Gross (Loss)/Profit</b>	<b>1 470</b>	<b>15</b>	<b>(1 011)</b>
Other Income	2 257	2 558	5 617
Administration expenses	(6 781)	(3 363)	(9 395)
Depreciation	(2 357)	(50)	(243)
Directors' Remuneration	(2 774)	(2 103)	(3 478)
Employee benefits	(1 119)	(465)	(240)
Other operating expenses	(6 096)	(1 602)	(7 041)
<b>Operating Loss</b>	<b>(15 400)</b>	<b>(5 010)</b>	<b>(15 791)</b>
Finance Costs	(12 736)	(2 423)	(6 311)
<b>Loss before Taxation</b>	<b>(28 136)</b>	<b>(7 433)</b>	<b>(22 102)</b>
Taxation	12 103	-	5 196
<b>Loss for the period</b>	<b>(16 033)</b>	<b>(7 433)</b>	<b>(16 906)</b>
Other Comprehensive Income	-	-	-
<b>Total Comprehensive loss for the period</b>	<b>(16 033)</b>	<b>(7 433)</b>	<b>(16 906)</b>
Basic (loss) per share (cents)	(10)	(5)	(12)
Diluted basic (loss)per share (cents)	(10)	(5)	(12)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023**

	Reviewed 31 Aug 2023 R' 000	Restated Reviewed 31 Aug 2022 R' 000	Restated Audited 28 Feb 2023 R' 000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant, and equipment	240 365	147 533	202 171
Right-of-use assets	7 672	-	8 083
Goodwill	39 195	39 195	39 195
Environmental rehabilitation funds	-	1 158	854
	<b>287 232</b>	<b>187 886</b>	<b>250 303</b>
<b>Current Assets</b>			
Inventories	17 399	-	-
Trade and other receivables	7 937	2 196	9 258
Prepayments	4 904	-	4 899
Cash and cash equivalents	85	56	17 976
	<b>30 325</b>	<b>2 252</b>	<b>32 133</b>
<b>Total Assets</b>	<b>317 557</b>	<b>190 138</b>	<b>282 436</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	99 970	79 008	99 189
Accumulated loss	(36 506)	(13 040)	(20 473)
	<b>63 464</b>	<b>65 968</b>	<b>78 716</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	96 390	26 340	77 368
Lease liability	7 868	-	8 053
Deferred taxation	17 788	35 087	29 891
	<b>122 046</b>	<b>61 427</b>	<b>115 312</b>
<b>Current Liabilities</b>			
Trade and other payables	48 217	26 376	17 600
Other financial liabilities	83 007	35 513	69 254
Lease liability	50	-	41
Current taxation	625	854	1 513
Bank overdraft	148	-	-
	<b>132 047</b>	<b>62 743</b>	<b>88 408</b>
<b>Total Liabilities</b>	<b>254 093</b>	<b>124 170</b>	<b>203 720</b>
<b>Total Equity and Liabilities</b>	<b>317 557</b>	<b>190 138</b>	<b>282 436</b>

CONDENSED STATEMENT OF CHANGES IN EQUITY

Group	Share capital R' 000	Accumulated loss R' 000	Total equity R' 000
<b>Balance at 1 March 2022</b>	<b>50 320</b>	<b>(3 567)</b>	<b>46 753</b>
Loss for the year	-	(9 473)	(9 473)
Issue of shares	28 688	-	28 688
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(9 473)</b>	<b>(9 473)</b>
<b>Balance at 31 August 2022</b>	<b>79 008</b>	<b>(13 040)</b>	<b>65 968</b>
Loss for the period	-	(7 433)	(7 433)
Acquisition of Langpan	5 181	-	5 181
Rights issue	15 000	-	15 000
<b>Balance at 28 February 2023</b>	<b>99 189</b>	<b>(20 473)</b>	<b>78 716</b>
Loss for the period	-	(16 033)	(16 033)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(16 033)</b>	<b>(16 033)</b>
Issue of Shares	780	-	780
<b>Balance at 31 August 2023</b>	<b>99 970</b>	<b>(36 506)</b>	<b>63 464</b>

## CONDENSED STATEMENT OF CASH FLOWS

	Reviewed 6-months ended 31 Aug 2023 R' 000	Reviewed 6-months ended 31 Aug 2022 R' 000	Audited 12-months ended 28 Feb 2023 R' 000
Cash flows from operating activities	(5 475)	(4 735)	(29 820)
Cash flows from investing activities	(31 916)	(31)	(21 869)
Cash flows from financing activities	19 352	4 792	69 472
<b>Total cash movement for the period</b>	<b>(18 039)</b>	<b>26</b>	<b>17 783</b>
Cash and cash equivalents at the beginning of the period	17 976	-	192
Cash and cash equivalents acquired on reverse acquisition	-	-	1
Business Combination	-	30	-
<b>Total Cash and cash equivalents at end of the period</b>	<b>(63)</b>	<b>56</b>	<b>17 976</b>

### COMMENTARY

#### 1. BASIS OF PREPARATION

The reviewed condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended. The Listings Requirements require condensed financial statements to be prepared in accordance with the framework concepts and all the measurement and recognition requirements of International Financial Reporting Standards (**IFRS**) and Financial Pronouncements as issued by Financial Reporting Standards Council and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and as a minimum contain the information required by IAS 34 Interim Financial Reporting.

The preparation of the Mantengu Mining Limited Group reviewed condensed consolidated interim financial statements for the six

months ended 31 August 2023 was supervised by the Chief Financial Officer, Mr M Naidoo CA(SA).

## **2. INTERIM FINANCIAL RESULTS AND FUTURE PROSPECTS**

At the beginning of the interim period and up to the end of May 2023, Langpan Mining Co Proprietary Limited ("**Langpan**") was still in a preproduction phase. First deliveries of chrome concentrate to RWE Supply and Trading GMBH ("**RWE**") commenced on 7 June 2023. As at 31 August 2023, revenue consisted of 4 757 tonnes of chrome concentrate. After the half year end and to the date of approval of these interim financial statements, Langpan has dispatched a further 8 132 metric tonnes of chrome concentrate evidencing the significant ramp up of production. Production continues to ramp up monthly and will be boosted significantly by the commissioning of a brand-new MG Chrome Processing Plant at Langpan during the first quarter of calendar 2024.

Operating expenditure was negatively impacted by significantly higher energy costs and continued inflationary pressures stemming from high interest rates in the macroeconomic environment. The working capital cycle was also negatively impacted by continuous logistical delays in the transport of chrome concentrate from Langpan to the Durban Port. The significant and continual decay of South Africa's rail system and network has only served to exacerbate logistical challenges on the country's roads.

Langpan is currently Mantengu's sole operating asset. Mantengu being a resource investment company is constantly exploring new mining opportunities and evaluating strategic acquisitions that we believe will enhance long term shareholder returns. The Board are continuously looking for strategic acquisitions and will announce these as and when they are concluded.

The Board's immediate priority is the completion of the build of the new MG Chrome Processing Plant at Langpan and the continued ramp up of production in a sustainable manner. The Board strongly believes in operational excellence and will not hesitate to make changes to ensure that Langpan's operations at all times are aligned with Mantengu's vision, strategy and corporate governance with the ultimate aim of providing shareholders with the best long term returns.

Mantengu has demonstrated its resilience in navigating some of the most challenging market conditions during the start up of operations and is well positioned to continue its growth journey.

### 3. INVENTORIES

	Reviewed 6-months ended 31 Aug 2023	Reviewed 6-months ended 31 Aug 2022	Audited 12-months ended 28 Feb 2023
Raw materials	6 545	-	-
Work in progress	5 908	-	-
Finished goods	4 946	-	-
	<b>17 399</b>	<b>-</b>	<b>-</b>

### OTHER FINANCIAL LIABILITIES

Held at amortised cost.

	Reviewed 6-months ended 31 Aug 2023	Reviewed 6-months ended 31 Aug 2022	Audited 12-months ended 28 Feb 2023
RWE	66 071	-	64 435
IDC	42 228	-	39 513
Trade finance	27 343	5 702	-
Other	43 755	56 151	42 644
	<b>179 397</b>	<b>61 853</b>	<b>146 622</b>
Current	83 007	35 513	69 254
Non current	96 390	26 340	77 368
	<b>179 397</b>	<b>61 853</b>	<b>146 622</b>

#### RWE Supply

The Group entered into a contract with RWE to deliver 240 000 metric tonnes of chrome concentrate over a period of 2 years. The amount bears interest at the secured overnight financing rate plus 5% and is repayable over the duration of 2 years beginning 1 July 2023.

#### IDC loan

The loan with the IDC is secured by the assets that formed part of agreement. Legal title to these assets remains with the IDC until paid off by Langpan. The loan bears interest at prime plus 2.8%. The loan is repayable in monthly instalments over the 5-year period which commenced late in calendar 2022.

#### 4. EARNINGS AND HEADLINE EARNINGS PER SHARE

	Reviewed 31 Aug 2023	Reviewed 31 Aug 2022	Audited 28 Feb 2023
<b>Earnings</b>			
Net loss attributable to ordinary shareholders	(16 033 180)	(7 434 350)	(16 905 722)
<b>Number of shares</b>			
Number of shares in issue at beginning of period	153 362 856 902	137 500 000 000	55 753 424 658
Numbers of shares issued for acquisition of Langpan	-	27 218 961 266	82 259 678 144
Number of shares cancelled	-	-	(196 500)
Number of shares issued - Rights issue	-	-	3 452 054 864
	<b>153 362 856 902</b>	<b>164 718 961 266</b>	<b>141 464 961 166</b>
Adjusted for the effect of 1 000: 1 share consolidation	153 362 857	164 718 961	141 464 961
Number of share issued - Performance share awards	125 087	-	-
<b>Weighted average number of shares in issue</b>	<b>153 487 944</b>	<b>164 718 961</b>	<b>141 464 961</b>
<b>Basic loss per share (cents)</b>	<b>(10)</b>	<b>(5)</b>	<b>(12)</b>
<b>Diluted basic loss per share cents</b>	<b>(10)</b>	<b>(5)</b>	<b>(12)</b>
<b>Headline loss and diluted loss per share cents</b>	<b>(10)</b>	<b>(5)</b>	<b>(12)</b>

## 5. REVENUE

	Reviewed 6-months ended 31 Aug 2023	Reviewed 6-months ended 31 Aug 2022	Audited 12-months ended 28 Feb 2023
Sale of Chrome	13 087	-	-
Other ad hoc	-	330	4 492
	<b>13 087</b>	<b>330</b>	<b>4 492</b>

At the end of May 2023, the Board announced the successful commissioning of the Langpan LG Chrome Processing Plant. First deliveries of chrome concentrate to RWE (Langpan's sole contracted off taker) commenced on 7 June 2023. The risks and rewards of ownership of the chrome concentrate pass to RWE upon collection at Langpan.

As at 31 August 2023, the sale of chrome concentrate consisted of 4 757 tonnes. Langpan is in the process of ramping up production to steady state levels. Production continues to increase monthly and subsequent to 31 August 2023, and to the date of these interim financial statements, Langpan has dispatched 8 132 tonnes of chrome concentrate.

## 6. RESTATEMENT

The February 2023 numbers have been restated because the mineral reserve disclosed as a category of property, plant, and equipment of R94 865 012 was recorded net of deferred taxation. The mineral reserve should have been recorded at R129 952 071 with a corresponding deferred taxation liability of R35 087 059. The error arose in prior years on the purchase price allocation relative to Langpan's acquisition of Memor Mining Proprietary Limited ("**Memor**"). Accordingly, both property, plant and equipment and deferred taxation have been restated in the statement of financial position.

The August 2022 interim numbers have been restated for the following:

- The mineral reserve was not disclosed as a category of property, plant, and equipment and rather as a separate line item on the statement of financial position together with the value of R94 865 012 being recorded net of deferred taxation. The mineral reserve should have been recorded at R129 952 071 as a category of property, plant, and equipment with a corresponding deferred taxation liability of R35 087 059. The error arose in prior years on the purchase price allocation relative to Langpan's acquisition



of Memor. Accordingly, both property, plant and equipment and deferred taxation have been restated in the statement of financial position with no value being disclosed as a mineral reserve as a separate line item on the statement of financial position.

- Goodwill has been restated to R39.2 million from R37.3 million. The error arose from an incorrect purchase price allocation during Mantengu's acquisition of Langpan which was accounted for as a reverse takeover.
- Certain line items on the Statement of Profit or Loss and Other Comprehensive Income have been reallocated. The previous disclosure did not comply with IAS 34 Interim Financial Reporting.

Management have chosen not to present the statement of financial position for 3 years as sufficient information is presented in this note to enable the users of financial statements to make informed decisions.

The restatement affected the following line items of the financial statements:

#### **31 Aug 2022 - R'000**

<b>Statement of Financial Position</b>	<b>As reported</b>	<b>Restated</b>	<b>Change</b>
Property, plant, and equipment	17 581	147 533	(129 952)
Goodwill	37 285	39 195	(1 910)
Exploration for and evaluation of mineral resources	94 865	-	94 865
Share Capital	82 316	79 008	3 308
Accumulated loss	(15 362)	(13 040)	(2 322)
Deferred tax	-	35 087	(35 087)
Trade and other payables	23 480	26 376	(2 896)

#### **28 Feb 2023 - R'000**

<b>Statement of Financial Position</b>	<b>As reported</b>	<b>Restated</b>	<b>Change</b>
Property, plant, and equipment	167 084	202 171	(35 087)
Deferred taxation asset	5 196	-	5 196
Deferred taxation liability	-	29 891	(29 891)

## **7. COMMITMENTS**

On 14 April 2022, the Group entered into a contract with RWE to deliver 240 000 metric tonnes of chrome over a period of 2 years, commencing on 1 July 2023. During September 2023, the Group signed an amendment to this contract increasing its delivery obligation over the same period to 270 000 metric tonnes.

The only other commitment outstanding at the date of approval of these interim financial statements relates to approximately R20 million that is required to be incurred to complete the capitalisation of the Langpan mining and processing operation.

## 8. GOING CONCERN

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group's reviewed condensed consolidated interim financial statements for the six months ended 31 August 2023. The Board has considered the Group's cash flow forecast for the period to the end of 29 February 2024 under the wider macroeconomic environment and the Group's operations. The Board is satisfied that the Group's forecasts and projections, indicate that the Group has sufficient resources and access to resources to continue to operate as a going concern. The Group has access to multiple funding lines and recently concluded a share subscription facility agreement with GEM Global Yield LLC SCS and GEM Yield Bahamas Limited for R500 million, as announced on SENS on 26 October 2023. Accordingly, the Board believes that it is appropriate to prepare the results on a going concern basis.

## 9. EVENTS AFTER THE REPORTING PERIOD

On 15 September 2023, the group's 100% held subsidiary Langpan entered into an amendment to the Chrome Marketing Contract with RWE where Langpan drew down \$1 160 000 of a prepayment facility to expedite the completion of the build of the MG Chrome processing plant. Langpan committed to increasing its delivery obligations to RWE by 30 000 metric tonnes to a total of 270 000 metric tonnes because of this amendment. Langpan executed a special and general notarial bond to the value of \$6 million over its assets to secure its indebtedness to RWE.

On 25 October 2023, the group concluded a share subscription facility agreement with GEM Global Yield LLC SCS ("**the Investor**") and GEM Yield Bahamas Limited ("**GYBL**") for R500 million. In terms of the Agreement, the Investor will make available to Mantengu a share subscription facility of up to a maximum of R500 million ("**the Facility**") pursuant to which Mantengu will (i) be entitled to draw down from the Facility against the issuance to the Investor of ordinary shares in Mantengu ("**Ordinary Shares**") ("**Consideration Shares**"); (ii) issue warrants to the Investor ("**Warrants**") to subscribe for up to 20 million Ordinary Shares ("**Warrant Shares**"); (iii) pay GYBL a commitment fee in an amount of R10 million, which fee will be payable in cash or Ordinary Shares ("**Commitment Fee Shares**"), or a combination of both; and (iv) issue a promissory note in favour of GYBL in relation to such commitment fee ("**Promissory Note**") ("**Proposed Transaction**"). For the avoidance of doubt, the Facility is not a debt facility as there are no repayment obligations on Mantengu. Rather, it is a commitment by the Investor to subscribe for equity in Mantengu of up to a maximum value of R500 million against the delivery of subscription notices by Mantengu to the Investor, and the issue of Consideration Shares to the Investor by Mantengu during the "Commitment Period", being the period of three years from the Signature Date, such that Mantengu controls the timing and amount of any draw down under the Facility.

The proceeds of the subscription monies from the issue of the Consideration Shares and the Warrants will be used by Mantengu primarily for working capital and capital expenditure purposes.

#### **10. DIVIDENDS**

No dividend was declared for the interim financial period ended 31 August 2023 (31 August 2022: Nil).

#### **11. CHANGES TO THE BOARD**

There have been no further changes to the Board other than those disclosed in the Group's consolidated financial statements for the year ended 28 February 2023.

#### **12. AUDITOR REVIEW CONCLUSION**

The condensed consolidated interim financial statements for the six months ended 31 August 2023 have been reviewed by the Company's auditor, HLB CMA South Africa Inc. ("**HLB**"), who expressed an unmodified conclusion thereon.

A copy of the review conclusion on the condensed consolidated interim financial statements for the six months ended 31 August 2023 is available for inspection at the Company's registered office, together with the interim financial statements identified in the report.

HLB's unmodified review conclusion does not necessarily report on all of the information contained in this Results announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of HLB's engagement, they should obtain a copy of HLB's unmodified review conclusion together with the accompanying financial information, which is available at the Company's registered office and on Mantengu's website at: [www.mantengu.com](http://www.mantengu.com).

No forward looking statements in this announcement have been reviewed or reported on by the Company's auditor.

#### **13. RESERVES AND MINERAL RESOURCES**

There were no material changes to the reserves and mineral resources as disclosed in the latest Competent Person's Report available on Mantengu's website at <http://www.mantengu.com/cpr>.

#### **14. Important Information**

This short-form announcement is the responsibility of the Board and is only a summary of the information contained in the full announcement.

Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement as a whole, which is available at:

<https://senspdf.jse.co.za/documents/2023/jse/isse/mtue/interims23.pdf>  
and the Group's website at <https://www.mantengu.com/investor-relations>.

Johannesburg  
29 November 2023

**Designated Advisor**  
Merchantec Capital

**CORPORATE INFORMATION**

**Postal address:** POSTNET Suite 446, Private Bag X21,  
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**Registered and Physical address:** 5 Saint Michael's Lane,  
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Web: [www.mantengu.com](http://www.mantengu.com)

**Board of Directors:** MJ Miller (CEO), M Naidoo (CFO), A Collins#  
(Chairman), V Madlela\*, Jonas Tshikundamalema\*.  
(#Non-Executive, \*Independent Non-Executive)

**Company Secretary:** Neil Esterhuysen & Associates Inc

**Transfer Secretaries:** Computershare Investor Services  
Proprietary Limited, Rosebank Towers, 15 Biermann Avenue,  
Rosebank, 2196, PO Box 61763, Marshalltown 2107

**Auditor:** HLB CMA South Africa Inc.