

MANTENGU MINING LIMITED
Incorporated in the Republic of South Africa
(Registration number 1987/004821/06)
Share code: MTU ISIN: ZAE000320347
("Mantengu" or "the Company")

PRO FORMA FINANCIAL EFFECTS OF THE SPECIFIC ISSUES OF SHARES AND WARRANTS

1. INTRODUCTION

Shareholders are referred to the announcements released on SENS on 26 October 2023 and 21 December 2023, and to the Circular distributed to Shareholders on 21 December 2023 relating to the Proposed Transaction encompassing the Specific Issues of Shares and Warrants by the Company pursuant to the R500 million Facility to be made available to Mantengu by the Investor, GEM Global Yield LLC SCS.

As set out in the Circular, Shareholders were advised that the *pro forma* financial effects of the Specific Issues of Shares and Warrants, together with the independent reporting accountant's report thereon, would be released on SENS once finalised.

Terms defined in the Circular shall, unless otherwise stated, bear the same meaning in this announcement.

2. PRO FORMA FINANCIAL EFFECTS

The tables below set out the *pro forma* financial information of the Specific Issues of Shares and Warrants on the reviewed condensed consolidated results of Mantengu for the six months ended 31 August 2023.

The *pro forma* financial information has been prepared to illustrate the impact of the Specific Issues of Shares and Warrants on the reported financial information of Mantengu for the six months ended 31 August 2023, had the Specific Issues of Shares and Warrants occurred on 1 March 2023 for purposes of the statement of comprehensive income and as at 31 August 2023 for purposes of the statement of financial position.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and are consistent with those applied in the audited annual financial statements of Mantengu for the financial year ended 28 February 2023. The *pro forma* financial information is presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The *pro forma* financial information is the responsibility of the Directors. Their responsibility includes determining that the Mantengu *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Mantengu and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements. The *pro forma* financial information is provided for illustrative purposes only and, because of its *pro forma* nature, may not fairly present Mantengu's actual financial position, changes in equity, results of operations or cash flow.

The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's assurance report thereon, as set out at the end of this announcement.

Pro forma Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Consolidated August 2023 Note 1 R'000	Adjustment Note 2 R'000	Adjustment Note 3 R'000	Consolidated after Adjustments R'000
Revenue	13 087			13 087
Cost of sales	(11 617)			(11 617)
Gross Profit	1 470			1 470
Other Income	2 257			2 257
Depreciation	(2 357)			(2 357)
Director's remuneration	(2 774)			(2 774)
Employee benefits	(1 119)			(1 119)
Administrative expenses	(6 781)	(10 000)	(1 526)	(18 307)
Other expenses	(6 096)			(6 096)
Operating loss	(15 400)	(10 000)	(1 526)	(26 926)
Finance Costs	(12 736)			(12 736)
Loss before taxation	(28 136)	(10 000)	(1 526)	(39 662)
Taxation @ 27%	12 103			12 103
Loss after taxation	(16 033)	(10 000)	(1 526)	(27 559)
LPS (cents)	10			12
Diluted LPS (cents)	10			12
HLPS (cents)	10			12
Diluted HLPS (cents)	10			12

Earnings per share (Number of shares reconciliation)

Weighted average number of shares in issue at 31 August 2023	153 487 944
Issue of 10 million shares to settle commitment fee	10 000 000
Drawdown of 50 889 192 shares	50 889 192
Exercising of 20 million Warrants	20 000 000
Pro forma weighted average number of shares at 31 August 2023	234 377 136

There are no adjustments that arise out of the SAICA Headline Earnings Circular 1/2023.

Notes to the pro forma consolidated statement of profit or loss and other comprehensive income

Note 1 – The Consolidated Statement of Profit or Loss and Other Comprehensive Income has been extracted, without adjustment, from Mantengu's reviewed condensed consolidated results for the six months ended 31 August 2023 published on SENS on 29 November 2023.

Note 2 - This is the commitment fee of R10 million, which is 2% of the R500 million Facility ("**Commitment Fee**"). Ten million Commitment Fee Shares were issued as settlement of the Commitment Fee on 3 November 2023 at an issue price of R1.13 ("**Issue Price**"). The Issue Price reflects a 10% discount to the 30-day volume weighted average price at close of business on the Execution Date. The trading price on the day of issue was R1. The *pro forma* consolidated statement of profit or loss and other comprehensive income reflects the expensing of the Commitment Fee of R10 million.

Note 3 - This adjustment accounts for transaction costs, which are once off in nature, relating to the entering into of the Share Subscription Facility Agreement. The total costs of R1 525 776 and the

relative breakdown is reflected in the Circular. The *pro forma* consolidated statement of profit or loss and other comprehensive income reflects the expensing of these transaction costs.

Pro forma Consolidated Statement of Financial Position at 31 August 2023

	Consolidated August 2023 Note 4 R'000	Adjustment Note 5 R'000	Adjustment Note 6 R'000	Adjustment Note 7 R'000	Adjustment Note 8 R'000	Consolidated after Adjustments R'000
Assets						
Non-current assets						
Property, plant and equipment	240 365					240 365
Right of use assets	7 672					7 672
Goodwill	39 195					39 195
	287 232					287 232
Current Assets						
Cash and cash equivalents	85		50 622	80 000	(1 526)	129 181
Inventory	17 399					17 399
Prepayments	4 904					4 904
Trade and other receivables	7 937					7 937
	30 325		50 622	80 000	(1 526)	159 421
TOTAL ASSETS	317 557		50 622	80 000	(1 526)	446 653
EQUITY AND LIABILITIES						
Capital and Reserves						
Share Capital	99 970	10 000	50 622	80 000		240 592
Accumulated loss	(36 506)	(10 000)			(1 526)	(48 032)
	63 464	-	50 622	80 000	(1 526)	192 560
Non-current Liabilities						
Other financial liabilities	96 390					96 390
Lease liability	7 868					7 868
Deferred taxation	17 788					17 788
	122 046	-				122 046
Current Liabilities						
Other financial liabilities	83 007					83 007
Lease liability	50					50
Trade and other payables	48 217					48 217
Bank overdraft	148					148
Current taxation	625					625
	132 047					132 047
TOTAL EQUITY AND LIABILITIES	317 557		50 622	80 000	(1 526)	446 653
NAV (cents)	41					
TNAV	176					

Notes to the *pro forma* consolidated statement of financial position

Note 4 – The Consolidated Statement of Financial Position has been extracted, without adjustment, from Mantengu’s reviewed condensed consolidated results for the six months ended 31 August 2023 published on SENS on 29 November 2023.

Note 5 - This is the Commitment Fee of R10 million, which is 2% of the R500 million Facility. Ten million Commitment Fee Shares were issued as settlement of the Commitment Fee on 3 November 2023 at an Issue Price of R1.13. The Issue Price reflects a 10% discount to the 30-day volume weighted average price at close of business on the Execution Date. The trading price on the day of issue was R1. We have assumed that we will settle the entire Fee by issuing ordinary shares. The *pro forma* consolidated statement of financial position reflects an increase in share capital of R10 million.

Note 6 – This adjustment reflects the maximum drawdown on the Facility in respect of the number of ordinary shares that can be issued to the Investor. Considering that GYBL’s current shareholding is 6.1%, after the issue of 10 million Commitment Fees Shares as settlement of the Commitment Fee and, in accordance with the provisions with the Share Subscription Facility Agreement cannot exceed 29.99%, the maximum headroom for further issuances is 23.89% and amounts to 50 889 192 ordinary shares. We have assumed an issue price of R1 per share which is the 10% discount to the 15-day volume weighted average price at the time of issuance. The *pro forma* consolidated statement of financial position reflects an increase of both cash and share capital of R50 889 192.

An additional adjustment reflects the expensing of the total Share Provider Fee of R266 645 and is based on an interest rate of 0,0349% per day and on the issue of 50 889 192 ordinary shares required for an amount of 15 days. The *pro forma* consolidated statement of financial position reflects a decrease in share capital after accounting for the Share Provider Fee and a corresponding decrease in cash.

Note 7 - This adjustment accounts for 20 million Warrants issued at a strike price of R4 per Warrant. We have assumed that these Warrants will be “in the money” and hence the *pro forma* consolidated statement of financial position reflects an increase of both cash and share capital of R80 million. There is no fee relative to the issue of the Warrants to the Investor. Mantengu will however, be liable for damages to the Investor should these Warrants not be issued within 90 days of having entered into the Share Subscription Facility Agreement, the last date for such issue being 23 January 2024. This detail is included in the Circular.

As mentioned above, we have assumed that these Warrants will be “in the money” and hence the adjustments depicted. The Warrants are currently deep “out of the money” and hence have no value from an accounting perspective. Under this scenario, there would be no impact on both the *pro forma* consolidated statement of profit or loss and other comprehensive income and the *pro forma* consolidated statement of financial position.

Note 8 - This adjustment accounts for transaction costs, which are once off in nature, relating to the entering into of the Share Subscription Facility Agreement. The total costs of R1 525 776 and the relative breakdown is reflected in the Circular. The *pro forma* consolidated statement of financial position reflects a decrease in cash on settlement of these costs.

Johannesburg
15 January 2024

Designated Adviser
Merchantec Capital

Legal Adviser to Mantengu
Baker McKenzie Inc.

Independent Reporting Accountant
HLB CMA South Africa Inc.

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF MANTENGU

"The Board of Directors
Mantengu Mining Limited
5 St Michaels Lane
Bryanston
Sandton, 2021

15 January 2024

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN THE ANNOUNCEMENT IN RELATION TO THE CIRCULAR

The definitions commencing on page 9 of the Circular to which this letter relates apply *mutatis mutandis* to this report (unless specifically defined where used or the context indicates a contrary intention).

Introduction

We have completed our assurance engagement to report on the compilation of pro forma financial information of Mantengu Mining Limited ("**Mantengu**") by the directors. The pro forma financial information consists of the pro forma Statement of Financial Position at 31 August 2023, the pro forma statement of comprehensive income for the period ended 31 August 2023 and related notes. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the Listings Requirements of the JSE Limited ("**JSE**") and described in the basis of preparation paragraph.

The pro forma financial information was compiled by the directors to illustrate the impact of the Specific Issues of Shares and Warrants, described in the Circular to Mantengu Shareholders dated 21 December 2023, on the Company's financial position as at 31 August 2023, and the Company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 March 2023 and for the period then ended. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's interim financial statements for the period ended 31 August 2023, on which a Reviewer's report was issued on 29 November 2023.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the pro forma financial information.



CorporateINTL Audit & Assurance Services Firm of the Year 2019 and 2023

IRBA Practice no.: 912476
SAICA Practice no.:30701993

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards).

HLB CMA South Africa Incorporated applies the International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature (Circular) issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus or Circular of this nature is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 31 August 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.



Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the pro forma financial information.

Jean-Andre du Toit CA(SA)

Director

Registered Auditor

Reporting Accountant Specialist (JSE)

On Behalf of HLB CMA South Africa Incorporated

(JSE accredited Reporting Accountant)

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