
Miranda Mineral Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/001940/06)
Share code: MMH ISIN: ZAE000074019
("Miranda" or "the Company")

ANNOUNCEMENT REGARDING:

- **AN UPDATE ON ACQUISITION BY MIRANDA OF AN EFFECTIVE 50% PARTICIPATION IN BENICON COAL PROPRIETARY LIMITED ("BENICON") WHICH IN TURN HOLDS 60% OF THE ENTIRE ISSUED SHARE CAPITAL OF NKOMATI ANTHRACITE PROPRIETARY LIMITED ("NKOMATI");**
 - **A PROPOSED SPECIFIC ISSUE OF SHARES FOR CASH;**
 - **A WAIVER OF A MANDATORY OFFER TO SHAREHOLDERS; AND**
 - **A RENEWAL OF CAUTIONARY ANNOUNCEMENT**
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1. Introduction

Shareholders are referred to the various announcements regarding the proposed acquisition by the Company of an effective 50% participation in Benicon ("the Benicon Acquisition"), which in turn holds 60% of Nkomati, the most recent of which being that of 3 March 2014. Since then, the directors have been considering various related ideas and proposals the objective being to revitalise and strengthen both the business case and capital fortitude of the Company. Shareholders are aware that Miranda is a company in the process of transition. The first leg of such transition has seen the acquisition of near term production assets. The directors believe that implementation of the Benicon Acquisition by means of and in conjunction with the specific share issue ("Specific Share Issue") dealt with in paragraph 3 below, coupled with production delivered over the longer term from such assets, will establish the Miranda group as an emerging supplier of high-quality anthracite in KwaZulu-Natal, South Africa, thereby positioning it as a serious player in that region.

The purpose of this announcement is to provide shareholders with an update of the Benicon Acquisition as well details of the Specific Share Issue and matters associated therewith (the Transactions").

2. The Benicon Acquisition

The detailed terms of the Benicon Acquisition as embodied in the "the Sale of Shares and Claims Agreement" (concluded on 26 February 2014 between Sentula Mining Limited ("Sentula"), Miranda, Mochiba Investments Proprietary Limited ("Mochiba"), Benicon and Kutlwano Investment Holdings Proprietary Limited ("Kutlwano")) as amended by a first addendum thereto concluded on 27 February 2014, have already been disclosed to shareholders in the announcement of 3 March 2014.

The Specific Share Issue will allow for Miranda and Kutlwano to fulfil their obligations in terms of the Sale of Shares and Claims Agreement and ensure that the Benicon Acquisition is implemented in accordance with its terms. Shareholders will recall that Kutlwano is the special purpose joint venture company established for purposes of the Benicon Acquisition and is equally owned and controlled by Miranda and Mochiba, a Black Female Economic Empowerment company.

As a consequence, inter alia, of the Specific Share Issue and its interconditionality with the Benicon Acquisition, the Transactions are classified as a category 1 transaction in terms of the Listings Requirements of the JSE Limited ("JSE") necessitating the need for shareholder approval.

Shareholders are referred to paragraph 5 for an update on the various conditions precedent to the Benicon Acquisition.

3. Specific Share Issue to Valinger Resources Limited (“Valinger”) and information on Valinger

At the date of the 3 March 2014 announcement referred to in paragraph 1 above, the directors had intended to procure third party debt financing for purposes of funding the settlement of Miranda’s 50% portion of the amount owed by Nkomati to Sentula under an existing loan facility agreement being R50 000 000. However, the directors have since resolved to rather pursue a specific issue of shares for cash to targeted identified prospective investors. Accordingly, on 13 May 2014 agreement was reached with Valinger, a company incorporated in Isle of Man, whereby, subject to the conditions precedent referred to in paragraph 5 below (which it is important to note includes the provision by Valinger of a bank guarantee to Miranda’s satisfaction for the full Subscription Price, as defined below, within 10 business days of the signature date of the Valinger Subscription Agreement, as defined below), Valinger will subscribe for 760 000 000 shares in Miranda at a subscription price of 12.5 cents per share (“Subscription Price”) thereby raising R95 000 000 for the Company (“Valinger Subscription Agreement”). The Subscription Price was determined relative to the 30 day volume weighted average price (“VWAP”) of a Miranda share on the JSE as at 28 February 2014 and equates to a 11.31% discount to this VWAP.

Valinger is part of the Valinger Group of companies focused on the development of mineral and energy resources and the marketing of the commodities produced from the said resources. Subject to and post implementation of the Transactions, Valinger will own 51.66% of Miranda’s issued share capital and will accordingly become the Company’s controlling shareholder.

Valinger was founded by Marc Veitch who is the current president of the group. Valinger has developed its business by entering into bespoke agreements with select junior miners who require their financial, technical, operational and marketing input to develop their resources.

By making a substantial investment into Miranda, Valinger is expressing confidence in the future prospects for the Miranda group as well as in the ability of management to unlock and to deliver to shareholders and other stakeholders the inherent value in the Miranda group.

In terms of the Valinger Subscription Agreement, which contains various terms and conditions typical to and inherent in agreements of such nature, details of which will be set out in the circular to shareholders referred to in paragraph 6 below, the monies so raised by the Company will be utilised as follows:

- R50 000 000 towards the acquisition costs for the Nkomati mine project and/or any obligation arising in terms of the Sale of Shares and Claims Agreement;
- R20 000 000 towards the working capital required to ensure that the Nkomati mine project is in full operation and producing marketable product within 6 months of the closing date of the Valinger Subscription Agreement, or such later date as the Company notifies Valinger in writing;
- R5 000 000 towards the working capital required to evaluate what is required to develop the Sesikhona mine project to full operation within 6 months of the closing date of the Valinger Subscription Agreement, or such later date as the Company notifies Valinger in writing;
- R2 000 000 towards the working capital required to evaluate what is required to develop the Burnside mine project within 12 months of the closing date of the Valinger Subscription Agreement, or such later date as the Company notifies Valinger in writing; and
- R18 000 000, or remaining balance towards the Company’s head office and company administration costs for the period of 12 months after the closing date of the Valinger Subscription Agreement, or such later date as the Company notifies Valinger in writing.

The Valinger Subscription Agreement also makes provision, for subject to the Companies Act, 2008 (Act No. 71 of 2008), as amended (“Companies Act”), the Listings Requirements of the JSE and the

Company's MOI, for Valinger being granted representation on the board of directors of the Company as from the issue date of the shares comprising the Specific Share Issue as well as Valinger's right, but not obligation, to participate in all future financings by Miranda so as to maintain its pro rata shareholding in Miranda, post the Specific Share Issue.

The Valinger Subscription Agreement also provides that Miranda will become liable for a break fee equal to 1% (one percent) of the total proposed proceeds of the Specific Share Issue i.e. R950 000 should the Valinger Subscription Agreement fail to be implemented as a direct result of Miranda failing to use its reasonable endeavours to procure the fulfilment of the conditions precedent listed in 5.2.1, 5.2.2 and 5.2.7 below as well as any condition precedent listed in the Sale of Shares and Claims Agreement. For the avoidance of doubt, should any condition precedent fail but it can be shown that Miranda did use its reasonable endeavours and did co-operate in good faith in attempting to procure its fulfilment it shall not be liable for the break fee.

4. Waiver of mandatory offer to shareholders and Takeover Regulation Panel ("TRP") processes

The Specific Share Issue will result in Valinger, post the implementation of the Transactions, holding 51.66% of Miranda's issued share capital. Accordingly, in terms of section 123 of the Companies Act Valinger will be required to make a mandatory offer to all shareholders of the Company (other than Valinger) offering to acquire their shares at the Subscription Price, namely 12.5 cents per share.

Regulation 86(4) of the Companies Act Regulations, 2011, as amended ("Companies Regulations"), states that independent holders of more than 50% of the general voting rights of all of the issued securities of an affected company may resolve to waive the benefit of such a mandatory offer to be made in terms of section 123 of the Companies Act ("Waiver of Offer to Shareholders"). In this regard, the Valinger Subscription Agreement contains a condition precedent such that Valinger will not proceed with and partake in the Specific Issue unless the required Waiver of Offer to Shareholders is obtained.

In conjunction with Regulation 86(4), Regulation 86 (7) of the Companies Regulations requires that a fair and reasonable opinion be provided to shareholders when an approach to shareholders is pursued seeking their approval for a Waiver of Offer to Shareholders. In this regard BDO, as independent financial expert, has been appointed by the Company to provide the required fair and reasonable opinion.

The substance of BDO's opinion will be made known to shareholders as soon as possible and will be included in the circular to shareholders referred to in paragraph 7 below.

In terms of TRP processes as regards the sought after Waiver of Offer to Shareholders, Guideline 2/2011 issued by the TRP sets out the process to be followed by a company when seeking such waiver. In this regard, the circular to shareholders will provide comprehensive details of and the time frames for the required action by shareholders.

5. Conditions precedent

As explained above, the various agreements in respect of the Benicon Acquisition, and the Valinger subscription, and/or addenda thereto, each have their own distinct terms and conditions typical to and inherent in agreements of such nature. As a consequence it is neither practicable nor of value to describe each and every one of them in this announcement. Accordingly, what follows below, are considered by the directors to be the main conditions attached to the Transactions.

5.1 Conditions precedent and other approvals required specific to the Benicon Acquisition

As of even date, implementation of the Benicon Acquisition remains subject to the fulfillment of or, where possible, waiver of the following conditions precedent and/or other approvals required, namely:

- 5.1.1 shareholders ratifying and approving, by ordinary resolution, the Benicon Acquisition and associated agreements;

- 5.1.2 as a provision of the Benicon Acquisition agreement, the **“Bankfontein Disposal”**, has been completed being the registration of transfer at the applicable deeds registries office of South Africa of the Bankfontein Property (as defined in the Sale of Shares and Claims Agreement) into the name of Benicon Mining Proprietary Limited (“Benicon Mining”), pursuant to a sale agreement entered into or to be entered into between Benicon and Benicon Mining in terms of which Benicon will sell the Bankfontein Property to Benicon Mining for a consideration of R1 187 143.42, which consideration will be paid by way of a reduction of Benicon Mining’s loan account against Benicon to nil;
- 5.1.3 the Guarantee, Pledge and Cession Agreement having become unconditional in accordance with its terms, save for any condition which requires the Benicon Agreement to become unconditional;
- 5.1.4 shareholders of Sentula in general meeting, to the extent required, approving the Benicon Acquisition;
- 5.1.5 all regulatory approvals, including approvals, as required, from the Financial Surveillance department of the South African Reserve Bank (the "South African Reserve Bank"), the TRP and the JSE, will have been obtained and/or complied with; and
- 5.1.6 Sentula has received a copy of a special resolution passed by the shareholders of Miranda approving the granting by Miranda of financial assistance to Nkomati.

5.2 Conditions precedent specific to the Specific Issue

As of even date, implementation of the Specific Issue remains subject to the fulfillment of or, where possible, waiver of the following conditions precedent, namely:

- 5.2.1 shareholders ratifying and approving by special resolution the Valinger Subscription Agreement and the Specific Share Issue;
- 5.2.2 independent holders of more than 50% of the general voting rights of the Company have agreed to waive the benefit of the Specific Issue to the extent that it qualifies as a mandatory offer, as contemplated in section 125(3)(b)(ii) of the Companies Act and Valinger has declared in writing to the TRP that it has not acquired any Miranda shares during the period between the announcement of the Specific Issue and the date of the Waiver of Offer to Shareholders;
- 5.2.3 Valinger furnishing Miranda with a bank guarantee in the amount of R95 000 000 within 10 business days of the signature date of the Valinger Subscription Agreement;
- 5.2.4 Miranda providing an undertaking in favour of Valinger to use reasonable endeavours to procure that its two subsidiary companies, namely, Street Spirit Trading 54 Proprietary Limited and Sesikhona Klipbrand Colliery Proprietary Limited will grant to Valinger exclusive marketing rights to all products derived from their respective mine projects, subject to quarterly review by the parties, all on the terms and conditions contained in the Valinger Subscription Agreement;
- 5.2.5 Miranda and Kutlwano providing an undertaking in favour of Valinger to use reasonable endeavours to procure, subject to the implementation of the Sale of Shares and Claims Agreement, that Nkomati will grant to Valinger exclusive marketing rights to all products;
- 5.2.6 Valinger confirming in writing that it has satisfied itself that no third party has any entitlement to the marketing rights referred to in 5.2.4 and 5.2.5 above.
- 5.2.7 all regulatory approvals, including approvals, as required, from the South African Reserve Bank, the TRP and the JSE necessary for the implementation of the Specific Issue, will have been obtained and/or complied with; and
- 5.2.8 Miranda has passed all required board and/or shareholders’ resolutions which are necessary for the implementation of the Valinger Subscription Agreement and the Specific Share Issue.

With regard to the Transactions and the above-mentioned listed conditions precedent it should be noted that:

- all conditions precedent must be fulfilled and/or, where capable, be waived by the relevant parties by not later than the closing date, namely, 31 July 2014; and
- implementation of the Benicon Acquisition, in the form as described in the various announcements (i.e as a category 1 acquisition in terms of the Listings Requirements) can only be proceeded with if the conditions referred to in the Benicon Acquisition itself are fulfilled and/or waived as the case may be as well as the conditions to the Specific Share Issue itself have been fulfilled and/or waived and same has been implemented prior thereto.

As regards voting on the resolutions to be considered at the general meeting of the Company, the directors have secured the irrevocable support of shareholders holding a total of 407 102 627 shares representing 56,93% of the Company's issued shares. Such shareholders are considered to be 'independent' for purposes of the resolution referred to in 5.2.2 above.

6. Circular to shareholders and convening of general meeting

A circular to shareholders dealing with all matters set out in this announcement and convening a general meeting of shareholders to deal with all such matters is in the course of preparation ("the Circular").

Furthermore, in terms of the JSE Listings Requirements, as the 760 000 000 new shares to be issued to Valinger in terms of the Specific Issue exceeds 25% of Miranda's present issued number of shares, the Circular will also include information pursuant to revised listings particulars.

It is expected, subject to the prior approvals of the JSE and TRP that the Circular will be posted to shareholders during or about mid June 2014.

7. Pro forma financial effects of the Transactions and renewal of cautionary announcement

Due to the fact that the pro forma financial effects on Miranda of the Transactions are still to be finalised and disclosed to shareholders, shareholders are advised to continue exercising caution when dealing in Miranda's securities until the publication of a further announcement reporting, inter alia, the pro forma financial effects of the Transactions.

Johannesburg
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