
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")

**ACQUISITION BY MIRANDA OF AN EFFECTIVE 50% PARTICIPATION IN BENICON COAL
PROPRIETARY LIMITED AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

1. INTRODUCTION

Shareholders are referred to the 'Further Cautionary Announcement' dated 29 January 2014 regarding, the proposed acquisition by the Miranda Consortium consisting of Mochiba Investments Proprietary Limited ("**Mochiba**") and Miranda of all the issued shares in Benicon Coal Proprietary Limited ("**Benicon Coal**"), which holds a 60% equity interest in the mine operated by Nkomati Anthracite Proprietary Limited ("**Nkomati**"), which proposed acquisition was subject to, *inter alia*, the conclusion of a binding legal agreement, regulatory approvals (to the extent required), and other conditions typical for a transaction of this nature.

The board of Miranda ("**the Board**") is now pleased to inform shareholders that Miranda, Sentula Mining Limited ("**Sentula or "the Seller"**"), Mochiba Investments Proprietary Limited ("**Mochiba**"), a special purpose vehicle being Kutlwano Investment Holdings Proprietary Limited ("**the Purchaser**"), and Benicon Coal (collectively referred to hereinafter as "**the Parties**") have entered into a Sale of Shares and Claims Agreement ("**Sale Agreement**") contemporaneously with a Guarantee, Pledge and Cession Agreement (and a subsequent addendum to the Guarantee, Pledge and Cession Agreement dated 28 February 2014) ("**Guarantee, Pledge and Cession Agreement**"), on 26 February 2014 ("**Signature Date**") (collectively referred to hereinafter as "**the Agreements**").

The Purchaser is owned on an equal basis by Miranda and Mochiba, a black women controlled company. In terms of the Agreements, the Purchaser will purchase from the Seller which will sell to the Purchaser the "**Sale Equity**", as detailed hereafter, as one indivisible transaction ("**the Benicon Coal Acquisition**"). The effective date of the Benicon Coal Acquisition is the latter of the first business day after which the last outstanding condition precedent is fulfilled, and 31 May 2014 ("**Closing Date**").

The "**Sale Equity**" comprises the Sale Shares and the Sale Claims.

The "**Sale Shares**" comprise 100% of the issued shares held by Sentula in Benicon Coal.

The "**Sale Claims**" comprise:

- o all amounts owing by Benicon Coal to Sentula on the Closing Date; and
- o all amounts owing by Nkomati to Sentula on the Closing Date after the payment of the "**Initial Loan Repayment**" (being a repayment of R100 million by Nkomati to Sentula under an existing "**Loan Facility Agreement**" entered into between Sentula and Nkomati on or about 1 April 2009) and excluding the "**Residual Loan Claim**" (being a claim retained by Sentula in terms of the Loan Facility Agreement for an amount of R50 million) as at the Closing Date.

including by way of loan account or otherwise, and includes any interest accrued thereon.

2. THE BENICON COAL ACQUISITION

Nature of Benicon Coal

The mine operated by Nkomati is located close to Komatipoort in eastern Mpumalanga. The mine has the ability to produce anthracite, which is utilised as a coke blend for domestic and export consumption, from opencast and underground operations. Operations at the mine, which is fully licenced, were placed on care and maintenance, by management, at the end of May 2011, pending the resolution of regulatory and environmental issues. Following:-

- 2.1.1 the approval by the Department of Mineral Resources (“DMR”) of the amended environmental management programme, for the Madadeni open pit operation;
- 2.1.2 the approval of the application to the Department of Environmental Affairs, regarding the seeking of condonation for certain permitted activities; and
- 2.1.3 the issuing of the mine’s Integrated Water Use Licence,

the dewatering of the opencast operation began in November 2012. In preparation for the resumption of mining operations, the open pit has been dewatered and the infrastructure refurbished.

Miranda has been reviewing the operations of Nkomati over a period of several months with the necessary due diligence and identified preferred mining contractors and plant operator and is well advanced in the conclusion of an off-take agreement with respect to the entire anticipated production of the mine.

The support of the local Community has been obtained by the Purchaser in writing with respect to future operations intended to commence directly after the Closing Date which date is to follow upon the last outstanding condition precedent being fulfilled.

2.1 Rationale for the Benicon Coal Acquisition

Anthracite production from the Nkomati mine is expected to serve a niche market with attractive margins and relatively low capital requirement to deliver early positive cash flow. Apart from existing proven resources, the mining area offers extensive exploration potential.

2.2 Purchase Consideration and Payment

As set out in the Sale Agreement:

- 2.2.1 The Purchaser will procure that the full Initial Loan Repayment is made to Sentula in accordance with the provisions of the Loan Facility Agreement on or before the Closing Date.
- 2.2.2 The purchase consideration (“**Purchase Consideration**”) payable for the Sale Equity, which will be paid by the Purchaser to Sentula on or before the Closing Date, is a nominal amount of R1 000.00.

Sentula has provided warranties which are normal in a transaction of this nature.

2.3 Miranda Capital Raising

- 2.4.1 In order to procure the payment of a portion of the Initial Loan Repayment, Miranda will undertake a capital raising process in due course. In terms of the Sale Agreement, Sentula is entitled to cancel such Sale Agreement at any time prior to the Closing Date in the event that Miranda fails to complete any one or more of certain key milestone deliverables within five business days of the target date set out in Miranda's capital raising timetable.
- 2.4.2 It has been agreed that notwithstanding the provisions of paragraph 2.4.1 the Purchaser may provide Sentula with a payment guarantee (acceptable to Sentula), issued by a recognised major bank in South Africa, in favour of Sentula for an amount not less than R60 million in order to procure payment in full of the Initial Loan Repayment, upon which Sentula will no longer be entitled to cancel the Sale Agreement, in reliance on this particular provision with respect to the capital raising.

Conditions precedent

Notwithstanding the Signature Date, risk in and all benefit attaching to the Sale Equity will, against payment of the full Purchase Consideration as set out in paragraph 2.3 above, and the full Initial Loan Repayment, pass to the Purchaser on the Closing Date.

The Benicon Coal Acquisition is subject to, *inter alia*, the fulfilment of the following conditions precedent:

- 2.3.1 by no later than close of business on 31 May 2014:

- 2.3.1.1 the “**Bankfontein Transfer**”, being the transfer by Benicon Coal (at book value, of the immovable property over which the Bankfontein mining right is held) to Sentula or any subsidiary of Sentula, having been completed;
- 2.3.1.2 the Guarantee, Pledge and Cession Agreement having become unconditional in accordance with its terms, save for any condition which requires the Sale Agreement to become unconditional; shareholders of Sentula having, to the extent required, approved the Benicon Coal Disposal and all other transactions contemplated in the Sale Agreement in terms of the Listings Requirements of the JSE Limited (“**JSE**”); and
- 2.3.1.3 Sentula having received a copy of a special resolution passed by Miranda’s shareholders approving the granting by Miranda of financial assistance to Nkomati pursuant to the Guarantee Pledge and Cession Agreement, in compliance with the Companies Act.

2.4 Miranda / Mochiba Guarantees

- 2.4.1 In terms of the Sale Agreement each of Miranda and Mochiba irrevocably and unconditionally guarantees to Sentula the performance of all of the Purchaser’s obligations under, in terms of, and arising from the Sale Agreement.

2.5 Guarantee, Pledge and Cession

As set out in the Guarantee, Pledge and Cession Agreement, each of the “**Creditors**” being, individually or collectively as the context requires, the Purchaser, Miranda, Mochiba and Benicon Coal, irrevocably and unconditionally, as principal obligor, and not merely as surety, and on the basis of a severable and discrete obligation enforceable against that Creditor, *inter alia*,:

- 2.5.1 guarantees to Sentula the due and punctual payment and performance by Nkomati of the “**Guaranteed Obligations**”, being all liabilities and any other obligations of any nature whatsoever of Nkomati owed to Sentula under the Loan Facility Agreement, as well as all and any other amounts which Nkomati may now or from time to time in the future owe to Sentula under the “**Transaction Documents**” (which are comprised of the Sale Agreement, the Guarantee, Pledge and Cession Agreement and the Loan Facility Agreement);
- 2.5.2 guarantees to Sentula that Nkomati will make the following payments in respect of the Guaranteed Obligations:
 - 2.5.2.1 an initial payment of R25 million on or before the first anniversary of the Closing Date, plus all accrued interest as calculated in accordance with the Loan Facility Agreement (save that interest will accrue at the prime rate plus one percent) in respect of the Guaranteed Obligations as at the first anniversary of the Closing Date; and
 - 2.5.2.2 a further payment of R25 million on or before the second anniversary of the Closing Date, plus all accrued interest (as calculated in accordance with the Loan Facility Agreement (save that interest will accrue at the prime rate plus one percent) in respect of the Guaranteed Obligations as at the second anniversary of the Closing Date; and

In terms of 2.6 and 2.7 above and the Agreements the liabilities of Miranda and Mochiba are limited to an amount of R24M and R26M, respectively, all-encompassing of interest, subject to the remaining provisions of the Guarantee, Pledge and Cession.

Furthermore, as set out in the Guarantee, Pledge and Cession Agreement:

- 2.5.3 the Purchaser pledges the “**Pledged Shares**” (being one third of the Benicon Coal Shares held by the Purchaser immediately after Closing (constituting 33 Benicon Coal Shares rounded down to the nearest whole share) together with one third of any additional Benicon Coal Shares acquired by the Consortium at any time after the Closing Date), and cedes *in securitatem debiti* all of its Rights and Interests to Sentula as security for the due, proper and timeous payment and performance in full of the “**Secured Obligations**” (being any and all indebtedness or obligations of any nature whatsoever of the Purchaser (whether actual or

contingent, present or future) to Sentula from time to time in terms of the guarantees, indemnities and undertakings contained the Guarantee, Pledge and Cession Agreement) which pledge and cession *in securitatem debiti* Sentula accepts.

3. CATEGORISATION OF THE BENICON COAL ACQUISITION

The categorisation of the Benicon Coal Acquisition, from a Miranda perspective, pursuant to the Listings Requirements of the JSE, equates to a Category 2 transaction based on a maximum committed amount of R24 000 500. Accordingly, the approval of shareholders is not a requirement.

4. PRO FORMA FINANCIAL EFFECTS OF THE BENICON COAL ACQUISITION AND RENEWAL CAUTIONARY ANNOUNCEMENT

As the pro forma financial effects on Miranda of the Benicon Coal Acquisition through Kutlwano are still to be finalised, shareholders are advised to continue exercising caution when dealing in Miranda's securities until the publication of a further announcement reporting on the outstanding conditions precedent as well as incorporating the pro forma financial effects of the Benicon Coal Acquisition.

Johannesburg
3 March 2014

Sponsor

PricewaterhouseCoopers Corporate Finance (Pty) Ltd

Legal advisors

Edward Nathan Sonnenbergs