

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")

**SALE OF MIRANDA'S INTEREST IN SESIKHONA KLIPBRAND COLLIERY (PTY) LIMITED
("SESIKHONA") AND CAUTIONARY ANNOUNCEMENT**

1. INTRODUCTION

Shareholders are advised that Miranda ("the Seller") together with its wholly-owned subsidiary, Miranda Coal Proprietary Limited ("Miranda Coal") have entered into a sale agreement ("the Agreement") with Osho SA Coal (Pty) Limited ("Osho") ("the Purchaser") on 18 May 2017 for the sale of its 73% shareholding ("the Sale Shares") of the entire issued share capital of Sesikhona and the claims of the Seller on loan account against Sesikhona (collectively "the Sale Equity") ("the Transaction").

2. BACKGROUND AND RATIONALE FOR THE TRANSACTION

The Purchaser, the Seller, Sesikhona and Miranda (collectively "the Parties") are currently involved in litigation arising from the provisions of a term sheet entered into by the Parties dated 12 December 2011. The Parties have signed a consent letter ("Consent Letter") in terms of which the Parties agreed to stay the litigation proceedings until such time as the Agreement fails to take effect or litigation is withdrawn and terminates if and when the Agreement takes effect.

The disposal of a non-core asset will generate cash and free up management to focus on completing the restructuring and rebuilding process of Miranda.

3. TERMS AND CONDITIONS OF THE TRANSACTION

The Seller sells the Sale Equity to the Purchaser in two indivisible tranches.

- 3.1. The purchase consideration payable by the Purchaser to the Seller for the Sale Equity shall be an amount of R5 million, to be allocated as follows:
 - 3.1.1 the value of the Sale Claims as at the Effective Date, to the Sale Claims; and
 - 3.1.2 the balance to the Sale Shares.
- 3.2 Within 7 days of the Signature Date ("the first payment date") the Seller shall deposit an amount of R5 million into a Trust Account as follows:
 - 3.2.1 Tranche 1: R2.5 million of this amount will be transferred into an account nominated by the Seller against the transfer of 36 Sale shares in favour of the Purchaser, and transfer of 50% of the Sale Claims;
 - 3.2.2 Tranche 2: R2.5 million will be transferred from the Trust Account to a Section 78(2A) Trust Account as contemplated by the Attorneys Act, 1979, in the name of the Seller, and held until the Effective Date, upon which date it will be transferred against the transfer of the remaining Sale Equity to the Purchaser.
- 3.3 All the share certificates and R 2.5 million of Tranche 2 will be held in trust until such time as Ministerial Consent for the transfer of the mining right in terms of section 11 of the Mineral and Petroleum Resources Development Act has been obtained.

- 3.4 On the Effective Date:
- 3.4.1 the Seller shall deliver the share certificates of the remaining Sale Shares and transfer the remaining Sale Claims to the Purchaser by cession and delegation;
- 3.4.2 the Purchaser shall procure a replacement guarantee in respect of the environmental guarantee at Sesikhona.
- 3.5 The Purchaser shall pay the Seller a Production Initiation Bonus of R 2.5 million three months after the Purchaser commences the sale of coal under the Mining Right:
- 3.5.1 Payment shall be payable in six equal tranches over a period of six months commencing on the day when coal mined under the mining right is sold.
- 3.5.2 The Seller shall be entitled to a discount of 10% on any portion of the Production Initiation Bonus, if settled in full prior to last date prescribed for the payment thereof.
- 3.6 The transaction is subject to the following conditions precedent :
- 3.6.1 Signing of the Consent Letter on the Signature Date and delivery of proof of the passing of the necessary resolutions authorising the entering into of the Consent Letter;
- 3.6.2 Within 7 days of the Signature Date, delivery of proof of the passing of the necessary resolutions authorising the parties to enter into the Agreement;
- 3.6.3 Within 7 days of the Signature Date, delivery of the Sale Shares and transfer forms to the attorneys;
- 3.6.4 Within 21 days of the Signature Date, the Minorities, being Supura Holdings (Pty) Ltd and the Sesikhona Klipbrand Community Trust, the owners of the remaining 27% of the issued share capital of Sesikhona, will have waived their pre-emptive rights in respect of the Sale Equity in favour of the Purchaser, or have come to another arrangement with the Purchaser in respect of their shareholding in the Company, to the Purchaser's reasonable satisfaction;
- 3.6.5 Within 21 days of the Signature Date, the Purchaser will have conducted a limited legal due diligence and will have delivered a formal notice to the Seller confirming its intention to complete the Transaction;
- 3.6.6 Obtaining Ministerial Consent in terms of Section 11 of the Mineral and Petroleum Resources Development Act.

4. USE OF PROCEEDS

The Transaction proceeds will be used for general working capital and to finalise the financial results of the Group, in order to apply for the lifting of the suspension of the Company's shares on the JSE.

5. FINANCIAL INFORMATION IN RESPECT OF THE TRANSACTION

The reported net value of the coal segment assets, which includes Sesikhona, was R48.466 million as at 28 February 2014, the last reporting period before the Company's listing was suspended on 23 September 2014. The loss after tax attributable to the coal segment, which includes Sesikhona, was R3.658 million for the six months ended 28 February 2014.

6. CATEGORISATION OF THE TRANSACTION

The Company is currently in discussions with the JSE regarding the categorisation of the Transaction, given the suspension of its shares. Once the categorisation of the Transaction has been determined, shareholders will be notified thereof.

7. CAUTIONARY ANNOUNCEMENT

Shareholders are advised to exercise caution in dealing in the Company's securities on the JSE until such time as the categorisation of the Transaction is determined, and the financial information in respect of the Transaction is released.

The cautionary announcement released on 17 April 2017 relates to another matter and remains effective.

Sponsors:

Exchange Sponsors

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Johannesburg

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