力量发展
KINETIC DEVELOPMENT GROUP

Kinetic Development Group Limited
力量發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1277)

VOLUNTARY ANNOUNCEMENT UPDATE ON SUBSCRIPTION OF SHARES IN MC MINING AND LATEST PROGRESS OF THE MAKHADO PROJECT

Reference is made to the announcements of Kinetic Development Group Limited (the "**Company**") dated 26 August 2024, 13 September 2024, 28 February 2025 and 30 October 2025 (the "**Announcements**") in relation to the subscription of shares in MC Mining pursuant to the Share Subscription Agreement (as amended by the Amendment Agreement dated 28 February 2025). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

COMPLETION OF THE SIXTH TRANCHE OF THE SECOND CLOSING

The Board is pleased to announce that following the completion of the most recent tranche (Sixth Tranche of the Second Closing), the Company has subscribed for and been allotted an aggregate of 325,437,024 new ordinary shares of MC Mining. The Company (together with its designees) currently holds approximately 44.01% of the enlarged issued share capital of MC Mining.

LATEST PROGRESS OF THE MAKHADO PROJECT

The total mineral rights resources (Total Tonnes in Situ) under MC Mining amount to approximately 8.3 billion tonnes, including the flagship Makhado Project, the Vele Colliery, the Uitkomst Colliery, and the Greater Soutpansberg Projects (GSP). Among these, the Makhado Project currently under development has resources (Total Tonnes in Situ) of 706 million tonnes, with its main products being coking coal and 5,500 kcal thermal coal. These projects lay a solid foundation for long-term development in the future.

Currently, the mining construction of the Makhado Project continues to make steady progress. Construction is expected to be completed by the end of March 2026, and a joint trial operation is proposed to commence in April 2026. The latest project updates are as follows:

Mining: The overburden stripping works have completed approximately 5.04 million cubic meters. With only 1.5 meters remaining before reaching the pit bottom before coal seams are exposed, mining conditions are now established. Current operations focus on expanding the stripping area toward both wings of the working zone. Joint commissioning with the coal preparation plant is scheduled for April 2026.

Coal Handling and Preparation Plant (CHPP): Civil foundation works have been largely completed. Current core works focus on machinery and equipment installation. Pipeline and cable laying works and installation are progressing concurrently, with full completion targeted by the end of March 2026.

Infrastructure: The bridge construction has been fully completed and opened to traffic. Water supply pipeline connection works are progressing in an orderly manner. All construction is expected to be completed by the end of March 2026.

Power Supply System: The installation of the 22kV main line has been largely completed, and equipment for the mining area substation has been delivered. Full construction is expected to be completed by the end of March 2026.

Operational Start-Up: Construction site infrastructure (including access routes and basic public service facilities) is progressing steadily according to schedule. Joint trial operations are expected to officially commence in April 2026.

Production Plan: Based on the existing design capacity of the coal preparation plant, once stable operation is reached, the Makhado Project is expected to achieve annual production capacity of 800,000 tonnes of coking coal and 700,000 tonnes of thermal coal.

FUTURE OUTLOOK

The Makhado Project is currently undergoing design and testing of future capacity expansion plans. If testing proceeds favorably, it is expected that annual production capacity can be further increased within the next two years to reach 2,200,000 tonnes for coking coal, and 1,800,000 tonnes for thermal coal.

The coking coal and thermal coal products produced under this project are expected to adopt a pricing mechanism linked to international spot market indices. The actual transaction price will be adjusted on the basis of the relevant benchmark indices, taking into account of factors such as differences in coal quality indicators (such as ash content and sulphur content), procurement scale, and commercial terms. With reference to currently available market data, the latest indicative China port CFR price for relevant coking coal products is approximately USD200 per tonne.

In terms of sales, products from the Makhado Project are expected to be sold to global customers. Negotiations are currently underway with over 20 potential customers across Africa, Southeast Asia, the Middle East, South America, Europe, and China.

The above information is provided for illustrative purposes only and does not constitute any forecast or estimate of the Group's revenue or profit.

The Board believes that the Subscription, together with the ongoing development of the Makhado Project, presents a significant strategic opportunity for the Group to participate in the development of global high-quality mining asset. The Company remains committed to supporting MC Mining's operations and to completing the subsequent tranches of the Second Closings, with the objective of ultimately holding 51.00% of MC Mining's ordinary shares on a fully diluted basis.

Makhado Project Aerial View

Shareholders and potential investors should be aware that the completion of the remaining tranches of the Second Closings is subject to the satisfaction of various conditions precedent, which may or may not be fulfilled. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Kinetic Development Group Limited
Ju Wenzhong
Chairman and Executive Director

Hong Kong, 24 February 2026

As at the date of this announcement, the Board comprises seven Directors, of whom three are executive Directors, namely Mr. Ju Wenzhong (Chairman), Mr. Li Bo (Chief Executive Officer) and Mr. Ji Kunpeng; one is a non-executive Director, namely Ms. Zhang Lin, and three are independent non-executive Directors, namely Ms. Liu Peilian, Mr. Chen Liangnuan and Ms. Xue Hui.