



ANNOUNCEMENT

14 March 2022

HALF-YEAR RESULTS FOR PERIOD ENDING 31 DECEMBER 2021

MC Mining Limited (**MC Mining** or the **Company**) is pleased to provide its interim financial report for the six months ended 31 December 2021 (the **Period**). All figures are denominated in United States dollars unless otherwise stated and the full report is available on the Company's website, www.mcmining.co.za.

Financial review

- The loss after tax for the Period was \$0.8 million or 0.54 cents per share (FY2021 H1: loss after tax of \$2.7 million or 1.80 cents per share);
- Revenue of \$13.0 million (FY2021 H1: \$8.8 million) and cost of sales of \$10.9 million (FY2021 H1: \$9.2 million) resulted in a gross profit of \$2.1 million (FY2021 H1: gross loss \$0.4 million) for the Period;
- Employee benefit expense of \$1.2 million (FY2021 H1: \$1.0 million);
- Other expenses of \$1.7 million (FY2021 H1: \$1.3 million); and
- As at 31 December 2021, the Company had cash and cash equivalents of \$1.9 million compared to cash and cash equivalents of \$1.0 million at 30 June 2021.

Operational review

	FY2022 H1	FY2021 H1	%△
Production tonnages			
Uitkomst ROM coal (t)	227,448	246,229	(8%)
Sales tonnages			
Own ROM coal (t)	107,953	127,534	(15%)
Middlings sales (t)	11,655	11,569	1%
	119,608	139,103	(14%)
Financial metrics			
Revenue/t (\$)	109	62	76%

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Chairman Khomotso B. Mosehla **CEO/Director** Sabastiano (Sam) Randazzo

Non-executive directors Andrew D. Mifflin, Junchao Liu, An Chee Sin, Brian H Zhen

	FY2022 H1	FY2021 H1	%△
Production costs/saleable tonnes (\$)	85	54	57%

- The Uitkomst metallurgical and thermal coal mine (**Uitkomst Colliery** or **Uitkomst**) sold 107,953 tonnes (t) of high quality metallurgical and thermal coal during the Period (FY2021 H1: 127,534t);
- An additional 11,655t of high-ash middlings were sold during the Period (FY2021 H1 11,569t);
- The higher global demand for coal post the COVID-19 pandemic resulted in a significant increase in international prices with an average API4 coal price of \$151/t for the Period (H1 FY2021: \$64/t);
- The Company continues to progress a number of debt/equity funding initiatives to raise the additional funding required to develop the Makhado hard coking coal project (**Makhado Project** or **Makhado**);
- Limited activities at MC Mining's other projects, being the Vele semi-soft coking and thermal coal colliery and Greater Soutpansberg Projects (collectively, the **Limpopo Projects**), which remain in various stages of development;
- An improved safety record with three lost-time injuries (**LTIs**) reported at Uitkomst during the Period (FY2021 H1: four LTIs). No LTIs were reported at the Makhado or Limpopo Projects; and
- The Company recorded 17 positive COVID-19 cases (FY2021 H1: 27 positive COVID-19 cases) at Uitkomst, Makhado and Limpopo Projects during the Period.

Corporate features

- The Industrial Development Corporation of South Africa Limited (**IDC**) has provided longstanding commitment to the development of Makhado and has provided a loan of \$10.0 million (ZAR160 million) (excluding interest). This funded the progress of the project to its fully-permitted status as well as to partially fund the acquisition of the surface rights over the project area. During the Period, the IDC extended the date for repayment to 31 January 2022 and subsequent to the end of the Period, this was further extended to 30 November 2022.
- During July 2019 the IDC granted MC Mining a conditional \$15.4 million (ZAR245 million) term loan facility for the development of the Makhado Project. During the Period the terminal draw

down date for this facility was extended from 31 July 2021 to 31 January 2022. The IDC subsequently further extended the terminal draw down date to 30 November 2022, subject to the bank confirming its due diligence.

Further subsequent events

- Completion of the acquisition of the Lukin and Salaita properties, being the key surface rights for the Makhado Project, with the settlement of the deferred balance of \$2.6 million (ZAR40.6 million) at the end of February 2022.
- Staged \$5.7 million (ZAR86 million) Convertible Advance and Subscription Agreement (the **Agreement**) with South African-based mining group, Senosi Group Investment Holdings Proprietary Limited (**SGIH**). SGIH has a successful track record of developing and operating coal mines in South Africa and the transaction is of great significance as the Company moves closer to finalising a funding package to develop the Makhado Project. At the date of the interim financial report, SGIH had paid \$2.7 million (ZAR40 million) in terms of the Agreement.
- MC Mining received a notice under section 249D of the Corporations Act 2001 (Cth) from shareholders holding approximately 6.8% of its ordinary shares between them, requesting that a general meeting be held. An extraordinary general meeting (**EGM**) of the Company has been convened for 11 April 2022 to consider the relevant resolutions.
- Mr Bernard Pryor resigned as Chairman of the Board and long standing Non-Executive director Mr Khomotso Mosehla was appointed as Chairman, pending the outcome of the scheduled 11 April 2022 EGM.

Authorised by

Sam Randazzo
CEO/Director

This announcement has been approved by the Company's Disclosure Committee.

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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