



ANNOUNCEMENT

30 September 2021

RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2021

MC Mining Limited ("**MC Mining**" or the "**Company**") is pleased to provide its audited financial statements for the year ended 30 June 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 reduced to \$11.8 million or 7.76 cents per share (FY2020: loss after tax of \$12.2 million or 8.55 cents per share);
- Contributing to the loss of \$11.8 million were non-cash charges of \$9.6 million (FY2020: \$4.3 million) which includes the following:
 - net impairment expense of \$6.8 million (FY2020: \$1.3 million)
 - depreciation and amortisation of \$2.6 million (FY2020: \$2.6 million)
 - share based payment expense of \$0.2 million (FY2020: \$0.4 million).
- Revenue of \$20.7 million (FY2020: \$17.2 million) and cost of sales of \$20.3 million (FY2020: \$18.3 million) resulted in a gross profit of \$0.4 million (FY2020: gross loss of \$1.1 million) for the Period;
- Operating cash flows of \$1.7 million generated by the Uitkomst metallurgical and thermal colliery ("**Uitkomst**" or "**Uitkomst Colliery**");
- The Vele semi-soft coking and thermal coal colliery ("**Vele Colliery**" or "**Vele**") remained on care and maintenance and the carrying value of the colliery was assessed during the Period, resulting in an impairment of \$6.5 million (FY2020: nil);
- A reduction in the number of employees and general overhead expenses resulted in administrative expenses declining by \$2.3 million, or 31% on FY2020;
- Net interest expense arising from borrowings and finance leases reduced to \$1.6 million (FY2020: \$3.2 million);
- The Company issued 13,331,433 new shares raising \$1.0 million in August 2020;
- An additional \$2.8 million (ZAR40 million) was drawn from the previously available R240 million (\$16.8 million) Industrial Development Corporation (IDC) facility increasing the total drawn down amount to R160 million (\$11.2 million) and the undrawn balance of R80 million (\$5.6 million) was cancelled;

WEB WWW.MCMINING.CO.ZA

EMAIL ADMINZA@MCMINING.CO.ZA

AU Suite 8, 7 The Esplanade, Mount Pleasant, Perth WA 6153, Australia **Tel** +61 8 9316 9100 **Fax** +61 8 9316 547

ZA Suite 7, Waverley Office Park, 15 Forest Road, Bramley, Johannesburg, 2090, South Africa **Tel** +27 10 003 8000 **Fax** +27 11 388 8333

Chairman Bernard R. Pryor **Interim CEO & Executive Director** Sebastiano (Sam) Randazzo

Non-executive directors Andrew D. Mifflin, Khomotso B. Moshela, Shangren Ding, An Chee Sin, Brian H Zhen

- The repayment date of the R160 million (\$11.3 million) IDC loan was extended to 31 January 2022 (previously due 31 July 2021);
- If the Company does not repay the loan by the repayment date (31 January 2022) and any further extension is not granted, the IDC Facility may be converted into equity of MC Mining or its subsidiary, Baobab Mining and Exploration (Pty) Ltd; and
- Unrestricted cash balances at year-end of \$3.2 million (FY2020: \$2.7 million).

Operational review

- Health and safety remains the highest priority and there were no fatalities (FY2020: nil) and six lost-time injuries (“LTIs”) recorded during the Period (FY2020: nine LTIs);
- Measures were implemented to restrict the spread of the COVID-19 virus within the MC Mining group workplace, with one unfortunate fatality of a contractor’s employee, while 39 employees (FY2020: nil) contracted the virus during the Period;
- Uitkomst Colliery operational results:

	FY2021	FY2020	%△
Production tonnages			
Uitkomst ROM (t)	490,100	431,354	14%
Sales tonnages			
Own ROM (t)	265,879	228,206	17%
Middlings sales	26,382	25,987	2%
	292,261	254,193	15%
Financial metrics			
Revenue/t(\$)	70	65	8%
Production costs/saleable tonnes (\$)^	60	63	(5%)

^all costs are incurred in Rand

- The Uitkomst colliery produced 490,100 tonnes (t) (FY2020: 431,354 t) of run of mine (“ROM”) coal during the twelve months to 30 June 2021, up 14% on the previous year;
- Uitkomst sold 292,261t of coal in FY2021 (FY2020: 254,193t) comprising 265,879t (FY2020: 228,206t) of premium duff and sized peas and 26,382t (FY2020: 25,987t) of middlings (high ash, coarse discard coal) - generating sales revenue of \$20.7 million (FY2020: \$17.2 million);
- The API4 coal price improved during FY2021, increasing from \$53/t in July 2020 to \$115/t at the end of the 2021 financial year;

- Uitkomst's production costs per saleable tonne reduced by 5% to \$60/t (FY2020: \$63/t) as a result of cost containment measures and increased production;
- Makhado hard coking coal project ("**Makhado Project**" or "**Makhado**") composite debt/equity funding initiatives continued during the Period with a number of parties undertaking due diligence;
- Activities at the Company's Vele Colliery and Greater Soutpansberg Projects ("**GSP**") were limited during FY2021 to contain costs. The Vele processing plant is to be refurbished and recommissioned as part of Phase 1 of the Makhado Project; and
- The Department of Mineral Resources & Energy granted the mining right for the Mopane Project, the third and final mining right which completes the compilation of the total GSP project area.

Corporate features

- Non-executive director, Mr Sam Randazzo was appointed as Interim Chief Executive Officer ("**CEO**") of the MC Mining Group following the resignation of Ms Brenda Berlin in February 2021.

Going concern

Attention is drawn to the disclosure in the annual financial statements on the going concern assumptions (refer note 1 of the annual financial statements) noting that there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors are satisfied, however, that at the date of signing of the financial report, that there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The directors have based this on a number of assumptions and strategies, which are set out in detail in note 1 of the annual financial statements.

In order to meet its working capital requirements, the Group is exploring and progressing on several alternative strategies to raise additional funding including, but not limited to:

- The issue of new equity for cash in the Company to current and new shareholders, of which the Group has a demonstrated history of success in this regard;
- The issue of new equity for cash in subsidiary companies which own the Makhado project;
- Further debt funding;
- Further contractor BOOT funding arrangements; and

- The sale of a minority stake in the subsidiary companies holding the Makhado Project.

The Group also has the capacity if necessary to reduce its operating cost structure in order to minimise its working capital requirements and defer the timing of any future capital raising. The conclusion of any debt and equity raise is by its nature subject to successful negotiations and therefore there can be no guarantee that any of the above funding options will be concluded.

Subsequent events

- The IDC extended the repayment date for the R160 million (\$11.2 million) loan plus accrued interest to 31 January 2022;
- The terminal drawdown date of the new R245 million (\$17.1 million) IDC facility (“**New IDC Facility**”) for the development of Phase 1 of the Makhado Project was also extended to 31 January 2022, subject to the IDC re-affirming its financial due diligence; and
- To supplement working capital, a prepayment of R29.7 million (\$2.1 million) was agreed in September 2021 with Uitkomst’s largest customer for 16,500t of coal, to be delivered at the rate of 2,750t per month over six months from September 2021 to February 2022.

Commentary

The spread of COVID-19 in South Africa in H1 CY2020 had significant adverse effects on the Company and its customers and measures implemented to minimise the risk of COVID-19 transmission remained in place. A weekly government supported vaccination programme was implemented at Uitkomst and by mid-September, approximately 70% of the colliery’s employees had been vaccinated.

The Company is pursuing various funding initiatives for the development of Phase 1 of the Makhado project and a number of parties are in advanced stages of their due diligence.

MC Mining remains confident that the parties taking part in the process will commit the necessary funds to complete the Makhado Phase 1 funding. The IDC also reaffirmed their support for the Makhado Project by formally extending the repayment date of the existing loan current IDC facility as well as the terminal draw down date for the New IDC Facility, to 31 January 2022.

The development of the Makhado Project will result in MC Mining being the pre-eminent South African producer of hard coking coal, a key ingredient contributing to the manufacture of steel and a commodity that trades at a significant premium to thermal coal. The Makhado Project has a combined life-of-mine in excess of 46 years and the project’s long-term viability is supported by forecast economic development and urbanisation, driving increases in per capita steel usage.

Authorised by

Sam Randazzo

Interim CEO

This announcement has been approved by the Company's Disclosure Committee.
All figures are in South African rand or United States dollars unless otherwise stated.

For more information contact:

Sam Randazzo	Interim Chief Executive Officer	MC Mining Limited	+61 408 945 010
Tony Bevan	Company Secretary	Endeavour Corporate Services	+61 08 9316 9100

Company advisors:

James Harris / James Dance	Nominated Adviser	Strand Hanson Limited	+44 20 7409 3494
Rory Scott	Broker (AIM)	Tennyson Securities	+44 20 7186 9031
James Duncan	Financial PR (South Africa)	R&A Strategic Communications	27 11 880 3924

Investec Bank Limited is the nominated JSE Sponsor

About MC Mining Limited:

MC Mining is an AIM/ASX/JSE-listed coal exploration, development and mining company operating in South Africa. MC Mining's key projects include the Uitkomst Colliery (metallurgical coal), Makhado Project (hard coking coal), Vele Colliery (semi-soft coking coal), and the Greater Soutpansberg Projects (coking and thermal coal).

Forward-looking statements

This Announcement, including information included or incorporated by reference in this Announcement, may contain "forward-looking statements" concerning MC Mining that are subject to risks and uncertainties. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond MC Mining's ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behaviour of other market participants. MC Mining cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements. MC Mining assumes no obligation and does not undertake any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required.