



ANNOUNCEMENT

29 October 2021

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021
FOR
MC MINING LIMITED (“MC Mining” or the “Company”) AND ITS SUBSIDIARY COMPANIES

HIGHLIGHTS

- Health and safety remains a priority and two lost-time injuries (LTI) were recorded during the quarter (FY2021 Q4: one LTI);
- Measures previously implemented to restrict the spread of the COVID-19 virus at the various group workplaces remain in place. During the quarter, 14 employees (Q4 FY2021: two) contracted the virus;
- A COVID-19 vaccination programme was implemented at the high grade Uitkomst metallurgical and thermal coal mine (**Uitkomst Colliery** or **Uitkomst**) during the Quarter resulting in over 71% of Uitkomst’s employees now being vaccinated;
- Operations at the Uitkomst Colliery were suspended for four days in July due to civil unrest in the KwaZulu-Natal province;
- Run-of-mine (**ROM**) coal production at Uitkomst was 12% lower than the September 2020 quarter (120,260 tonnes (t) vs. FY2021 Q1: 137,284t), mainly due to the shutdown caused by civil unrest;
- 70,545t of coal sales during the quarter (FY2021 Q1: 57,616t) comprising 67,673t (FY2021 Q1: 54,877t) of high grade metallurgical and thermal coal and 5,872t (FY2021 Q1: 2,739t) of lower grade middlings coal;
- Revenue per tonne increased by 86% to \$108/t (FY2021 Q1: \$58/t) due to the much higher API4 coal prices recorded during the quarter (\$139/t vs. FY2021 Q1 \$55/t);
- A prepayment facility of R29.7 million (\$2.1 million) was agreed 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;
- Limited activities were undertaken at the Company’s Makhado hard coking coal project (**Makhado Project** or **Makhado**), Vele semi-soft coking and thermal coal colliery (**Vele Colliery** or **Vele**) and Greater Soutpansberg Projects (**GSP**) during the quarter;

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Chairman Bernard R. Pryor **CEO/Director** Sabastiano (Sam) Randazzo

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

- The Industrial Development Corporation of South Africa Limited (**IDC**) agreed to extend the repayment date for the R160 million (\$11.3 million) loan plus accrued interest to 31 January 2022;
- The terminal drawdown date of the additional R245 million (\$17.3 million) IDC term loan for the development of Phase 1 of Makhado, was also extended to 31 January 2022, subject to the IDC re-affirming its financial due diligence;
- Makhado Project composite debt/equity funding initiatives, including detailed due diligence processes by potential funders, continued during the quarter; and
- Available cash at quarter-end was \$3.5 million (\$3.2 million at 30 June 2021) and restricted cash was \$0.03 million.

COMMENTARY

The IDC reaffirmed their support for the Makhado Project by formally extending the repayment date of the existing R160 million (\$11.3 million) loan to 31 January 2022. The IDC also agreed to extend the terminal draw down date for the conditional R245 million (\$17.3 million) Makhado Project development term loan facility, to 31 January 2022, subject to confirming its due diligence. If the Company does not repay the loan by 31 January 2022 and further extensions are not granted, the existing IDC facility may be converted into equity of MC Mining or its subsidiary, Baobab Mining and Exploration (Pty) Ltd.

A number of parties are continuing their due diligence review for providing the balance of the funding required by the Company to develop Makhado. MC Mining remains confident that the parties taking part in the process will commit the necessary funds to complete the funding package, anticipated to be finalised during Q1 CY2022 with construction commencing in the following quarter. The Company is progressing several alternative strategies to raise additional funding including, but not limited to, the issue of new equity for cash in MC Mining or subsidiary companies, or further debt funding. Whilst the aforementioned funding discussions are expected to be subject to successful negotiations, there can be no guarantee that any such discussions will be concluded, or as to the timing or terms of such funding.

COVID-19

The health and safety of the MC Mining group's employees and its contractors is a priority and measures previously implemented to restrict the spread of COVID-19 remain in place. During the quarter, 14 Uitkomst employees tested positive for the virus (FY2021 Q4: two positive tests). No positive COVID-19 cases were reported at the Makhado, Vele and GSP projects.

Uitkomst Colliery – Utrecht Coalfields (70% owned)

Two LTIs recorded during the quarter (FY2021 Q4: one LTI).

The Uitkomst Colliery generated 120,260t of ROM coal during the quarter, 12% lower than the comparative Q1 FY2021. The decline is attributable to the four-day suspension of operating activities due to civil unrest and one of the underground mining sections encountering three dykes during the quarter.

Sales of high grade duff and peas were 18% higher than the FY2021 comparative period (64,673t vs. 54,877t) as prior year volumes were adversely affected by the delayed orders following the lifting of the COVID-19 lockdown. Uitkomst also sold 5,872t of high ash middlings coal during the quarter (FY2021 Q1: 2,739t). Volumes were augmented by the disposal of coal stockpiles and Uitkomst had 3,164t of saleable coal on hand at the end of the quarter compared to 8,753t carried at the beginning of the quarter.

The global economic recovery from the pandemic resulted in higher demand for coal and this was accompanied by supply shortages and logistics constraints. As a result, the API4 export coal price continued to improve and average prices for the three months were 153% higher (\$139/t vs \$55/t) and, as a consequence, Uitkomst's average revenue per tonne increased by 86% to \$108/t (FY2021 Q1: \$58/t). This price improvement was somewhat offset by the strengthening of the South African rand against the US dollar (FY2022 Q1: R14.62 vs. FY2021 Q1: R16.91 to US\$1.00).

Production costs per saleable tonne increased 28% to \$76/t (FY2020 Q4: \$60/t) during the quarter due to the lower volumes mined and the strengthening of the South African rand against the US dollar.

	Quarter to end- Sept 2021	Quarter to end- Sept 2020	%▲
Production tonnages			
Uitkomst ROM (t)	120,260	137,284	(12%)
Sales tonnages			
High quality duff and peas (t)	64,673	54,877	18%
Middlings sales (t)	5,872	2,739	114%
	70,545	57,616	22%
Quarter financial metrics			
Revenue/t (\$)	108	58	86%
Revenue/t (ZAR)	1,578	981	61%
Production cost/saleable tonnes (\$) ^	76	60	28%

^ costs are all South African Rand based

To supplement working capital and to take advantage of higher prices, 16,500t of coal was presold realising R29.7 million (\$2.1 million), which is to be delivered at the rate of 2,750t per month from September 2021 to February 2022.

Makhado Hard Coking Coal Project – Soutpansberg Coalfield (67% owned post BBBEE transaction)

The fully permitted Makhado Project recorded no LTIs (FY2021 Q4: nil) during the quarter.

MC Mining's flagship Makhado Project has favourable economics and its phased development is expected to deliver positive returns for shareholders. Makhado has a life-of-mine in excess of 46 years and the project would position MC Mining as South Africa's pre-eminent hard coking coal (HCC) producer.

The IDC has provided longstanding financial support for the development of the Makhado Project and MC Mining has utilised an IDC loan of R160 million (\$11.3 million) to progress Makhado to its fully-permitted status and to partially fund the acquisition of the surface rights over the project area. The IDC is also a 6.7% shareholder in MC Mining subsidiary, Baobab Mining & Exploration (Pty) Ltd, the owner of the Makhado Project. During the quarter the IDC extended the date for repayment of the existing R160 million loan plus interest, to 31 January 2022. The IDC also agreed to extend the terminal draw down date in respect of the conditional R245 million (\$17.3 million) term loan facility for the development of the Makhado Project, to 31 January 2022, subject to

confirming its financial due diligence. The Company and IDC are also continuing discussions with the objective of aligning repayment of the IDC facilities with the positive cash flows generated by Makhado.

Vele Semi-Soft Coking and Thermal Coal Colliery – Limpopo (Tuli) Coalfield (100% owned)

The Vele Colliery remained on care and maintenance during the quarter and no LTIs were recorded during the period (FY2021 Q4: nil). The Vele processing plant is to be refurbished and recommissioned as part of Phase 1 development of the Makhado Project.

Greater Soutpansberg Project (GSP)– Soutpansberg Coalfield (74% owned)

GSP recorded no LTIs (FY2021 Q4: nil) during the quarter and no reportable activities occurred during the period.

Markets

The global economy continued to improve during the quarter, resulting in increased demand for coal. This led to a rise in the price of quality South African export thermal coal, with API4 prices improving to \$139/t compared to \$55/t recorded in Q1 FY2021 (FY2021 Q4: \$105/t). Demand for hard coking coal also increased with average prices of \$250/t compared to \$112/t in Q1 FY2021.

Appendix 5B – Quarterly Cash Flow Report

Available cash as at 30 September 2021 was \$3.5 million. The aggregate amount of payments to related parties and their associates as disclosed at item 6.1 of the September quarter Appendix 5B was \$216k, comprising executive director remuneration.

Attention is drawn to the disclosure in MC Mining's annual results for the year ended 30 June 2021, published by the Company on 30 September 2021, 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.

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 the debt and equity raise is by its nature an involved process and is subject to successful negotiations with the external funders and shareholders. Any equity raise is likely to be subject to a due diligence process. The Group has a history of successful capital raisings to meet the Group's funding requirements.

Sam Randazzo
Chief Executive Officer

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

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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 and thermal coal), Makhado Project (hard coking coal), Vele Colliery (semi-soft coking and thermal coal), and the Greater Soutpansberg Projects (coking and thermal coal).

All figures are denominated in United States dollars unless otherwise stated. Safety metrics are compared to the preceding quarter while financial and operational metrics are measured against the comparable period in the previous financial year. A copy of this report is available on the Company's website, www.mcmining.co.za.

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.

Statements of intention

Statements of intention are statements of current intentions only, which may change as new information becomes available or circumstances change.

MC Mining has ensured that the mineral resources quoted are subject to good governance arrangements and internal control. The Company has engaged external independent consultants to update the mineral resource in accordance with the JORC Code 2012 and SAMREC 2016. The units of measure in this report are metric, with Tonnes (t) = 1,000kg. Technical information that requires subsequent calculations to derive subtotals, totals and weighted averages may involve a degree of rounding and consequently introduce an error. Where such errors occur MC Mining does not consider them to be material.

Tenements held by MC Mining and its Controlled Entities

Project Name	Tenement Number	Location	Interest	Change during quarter
Chapudi Project*	Albert 686 MS	Limpopo~	74%	
	Bergwater 712 MS		74%	
	Remaining Extent and Portion 2 of Bergwater 697 MS		74%	
	Blackstone Edge 705 MS		74%	
	Remaining Extent & Portion 1 of Bluebell 480 MS		74%	
	Remaining Extent & Portion 1 of Bushy Rise 702 MS		74%	
	Castle Koppies 652 MS		74%	
	Chapudi 752 MS		74%	
	Remaining Extent, Portions 1, 3 & 4 of Coniston 699 MS		74%	
	Driehoek 631 MS		74%	
	Remaining Extent of Dorps-rivier 696 MS		74%	
	Enfield 512 MS (consolidation of Remaining Extent of Enfield 474 MS, Brosdoorn 682 MS & Remaining Extent of Grootvlei 684 MS)		74%	
	Remaining Extent and Portion 1 of Grootboomen 476 MS		74%	
	Grootvlei 684 MS		74%	
	Kalkbult 709 MS		74%	
	Remaining Extent, Remaining Extent of Portion 2, Remaining Extent of Portion 3, Portions 1, 4, 5, 6, 7 & 8 of Kliprivier 692 MS		74%	
	Remaining Extent of Koodoobult 664 MS		74%	
	Koschade 657 MS (Was Mapani Kop 656 MS)		74%	
	Malapchani 659 MS		74%	
	Mapani Ridge 660 MS		74%	
	Melrose 469 MS		74%	
	Middelfontein 683 MS		74%	
	Mountain View 706 MS		74%	
	M'tamba Vlei 654 MS		74%	
	Remaining Extent & Portion 1 of Pienaar 635 MS		74%	
	Remaining Extent & Portion 1 of Prince's Hill 704 MS		74%	
	Qualipan 655 MS		74%	
	Queensdale 707 MS		74%	
	Remaining Extent & Portion 1 of Ridge End 662 MS		74%	
	Remaining Extent & Portion 1 of Rochdale 700 MS		74%	
	Sandilands 708 MS		74%	
	Portions 1 & 2 of Sandpan 687 MS		74%	
	Sandstone Edge 658 MS		74%	

Project Name	Tenement Number	Location	Interest	Change during quarter
	Remaining Extent of Portions 2 & 3 of Sterkstroom 689 MS		74%	
	Sutherland 693 MS		74%	
	Remaining Extent & Portion 1 of Varkfontein 671 MS		74%	
	Remaining Extent, Portion 2, Remaining Extent of Portion 1 of Vastval 477 MS		74%	
	Vleifontein 691 MS		74%	
	Ptn 3, 4, 5 & 6 of Waterpoort 695 MS		74%	
	Wildebeesthoek 661 MS		74%	
	Woodlands 701 MS		74%	
Kanowna West	M27/41	Coolgardie^	Royalty<>	(2.99%)
	M27/47		Royalty<>	(2.99%)
	M27/59		Royalty<>	(2.99%)
	M27/72,27/73		Royalty<>	(2.99%)
	M27/114		Royalty<>	(2.99%)
	M27/196		Royalty<>	(2.99%)
	M27/414,27/415		Royalty<>	(2.99%)
	P27/1826-1829		Royalty<>	(2.99%)
	P27/1830-1842		Royalty<>	(2.99%)
	P27/1887		Royalty<>	(2.99%)
Kalbara	M27/181		6.79%	(0.45%)
Abbotshall Royalty	ML63/409,410	Norseman^	Royalty	
Kookynie Royalty	ML40/061	Leonora^	Royalty	
	ML40/135,136		Royalty	
Makhado Project	Fripp 645 MS	Limpopo~	69%#	
	Lukin 643 MS		69%#	
	Mutamba 668 MS		69%#	
	Salaita 188 MT		69%#	
	Tanga 849 MS		69%#	
	Daru 889 MS		69%#	
	Windhoek 900 MS		69%#	
Generaal Project*	Beck 568 MS	Limpopo~	74%	
	Bekaf 650 MS		74%	
	Remaining Extent & Portion 1 of Boas 642 MS-		74%	
	Chase 576 MS		74%	
	Coen Britz 646 MS		74%	
	Fanie 578 MS		74%	
	Portions 1, 2 and Remaining Extent of Generaal 587 MS		74%	
	Joffre 584 MS		74%	
	Juliana 647 MS		74%	
	Kleinenberg 636 MS		74%	
	Remaining Extent of Maseri Pan 520 MS		74%	
	Remaining Extent and Portion 2 of Mount Stuart 153 MT		100%	

Project Name	Tenement Number	Location	Interest	Change during quarter
	Nakab 184 MT		100%	
	Phantom 640 MS		74%	
	Riet 182 MT		100%	
	Rissik 637 MS		100%	
	Schuitdrift 179 MT		100%	
	Septimus 156 MT		100%	
	Solitude 111 MT		74%	
	Stayt 183 MT		100%	
	Remaining Extent & Portion 1 of Terblanche 155 MT		100%	
	Van Deventer 641 MS		74%	
	Wildgoose 577 MS		74%	
Mopane Project*	Ancaster 501 MS	Limpopo~	100%	
	Banff 502 MS		74%	
	Bierman 599 MS		74%	
	Cavan 508 MS		100%	
	Cohen 591 MS		100%	
	Remaining Extent, Portions 1 & 2 of Delft 499 MS		74%	
	Dreyer 526 MS		74%	
	Remaining Extent of Du Toit 563 MS		74%	
	Faure 562 MS		74%	
	Remaining Extent and Portion 1 of Goosen 530 MS		74%	
	Hermanus 533 MS		74%	
	Jutland 536 MS		100%	
	Krige 495 MS		74%	
	Mons 557 MS		100%	
	Remaining Extent of Otto 560 MS (Now Honeymoon)		74%	
	Remaining Extent & Portion 1 of Pretorius 531 MS		74%	
	Schalk 542 MS		74%	
	Stubbs 558 MS		100%	
	Ursa Minor 551 MS		74%	
	Van Heerden 519 MS		74%	
	Portions 1, 3, 4, 5, 6, 7, 8, 9, Remaining Extent of Portion 10, Portions 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 29, 30, 35, 36, 37, 38, 39, 40, 41, 44, 45, 46, 48, 49, 50, 51, 52 & 54 of Vera 815 MS		74%	
	Remaining Extent of Verdun 535 MS		74%	
	Voorburg 503 MS		100%	
	Scheveningen 500 MS		74%	
Uitkomst Colliery and prospects	Portion 3 (of 2) of Kweekspruit No. 22	KwaZulu-Natal~	70%	
	Portion 8 (of 1) of Kweekspruit No. 22		70%	
	Remainder of Portion 1 of Uitkomst No. 95		70%	

Project Name	Tenement Number	Location	Interest	Change during quarter
	Portion 5 (of 2) of Uitkomst No. 95		70%	
	Remainder Portion1 of Vaalbank No. 103		70%	
	Portion 4 (of 1) of Vaalbank No. 103		70%	
	Portion 5 (of 1) of Vaalbank No. 103		70%	
	Remainder of Portion 1 of Rustverwacht No. 151		70%	
	Remainder of Portion 2 of Rustverwacht No. 151		70%	
	Remainder of Portion 3 (of 1) of Rustverwacht No. 151		70%	
	Portion 4 (of 1) Rustverwacht No.151		70%	
	Portion 5 (of 1) Rustverwacht No. 151		70%	
	Remainder of Portion 6 (of 1) of Rustverwacht No. 151		70%	
	Portion 7 (of 1) of Rustverwacht No. 151		70%	
	Portion 8 (of 2) of Rustverwacht No. 151		70%	
	Remainder of Portion 9 (of 2) of Rustverwacht No. 151		70%	
	Portion 11 (of 6) of Rustverwacht No. 151		70%	
	Portion 12 (of 9) of Rustverwacht No. 151		70%	
	Portion 13 (of 2) of Rustverwacht No. 151		70%	
	Portion 14 (of 2) of Rustverwacht No. 151		70%	
	Portion 15 (of 3) of Rustverwacht No. 151		70%	
	Portion 16 (of 3) of Rustverwacht No. 151		70%	
	Portion 17 (of 2) of Rustverwacht No. 151		70%	
	Portion 18 (of 3) of Waterval No. 157		70%	
	Remainder of Portion 1 of Klipspruit No. 178		70%	
	Remainder of Portion 4 of Klipspruit No. 178		70%	
	Remainder of Portion 5 of Klipspruit No. 178		70%	
	Portion 6 of Klipspruit No. 178		70%	
	Portion 7 (of 1) of Klipspruit No. 178		70%	
	Portion 8 (of 1)of Klipspruit No. 178		70%	
	Portion 9 of Klipspruit No. 178		70%	
	Remainder of Portion 10 (of 5) of Klipspruit No. 178		70%	
	Portion 11 (of 5) of Klipspruit No. 178		70%	
	Portion 13 (of 4) of Klipspruit No. 178		70%	
	Remainder of Portion 14 of Klipspruit No. 178		70%	
	Portion 16 (of 14) of Klipspruit No. 178		70%	
	Portion 18 of Klipspruit No. 178		70%	
	Portion 23 of Klipspruit No. 178		70%	
	Remainder of Portion 1 of Jackalsdraai No. 299		70%	
	Remainder of Jericho B No. 400		70%	
	Portion 1 of Jericho B No. 400		70%	
	Portion 2 of Jericho B No. 400		70%	
	Portion 3 of Jericho B No. 400		70%	
	Remainder of Jericho C No. 413		70%	

Project Name	Tenement Number	Location	Interest	Change during quarter
	Portion 1 of Jericho C No. 413		70%	
	Remainder of Portion 1 of Jericho A No. 414		70%	
	Remainder of Portion 2 (of 1) of Jericho A No. 414		70%	
	Portion 3 (of 1) of Jericho A No. 414		70%	
	Portion 4 (of 1) of Jericho A No. 414		70%	
	Portion 5 (of 2) of Jericho A No. 414		70%	
	Portion 6 (of 1) of Jericho A No. 414		70%	
	Margin No. 420		70%	
Vele Colliery and prospects	Portions of Overvlakte 125 MS (Remaining Extent, 3, 4, 5, 6, 13, 14)	Limpopo~	100%	
	Bergen Op Zoom 124 MS		100%	
	Semple 155 MS		100%	
	Voorspoed 836 MS		100%	
	Alyth 837 MS		100%	
Tshikunda	Certain portions of Unsurveyed State Land known as Mutale	Limpopo~	60%	

* Form part of the Greater Soutpansberg Projects

~ Tenement located in the Republic of South Africa

^ Tenement located in Australia

MC Mining's interest will reduce to 67% on completion of the 26% Broad Based Black Economic Empowerment (BBBEE) transaction

<> net smelter royalty of 0.5%