



ANNOUNCEMENT

15 March 2021

HALF-YEAR RESULTS FOR PERIOD ENDING 31 DECEMBER 2020

MC Mining Limited ("MC Mining" or the "Company") is pleased to provide its interim financial report for the six months ended 31 December 2020 (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 \$2.7 million or 1.80 cents per share (FY2020 H1: loss after tax of \$7.1 million or 4.95 cents per share);
- Revenue of \$8.8 million (FY2020 H1: \$11.4 million) and cost of sales of \$9.2 million (FY2020 H1: \$11.1 million) resulted in a gross loss of \$0.4 million (FY2020 H1: gross profit \$0.3 million) for the Period;
- An impairment reversal recognised in the current period, compared to a net impairment loss of \$1.2 million in FY2020 H1;
- Employee benefit expense of \$1.0 million (FY2020 H1: \$3.0 million); and
- Other expenses were \$1.3 million (FY2020 H1: \$2.2 million).

Operational review

	H1 FY2021	H1 FY2020	%Δ
Production tonnages			
Uitkomst ROM coal (t)	246,229	262,696	(6%)
Sales tonnages			
Own ROM coal (t)	127,534	147,234	(13%)
Middlings sales (t)	11,569	14,587	(21%)
	139,103	161,821	(14%)

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Chairman Bernard R. Pryor **Interim CEO** Sebastiano Randazzo

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

	H1 FY2021	H1 FY2020	%Δ
Financial metrics			
Revenue/t (\$)	61.90	68.11	(9%)
Production costs/saleable tonnes (\$)	53.56	59.41	(10%)

- 127,534 tonnes ("t") of high quality metallurgical and thermal coal were sold during the Period (FY2020 H1: 147,234t);
- An additional 11,569t of high-ash middlings were sold during the Period (FY2020 H1 14,587t);
- At the end of March 2020, the South African Government implemented nationwide Covid-19 Level 5 lockdown restrictions, resulting in Uitkomst metallurgical and thermal coal mine ("**Uitkomst Colliery**" or "**Uitkomst**") being placed on care and maintenance;
- In July 2020, mining at the Uitkomst Colliery started to ramp up. However, high levels of absenteeism due to Covid-19 preventative measures resulted in coal production for the Period reducing to 246,229t compared to 262,696t in H1 FY2020, a 6% decline;
- The world-wide Covid-19 economic downturn led to a significant decline in international coal prices, which did not show signs of recovery until November 2020;
- A number of Uitkomst's customers suspended operations to comply with lockdown regulations which negatively impacted Uitkomst coal sales;
- Covid-19 restrictions continued to impede activities at the Company's other projects, being the Makhado hard coking coal project ("**Makhado Project**"), Vele semi-soft coking and thermal coal colliery and Greater Soutpansberg Projects (collectively, the "**Limpopo Projects**"), which remain in various stages of development;
- Following the implementation of a safety programme during the Period, the Uitkomst mine reported an improved safety record with

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four lost-time injuries ("**LTIs**") during the Period (FY2020 H1: seven LTIs); and

- The Company recorded 27 positive Covid-19 cases at Uitkomst and zero cases at the Limpopo Projects during the Period.

Corporate and market features

- During the Period, the \$16.4 million (ZAR240 million) Industrial Development Corporation of South Africa Limited ("**IDC**") loan facility ("**IDC Facility**"), of which \$8.2 million (ZAR120 million) had been drawn in a prior year (the "**First Drawdown**"), was restructured. An additional \$2.7 million (ZAR40 million) was drawn during the Period and the remaining undrawn balance of \$5.5 million (ZAR80 million) was cancelled;
- The restructuring of the IDC Facility was conditional upon the Company raising \$0.9 million (ZAR15 million) of new equity and this condition was satisfied in August 2020 with the issue of 13,331,433 new ordinary MC Mining shares;
- The IDC Facility is to be repaid on 31 July 2021 and the Company will seek to negotiate a deferred settlement over time for repayment of the First Drawdown, with the balance expected to be rolled into the previously announced new Makhado Project Phase 1 loan facility with the IDC, subject to the Company raising an additional \$22.9 million (ZAR335 million) (the "**Additional Funding**"). In the event that the parties cannot reach agreement on further deferment terms or the Company does not repay the loan by the repayment date, the financing documentation allows for the IDC Facility to be converted into equity;
- The Company continues to progress a number of debt/equity funding initiatives to raise the Additional Funding for development of the Makhado Project;

- Pressure on API4 thermal coal prices following the spread of Covid-19 resulted in average prices for the six months declining to \$64/t compared to \$69/t in FY2020 H1;
- Subsequent to the Period-end, Brenda Berlin resigned as Acting Chief Executive Officer ("CEO") and Executive director, and Non-Executive Director, Sam Randazzo, assumed that role, pending the appointment of a new permanent CEO; and
- As at 31 December 2020, the Company had cash and cash equivalents of \$2.0 million compared to cash and cash equivalents of \$2.7 million at 30 June 2020.

Authorised by

Sam Randazzo
Interim CEO

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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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).

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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.

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