MCMining

LIMITED

ABN 98 008 905 388

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2022

CORPORATE DIRECTORY

REGISTERED OFFICE	Suite 8, 7 The Esplanade Mt Pleasant, Perth, WA 6153 Telephone: +61 8 9316 9100 Facsimile: +61 8 9316 5475 Email: perth@mcmining.co.za
SOUTH AFRICAN OFFICE	Ground Floor Greystone Building Fourways Golf Park, Roos Street Fourways 2191 Telephone: +27 10 003 8000 Facsimile: +27 11 388 8333
BOARD OF DIRECTORS	**Non-executive** Nhlanhla Musa Nene Andrew David Mifflin Brian He Zhen Khomotso Brian Mosehla An Chee Sin Ontiretse Mathews Senosi Yi He Julian Hoskin **Executive** Godfrey Gomwe
COMPANY SECRETARY	Tony Bevan

	AUSTRALIA	UNITED KINGDOM	SOUTH AFRICA
AUDITORS	**Mazars Assurance Pty Ltd** Level 11, 307 Queen Street, Brisbane QLD 4000 Australia	**N/A**	**Mazars** 101 on Olympus Pentagon Park Bloemfontein South Africa
BANKERS	**National Australia Bank Limited** Level 1, 1238 Hay Street West Perth WA 6005 Australia	**ABSA Bank** North Campus 15 Alice Lane Sandton South Africa	

CORPORATE DIRECTORY (CONTINUED)

	AUSTRALIA	UNITED KINGDOM	SOUTH AFRICA
BROKERS	**N/A**	**Tennyson Securities** 65 Petty France London SW1H 9EU United Kingdom	**N/A**
LAWYERS	**K&L GATES** Level 31 1 O'Connell Street Sydney, NSW 2000 Australia	**N/A**	**FALCON & HUME** 2nd Floor, 8 Melville Road Illovo Johannesburg, 2196 South Africa
NOMINATED ADVISER/ CORPORATE SPONSOR	**N/A**	**Strand Hanson** 26 Mount Row London W1K 3SQ United Kingdom	**Investec Bank Limited** 100 Grayston Drive Sandton 2196 Johannesburg South Africa

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The reports and statements set out below comprise the half-year report presented to shareholders:

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The directors of MC Mining Limited (**MC Mining** or the **Company**) submit herewith the financial report of MC Mining and its subsidiaries (the **Group**) for the half-year ended 31 December 2022. All amounts are expressed in US dollars (**$**) unless stated otherwise.

In order to comply with the provision of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the Company during or since the end of the half-year are:

Nhlanhla Nene (Chairman)	Khomotso Mosehla
Godfrey Gomwe*	An Chee Sin
Andrew Mifflin	Mathews Senosi
Brian He Zhen	Junchao Liu**
Yi He***	Julian Hoskin***

* Executive director (Managing Director & Chief Executive Officer (**CEO**))

** Resigned 10 March 2023

*** appointed 10 March 2023

Review of Operations

Principal activity and nature of operations

The principal activity of the Company and its subsidiaries is the mining, exploration and development of coking and thermal coal properties in South Africa.

The Company's principal assets and projects include:

- Uitkomst Colliery, an operating metallurgical and thermal coal mine (**Uitkomst**);
- Makhado Project, a hard coking and thermal coal exploration and evaluation project (the **Makhado Project** or **Makhado**);
- Vele Aluwani Colliery, a semi-soft coking and thermal colliery (**Vele**) previously on care and maintenance but outsourced and recommissioned in December 2022; and
- Three exploration stage coking and thermal coal projects, namely Chapudi, Generaal, and Mopane, in the Soutpansberg Coalfield (collectively the **GSP**).

The Company's focus on safety continued with three lost time incidents (**LTIs**) recorded during the six months under review (H1 FY2022: three incidents).

Uitkomst Colliery – Utrecht, KwaZulu-Natal (84% owned)

The Uitkomst Colliery recorded three LTI's during the period (H1 FY2022: three LTIs).

Uitkomst comprises the existing underground coal mine with a planned life of mine (**LOM**) extension directly to the north of current operations, approximately 15 years remaining LOM. The LOM extension requires the development of adit 2k (horizontal shaft) and the development is subject to receipt of the regulatory approvals, available funds and prevailing market conditions.

Uitkomst sells a 0 to 40mm (duff) product into the metallurgical domestic market for use as pulverised coal. The colliery also sells unsized coal into the export coal market via the Coal Sales and Marketing Agreement (**Marketing Agreement**) with Overlooked Collieries (Pty) Ltd (**Overlooked**). Uitkomst supplies sized coal (peas) products to local energy generation facilities and also sells smaller volumes of a high-ash, coarse discard coal (**middlings**) product.

The initial Marketing Agreement with Overlooked was signed in July 2022 and was due to expire on 31 December 2022. During the period, the key terms of the Marketing Agreement were extended for a further six months to June 2023 ensuring Uitkomst has a route to market for the majority of its coal, at prices linked to international coal indexes rather than at floating and fixed price domestic prices.

Uitkomst produced 225,389 tonnes (**t**) (H1 FY2022: 217,228t) of run of mine (**ROM**) coal during the period and the colliery had 27,058t (H1 FY2022: 10,803t; FY2022: 15,534t) at site at the end of the period with a further 36,764t at port (H1 FY2022: nil t; FY2022: 22,169t). Uitkomst sold 104,855t of coal during the six months consisting of 98,924t of high-grade peas and duff, with 71,955t exported (H1 FY2022: nil t) and the balance sold domestically. The exported volumes are 5,352t lower than previously reported following the subsequent receipt of an updated third party confirmation. The colliery also sold 5,931 tonnes of lower grade middlings coal (H1 FY2022: 11,655t).

The Uitkomst Colliery generated pleasing results for the period with revenue of \$14.0 million (H1 FY2022: \$13.0 million) yielding a gross profit of \$3.9 million (H1 FY2022: \$2.1 million).

MC Mining increased its interest in the Uitkomst Colliery during the period when it bought back the 14% interest belonging to a black industrialist shareholder, for \$0.5 million. The terms of the transaction ensure that the Uitkomst equity purchased satisfies the 'once empowered, always empowered' principle in South Africa.

Makhado Coking Coal Project – Soutpansberg Coalfield, Limpopo (67.3% owned)
No LTIs were recorded at Makhado during the period (H1 FY2022: nil LTIs).

MC Mining's flagship Makhado Project is situated in the Soutpansberg Coalfield and all regulatory approvals are in place and surface rights over the mining and processing areas have been secured. MC Mining is heavily invested in the Makhado Project as the complex regulatory environment in South Africa demanded significant capital and time investment to achieve its current 'shovel ready' status.

The development of the Makhado Project is expected to deliver positive returns for shareholders and position MC Mining as South Africa's pre-eminent hard coking coal (**HCC**) producer. During the period, the Company appointed Erudite (Pty) Ltd (**Erudite**) to complete the detailed planning for a full process design for the Makhado coal processing plant (**CPP**). Erudite expects to complete the planning during H1 CY2023 and this plan is also required by potential funders to complete their assessments.

The Company also employed independent consultants to review the Makhado mine plan and this forms part of the detailed execution plan. MC Mining's directors approved the commencement of early works Makhado and the Company allocated ZAR71.3 million (\$4.1 million) to this and expects to have this completed at the end of H1 CY2023. The early works commenced in February 2023 and include amongst others, a bridge and internal roads, initial bulk earthworks, site security and communication infrastructure.

The Makhado CPP optimisation study was completed by independent experts during the period and the results of this study are being used in Erudite's detailed CPP and infrastructure design work. The planned Makhado CPP annual ROM feed capacity is expected to result in an increase of the ROM capacity from 3.0 million tonnes per annum (**Mtpa**) to 4.0 Mtpa in addition to further refinements of the plant design.

Makhado is expected to produce HCC with an ash content of less than 10% and would be the only significant HCC producer in South Africa resulting in obvious advantages for South African steel producers. Development of Makhado is also expected to have a positive impact on employment and the general Limpopo province economy resulting in the creation of 650 direct jobs. The funding initiatives for Makhado continued during the period and these are expected to be finalised in first half of CY2023 following completion of the detailed designs for the Makhado CPP and updated mine plan.

Vele Colliery – Tuli Coalfield, Limpopo (100% owned)

The Vele Colliery recorded no LTIs during the period (H1 FY2022: nil LTIs).

The Vele Colliery had been on care and maintenance since late CY2013 and the Company assessed various strategies to utilise the asset. These assessments confirmed the significant capital and technical investment required to optimise production at the colliery. Following the increase in international thermal coal prices in CY2022, the outsourcing of operations at Vele was identified as the optimal strategy as this would secure the necessary investment from a third party to de-water the opencast pit, modify and recommission the CPP and remove a significant portion of the ongoing costs associated with the colliery.

The assessment of outsourcing opportunities resulted in the conclusion of a five-year Contract Mining Agreement (**Mining Agreement**) with Hlalethembeni Outsourcing Services (Pty) Ltd (**HOS**) in December 2022. HOS is mining in terms of an agreed mine plan on an exclusive basis until 22 December 2027 and is targeting monthly production of 60,000t of saleable thermal coal from Vele. HOS is responsible for all mining and processing costs while the Company remains responsible for the colliery's regulatory compliance, rehabilitation guarantees, relationships with authorities and communities as well as the supply of electricity and water.

HOS recommissioned the Vele CPP in late December 2022 and first coal sales commenced in early CY2023. Operations at the colliery are expected to ramp-up to full production during Q2 CY2023. The recommissioning of the Vele Colliery adds a further cash generating unit to MC Mining's portfolio, with limited financial or human capital contributions and is a potential funding contributor for Makhado. The recommencement of operations at Vele created approximately 245 permanent job positions and also alleviates any 'use it or lose it' risk associated with unutilised mining assets in South Africa.

Greater Soutpansberg Projects - Soutpansberg Coalfield, Limpopo (74% owned)

The GSP reported no LTIs during the period (H1 FY2022: nil LTIs).

The South African Department of Mineral Resources & Energy (**DMRE**) has granted mining rights for the three project areas comprising the GSP, namely, Chapudi, Mopane and Generaal.

The three GSP project areas contain over 7.0 billion gross tonnes in situ of inferred HCC, semi-soft coking coal and thermal coal resources. The exploration and development of the GSP is the catalyst for MC Mining's long-term growth and positions the Company to be a potential long-term domestic and export metallurgical coal supplier. The Company anticipates commencing with the various studies required for the outstanding water and environmental regulatory approvals following the construction of the Makhado Project.

Corporate

The Industrial Development Corporation of South Africa Limited (**IDC**) is a 6.7% shareholder in MC Mining's subsidiary, Baobab Mining & Exploration (Pty) Ltd (**Baobab**), the owner of the Makhado Project. The bank continues to provide support for the development of Makhado. MC Mining previously utilised the existing IDC loan facility to develop the project and during the period, the IDC extended the date for repayment of the ZAR160 million loan ($9.4 million) plus interest thereon, as well as the terminal draw down date of the new ZAR245 million ($14.4 million) loan facility, to 30 June 2023. Draw down of the additional ZAR245 million ($14.4 million) loan facility remains subject to the IDC confirming its due diligence and credit approval.

In November 2022, MC Mining completed a fully underwritten 1.012 for 1 renounceable rights offer (the **Rights Offer**) of new ordinary shares of no par value in the Company (each, a **New Share**) at an issue price of A$0.20 per New Share for eligible shareholders in Australia and New Zealand, and at ZAR2.36 per New Share for eligible shareholders in South Africa. The Rights Offer raised gross proceeds of A$40 million (equivalent to approximately ZAR472 million) from the issue of 200,026,719 New Shares.

The funds raised from the Rights Issue will be used to meet the Company's equity contribution (required for the IDC's proposed debt funding) in relation the continued development of Makhado including an enhanced development strategy that optimises HCC production and capex, general working capital and costs of the Rights Issue. The Rights Issue also resulted in a reduction of debt owed under the ZAR60 million Standby Facility ($3.5 million) owing to Dendocept (Pty) Ltd (**Dendocept**).

The Company also repaid the ZAR20 million ($0.4 million) loan owing to the Senosi Group Investment Holdings (Proprietary) Limited (**SGIH**), during the period.

Financial review

The loss after tax attributable to the owners of the parent for the six months under review was $1,275,553 or 0.50 cents per share compared to a loss after tax of $773,579 or 0.54 cents per share for the prior corresponding period.

The loss after tax for the period under review of $1,309,550 (FY2022 H1: $828,362) includes:

- revenue of $14,049,152 (FY2022 H1: $13,030,159) and cost of sales of $10,136,800 (FY2022 H1: $10,912,725), resulting in a gross profit of $3,912,352 (FY2022 H1: gross profit of $2,117,435);
- income tax expense of $1,045,821 (FY2022 H1: credit of $510,083);
- net foreign exchange gain of $19,971 (FY2022 H1: loss of $186,698) arising from the translation of borrowings and cash due to movement in the ZAR:USD and ZAR:AUD exchange rates during the period;
- employee benefit expense of $2,078,638 (FY2022 H1: $1,201,849) which included non-cash employee expenses of $609,388 (FY2022 H1: $389,025) and cash employee expenses of $1,469,250 (FY2022 H1: $812,824)
- other expenses of $1,961,130 (FY2022 H1: $1,661,537); and
- depreciation of $47,914 (FY2022 H1: $45,570) included in administrative expenses.

As at 31 December 2022, the Company had cash and cash equivalents of $20,090,399 compared to cash and cash equivalents of $2,993,504 at 30 June 2022.

Authorised and issued share capital

MC Mining had 397,681,589 fully paid ordinary shares in issue as at 31 December 2022. The holders of ordinary shares are entitled to one vote per share and are entitled to receive dividends when declared.

Dividends

No dividends were declared by or paid by MC Mining during the six months.

Basis of preparation and going concern

The interim financial statements for the half-year ended 31 December 2022 contains an independent auditor's review report which includes an emphasis of matter paragraph with regards to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The directors have prepared a cash flow forecast for the 12-month period ending 31 March 2024, taking into account available facilities, additional funding that is expected to be raised and expected cash flows to be generated by the Uitkomst Colliery and the Vele Colliery which indicates that the Group will have sufficient cash to fund its operations for at least the twelve-month period from the date of signing this report.

The existing ZAR160 million ($9.4 million), excluding accrued interest, IDC facility is repayable on 30 June 2023 and the Company's cash flow forecasts include the assumption that it can negotiate a deferred settlement to when the Makhado Project is at steady state production, as opposed to being payable in June 2023, with the balance being added to the new R245 million ($14.4 million) IDC facility. The construction of the Makhado Project is conditional on the Company raising further funding (the **Additional Funding**). MC Mining is exploring and progressing a number of alternatives to raise the Additional Funding including, but not limited to, the issue of new equity for cash in both the Company and its subsidiary companies which own the Makhado Project, the sale of minority stakes in the corporate entities holding the Makhado Project, further debt funding and contractor funding, such as build, own, operate, transfer (**BOOT**) arrangements.

The conclusion of the Additional Funding is by its nature an involved process and is subject to successful negotiations with the external funders and shareholders, as well as the potential funder's due diligence procedures. As such, whilst the directors are confident, there can be no guarantee that the required funds will be raised. 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 existing IDC facility to be converted into equity.

For further information, refer to note 2 of the interim financial statements together with the auditor's review report.

Events after the reporting period

Director resignation

Mr Junchao Liu, Haohua Energy International (Hong Kong) Co. Ltd's (**HEI**) shareholder representative director, resigned as a Non-Executive Director on 10 March 2023. HEI is MC Mining's sixth largest shareholder, owning 5.8% of the issued shares.

Appointment of Non-Executive Directors

Ms Yi (Christine) He and Julian Hoskin were appointed as Non-Executive Directors of the Company on 10 March 2023. Ms He is the Managing Director of Dendocept, a 7.1% shareholder in the Company and holds a further 2.2% in her personal capacity and joins the board as a shareholder nominee Director for the Dendocept Consortium, which collectively holds 23.9% of MC Mining's issued shares. Mr Hoskin was appointed as an Independent Non-Executive Director and is an Australian resident.

Rounding off of amounts

The Company is of the kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with that Instrument amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 28 of the half-year report.

The half-year report set out on pages 10 to 27, which has been prepared on a going concern basis, was approved by the board on 15 March 2023 and was signed on its behalf by:

Nhlanhla Nene	**Godfrey Gomwe**
Chairman	Managing Director & Chief Executive Officer
15 March 2023	15 March 2023

Dated at Johannesburg, South Africa, this 15th day of March 2023.

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Six months ended 31 Dec 2022 $'000	Six months ended 31 Dec 2021 $'000
Continuing operations			
Revenue	4	14,049	13,030
Cost of sales	5	(10,137)	(10,913)
Gross profit		3,912	2,117
Other operating income	6	352	42
Other operating gains	7	205	188
Expected credit loss reversal	8	291	-
Administrative expenses	9	(4,089)	(2,909)
Operating profit/(loss)		671	(562)
Interest income		128	73
Finance costs		(1,063)	(850)
Loss before tax		(264)	(1,339)
Income tax (expense)/credit	10	(1,045)	510
LOSS AFTER TAX		(1,309)	(829)
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(2,373)	(9,817)
Total comprehensive loss for the period		(3,682)	(10,646)
Loss after tax for the period attributable to:			
Owners of the parent		(1,275)	(774)
Non-controlling interests		(34)	(55)
		(1,309)	(829)
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		(3,648)	(10,591)
Non-controlling interests		(34)	(55)
		(3,682)	(10,646)
Loss per share			
Basic and diluted (cents per share)	12	(0.50)	(0.54)

The accompanying notes are an integral part of these condensed consolidated financial statements

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 $'000	30 June 2022 $'000
ASSETS			
Non-current assets			
Exploration and evaluation assets	13	66,232	67,839
Development assets	13	16,919	17,739
Property, plant and equipment		22,745	23,475
Right-of-use assets	14	2,733	3,132
Other financial assets		4,965	4,599
Restricted cash	15	261	100
Total non-current assets		113,855	116,884
Current assets			
Inventories	16	6,944	4,445
Trade and other receivables		1,438	1,093
Cash and cash equivalents	15	20,090	2,993
Total current assets		28,472	8,531
Total assets		142,327	125,415
LIABILITIES			
Non-current liabilities			
Provisions		8,289	8,048
Deferred tax liability		4,266	4,232
Lease liabilities	17	1,716	2,057
Total non-current liabilities		14,271	14,337
Current liabilities			
Borrowings	19	16,394	21,656
Trade and other payables		9,814	9,307
Bank overdraft	15	1,132	1,529
Provisions		195	203
Tax liabilities		741	362
Lease liabilities	17	818	885
Total current liabilities		29,094	33,942
Total liabilities		43,365	48,279
NET ASSETS		98,962	77,136
EQUITY			
Issued capital	20	1,070,278	1,045,395
Accumulated deficit		(927,520)	(926,245)
Reserves		(42,938)	(41,190)
Equity attributable to owners of the parent		99,820	77,960
Non-controlling interests		(858)	(824)
TOTAL EQUITY		98,962	77,136

The accompanying notes are an integral part of these condensed consolidated financial statements

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued capital $'000	Accumulated deficit $'000	Share based payment reserve $'000	Capital profits reserve $'000	Warrants reserve $'000	Foreign currency translation reserve $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2022	**1,045,395**	**(926,245)**	**1,263**	**91**	**-**	**(42,544)**	**77,960**	**(824)**	**77,136**
Total comprehensive profit/(loss) for the period	**-**	**(1,275)**	**-**	**-**	**-**	**(2,373)**	**(3,648)**	**(34)**	**(3,682)**
Loss for the period – continuing operations	**-**	**(1,275)**	**-**	**-**	**-**	**-**	**(1,275)**	**(34)**	**(1,309)**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**-**	**(2,373)**	**(2,373)**	**-**	**(2,373)**
Performance rights issued	**-**	**-**	**625**	**-**	**-**	**-**	**625**	**-**	**625**
Shares issued	**26,503**	**-**	**-**	**-**	**-**	**-**	**26,503**	**-**	**26,503**
Share issue costs	**(1,620)**		**-**	**-**	**-**	**-**	**(1,620)**	**-**	**(1,620)**
Balance at 31 December 2022	**1,070,278**	**(927,520)**	**1,888**	**91**	**-**	**(44,917)**	**99,820**	**(858)**	**98,962**
Balance at 1 July 2021	**1,041,884**	**(907,202)**	**1,494**	**91**	**1,177**	**(30,199)**	**107,245**	**(721)**	**106,524**
Total comprehensive profit/(loss) for the period	**-**	**(774)**	**-**	**-**	**-**	**(9,817)**	**(10,591)**	**(55)**	**(10,646)**
Loss for the period – continuing operations	**-**	**(774)**	**-**	**-**	**-**	**-**	**(774)**	**(55)**	**(829)**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**-**	**(9,817)**	**(9,817)**	**-**	**(9,817)**
Share based payments	**-**	**-**	**277**	**-**	**-**	**-**	**277**	**-**	**277**
Performance rights expired	**-**	**369**	**(369)**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2021	**1,041,884**	**(907,607)**	**1,402**	**91**	**1,177**	**(40,016)**	**96,931**	**(776)**	**96,155**

The accompanying notes are an integral part of these condensed consolidated financial statements

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Six months ended 31 Dec 2022 $'000	Six months ended 31 Dec 2021 $'000
Cash Flows from Operating Activities			
Receipts from customers		14,394	17,798
Payments to employees and suppliers		(14,336)	(15,179)
Cash generated in operations		58	2,619
Interest received		128	16
Interest paid		(126)	(129)
Tax (paid)/refund		(464)	45
Net cash generated in operating activities		(404)	2,551
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(626)	(567)
Investment in exploration and evaluation assets	13	(732)	(30)
Increase in other financial assets		(326)	(101)
Payments for development assets	13	(273)	(3)
Restricted cash movement		(161)	-
Net cash used in investing activities		(2,118)	(701)
Cash Flows from Financing Activities			
Proceeds from issue of shares		23,039	-
Share issue costs		(1,620)	-
Lease repayments	17	(415)	(424)
Proceeds from borrowings	19	289	-
Borrowings repayments	19	(1,610)	(351)
Net cash generated/(used) in financing activities		19,683	(775)
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,161	1,075
Cash and cash equivalents at the beginning of the half-year		1,464	1,023
Foreign exchange differences		333	(192)
Cash and cash equivalents at the end of the half-year	15	18,958	1,906

The accompanying notes are an integral part of these condensed consolidated financial statements

1. Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: '*Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting'*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments and assets held for sale. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in United States dollars, unless otherwise noted.

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statement. Amounts in the directors' report and the half-year financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2022 annual financial report for the financial year ended 30 June 2022, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards (**IFRS**).

Where applicable, certain comparatives have been adjusted to conform with current year presentation.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the **AASB**) that are relevant to their operations and effective for the current reporting period.

2. Going Concern

The Consolidated Group has incurred a net loss after tax for the six months ended 31 December 2022 of $1.3 million (31 December 2021: loss of $0.8 million). During the period ended 31 December 2022, net cash outflows from operating activities were $0.4 million (31 December 2021 net inflow: $2.6 million). As at 31 December 2022 the Consolidated Group had a net current liability position of $0.6 million (30 June 2022: net current liability position of $25.4 million).

During November 2022, the settlement date of the $9.4 million (ZAR160 million) IDC loan facility, excluding accrued interest, was extended to 30 June 2023. The IDC also agreed to extend the terminal drawdown date in respect of the conditional $14.4 million (ZAR245 million) term loan agreed to partially finance the development of the Makhado Project, also to 30 June 2023, subject to the satisfaction of the outstanding conditions, including the IDC reaffirming its financial due diligence and credit approval.

The Directors have prepared a cash flow forecast for the 12-month period ended 31 March 2024, taking into account available facilities, additional debt and equity funding that although not yet concluded is expected to be raised, and expected cash flows to be generated by Uitkomst and the Vele Colliery. On the basis of these equity and debt funding initiatives being successfully implemented, the forecast indicates that the Group will have sufficient cash to fund their operations for at least the twelve-month period from the date of signing this report.

These cash flow forecasts referred to above include the following assumptions:

- Meeting commitments to creditors arising from continuing operations;
- Deferring the settlement of the existing IDC loan (plus accrued interest) to when Makhado is at steady state production as opposed to being payable in June 2023 (refer note 19) and/or converting this facility to equity;
- Continued favorable coal prices and utilization of cash generated by the Company's collieries;
- A drawdown of the new IDC term facility of $14.4 million (ZAR245 million);

2. Going Concern (continued)

- Contractor funding including a BOOT arrangement of \$6.5 million (ZAR110 million); and
- In addition to the \$14.4 million (ZAR245 million) new IDC term loan facility and \$6.5 million (ZAR110 million) BOOT arrangement referred to above, securing additional composite debt/equity funding of approximately \$82.4 million (ZAR1.4 billion) required (**Additional Funding**) to finance the development of the Makhado Project, through either a debt or equity.

The Group is still in negotiations with the IDC on the deferral of the existing loan repayment, which may have an impact on its ability to draw down on the new facility. This is due to the new facility being subject to certain conditions precedent which are still to be met, one of which is the settlement of the current facility. In addition, draw down on the conditional \$14.4 million (ZAR245 million) term loan is subject to successful conclusion of a due diligence exercise and credit approval.

The Group is exploring and progressing several alternatives to raise the Additional Funding including, but not limited to:

- The issue of new equity for cash in the Company or its subsidiary that owns the Makhado project;
- Further debt funding;
- Cash generated by the Company's Collieries;
- Further contractor BOOT funding arrangements; and
- The sale of a minority stake in the subsidiary companies holding the Makhado Project.

The conclusion of the debt and equity raise funding initiatives as included in the cash flow forecast and for purposes of obtaining the Additional Funding as outlined above, and renegotiations with the IDC on current and further funding, is by its nature an involved process subject to successful negotiations with the external funders and shareholders. In addition, any equity or debt raised is likely to be subject to a due diligence process.

These conditions create a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Directors are of the opinion that the going concern basis remains appropriate as a result of the following considerations:

- The Group is already in discussions with the IDC on the deferral of the settlement of the existing loan and the restructuring of the conditions precedent in relation to the new facility;
- The Group has a history of successful capital raisings to meet the Group's funding requirements; and
- The Group 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.

Subject to raising the required funding noted above, the development of the Makhado Project is expected to commence within the twelve months following the signing of these interim financial statements.

Based on the above, the directors are satisfied at the date of signing the interim financial statements that there are reasonable grounds to believe that they will be successful in obtaining the required funding and that the Group will have sufficient funds to meet its obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate

These consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying value and classification of assets and liabilities, should the Group be unable to continue as a going concern. Such adjustments could be material.

2. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Managing Director and Chief Executive Officer (**CEO**) for the purposes of resource allocation and assessment of performance is more specifically focused on the stage within the mining pipeline that the operation finds itself in.

The Group's reportable segments under AASB 8 are therefore as follows:

- Exploration
- Development
- Mining

The Exploration segment is involved in the search for resources suitable for commercial exploitation, and the determination of the technical feasibility and commercial viability of resources. As of 31 December 2022, projects within this reportable segment include four exploration stage coking and thermal coal complexes, namely the Chapudi Complex (which comprises the Chapudi project, the Chapudi West project and the Wildebeesthoek project), Generaal (which comprises the Generaal Project and the Mount Stuart Project), Mopane (which comprises the Voorburg Project and the Jutland Project) and the Makhado Project.

The Development segment is engaged in establishing access to and commissioning facilities to extract, treat and transport production from the mineral reserve, and other preparations for commercial production. As at 31 December 2022, projects included within this reportable segment includes the Vele Colliery, in the early operational stage with the ramp-up to full production expected in Q2 FY2023 and Klipspruit, which is included in the Uitkomst Colliery.

The Mining segment is involved in day to day activities of obtaining a saleable product from the mineral reserve on a commercial scale and consists of Uitkomst Colliery.

The Group evaluates performance on the basis of segment profitability, which represents net operating (loss)/profit earned by each reportable segment.

Each reportable segment is managed separately because, amongst other things, each reportable segment has substantially different risks.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

The Group's reportable segments focus on the stage of project development and the product offerings of coal mines in production.

The following is an analysis of the Group's results by reportable operating segment for the period under review:

For the six months ended 31 December 2022

	$'000	$'000	$'000	$'000
	Exploration	**Development**	**Mining**	**Total**
Revenue	-	-	14,049	14,049
Cost of sales	-	(4)	(10,130)	(10,134)
Gross Profit	-	(4)	3,919	3,915
Other operating income	-	6	13	19
Expected credit loss reversed	-	-	291	291
Other operating gains/(losses)	2	2	8	12
Administrative expenses	(269)	(425)	(48)	(742)
Profit/(loss) before interest	**(267)**	**(421)**	**4,183**	**3,495**
Interest income	32	4	24	60
Finance costs	(272)	(318)	(311)	(901)
Profit/(loss) before tax	**(507)**	**(735)**	**3,896**	**2,654**

For the six months ended 31 December 2021

	$'000	$'000	$'000	$'000
	Exploration	**Development**	**Mining**	**Total**
Revenue	-	-	13,030	13,030
Cost of sales	-	-	(10,913)	(10,913)
Gross Profit	-	-	2,117	2,117
Other operating income	2	22	14	38
Other operating gains/(losses)	-	-	62	62
Administrative expenses	(533)	(333)	(85)	(951)
Profit and loss before interest	**(531)**	**(311)**	**2,108**	**1,266**
Interest income	5	-	15	20
Finance costs	(360)	(203)	(288)	(850)
Loss before tax	**(886)**	**(514)**	**1,835**	**435**

The following is an analysis of the Group's assets by reportable operating segment:

	31 Dec 2022 $'000	30 June 2022 $'000
Exploration	78,196	86,031
Development	17,513	31,337
Mining	28,944	31,418
Total segment assets	124,653	148,786

Reconciliation of segment information to the consolidated financial statements:

	31 Dec 2022 $'000	31 Dec 2021 $'000
Total profit/(loss) before tax for reportable segments	2,654	435
Other operating gains	193	126
Administrative expenses	(3,347)	(1,957)
Other operating income	334	5
Interest income	68	52
Finance costs	(164)	-
Cost of sales	(2)	-
Loss before tax	(264)	(1,339)

	31 Dec 2022 $'000	30 June 2022 $'000
Total segment assets	124,653	115,999
Unallocated property, plant and equipment	5,436	4,964
Other financial assets	4,084	4,037
Other receivables	261	100
Unallocated exploration and evaluation assets	312	1
Unallocated current assets	7,581	314
Total assets	142,327	125,415

The reconciling items relate to corporate assets.

4. Revenue

Revenue consists of the sale of coal by the Uitkomst Colliery. Coal sales during the period were made to customers in the steel industry in South Africa and domestic and export thermal coal sales.

5. Cost of sales

Cost of sales consists of:

	31 Dec 2022 $'000	31 Dec 2021 $'000
Salaries and wages	(4,447)	(4,537)
Underground mining	(1,395)	(2,048)
Depreciation and amortisation	(1,208)	(1,245)
Logistics	579	(52)
Other direct mining costs	(4,275)	(3,447)
Inventory adjustment	2,322	498
Other	(1,713)	(82)
	(10,137)	(10,913)

6. Other operating income

Other operating income includes:

	31 Dec 2022 $'000	31 Dec 2021 $'000
Sale of scrap	10	-
Other	342	42
	352	42

7. Other operating gains

Other operating gains or losses include:

	31 Dec 2022 $'000	31 Dec 2021 $'000
Foreign exchange (loss)/profit		
Unrealised	(71)	(170)
Realised	91	(16)
Other	185	374
	205	188

8. Expected credit loss reversal

	31 Dec 2022 $'000	31 Dec 2021 $'000
Reversal of expected credit losses	291	-
	291	-

9. Administrative expenses

	31 Dec 2022 $'000	31 Dec 2021 $'000
Employee costs	(2,079)	(1,201)
Depreciation and amortisation	(48)	(46)
Other	(1,962)	(1,662)
	(4,089)	(2,909)

10. Income tax expense/(credit)

The income tax expense/(credit) relates to the following:

	31 Dec 2022 $'000	31 Dec 2021 $'000
Current income tax expense	849	(45)
Deferred tax current year	196	(465)
	1,045	(510)

11. Dividends

No dividend has been paid by MC Mining or is proposed in respect of the half-year ended 31 December 2022 (FY 2021 H1: nil)

12. Loss per share

12.1 Basic loss per share

	31 Dec 2022	31 Dec 2021
	Cents per share	**Cents per share**
Basic loss per share		
From continuing operations	(0.50)	(0.54)
	$'000	**$'000**
Loss for the period attributable to owners of the parent	(1,275)	(774)

	31 Dec 2022	31 Dec 2021
	'000 shares	**'000 shares**
Weighted number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	254,493	154,420

12.3 Diluted loss per share

Diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of dilutive ordinary share that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As the Company is in a loss position, the diluted potential ordinary shares impact is anti-dilutive.

12.4 Headline loss per share (in line with JSE listing requirements)

The calculation of headline loss per share at 31 December 2022 was based on the headline loss attributable to ordinary equity holders of the Company of $1,275,550 (FY 2022 H1: $773,579) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2022 of 254,493,063 (FY 2022 H1: 154,419,555).

The adjustments made to arrive at the headline loss are as follows:

	31 Dec 2022 $'000	31 Dec 2021 $'000
Loss after tax for the period attributable to ordinary shareholders	(1,275)	(774)
Headline loss	(1,275)	(774)
Headline loss per share (cents per share)	**(0.50)**	**(0.54)**

13. Development, Exploration and Evaluation Assets

A reconciliation of development, exploration and evaluation assets is presented below:

Exploration and evaluation assets

	31 Dec 2022 $'000	30 June 2022 $'000
Balance at beginning of period	67,839	93,467
Additions	732	134
Movement in rehabilitation asset	21	88
Foreign exchange differences	(2,360)	(11,000)
Impairment	-	(14,850)
Balance at end of period	66,232	67,839

Development assets

	31 Dec 2022 $'000	30 June 2022 $'000
Balance at beginning of period	17,739	19,055
Transfer to property, plant and equipment	(651)	-
Additions	273	5
Movement in rehabilitation asset	250	1,115
Foreign exchange differences	(692)	(2,436)
Balance at end of period	16,919	17,739

14. Right-of-use assets

The Group leases various assets including land, buildings, plant and machinery and vehicles. The movement in the right-of-use assets is as follows:

	31 Dec 2022 $'000	30 June 2022 $'000
Balance at beginning of the period	3,132	2,588
Additions	-	119
Depreciation	(270)	(637)
Modification	-	1,462
Foreign exchange differences	(129)	(400)
Balance at end of period	2,733	3,132

15. Cash and cash equivalents

	31 Dec 2022 $'000	30 June 2022 $'000
Bank balances	20,090	2,993
Bank overdraft	(1,132)	(1,529)
	18,958	1,464
Restricted cash	261	100
	261	100

The bank overdraft relates to an ABSA Bank Limited (**ABSA**) facility for $1.5 million (ZAR24.9 million). The facility is for short-term working capital requirements and potential expansion opportunities. It has a floating coupon at the South African Prime rate (currently 10.75% per annum) plus 3.0%, with a general notarial bond over Uitkomst's assets as well as a cession of the colliery's trade receivables. The facility is subject to annual review.

16. Inventory

	31 Dec 2022 $'000	30 June 2022 $'000
Consumable stores	671	580
Consignment inventory	3,418	1,460
Finished goods	2,854	2,450
Other	33	8
Provision for obsolete inventory	(32)	(53)
	6,944	4,445

17. Lease liabilities

The movement in the lease liabilities is as follows:

	31 Dec 2022 $'000	30 June 2022 $'000
Balance at beginning of the period	2,942	2,412
Modification	(8)	1,339
Additions	-	119
Interest	134	281
Repayments	(415)	(864)
Foreign exchange differences	(119)	(345)
Balance at end of period	2,534	2,942

The maturity of the Group's undiscounted lease payments is as follows:

	31 Dec 2022 $'000	30 June 2022 $'000
Not later than one year	818	885
Later than one year and not later than five years	2,155	2,707
Later than five years	313	332
	3,286	3,924
Less future finance charges	(752)	(982)
Present value of minimum lease payments	2,534	2,942

18. Deferred consideration

	31 Dec 2022 $'000	30 June 2022 $'000
Opening balance	-	2,796
Interest accrued	-	39
Repayments	-	(2,670)
Foreign exchange differences	-	(165)
	-	-

18. Deferred consideration (continued)

Lukin and Salaita deferred consideration

In the 2019 financial year, the Company's subsidiary, Baobab, completed the acquisition of the properties Lukin and Salaita, the key surface rights required for its Makhado Project for an acquisition price of $4.1 million (ZAR70 million). $2.1 million (ZAR35 million) of the acquisition price has been deferred to the earlier of:

- the third anniversary of the transfer of the properties; or
- the first anniversary of production of coal underlying the properties; or
- completion of a potential land claims and expropriation process. In terms of current legislation, this would result in Baobab receiving market related compensation and would be followed by negotiations with the Minister of Land Affairs and the successful claimants, who are shareholders in Baobab, for long-term access to the properties.

The deferred consideration and accrued interest payments owed were settled on 1 March 2022.

19. Borrowings

	31 Dec 2022 $'000	30 June 2022 $'000
Opening balance	21,656	19,482
Loans acquired during the year	289	7,953
Transfer to share capital	-	(3,024)
Repayments	(5,074)	(644)
Interest accrued	460	537
Foreign exchange differences	(937)	(2,648)
Balance at end of period	16,394	21,656
Non-current	-	-
Current	16,394	21,656
	16,394	21,656

Industrial Development Corporation of South Africa Limited

The IDC has provided longstanding financial support for the development of the Makhado Project. In March 2017 MC Mining secured a facility of which ZAR160 million ($9.4 million) was drawn to progress Makhado to its fully-permitted status and to partially fund the acquisition of the surface rights over the project area. The Company is required to repay the loan amount plus an amount equal to the after tax internal rate of return equal to 16% of the amount of each advance. In terms of the IDC facility, as a result of ZAR160 million of the facility being drawn, the IDC was issued with 6.7% of the shares in MC Mining subsidiary, Baobab, the owner of the Makhado Project. The IDC has extended the date for repayment date for the ZAR160 million (plus accrued interest) to 30 June 2023.

The IDC also agreed to extend the terminal draw down date in respect of the conditional July 2019 ZAR245 million ($14.4 million) new facility for the development of the Makhado Project, to 30 June 2023, which facility is still subject to successful conclusion of a due diligence exercise and credit approval. The ZAR245 million new facility remains part of the composite Makhado funding package, subject to the repayment of the March 2017 facility, along with accrued interest thereon.

MC Mining is required to issue warrants, in respect of MC Mining shares, to the IDC on the drawdown of the March 2017 facility. The warrants for the first $7.1 million (ZAR120 million) draw down equated to 2.5% (equating to 2,408,752 shares) of the entire issued share capital of MC Mining as at 5 December 2016. The IDC was entitled to exercise the warrants for a period of five years from the date of issue and these warrants expired on 16 June 2022. The price at which the IDC was entitled to purchase the MC Mining shares was equal to a thirty percent premium to the 30-day volume weighted average price of the MC Mining shares as traded on the JSE. The warrants for the second draw down of ZAR40 million ($2.4 million) equate to 0.833% of the entire share capital of MC Mining as at 1 October 2020, and it is not known if or precisely when these warrants will be issued as the Company is in discussions with the IDC to restructure the ZAR160 million facility. Furthermore, upon each advance, Baobab is required to

19. Borrowings (continued)

issue new ordinary shares in Baobab to the IDC equivalent to 5% of the entire issued share capital of Baobab if the drawdown was ZAR120 million. Following the total drawdowns of ZAR160 million, the IDC is a 6.7% shareholder in Baobab.

Dendocept (Pty) Ltd

The R60 million ($3.5 million) Standby Loan Facility obtained from Dendocept is unsecured and bears interest at the South African Prime plus 3% with a maturity date of June 2023. The outstanding balance on the final maturity date was payable in cash or MC Mining equity. The R60 million owing in terms of the Standby Loan Facility was settled by the issue of MC Mining equity as part of the November 2022 Rights Issue.

Senosi Group Investment Holdings (Pty) Ltd

During February 2022, MC Mining and its subsidiary Limpopo Coal Company Proprietary Limited (**Limpopo Coal**), entered into a staged ZAR86 million ($5.1 million) Convertible Advance and Subscription Agreement (the **SGIH Agreement**) with SGIH. In terms of the SGIH Agreement, SGIH paid ZAR46 million ($2.7 million) and 38.3 million new MC Mining shares were issued to SGIH on 6 April 2022.

SGIH also conditionally agreed to subscribe for a further 33.3 million new MC Mining shares, raising an additional ZAR40 million ($2.4 million), conditional on shareholder approval. The Company's shareholders declined to approve the issue of the shares to SGIH at a general meeting on 15 July 2022. As a result, the two tranches of ZAR10 million paid by SGIH during April and May 2022, plus interest, were due to be repaid by Limpopo Coal. The ZAR20 million ($1.2 million) loan from SGIH plus interest at the South African prime interest rate, was repaid during the period.

20. Issued Capital

During the reporting period the Company issued 200,026,719 ordinary shares.

	31 Dec 2022 $'000	30 June 2022 $'000
397,681,589 (FY2022: 197,654,870) fully paid ordinary shares	1,070,278	1,045,395

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Options

Shareholders authorised the issue of 12,000,000 share options to the Managing Director and CEO on 30 November 2022. The options were granted subsequent to period end.

Performance Rights

During July 2022 the directors issued 9,183,906 performance rights to management in terms of the shareholder approved Performance Rights Scheme.

Shareholders authorised 7,000,000 performance rights for issue to MC Mining directors on 30 November 2022. The performance rights were granted subsequent to period end.

During November 2022, 381,219 performance rights granted to management in 2019 vested and a further 1,602,393 special incentive performance rights granted to management in September 2020 vested on the commissioning of the Vele Colliery CPP in December 2022. As at 31 December 2022, the ordinary MC Mining shares due for these performance rights had not been issued. The South African regulatory approval for the issue of the ordinary MC Mining shares was received subsequent to period end and the ordinary MC Mining shares are expected to be issued in March/April 2023.

No further performance rights expired or were cancelled during the period.

21. Contingencies and Commitments

Contingent liabilities

The Group has no significant contingent liabilities at reporting date.

Commitments

As at 31 December 2022, the Group had a $0.2 million commitment which relate to its social and labour plan at Uitkomst Colliery. In addition to the amount provided in the consolidated statement of financial position.

In addition to the commitments of the parent entity, subsidiary companies have typical financial commitments associated with their mining rights granted by the South African Department of Mineral Resources & Energy (**DMRE**).

22. Events subsequent to reporting

Director resignation

Mr Junchao Liu, HEI's shareholder representative director, resigned as a Non-Executive Director on 10 March 2023. HEI is MC Mining's sixth largest shareholder, owning 5.8% of the issued shares.

Appointment of Non-Executive Directors

Ms Yi (Christine) He and Julian Hoskin were appointed as Non-Executive Directors of the Company on 10 March 2023. Ms He is the Managing Director of Dendocept, a 7.1% shareholder in the Company and holds a further 2.2% in her personal capacity and joins the board as a shareholder nominee Director for the Dendocept Consortium, which collectively holds 23.9% of MC Mining's issued shares. Mr Hoskin was appointed as an Independent Non-Executive Director and is an Australian resident.

23. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

24. Financial Instruments

Fair value of financial assets and liabilities

The fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in a current transaction between willing parties in an arm's length transaction. The fair values of the Group's financial assets and liabilities approximate their carrying values, as a result of their short maturity or because they carry floating rates of interest.

All financial assets and liabilities recorded in the consolidated financial statements approximate their respective fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3, based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities. The balances classed here are financial assets comprising deposits and listed securities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The financial assets classed as Level 2 comprise of investments with investment firms. These investments serve as collateral for rehabilitation guarantees. The fair value has been determined by the investment firms' fund statement.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no assets reclassified into/out of fair value through profit and loss (**FVTPL**) during the period nor were any assets transferred between levels.

As at 31 December 2022 ($'000)	Level 1	Level 2	Level 3	Total
Other Financial Assets	-	4,965	-	4,965
	-	4,965	-	4,965

As at 30 June 2022 ($'000)	Level 1	Level 2	Level 3	Total
Other Financial Assets	-	4,599	-	4,599
	-	4,599	-	4,599

Directors' Declaration

The Directors declare that in the directors' opinion,

1. The condensed financial statements and notes of the consolidated entity are in accordance with the following:

    a. complying with accounting standards and the *Corporations Act 2001*; and

    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Nhlanhla Nene	**Godfrey Gomwe**
Chairman	Managing Director and Chief Executive Officer
15 March 2023	15 March 2023

Dated at Johannesburg, South Africa, this 15th day of March 2023.

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Auditor’s independence declaration to the Directors of MC Mining Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Mazars Assurance Pty Ltd

M. J. Green
Director

Brisbane, 15 March 2023

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Independent Auditor's Review Report to the Members of MC Mining Limited

Conclusion

We have reviewed the half-year financial report of MC Mining Limited ("Company") and its subsidiaries ("Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the half-year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MC Mining Limited does not comply with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to note 2 in the financial report, which describes recent operating losses and the financial position of the Group. As stated in note 2, these events or conditions, along with other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Mazars

MAZARS ASSURANCE PTY LTD

M. J. Green
Director

Brisbane, 15 March 2023