ANNOUNCEMENT **22 September 2023**

RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2023

MC Mining Limited (**MC Mining** or the **Company**) is pleased to provide its audited financial statements for the year ended 30 June 2023 (the **Period**). All figures are denominated in United States dollars unless otherwise stated and the full report is available on the Company's website.

Financial review

- The loss after tax for the Period decreased by 79% to $4.4 million or 1.46 cents per share (FY2022: loss after tax of $20.8 million or 11.41 cents per share);
- Contributing to the loss of $4.4 million were non-cash charges which decreased by 80% to $3.7 million (FY2022: $18.3 million) which includes the following:
  - depreciation and amortisation decreased by 23% to $2.0 million (FY2022: $2.6 million)
  - share based payment expense increased by 20% to $0.9 million (FY2022: $0.8 million)
  - no impairment expense in FY2023 (FY2022: $14.9 million).
- Revenue for the Period increased by 91% to $44.8 million (FY2022: $23.5 million) and cost of sales increased by 96% to $41.2 million (FY2022: $21.0 million), resulting in a 43% increase in gross profit (FY2023: $3.6 million vs. FY2022: $2.5 million);
- No impairment recorded in FY2023 while the prior year included an impairment of $14.9 million relating to the carrying value of an exploration asset neighbouring the Vele semi-soft coking and thermal coal colliery (**Vele Colliery** or **Vele**) and rights that form part of the Greater Soutpansberg Project (**GSP**);
- Administrative expenses increased by 30%, from $6.8 million in FY2022 to $8.9 million in the reporting period due to:
  - Employee expenses increasing by 58% to $4.3 million (FY2022: $2.7 million) following the increase in staff required to advance the Makhado steelmaking hard coking coal project (**Makhado Project** or **Makhado**) and recommencement of operations at the Vele Colliery;
  - Professional fees decreased by 53% to $0.5 million (FY2022: $1.1 million) with the FY2022 balance including fees paid to the Interim Chief Executive Officer who resigned in April 2022;
  - Overhead expenses increased 44% to $3.9 million (FY2022: $2.7 million) due to the increased activities to advance Makhado;
- Finance costs from borrowings and finance leases remained flat at $1.7 million (FY2022: $1.7 million);

AU Suite 8, 7 The Esplanade, Mount Pleasant, Perth WA 6153, Australia **Tel** +61 8 9316 9100 **Fax** +61 8 9316 5475
ZA Ground Floor. Graystone Building, Fourways Golf Park, Roos Street, Fourways, 2191 **Tel** +27 10 003 8000 **Fax** +27 11 388 8333

- Completion of a fully underwritten Rights Issue (the **Rights Issue**) in November 2022 raising net proceeds of $21.4 million and facilitated loan repayments of $5.1 million (FY2022: $0.6 million) including $3.4 million settled in equity as part of the Rights Issue;
- Unrestricted cash balances at year-end of $7.5 million (FY2022: $3.0 million);
- Net asset value increased by 13% to $87.4 million from $77.1 million in the prior corresponding period;
- Headline loss per share decreased by 55% from ($0.03) in FY2022 to ($0.01) in FY2023;
- Basic and diluted loss per share decreased by 87% from ($0.11) in FY2022 to ($0.01);
- No dividend was declared for the year ended 30 June 2023 (FY2021: nil); and
- Attention is drawn to the disclosure in the annual financial statements and below on the going concern assumptions.

Operational review

Safety

- Health and safety remains the highest priority. No fatalities (FY2022: nil) and six lost-time injuries (**LTIs**) were recorded during the Period (FY2022: six LTIs).

Uitkomst Colliery

- The operational results for the Uitkomst steelmaking and thermal colliery (**Uitkomst** or U**itkomst Colliery**) compared to the preceding period are detailed below:

	FY2023	**FY2022**	**%△**
Production tonnages			
Uitkomst ROM (t)	444,984	470,597	(5%)
Inventory volumes			
High quality duff and peas at site (t)	50,490	15,534	225%
High quality duff and peas at port (t)	-	22,169	(100%)
	50,490	**37,703**	**34%**
Sales tonnages			
Own ROM (t)	230,181	199,065	16%
Middlings sales	11,185	26,031	(57%)
	241,366	**225,096**	**7%**
Financial metrics			
Net revenue/t ($)	142	104	35%
Production costs/saleable tonnes ($)^	123	85	44%

^all costs are incurred in South African Rand

- The Uitkomst Colliery produced 444,984 tonnes (t) (FY2022: 470,597 t) of run of mine (**ROM**) coal during the twelve months to 30 June 2023, 5% lower than the previous year;
- A further 50,490t (FY2022: 15,534t) of high-quality coal remained on stockpile at Uitkomst at the end of June 2023;
- The increase in international thermal coal prices in H1 CY2022 resulted in entering a Coal Sales & Marketing Agreement (**Marketing Agreement**) with Overlooked Collieries (Pty) Ltd, a related party;
- Uitkomst sold 241,366t of coal in FY2023 (FY2022: 225,096t) comprising 230,181t (FY2022: 199,065t) of premium duff and sized peas and 11,185t (FY2022: 26,031t) of high ash, coarse discard coal. The Marketing Agreement provided access to the more lucrative international market and Uitkomst generated sales revenue of $34.2 million (FY2022: $23.5 million) for the year with $11.4 million (FY2022: $nil) derived from export coal sales;
- The sales of Uitkomst coal on the international market resulted in net revenue per tonne increasing to $142/t (FY2022: $104/t); and
- The rise in Uitkomst's costs per saleable tonne to $123/t (FY2022: $85/t) is mainly due to increase in costs for explosives, employee, logistics and port costs amongst others, while the increased incidence of load shedding resulted in significantly higher energy costs associated with the use of generators at the mine.

Makhado Project

- MC Mining's flagship Makhado steelmaking hard coking coal (**HCC**) project has the required regulatory approvals and surface rights over the mining and processing areas and is 'shovel ready';
- The development of Makhado is expected to deliver positive returns for shareholders and position MC Mining as South Africa's pre-eminent steelmaking HCC producer resulting in obvious advantages for domestic steel producers;
- The development of Makhado is also expected to have a positive impact on employment and the general Limpopo province economy resulting in the creation of approximately 650 direct jobs;
- An owner's team was appointed in Q1 FY2023 to drive the planning and development of the Makhado Project;
- The Makhado coal handling and processing plant (**CHPP**) optimisation study was completed by independent experts, resulting in the annual capacity increasing from 3.2 million tonnes per annum (**Mtpa**) to 4.0Mtpa; and
- The Company subsequently appointed Erudite (Pty) Ltd (**Erudite**) to complete the detailed designs for the Makhado CHPP.

Implementation Plan

- The five-year Makhado Project implementation plan (**Implementation Plan**) was completed in April 2023 with the goal of improving the accuracy of Makhado feasibility studies from ±30% accuracy to an estimated accuracy of ±10%; and

- The Implementation Plan is for the first five years of production and includes a detailed execution plan for the construction of the East Pit and related infrastructure and a detailed mine plan.

Updated LOM Plan and Coal Reserve

- Subsequent to the Implementation Plan, the Company prepared an updated life of mine (**LOM**) plan and Coal Reserve estimate for Makhado;
- The LOM plan expands on the five-year Implementation Plan and incorporates the exploitation of all portions of the East, Central and West Pit coal deposits that are mineable by surface mining methods;
- The updated Coal Reserve estimate was derived from the updated LOM plan using updated costs, macro-economic fundamentals and coal price assumptions;
- The updated LOM plan extended the Makhado LOM from 22 years to 28 years (27% increase), despite the 25% higher annual ROM coal production rate and improved production metrics, including:
    - 25% increase in the targeted mining rate from 3.0 to 4.0Mtpa of ROM coal;
    - 100% increase in CHPP capacity, from 2.0 to 4.0 Mtpa;
    - 60% increase of total saleable coal products from 26 to 41 million tonnes over the mine life;
    - Time to first production increasing from 12 to 18 months owing to the construction of the new, larger CHPP whilst keeping the payback period materially unchanged at 3.5 years from the start of construction; and
    - 11% increase in the estimated project peak funding requirements to US$100 million (ZAR1.8 billion).

The Makhado Project metrics over the LOM are detailed in the table below.

	Unit of Measure	LOM Plan
Key Production Metrics		
Mining Production Rate - (Average)	Mtpa	3.9
Total ROM Mined (over the mine life)	Mt	106
Total Waste Mined (over the mine life)	BCM (million)	260
Stripping Ratio (Waste: ROM)	BCM:tonnes	2.5
Steelmaking HCC yield	%	21.2
Thermal coal yield	%	17.6
Total Coal Sales - all products	Mt	41.2
Coal Sales 5,500 kcal TC - Export	Mt	18.7
Coal Sales - Steelmaking HCC (Domestic and Export)	Mt	22.5
Steelmaking HCC - Domestic	Mt	11.2
Steelmaking HCC - Export	Mt	11.3
Key Financial Evaluation Outcomes		

	Unit of Measure	LOM Plan
Peak Funding Requirements	ZAR 'Bn	1.8
Free cashflow (post tax)	ZAR 'Bn	17.6
Post-tax IRR	%	37
Post-tax NPV (6%)	ZAR 'Bn	6.8
Post-tax NPV (10%)	ZAR 'Bn	4
Average payback period	Years	3.5

Engineering and operational tenders

- Erudite are in the process of completing the detailed designs for the Makhado mine infrastructure and CHPP and commenced obtaining detailed execution quotes for the construction of the CHPP;
- This process is expected to be finished in H2 CY2023 and will also cater for the enlarged mining and processing footprint;
- Makhado will be contractor-operated. During the Period the Company initiated the managed tender processes to select a mining contractor, CHPP operating contractor and the analytical laboratory operator. These processes are expected to be completed in H2 CY2023; and
- First coal production is expected 18 months from commencement of construction, which is expected during H1 CY2024.

Early works

- MC Mining Board approved the commencement of early works of ZAR71.3 million ($3.9 million), ZAR45.0 million ($2.4 million) for placement of orders for long lead items and a further ZAR55 million ($3.0 million) for electricity supply infrastructure;
- Various work streams commenced during the period include, amongst others:
    - detailed design, procurement and construction of the power supply overhead transmission line, with construction team mobilised onsite – a critical path activity;
    - refurbishment of onsite accommodation to house project construction crews;
    - placement of orders for key long-lead time items, including the payment of a deposit of ZAR19.0 million ($1.0 million);
    - mobilisation of contractors for the construction of the main access road, main bridge and civil works for bulk water reticulation; and
    - progress with erection of fencing to secure the project site.

Vele Aluwani Colliery

- Due to the global economic downturn and lower coal prices, Vele was placed on care and maintenance from August 2013;
- The Vele Coal Resource comprises both steelmaking semi-soft coking coal (**SSCC**) and export quality thermal coal;

- Vele's CHPP does not have the requisite fines circuits that would allow for the simultaneous production of SSCC and thermal coal;
- Construction of a CHPP at Makhado and improved market conditions created optionality for the potential recommencement of operations at Vele as previous Makhado development strategies incorporated the processing of Makhado crushed and screened ROM coal at Vele;
- To take advantage of this opportunity, a Contract Mining Agreement was concluded with Hlalethembeni Outsource Services Proprietary Limited (**HOS**) and the recommissioning of Vele in December 2022;
- With limited financial and human capital requirements, the recommissioning of Vele adds a further cash generating unit to MC Mining's portfolio with limited financial or human capital contributions and by the end of June 2023, had created 333 permanent jobs.
- HOS is responsible for all mining and processing costs and MC Mining remains responsible for the colliery's regulatory compliance, rehabilitation guarantees, relationships with authorities and communities as well as the supply of electricity and water;
- Construction of the overhead electricity line was completed in April 2023 and the Vele CHPP was connected to the national power grid in May 2023;
- HOS completed the de-watering of the Vele Colliery open-cast pit and produced 96,673t (FY2022: nil t) of thermal coal during H2 FY2023; and
- Ramp-up to full production is expected to occur in H2 CY2023 with HOS targeting monthly production of 60,000t of saleable thermal coal from Vele.

Greater Soutpansberg Projects

- Exploration and development of the three Soutpansberg coalfield projects namely the Chapudi, Mopane and Generaal project areas, is the catalyst for the long-term growth of the Company;
- The South African Department of Mineral Resources & Energy has granted mining rights for the three project areas comprising the GSP, which collectively contain over 7.0 billion gross tonnes in situ of inferred steelmaking HCC, SSCC and thermal coal resources;
- Exploration and development of the GSP positions the Company to be a potential long-term domestic and export steelmaking coal supplier; and
- MC Mining anticipates commencing with the various studies required for the outstanding water and environmental regulatory approvals following the construction of the Makhado Project.

Corporate Activities

- Completion of a fully underwritten 1.012 for 1 renounceable Rights Issue raising gross proceeds of A$40 million (equivalent to approximately $26.6 million) from the issue of 200,026,719 new MC Mining ordinary shares. The proceeds of the Rights Issue are being used to fund the continued development of Makhado and for general working capital;

- Rights Issue facilitated the repayment of the ZAR60 million Standby Facility ($3.2 million) owing to Dendocept (Pty) Ltd (**Dendocept**) and ZAR20 million ($1 million) loan owing to the Senosi Group Investment Holdings (Proprietary) Limited (**SGIH**);
- Appointment of Dendocept Consortium shareholder representative Non-Executive Director, Ms Yi (Christine) He. The Dendocept Consortium collectively owns 23.9% of the Company's ordinary shares;
- Appointment of Mr Julian Hoskin as an Independent Non-Executive Director of MC Mining; and
- Resignation of shareholder representative Non-Executive Director, Mr Junchao Liu.

Going concern

Attention is drawn to the disclosure in the annual financial statements on the going concern assumption (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, at the date of signing the annual 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 which are set out in detail in note 1 to the annual financial report. In order to meet its working capital requirements, the Group is exploring and progressing several alternative strategies to raise 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;
- Convertible MC Mining equity funding;
- Further debt funding including composite debt/equity instruments;
- Production based funding and inventory prepayment funding facilities;
- Cash generated from the Company's collieries; and
- Further contractor BOOT funding or construction-based (EPC) funding arrangements.

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 and completed an A$40 million fully underwritten rights offer during the reporting period. The Company has historically successfully negotiated extensions to the repayment of outstanding debt facilities. The directors believe that at the date of signing the annual financial statements there are reasonable grounds to believe that they will be successful in achieving the matters set out above and that the Group will therefore have sufficient funds to meet its obligations as and when they fall due.

Subsequent events

- The Industrial Development Corporation of South Africa Limited (**IDC**) agreed to extend the repayment date for the R160 million ($8.5 million) loan plus accrued interest to 30 September 2023. A further application for an extension to the repayment period is under consideration by the IDC. If the outstanding loan is not repaid, the IDC can convert the outstanding balance to equity in Baobab Mining & Exploration (Pty) Ltd (**Baobab**), the owner of the Makhado Project or, MC Mining. The conversion into MC Mining equity will be based on a 10% discount to the 30-day weighted average price and a conversion would result in the IDC being a significant shareholder in either MC Mining or Baobab;
- The additional, conditional July 2019 R245 million ($13 million) facility for the development Makhado, remained subject to the IDC confirming its due diligence and credit approval and in July 2023 the Company was informed that this facility had not been extended; and
- The MC Mining Directors approved the grant of 3,119,632 performance rights to staff in terms of the Company's shareholder approved Performance Rights plan. These performance rights are in lieu of a deferred cash bonus and will vest in July 2026 if the recipient remains an employee of MC Mining.

Godfrey Gomwe, Chief Executive Officer and Managing Director of MC Mining, commented:

"MC Mining made pleasing progress during FY2023 including the completion of the A$40 million Rights Issue, the recommencement of operations at the Vele Colliery and the detailed planning for the construction of the Makhado Project. The conclusion of the Marketing Agreement ensured the Uitkomst Colliery could take advantage of favourable international thermal coal prices during H1 FY2023.

The completion of the underwritten Rights Issue confirmed the continued robust support of our anchor shareholders and provided an opportunity for new equity investors to participate in the Company's growth strategy. The additional capital transformed the Company's balance sheet and facilitated the settlement of over $3.9 million of debt. The Rights Issue is a further key milestone towards raising the financing required for our flagship Makhado Project as it unlocks other sources of funding, enabling the positioning of MC Mining as the only large-scale producer of steelmaking HCC in South Africa.

The Makhado CHPP optimisation study was completed during the Period, confirming the benefits of increasing the CHPP annual ROM feed capacity from 3.2Mtpa to 4.0Mtpa. The increase in volumes were used in the detailed CHPP and infrastructure design work while revised mine plans were completed during FY2023.

The Company's directors approved expenditure of ZAR71.3 million ($3.9 million) on early works at Makhado and this commenced during the Period while the funding initiatives for the balance of the capital required continued and are expected to be finalised in H2 CY2023.

The Vele Aluwani Colliery had been on care and maintenance for almost ten years and during this time the Company assessed various strategies to utilise the asset. Operations at the colliery were outsourced during the Period and coal sales commenced in January 2023 with ramp-up to full production expected in early Q4 CY2023. The recommissioning of Vele created 333 permanent job positions and the resumption of production will also alleviate any 'use it or lose it' risk associated with unutilised mining assets in South Africa."

Authorised by

Godfrey Gomwe
Managing Director & Chief Executive Officer

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

For more information contact:			
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
Marion Brower	Financial PR (South Africa)	R&A Strategic Communications	+27 11 880 3924
BSM 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.