ANNOUNCEMENT 27 September 2018

RESULTS FOR THE FULL YEAR ENDING 30 JUNE 2018

MC Mining Limited ("**MC Mining**" or the "**Company**") is pleased to provide its audited financial statements for the year ended 30 June 2018 (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.

Highlights

Operational salient features

- One lost-time injury ("**LTI**") recorded during the year (FY2017: none) – the Company's first LTI in over four years;
- Integration of the cash generating Uitkomst thermal and metallurgical colliery ("**Uitkomst**" or "**Uitkomst Colliery**"), acquired on 30 June 2017;
- The Uitkomst Colliery processed 607,960 tonnes ("**t**") of raw coal comprising 505,130t of run of mine ("**ROM**") coal and 102,830t was bought-in during the Period;
- Uitkomst sold 475,079t of coal - 329,060t from ROM coal, 53,689t from blending slurry and 92,330t from purchased coal - generating sales revenue of $32.7 million;
- Metallurgical and thermal coal markets were favourable with prices increasing during the twelve months;
- Average price achieved for coal sold up 26% to US$63.52/t (FY2017: US$50.23/t);
- The Company completed a revised development plan, including an independent Competent Persons Report ("**CPR**"), for the permitted Makhado hard coking and thermal coal project ("**Makhado Project**" or "**Makhado**"), reducing capital requirements and shortening the construction period; and
- Vele semi-soft coking and thermal coal colliery ("**Vele Colliery**" or "**Vele**") remained on care and maintenance and was granted an amendment to its Integrated Water Use Licence ("**IWUL**") during the Period for the diversion of a stream.

Corporate salient features

- Delivery on MC Mining's balance sheet restructuring strategy with the sale of the Mooiplaats thermal coal colliery ("**Mooiplaats Colliery**" or "**Mooiplaats**"), which has been on care and maintenance since 2013, for $12.9 million;
- Increase of the Uitkomst Black economic Empowerment ("**BEE**") interest to 30% thereby ensuring the colliery complies with the draft Mining Charter 3 ownership requirements;
- Successful action resulting in the High Court of South Africa discharging an interim interdict, originally granted in December 2014, against the Makhado Project Environmental Authorisation ("**EA**");
- Commencement of Makhado hard coking and export thermal coal off-take discussions with various parties and negotiations were at an advanced stage at the end of the Period;
- Discussions with potential funders for the Makhado Project also commenced during the Period and various funding structures are being assessed;
- The Company continued the search for a second cash generating asset and reviewed several potential targets during the 12 months;
- The Company changed its name from Coal of Africa Limited to MC Mining Limited to reflect its potential growth, particularly of its hard coking (metallurgical) coal prospects and completed a 20:1 share consolidation; and
- Brenda Berlin was appointed Chief Financial Officer and Executive Director of the Company.

Financial review

- The Company's acquisition of Uitkomst, balance sheet restructuring initiatives and cost control measures resulted in positive year-on-year movements with its cash balance increasing 13% to $10.9 million (FY2017: $9.6 million);
- Contributing to the loss for the period after tax of $101.6 million for the year (FY2017: $15.6 million) were net non-recurring non-cash charges of $91.8 million (FY2017: $7.6 million) including:
    - impairment of the investment in the Vele Colliery of $87.5 million
    - write-off of Vele's deferred tax asset of $5.8 million

  - unrealised foreign exchange loss on the write-off of the Mooiplaats loan of $1.5 million
  - BEE charge on the additional 21% Uitkomst BEE transaction of $0.1 million
  - reversal of historic Mooiplaats impairment of $3.1 million (i.e. a gain)

  Excluding these non-recurring non-cash items, the 'normalised' after tax loss for the Period would amount to $9.8 million (FY2017: $8.0 million).
- $9.2 million of the $18.4 million three-year Industrial Development Corporation of South Africa Limited ("**IDC**") loan was available at year-end; and
- $1.5 million Rand Merchant Bank ("**RMB**") general banking facility secured during FY2018.

Post year-end highlights

- Transition to owner-operated mining at Uitkomst via the acquisition of Khethekile Mining Proprietary Limited 's mining assets at a cost of $4.9 million;
- Secured a $1.0 million revolving asset finance facility from ABSA Bank Limited ("**ABSA**"), one of South Africa's major financial service providers;
- Approval by the Department of Mineral Resources ("**DMR**") for the requisite Section 102 application for the sale of Mooiplaats and receipt of the first of ten equal quarterly instalments of $810k;
- Approval by both the DMR and the Limpopo Department of Economic Development, Environment and Tourism for an amendment to Makhado's 2016 EA, allowing for the transport of coal to the Musina rail siding by road; and
- Heads of Agreements ("**HOAs**") signed with China Railway International Group Co., Ltd. ("**CRIG**") to negotiate a package that comprises the engineering, procurement and construction (**"EPC"**) for the Makhado Project coal handling and processing plant, financing for 85% of the EPC costs and contract mining operations.

David Brown, CEO commented:

"I am pleased to report on what has been a positive year for MC Mining with the integration of the cash generative Uitkomst Colliery and sale of Mooiplaats, while further progress was made on the development of our flagship Makhado hard coking coal project. The Company has now transitioned into a producer of premium quality coal, the first step to becoming a self-sufficient mid-tier, multi-product mining group and a step forward to realise value from our excellent resources. The sale of the non-core Mooiplaats Colliery will yield an estimated annual operational cost savings of $1.4 million and the aggregate sale proceeds of $12.9 million will be used to further develop the Makhado Project.

MC Mining continues its endeavours to unlock near-term shareholder value from the Makhado Project and as a result, completed a revised development plan yielding similar returns to the original design but reducing capital requirements, the construction period and annual production, but with an extended life-of-mine. Makhado has all of the requisite regulatory approvals to commence mining and the Company continues its efforts to secure access to two key properties for the completion of confirmatory geotechnical drilling. Access has been delayed as the properties are subject to a legislated land claims process and the Company has now commenced the procedure to secure access in terms of our mining right. This application for access will continue in parallel with the hard coking and thermal coal off-take negotiations which are at an advanced stage.

Thermal and coking coal prices moved favourably during the Period and Uitkomst benefitted from these price increases and has various options to improve underground mining equipment availability and production levels. This resulted in the acquisition of the underground contract mining operations as well as the purchase of additional equipment post year-end. The prioritisation of the development of the Makhado Project and expected construction timeframes of the government gazetted Musina Special Economic Zone resulted in an $87.5 million impairment in our investment in the Vele Colliery and the positioning of this asset within MC Mining's portfolio is being assessed.

During the Period we reviewed potential second cash generating prospects as part of our strategy to become self-sufficient, complimenting our balance sheet restructuring process undertaken during the last five years. The restructuring process resulted in the Company not requiring shareholder support during FY2018 and Uitkomst's cash generative ability has facilitated the normalisation of relations with commercial banks, evidenced by the RMB general banking facility and the ABSA asset finance facility post year-end. MC Mining is a producer of premium quality coal and our cash resources, undrawn facilities and proceeds from the sale of Mooiplaats, positions the Company to be able to continue the development of the flagship Makhado hard coking and thermal coal project."

Review of Operations

Uitkomst Colliery (70% owned)

As part of its drive to become self-sufficient from a cash perspective, MC Mining acquired 91% of the Uitkomst Colliery in the Utrecht coalfields of Kwazulu-Natal, on 30 June 2017 for $21.1 million. The remaining 9% is held by broad-based BEE trusts, including employees and communities, and a black industrialist. Uitkomst employs approximately 554 people (including contractors) and after 689 consecutive LTI-free days, reported one LTI during the year when a contractor employee injured his arm underground.

Uitkomst is a high-grade thermal export quality coal deposit with metallurgical applications, comprising an existing underground coal mine with approximately 16 years remaining life of mine ("**LOM**"), including a planned extension. The colliery has the required environmental and social permits in place and currently mines the south adit (horizontal shaft) and has applied for an amendment of its IWUL to include an adit to the north, its LOM extension.

Uitkomst sells a 0 to 40mm product into the domestic metallurgical market for use as pulverised coal and its sized coal product (peas) are supplied to local energy generation facilities. The colliery's marketing strategy ensures that Uitkomst is positioned to take advantage of higher international coal prices and any weakening of the South African Rand.

Uitkomst was cash generative for the year, generating operating cash flows of $6.4 million (FY2017: nil as the colliery was only acquired on 30 June 2017) with revenue per tonne improving 26% on FY2017 due to improved international coal prices.

The key production and financial metrics for the Period are detailed below.

	FY2018	FY2017	%△
Production tonnages			
Uitkomst ROM (t)	505,130	481,547	5%

	FY2018	FY2017	%△
Purchased ROM to blend (t)*	102,830	342,096	-70%
	607,960	**823,643**	**-26%**
Sales tonnages			
Own ROM (t)	329,060	291,163	13%
Slurry used for blending (t)	53,689	61,211	-12%
Purchased ROM to blend (t)*	76,889	292,672	-74%
Purchased ROM to wash (t)	15,441	25,164	-39%
	475,079	**670,210**	**-29%**
Financial metrics			
Revenue/t($)	63.52	50.23	26%
Production costs/saleable tonnes ($)	50.38	45.08	12%

**contract completed during the year and an alternative source is being investigated*

Despite geological and mining contractor equipment availability challenges at Uitkomst during FY2018, ROM production increased 5% to 505,130t compared to the prior year's 481,547t, yielding coal sales of 329,060t (FY2017: 291,163t). Uitkomst also produced saleable coal from processing slurry, a by-product of the ROM coal processed, and 53,689t (FY2017: 61,211t) were sold during the 12 months. The colliery purchases ROM coal from nearby collieries that is sold directly after blending or processed through the wash plant, resulting in sales from the blending of coal of 76,889t (FY2017: 292,672t) whilst 15,441t (FY2017: 25,164t) was sold after processing. The year-on-year decline in ROM purchases is due to a coal supply contract expiring during the Period and Uitkomst is assessing possible alternative sources.

During the Period the Company sold an additional 21% interest in Uitkomst to existing BEE shareholders on a vendor financed basis ensuring Uitkomst meets the requirements of the draft South African Mining Charter. The transaction resulted in BEE shareholders increasing their total interest in the colliery to 30%.

The underground operations at Uitkomst were historically undertaken by an independent contract miner who experienced equipment availability challenges during the Period. The Company instituted various initiatives that brought about ROM production increases compared to the prior year and occasioned investigations into possible solutions to improve equipment availability as well as other production and safety enhancement initiatives. This resulted in Uitkomst acquiring the contractor's business operations at the colliery at the beginning of August 2018.

Makhado Coking Coal Project (95% owned - 69% post Broad Based BEE transaction)

Baobab Mining and Exploration Proprietary Limited ("**Baobab**"), a subsidiary of MC Mining, has all of the regulatory permits required to commence mining operations at its Makhado Project, including an IWUL, the EA and the mining right. Baobab requires access to two properties forming part of the Makhado Project to confirm geotechnical information prior to the construction of the colliery. These properties are subject to the South African government's legislated land claims processes and the Company has commenced the process to secure access to these properties in terms of mining legislation. No LTIs were recorded at the Makhado Project during the Period.

The Makhado Project will produce hard coking coal ("**HCC**") as well as export quality 5,200kcal to 5,500kcal thermal coal. HCC is a highly specialised coal with particular chemical and metallurgical properties required for industrial purposes and South Africa currently imports all of its HCC requirements with Australia, USA and Canada dominating metallurgical coal markets. HCC is used primarily to produce coke, utilised as a reductant in steel production and to achieve this, coking coal is baked in an oven without oxygen where the coal becomes 'plastic' before re-solidifying into coke particles. Coking coal yields are based primarily on ash percentage with HCC having the highest coke strength indices and as a result, high quality coking coals are in demand by steel producers to maximise furnace productivity.

During the Period the Company completed the revised evaluation plan for the Makhado Project, reducing capital expenditure and shortening the construction period to 12 months. Annual production was also revised downwards, but the revised Makhado Project has a 46 year LOM and potential for future expansion of mining and processing if appropriate. The revised Makhado Project will produce approximately 1.7 million tonnes per annum ("**Mtpa**") of saleable coal, comprising 0.7 Mtpa to 0.8 Mtpa of HCC and 0.9 Mtpa to 1.0 Mtpa of thermal coal. The Makhado Project will produce a HCC that complies with recognised global coking coal parameters and is comparable to the Australian HCC64 product which is traded internationally. The Company anticipates that a substantial portion of the HCC produced at Makhado will be sold locally with the balance sold on international markets.

During the Period, independent mining experts completed a CPR on the revised Makhado Project, confirming the estimated costs, capital expenditure and returns previously released to the market. MC Mining also commenced hard coking and export thermal coal off-take discussions with various parties and is assessing potential funding structures. The off-take negotiations are at an advanced stage and the Company expects to finalise these in FY2019.

The development of the Makhado Project is expected to facilitate economic growth in the Limpopo Province, supporting the South African Government's industrial development strategy in the area. This strategy was formalised during CY2016 with the gazetting of the proposed South Africa Energy Metallurgy Special Economic Zone ("**SEZ**"). The SEZ will include amongst others, a coal-fired power plant, coking coal batteries as well as steel and stainless steel plants and the Company anticipates that the SEZ could take three to five years to develop.

MC Mining procured a successful High Court of South Africa judgement during the Period, discharging an interim interdict originally granted in December 2014 (the "**Interim Interdict**") against the Makhado Project's EA. The Interim Interdict was originally issued against the Company in an attempt to prevent the undertaking of activities pertaining to the Makhado Project's construction and mining and the judgement included a cost order against the original applicants.

Subsequent to year-end, MC Mining signed HOAs with Chinese construction enterprise, CRIG, a leading global construction company listed in Shanghai and Hong Kong. In terms of the HOAs, the Company and CRIG have agreed to negotiate a package that comprises the EPC for the Makhado Project coal handling and processing plant, financing for 85% of the EPC costs and contract mining operations, conditional upon the finalisation of terms and conditions by June 2019.

Vele Coking and Thermal Coal Colliery (100% owned)

The Vele Colliery remained on care and maintenance throughout FY2018 and no LTIs were recorded during this time.

The Vele Colliery IWUL was renewed during 2016 for a further 20 years in accordance with the requirements for the colliery's plant modification project. During the Period, the South African Department of Water and Sanitation granted the IWUL amendment, required for the stream diversion in respect of plant modifications and future mining at the colliery. However, the delay in production due to the Company prioritising the development of the Makhado Project as well as the anticipated SEZ construction timeframes, resulted in the carrying value of Vele being impaired by $87.5 million during the Period.

Mooiplaats Thermal Coal Colliery

The Mooiplaats Colliery was placed on care and maintenance in 2013 due to increasing logistics costs and reductions in thermal coal prices and subsequently formed part of a formal sale process. This resulted in the Company disposing of its interest in the Mooiplaats Colliery during the Period and the equity and claims were sold to a consortium of investors, Mooiplaats Coal Holdings Proprietary Limited ("**MCH**"), for $12.9 million, to be settled as follows:

- $4.8 million received during the period, of which $1.1 million was paid to the Mooiplaats Colliery 26% BEE partner, Ferret Mining & Environmental Services (Proprietary) Limited in full and final settlement of their equity; and
- Remaining $8.1 million of the purchase price will be settled in ten equal quarterly instalments and the first of instalment was received in August 2018.

MCH has pledged its shares and ceded its rights in the Mooiplaats shares and claims as security for the remaining outstanding balance of the purchase price.

Greater Soutpansberg Project (MbeuYashu) (74% owned)

The MbeuYashu Project recorded no LTIs during the 12 months.

The exploration and development of the Greater Soutpansberg Project ("GSP") coking and thermal coal prospects is the catalyst for the long-term growth of the Company. The DMR is considering the Company's mining right applications for the Mopane, Generaal and Chapudi projects comprising the GSP and these licences are expected to be granted in H1 FY2019.

Financial review

The loss for the Period from continuing operations was $103.8 million or 71.99 US cents per share compared to a loss of $17.4 million, or 15.45 US cents per share (post the 20:1 share consolidation) for the prior corresponding period. The loss for the Period includes:

- Revenue from Uitkomst of $32.7 million (FY2017: nil) and cost of sales of $27.3 million (FY2017: nil), resulting in a gross profit of $5.4 million (FY2017: nil);
- An impairment of the Vele assets of $87.5 million and the reversal of a $3.1 million prior year impairment arising from the sale of Mooiplaats;
- Net foreign exchange losses of $1.5 million (FY2017: gain of $3.4 million) arising from the translation of inter-group loan balances, borrowings and cash due to changes in the ZAR:US$ and A$:US$ exchange rates during the period;
- Administrative employee expenses of $6.0 million (FY2017: $4.6 million). The current Period charge includes $1.3 million for the accrual for once-off retention payments due to staff after year-end;
- Non-cash IFRS2 BEE charge of $884k (FY2017: nil) on the sale of the additional 21% of Uitkomst;
- Depreciation of $1.5 million (FY2017: $0.4 million) and share based payment expenses of $1.3 million (FY2017: $0.3 million);
- De-recognition of the Vele deferred tax asset of $5.8 million and an income tax expense of $0.7 million;
- Uitkomst's cash generative capability resulted in cash from operations improving from an outflow of $9.8 million in FY2017 to cash generation of $1.4 million for the Period; and
- The sale of Mooiplaats and various balance sheet restructuring initiatives resulted in a net cash inflow from investing activities of $608k, compared to an outflow of $6.2 million in the prior year.

Markets

The HCC prices increased during the year due to short-term supply constraints but prices softened slightly towards the end of the Period. However, HCC prices remain above long-term forecasts and this reflects our positive view on longer term pricing. Thermal coal prices increased during the year and the short-term fundamentals are positive due to the limited exploration during the last five years and weak supply of premium thermal coal globally that has resulted in market tightness.

Authorised by

David Brown

Chief Executive Officer

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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. MCM's key projects include the Uitkomst Colliery (metallurgical coal), Makhado Project (coking and thermal coal). Vele Colliery (coking and thermal coal), and the Greater Soutpansberg Projects (MbeuYashu).

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 MCM's ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behaviour of other market participants. MCM 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.

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Statements of intention

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