



ANNOUNCEMENT

14 January 2019

PURCHASE OF KEY MAKHADO PROJECT SURFACE RIGHTS COMPLETED

MC Mining Limited ("MC Mining") is pleased to announce that its subsidiary, Baobab Mining & Exploration (Pty) Ltd ("Baobab"), has completed the previously announced transaction to acquire the Lukin and Salaita properties (the "Properties"), key surface rights required for its Makhado hard coking and thermal coal project ("Makhado Project" or "Makhado").

The purchase, first announced on 15 November 2018, was conditional upon the seller notifying and addressing any concerns regarding the transaction raised by the Limpopo Province regional land claims commissioner (the "Commissioner"). The Commissioner did not object to the transaction during the legislated 30-day notification period and the Deeds Office has subsequently processed the change of ownership, legally transferring the Properties to Baobab. The payment of the initial R35 million (\$2.5 million) tranche has now been made to the seller. The balance of the purchase price, being a further tranche of R35 million, will accrue interest at the South African prime interest rate (currently 10.25%) less 3.0% and is payable within three years, on 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 will result in Baobab receiving market related compensation and will 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.

David Brown, MC Mining's Chief Executive Officer commented:

"The acquisition of Lukin and Salaita completes the suite of surface rights required for our flagship Makhado Project and the initial tranche of the purchase price was settled using internal cash flows. The transaction will facilitate the commencement of the final geotechnical drilling and related studies required for the siting of the mine's infrastructure.

WEB WWW.MCMINING.CO.ZA

EMAIL ADMINZA@MCMINING.CO.ZA

AU Suite 8, 7 The Esplanade, Mount Pleasant, Perth WA 6153, Australia **Tel** +61 8 9316 9100 **Fax** +61 8 9316 5475
ZA South Block, Summercon Office Park, Corner Rockery Lane and Sunset Avenue Lonehill, 2191, South Africa **Tel** +27 10 003 8000 **Fax** +27 11 388 8333
Chairman Bernard R. Pryor **Chief Executive Officer** David H. Brown **Chief Financial Officer** Brenda Berlin
Non-executive directors Peter G. Cordin, Andrew D. Mifflin, Khomotso B. Mosehla, Thabo F. Mosololi, Shangren Ding, An Chee Sin, Brian He Zhen

In parallel, we continue to progress offtake negotiations for the balance of the Makhado coking and thermal coal as well as discussions with potential funders.”

AUTHORISED BY:

David Brown

Chief Executive Officer

For more information contact:

David Brown	Chief Executive Officer	MC Mining Limited	+27 10 003 8000
Brenda Berlin	Chief Financial Officer	MC Mining Limited	+27 10 003 8000
Tony Bevan	Company Secretary	Endeavour Corporate Services	+61 08 9316 9100

Company advisors:

Jos Simson/ Gareth Tredway	Financial PR (United Kingdom)	Tavistock	+44 20 7920 3150
Ross Allister/David McKeown	Nominated Adviser and Broker	Peel Hunt LLP	+44 20 7418 8900
Charmane Russell/Olwen Auret	Financial PR (South Africa)	R&A Strategic Communications	+27 11 880 3924

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 and thermal 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. MCM assumes no obligation and do not undertake any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required.

Statements of intention

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

Regulatory

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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