



ANNOUNCEMENT

30 July 2019

## REPORT FOR THE QUARTER ENDED 30 JUNE 2019

### MAKHADO PHASE 1 COAL OFF-TAKES AND DEBT FUNDING SECURED

MC Mining Limited (“**MC Mining**” or the “**Company**”) which operates in South Africa, together with its subsidiaries, hereby provides its update for the three months ended 30 June 2019, the final quarter (the “**Quarter**”) of the Company’s 2019 financial year. All figures are denominated in United States dollars unless otherwise stated<sup>1</sup>. Safety metrics are compared to the preceding quarter while financial and operational metrics are measured against the comparable period in the previous financial year. A copy of this report is available on the Company's website, [www.mcmining.co.za](http://www.mcmining.co.za).

#### Salient operational features

- The various safety initiatives completed at the high-grade Uitkomst metallurgical and thermal coal mine (“**Uitkomst Colliery**” or “**Uitkomst**”) yielded positive results and no lost-time injuries (“**LTIs**”) were recorded during the Quarter (FY2019 Q3: three LTIs);
- Revised mining cycles implemented earlier in CY2019 resulted in Uitkomst’s run of mine (“**ROM**”) coal production increasing from the March 2019 period’s 113,190 tonnes (“**t**”) to 121,742t for the Quarter, marginally lower than the comparable FY2018 Q4’s 123,771t;
- Sales of high-grade metallurgical and thermal coal derived from Uitkomst ROM coal were 75,643t (FY2018 Q4: 90,509t) with the comparative period’s sales tonnages which were elevated due to delays of sales in the March 2018 quarter which then took place in the June 2018 quarter;
- No sales of high-ash middlings product during the Quarter due to train schedule delays, with inventory of over 2,500t at Quarter-end railed to customers early in Q1 FY2020;
- During the Quarter Uitkomst received a premium above API4 thermal coal prices for its sized coal, resulting in average revenue per saleable tonne declining 27% to \$71/t (FY2018 Q4: \$97/t), a smaller decline than the 33% year-on-year reduction in the Richards Bay API4 export price;
- As expected, no coal was purchased from third parties due to supply contracts expiring in FY2018 (FY2018 Q4: 13,265t);

<sup>1</sup> A ZAR:US\$ exchange rate of R14.00:\$1.00 has been used to convert all Rand amounts included in this report

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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 H Zhen, Sebastiano Randazzo

- Conclusion of a hard coking coal (“**HCC**”) off-take agreement (the “**Agreement**”) with ArcelorMittal South Africa Limited (“**AMSA**”) for the annual purchase of 350,000t to 450,000t of HCC that will be produced at Phase 1 of the Makhado coking coal project (“**Makhado Project**” or “**Makhado**”);
- Thermal coal off-take agreement signed with one of the world’s largest producers and marketers of bulk commodities for the purchase of the Makhado Phase 1 by-product;
- Dismissal of appeals against the Makhado Project Environmental Authorisation (“**EA**”) amendments, facilitating the transport of coal by road rather than rail and reaffirming the project’s permitted status; and
- Vele semi-soft coking and thermal coal colliery (“**Vele Colliery**”) remained on care and maintenance during the Quarter but the Vele processing plant is expected to be refurbished and recommissioned as part of Phase 1 of the Makhado Project.

#### **Corporate and financial features**

- Premium HCC prices averaged \$202/t during the Quarter (FY2018 Q4: \$188/t) while API4 thermal coal prices declined from \$100/t in the comparable period to \$67/t due to reduced demand;
- Co-operation agreement signed with Haohua Energy International (Hong Kong) (“**HEI**”), aligning substantial shareholders’ threshold to appoint directors to the MC Mining board;
- Negotiated settlement of the full outstanding Mooiplaats thermal coal colliery (“**Mooiplaats Colliery**”) sale proceeds resulting in the receipt of \$4.1 million during the Quarter, contributing to the available cash at Quarter-end of \$8.7 million (\$4.7 million at the end of March 2019) with restricted cash of \$0.03 million; and
- Subsequent to the Quarter-end, the Company received approval by the Industrial Development Corporation of South Africa Limited (“**IDC**”) Credit Committee of a term loan facility of R245 million (\$17.5 million), which subject to finalisation of documentation, is the initial step in the composite debt and equity funding package for the construction of Phase 1 of the Makhado Project.

#### **David Brown, CEO commented:**

“The last three months of the 2019 financial year were very successful for the Company and included the signature of off-take agreements for the Makhado hard coking coal as well the thermal coal by-product. South Africa produces significant quantities of thermal coal but has very limited quantities of high-quality metallurgical coal and the off-take with the country’s largest steel producer will result in the majority of Makhado Phase 1’s coking coal being sold domestically, replacing some coal imports. The development of the Makhado Project will

make MC Mining the pre-eminent South African producer of hard coking coal which trades at a significant premium to thermal coal and is a key ingredient contributing to the manufacture of steel.

The long-term viability of Makhado's coking coal is supported by global steel demand that is expected to grow over the next ten years, with economic development and urbanisation driving increases in per capita steel usage. Makhado Phase 1 has an internal rate of return in excess 45%, generating significant near-term benefits for shareholders. The development of the next phase of the project is expected to yield approximately 1.7Mtpa of saleable coal, including 0.8Mtpa of hard coking coal once in production, with construction anticipated in *circa* CY2022 funding and coal market dependent.

The South African government's dismissal of the appeal against the Makhado EA amendment during the Quarter reinforces the robustness of the project's permitting processes while the off-take agreements reaffirmed the world-class quality of Makhado's coal and satisfied a key requirement for funders. During July 2019 the IDC's Credit Committee approved a term loan facility for Phase 1 of the Makhado Project. Discussions with potential equity funders for the balance of the Phase 1 funding are ongoing and we anticipate that this process will be completed in Q3 CY2019, with construction commencing later in the period.

The optimisation of mining cycles at Uitkomst Colliery implemented in the March 2019 quarter yielded positive results and ROM coal production is very similar to the coal mined in the comparative three-months. Studies for the north adit extension continued during the Quarter and the development thereof is dependent on the granting of the water use license and subject to regulatory approvals, the Company anticipates commencing in early CY2020."

## **QUARTERLY COMMENTARY**

### **Uitkomst Colliery – Utrecht Coalfields (70% owned)**

Safety continued to be a key focus at Uitkomst and the colliery recorded no LTIs during the Quarter (FY2019 Q3: three LTIs).

The re-organisation of underground mining operations via the implementation of alternative shift programmes during the March 2019 quarter yielded improved results and ROM coal production was similar to the comparable period in the previous financial year (121,742t vs 123,771t) while no ROM coal was purchased from third parties during the Quarter (FY2018 Q4: 13,265t) due to the expiry of a coal supply agreement in the prior year. The ROM coal generated high-grade metallurgical and thermal coal sales of 75,643t compared to 90,509t in the comparative quarter which were elevated due to the inclusion of some of March 2018 quarter sales that were

delayed as a result of rain preventing access to site. There were no sales of the high-ash middlings coal during the Quarter due to train scheduling and at the end of June 2019, Uitkomst had over 2,500t of this product on-hand (FY2018 Q4: 0t) which was sold in July 2019.

Uitkomst's revenue was adversely affected by continued pressure on international thermal coal prices during the Quarter and the average API4 coal price was 33% lower than the same period in the prior year (\$67/t vs \$100/t). The decline in coal prices was somewhat offset by the premium Uitkomst received for sized coal and the sales prices attained for this type of coal is expected to prevail for the remainder of CY2019.

|   | Quarter to end-<br>June 2019 | Quarter to end-<br>June 2018 | % ▲          |
|---|------------------------------|------------------------------|--------------|
| <b><i>Production tonnages</i></b>       |                              |                              |              |
| Uitkomst ROM (t)                        | 121 742                      | 123 771                      | (2%)         |
| Purchased ROM to blend (t)              | -                            | 13 265                       | (100%)       |
|   | <b>121 742</b>               | <b>137 036</b>               | <b>(11%)</b> |
| <b><i>Sales tonnages</i></b>            |                              |                              |              |
| Own ROM (t)                             | 75 643                       | 90 509                       | (16%)        |
| Purchased ROM to blend (t)              | -                            | 5 669                        | (100%)       |
|   | <b>75 643</b>                | <b>96 178</b>                | <b>(21%)</b> |
| <b><i>Quarter financial metrics</i></b> |                              |                              |              |
| Revenue/t (\$)                          | 70.87                        | 96.52                        | (27%)        |
| Revenue/t (ZAR)                         | 1 019                        | 1 223                        | (17%)        |
| Production cost/ROM tonnes (\$) ^       | 48.90                        | 48.00                        | 2%           |

^ costs are all South African Rand based

The Uitkomst Colliery has an estimated 15-years life-of-mine ("LOM") which includes the development of a north adit (horizontal shaft). The colliery awaits the granting of the Integrated Water Use License and anticipates that this will be granted in the near-term with development of the north adit commencing in early CY2020.

#### **Makhado Hard Coking Coal Project – Soutpansberg Coalfield (69% owned)**

The Makhado Project recorded no LTIs (FY2019 Q3: nil) during the Quarter.

Phase 1 of the Makhado Project entails the construction of the west pit and trucking of scalped and screened ROM coal to the existing, but to be modified Vele Colliery for final processing. The development of Phase 1 has a low capex requirement and a short construction phase, reducing the period for delivery of saleable coal to market while utilising previously tested road and rail infrastructure. The east and central pits will be developed in Phase 2, producing approximately 4Mtpa of ROM coal that will yield some 1.7Mtpa of saleable HCC and thermal coal.

Construction of the Phase 1 west pit and Vele Colliery plant modifications will occur simultaneously and take nine months to complete, followed by first coal sales in month ten. Phase 1 will generate an estimated 3Mtpa of ROM coal producing approximately 0.54Mtpa of HCC and 0.57Mtpa of a thermal coal by-product and the saleable coal will be transported to the Musina siding for rail to customers.

South Africa has a very limited production of high-quality metallurgical (coking) coal, resulting in AMSA and other coke producers having to import HCC for the manufacture of metallurgical coke, a key ingredient in the production of steel. The Agreement signed with AMSA during the Quarter reaffirms the quality of Makhado's HCC and sales prices are linked to a published, international US dollar denominated HCC index. The off-take will endure for the shorter of ten years or the Phase 1 LOM and AMSA will purchase between 350,000t and 450,000t of Phase 1 HCC annually.

MC Mining also concluded a coal Sale and Purchase Agreement for the Phase 1 thermal coal by-product during the Quarter. This off-take is with one of the world's largest producers and marketers of bulk commodities and sales prices are linked to the API4 price, expressed in US dollars.

The conclusion of the two off-take agreements allowed the Company to progress the composite debt/equity funding initiatives for Phase 1 and resulted in the July 2019 IDC Credit Committee approval of a R245 million (\$17.5 million) term loan facility to fund the construction of the project. The equity portion of the funding package is expected to be completed in Q3 CY2019.

The appeals against the Makhado EA amendments were dismissed during the Quarter, allowing for the transportation of coal to Musina by road rather than rail. These amendments were previously approved by the Department of Mineral Resources ("DMR") and Limpopo Department of Economic Development, Environment and Tourism and confirms the Makhado Project's permitted status.

#### **Vele Coking and Thermal Coal Colliery – Limpopo (Tuli) Coalfield (100% owned)**

The Vele Colliery remained on care and maintenance during the Quarter and no LTIs were recorded during the period (FY2019 Q3: nil).

There were no further developments to report during the Quarter and the Vele processing plant is expected to be refurbished and recommissioned as part of Phase 1 of the Makhado Project

#### **Greater Soutpansberg Project – Soutpansberg Coalfield (74% owned)**

The Greater Soutpansberg Project ("GSP") recorded no LTIs (FY2019 Q3: nil) during the Quarter.

The Chapudi, Mopane and Generaal Projects comprise MC Mining's longer-term coking and thermal GSP. The GSP contains over 6.3 billion gross tonnes in situ of inferred coal resources<sup>2</sup> and mining right applications for the three project areas were submitted to the DMR during 2013. The Chapudi Project mining right was granted in December 2018 and the Mopane and Generaal Project mining right applications are at an advanced stage. The Company continues to have regular interactions with the DMR and is hopeful that the granting thereof will occur in the near future.

## **Corporate**

### *HEI co-operation agreement*

During the Quarter the Company signed a new co-operation agreement with HEI, a wholly owned subsidiary of Shanghai-listed Beijing Haohua Energy Resource Co. Limited, the largest exporter of anthracite coal from China. The agreement facilitates a long-term, mutually beneficial strategic partnership and aligns HEI's threshold with other substantial shareholders eligible to have a board seat. Mr Shangren Ding is HEI's current representative and will remain on the board as their nominee and HEI will need to maintain an interest of at least 5.4% to have the right to nominate a director to the MC Mining board.

### *Mooiplaats disposal proceeds*

The Company agreed to the sale of the Mooiplaats Colliery during Q4 CY2017 for a total sale price of R179.9 million (\$12.9 million) and the initial sale proceeds of R67.0 million (\$4.8 million) were received. The balance of the purchase price of R112.9 million (\$8.1 million) was due to be paid in ten equal quarterly instalments and the first three of these instalments were subsequently received. The significant decline in global thermal coal prices during the last six months resulted in MC Mining de-risking the remaining instalments and negotiating early settlement of the outstanding balance, resulting in the Company receiving \$4.1 million during the Quarter, a 12% discount on the purchase price.

## **Markets**

Continued tight global metallurgical coal supply resulted in average premium HCC prices of \$202/t during the Quarter (FY2018 Q4: \$188/t) and based on market fundamentals, long-term forecasts continue to reflect favourable pricing. API4 thermal coal prices remain under pressure and average prices reduced from FY2018 Q4's \$100/t to \$67/t during the Quarter as a result of subdued demand in parts of the northern hemisphere as

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<sup>2</sup> The GSP independent Competent Persons Report can be found on the Company's website: <http://www.mcmining.co.za/our-business/projects/gsp-mbeu-yashu>

well as competition from the increased supply of 'cheaper' liquefied natural gas, also used as a bulk energy source.

Authorised by  
**David Brown**  
**Chief Executive Officer**

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

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Investec Bank Limited is the nominated JSE Sponsor

**About MC Mining Limited:**

MC Mining is an AIM/ASX/JSE listed coal exploration, development and mining company operating in South Africa. MC Mining's key projects include the Uitkomst Colliery (metallurgical coal), Makhado Project (coking and thermal coal). Vele Colliery (coking and thermal coal), and the Greater Soutpansberg Projects (coking and thermal coal).

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**Forward-Looking Statements**

This Announcement, including information included or incorporated by reference in this Announcement, may contain "forward-looking statements" concerning MC Mining that are subject to risks and uncertainties. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond MC Mining's ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behaviour of other market participants. MC Mining cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward looking statements. MC Mining assumes no obligation and 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.

MC Mining has ensured that the mineral resources quoted are subject to good governance arrangements and internal control. The Company has engaged external independent consultants to update the mineral resource in accordance with the JORC Code 2012 and SAMREC 2016. The units of measure in this report are metric, with Tonnes (t) = 1,000kg. Technical information that requires subsequent calculations to derive subtotals, totals and weighted averages may involve a degree of rounding and consequently introduce an error. Where such errors occur MC Mining does not consider them to be material.

#### Coal Resources completed for the Greater Soutpansberg Project - Mineral Resources:

MC Mining completed a review and update to its Mineral Resource for the GSP during 2017. The review and verification was undertaken by Venmyn Deloitte (Pty) Ltd, commissioned to prepare an Independent Competent Persons report in accordance with the AIM Rules. The Coal Resources for the GSP assets were estimated and signed-off by MC Mining's Competent Person, Mr J Sparrow (Pr.Sci.Nat.), MC Mining's Group Geologist.



**Tenements held by MC Mining and its Controlled Entities**

| <b>Project Name</b> | <b>Tenement Number</b>  | <b>Location</b> | <b>Interest</b> | <b>Change during Quarter</b> |
|---------------------|---|-----------------|-----------------|------------------------------|
| Chapudi Project*    | Albert 686 MS   | Limpopo~        | 74%             |                              |
|                     | Bergwater 712 MS  |                 | 74%             |                              |
|                     | Remaining Extent and Portion 2 of Bergwater 697 MS  |                 | 74%             |                              |
|                     | Blackstone Edge 705 MS  |                 | 74%             |                              |
|                     | Remaining Extent & Portion 1 of Bluebell 480 MS   |                 | 74%             |                              |
|                     | Remaining Extent & Portion 1 of Bushy Rise 702 MS   |                 | 74%             |                              |
|                     | Castle Koppies 652 MS   |                 | 74%             |                              |
|                     | Chapudi 752 MS  |                 | 74%             |                              |
|                     | Remaining Extent, Portions 1, 3 & 4 of Coniston 699 MS  |                 | 74%             |                              |
|                     | Driehoek 631 MS   |                 | 74%             |                              |
|                     | Remaining Extent of Dorps-rivier 696 MS   |                 | 74%             |                              |
|                     | Enfield 512 MS (consolidation of Remaining Extent of Enfield 474 MS, Brosdoorn 682 MS & Remaining Extent of Grootvlei 684 MS)   |                 | 74%             |                              |
|                     | Remaining Extent and Portion 1 of Grootboomen 476 MS  |                 | 74%             |                              |
|                     | Grootvlei 684 MS  |                 | 74%             |                              |
|                     | Kalkbult 709 MS   |                 | 74%             |                              |
|                     | Remaining Extent, Remaining Extent of Portion 2, Remaining Extent of Portion 3, Portions 1, 4, 5, 6, 7 & 8 of Kliprivier 692 MS |                 | 74%             |                              |
|                     | Remaining Extent of Koodoobult 664 MS   |                 | 74%             |                              |
|                     | Koschade 657 MS (Was Mapani Kop 656 MS)   |                 | 74%             |                              |
|                     | Malapchani 659 MS   |                 | 74%             |                              |
|                     | Mapani Ridge 660 MS   |                 | 74%             |                              |
|                     | Melrose 469 MS  |                 | 74%             |                              |
|                     | Middelfontein 683 MS  |                 | 74%             |                              |
|                     | Mountain View 706 MS  |                 | 74%             |                              |
|                     | M'tamba Vlei 654 MS   |                 | 74%             |                              |
|                     | Remaining Extent & Portion 1 of Pienaar 635 MS  |                 | 74%             |                              |
|                     | Remaining Extent & Portion 1 of Prince's Hill 704 MS  |                 | 74%             |                              |
|                     | Qualipan 655 MS   |                 | 74%             |                              |
|                     | Queensdale 707 MS   |                 | 74%             |                              |
|                     | Remaining Extent & Portion 1 of Ridge End 662 MS  |                 | 74%             |                              |
|                     | Remaining Extent & Portion 1 of Rochdale 700 MS   |                 | 74%             |                              |
|                     | Sandilands 708 MS   |                 | 74%             |                              |
|                     | Portions 1 & 2 of Sandpan 687 MS  |                 | 74%             |                              |
|                     | Sandstone Edge 658 MS   |                 | 74%             |                              |
|                     | Remaining Extent of Portions 2 & 3 of Sterkstroom 689 MS  |                 | 74%             |                              |
|                     | Sutherland 693 MS   |                 | 74%             |                              |
|                     | Remaining Extent & Portion 1 of Varkfontein 671 MS  |                 | 74%             |                              |
|                     | Remaining Extent, Portion 2, Remaining Extent of Portion 1 of Vastval 477 MS  |                 | 74%             |                              |
|                     | Vleifontein 691 MS  |                 | 74%             |                              |

| Project Name       | Tenement Number   | Location    | Interest | Change during Quarter |
|--------------------|---|-------------|----------|-----------------------|
|                    | Ptn 3, 4, 5 & 6 of Waterpoort 695 MS                    |             | 74%      |                       |
|                    | Wildebeesthoek 661 MS                                   |             | 74%      |                       |
|                    | Woodlands 701 MS  |             | 74%      |                       |
| Kanowna            | M27/41  | Coolgardie^ | 2.99%    |                       |
| West and           | M27/47  |             | 2.99%    |                       |
| Kalbara            | M27/59  |             | 2.99%    |                       |
|                    | M27/72,27/73  |             | 2.99%    |                       |
|                    | M27/114   |             | 2.99%    |                       |
|                    | M27/181   |             | 7.24%    |                       |
|                    | M27/196   |             | 2.99%    |                       |
|                    | M27/414,27/415  |             | 2.99%    |                       |
|                    | P27/1826-1829   |             | 2.99%    |                       |
|                    | P27/1830-1842   |             | 2.99%    |                       |
|                    | P27/1887  |             | 2.99%    |                       |
| Abbotshall Royalty | ML63/409,410  | Norseman^   | Royalty  |                       |
| Kookynie Royalty   | ML40/061  | Leonora^    | Royalty  |                       |
|                    | ML40/135,136  |             | Royalty  |                       |
| Makhado Project    | Fripp 645 MS  | Limpopo~    | 69%#     |                       |
|                    | Lukin 643 MS  |             | 69%#     |                       |
|                    | Mutamba 668 MS  |             | 69%#     |                       |
|                    | Salaita 188 MT  |             | 69%#     |                       |
|                    | Tanga 849 MS  |             | 69%#     |                       |
|                    | Daru 848 MS   |             | 69%#     |                       |
|                    | Windhoek 847 MS   |             | 69%#     |                       |
| Generaal Project*  | Beck 568 MS--   | Limpopo~    | 74%      |                       |
|                    | Bekaf 650 MS-   |             | 74%      |                       |
|                    | Remaining Extent & Portion 1 of Boas 642 MS-            |             | 74%      |                       |
|                    | Chase 576 MS-   |             | 74%      |                       |
|                    | Coen Britz 646 MS-                                      |             | 74%      |                       |
|                    | Fanie 578 MS-   |             | 74%      |                       |
|                    | Portions 1, 2 and Remaining Extent of Generaal 587 MS-  |             | 74%      |                       |
|                    | Joffre 584 MS-  |             | 74%      |                       |
|                    | Juliana 647 MS  |             | 74%      |                       |
|                    | Kleinenberg 636 MS-                                     |             | 74%      |                       |
|                    | Remaining Extent of Maseri Pan 520 MS-                  |             | 74%      |                       |
|                    | Remaining Extent and Portion 2 of Mount Stuart 153 MT-- |             | 100%     |                       |
|                    | Nakab 184 MT--  |             | 100%     |                       |
|                    | Phantom 640 MS--  |             | 74%      |                       |
|                    | Riet 182 MT--   |             | 100%     |                       |
|                    | Rissik 637 MS-  |             | 100%     |                       |
|                    | Schuitdrift 179 MT-                                     |             | 100%     |                       |
|                    | Septimus 156 MT--                                       |             | 100%     |                       |
|                    | Solitude 111 MT-  |             | 74%      |                       |
|                    | Stayt 183 MT--  |             | 100%     |                       |
|                    | Remaining Extent & Portion 1 of Terblanche 155 MT--     |             | 100%     |                       |
|                    | Van Deventer 641 MS-                                    |             | 74%      |                       |
|                    | Wildgoose 577 MS-                                       |             | 74%      |                       |

| Project Name                    | Tenement Number  | Location       | Interest | Change during Quarter |
|---------------------------------|--|----------------|----------|-----------------------|
| Mopane Project*                 | Ancaster 501 MS--  | Limpopo~       | 100%     |                       |
|                                 | Banff 502 MS-  |                | 74%      |                       |
|                                 | Bierman 599 MS-  |                | 74%      |                       |
|                                 | Cavan 508 MS   |                | 100%     |                       |
|                                 | Cohen 591 MS--   |                | 100%     |                       |
|                                 | Remaining Extent, Portions 1 & 2 of Delft 499 MS-  |                | 74%      |                       |
|                                 | Dreyer 526 MS--  |                | 74%      |                       |
|                                 | Remaining Extent of Du Toit 563 MS-  |                | 74%      |                       |
|                                 | Faure 562 MS   |                | 74%      |                       |
|                                 | Remaining Extent and Portion 1 of Goosen 530 MS  |                | 74%      |                       |
|                                 | --   |                |          |                       |
|                                 | Hermanus 533 MS-   |                | 74%      |                       |
|                                 | Jutland 536 MS--   |                | 100%     |                       |
|                                 | Krige 495 MS-  |                | 74%      |                       |
|                                 | Mons 557 MS-   |                | 100%     |                       |
|                                 | Remaining Extent of Otto 560 MS (Now Honeymoon)-   |                | 74%      |                       |
|                                 | Remaining Extent & Portion 1 of Pretorius 531 MS-  |                | 74%      |                       |
|                                 | Schalk 542 MS-   |                | 74%      |                       |
|                                 | Stubbs 558 MS-   |                | 100%     |                       |
|                                 | Ursa Minor 551 MS--  |                | 74%      |                       |
|                                 | Van Heerden 519 MS--   |                | 74%      |                       |
|                                 | Portions 1, 3, 4, 5, 6, 7, 8, 9, Remaining Extent of Portion 10, Portions 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 29, 30, 35, 36, 37, 38, 39, 40, 41, 44, 45, 46, 48, 49, 50, 51, 52 & 54 of Vera 815 MS |                | 74%      |                       |
|                                 | Remaining Extent of Verdun 535 MS-   |                | 74%      |                       |
|                                 | Voorburg 503 MS—   |                | 100%     |                       |
|                                 | Scheveningen 500 MS-   |                | 74%      |                       |
| Uitkomst Colliery and prospects | Portion 3 (of 2) of Kweekspruit No. 22   | KwaZulu-Natal~ | 70%      |                       |
|                                 | Portion 8 (of 1) of Kweekspruit No. 22   |                | 70%      |                       |
|                                 | Remainder of Portion 1 of Uitkomst No. 95  |                | 70%      |                       |
|                                 | Portion 5 (of 2) of Uitkomst No. 95  |                | 70%      |                       |
|                                 | Remainder Portion1 of Vaalbank No. 103   |                | 70%      |                       |
|                                 | Portion 4 (of 1) of Vaalbank No. 103   |                | 70%      |                       |
|                                 | Portion 5 (of 1) of Vaalbank No. 103   |                | 70%      |                       |
|                                 | Remainder of Portion 1 of Rustverwacht No. 151   |                | 70%      |                       |
|                                 | Remainder of Portion 2 of Rustverwacht No. 151   |                | 70%      |                       |
|                                 | Remainder of Portion 3 (of 1) of Rustverwacht No. 151  |                | 70%      |                       |
|                                 | Portion 4 (of 1) Rustverwacht No.151   |                | 70%      |                       |
|                                 | Portion 5 (of 1) Rustverwacht No. 151  |                | 70%      |                       |
|                                 | Remainder of Portion 6 (of 1) of Rustverwacht No. 151  |                | 70%      |                       |
|                                 | Portion 7 (of 1) of Rustverwacht No. 151   |                | 70%      |                       |
|                                 | Portion 8 (of 2) of Rustverwacht No. 151   |                | 70%      |                       |
|                                 | Remainder of Portion 9 (of 2) of Rustverwacht No. 151  |                | 70%      |                       |
|                                 | Portion 11 (of 6) of Rustverwacht No. 151  |                | 70%      |                       |
|                                 | Portion 12 (of 9) of Rustverwacht No. 151  |                | 70%      |                       |

| Project Name                | Tenement Number  | Location | Interest | Change during Quarter |
|-----------------------------|--|----------|----------|-----------------------|
|                             | Portion 13 (of 2) of Rustverwacht No. 151  |          | 70%      |                       |
|                             | Portion 14 (of 2) of Rustverwacht No. 151  |          | 70%      |                       |
|                             | Portion 15 (of 3) of Rustverwacht No. 151  |          | 70%      |                       |
|                             | Portion 16 (of 3) of Rustverwacht No. 151  |          | 70%      |                       |
|                             | Portion 17 (of 2) of Rustverwacht No. 151  |          | 70%      |                       |
|                             | Portion 18 (of 3) of Waterval No. 157  |          | 70%      |                       |
|                             | Remainder of Portion 1 of Klipspruit No. 178   |          | 70%      |                       |
|                             | Remainder of Portion 4 of Klipspruit No. 178   |          | 70%      |                       |
|                             | Remainder of Portion 5 of Klipspruit No. 178   |          | 70%      |                       |
|                             | Portion 6 of Klipspruit No. 178  |          | 70%      |                       |
|                             | Portion 7 (of 1) of Klipspruit No. 178   |          | 70%      |                       |
|                             | Portion 8 (of 1) of Klipspruit No. 178   |          | 70%      |                       |
|                             | Portion 9 of Klipspruit No. 178  |          | 70%      |                       |
|                             | Remainder of Portion 10 (of 5) of Klipspruit No. 178   |          | 70%      |                       |
|                             | Portion 11 (of 5) of Klipspruit No. 178  |          | 70%      |                       |
|                             | Portion 13 (of 4) of Klipspruit No. 178  |          | 70%      |                       |
|                             | Remainder of Portion 14 of Klipspruit No. 178  |          | 70%      |                       |
|                             | Portion 16 (of 14) of Klipspruit No. 178   |          | 70%      |                       |
|                             | Portion 18 of Klipspruit No. 178   |          | 70%      |                       |
|                             | Portion 23 of Klipspruit No. 178   |          | 70%      |                       |
|                             | Remainder of Portion 1 of Jackalsdraai No. 299   |          | 70%      |                       |
|                             | Remainder of Jericho B No. 400   |          | 70%      |                       |
|                             | Portion 1 of Jericho B No. 400   |          | 70%      |                       |
|                             | Portion 2 of Jericho B No. 400   |          | 70%      |                       |
|                             | Portion 3 of Jericho B No. 400   |          | 70%      |                       |
|                             | Remainder of Jericho C No. 413   |          | 70%      |                       |
|                             | Portion 1 of Jericho C No. 413   |          | 70%      |                       |
|                             | Remainder of Portion 1 of Jericho A No. 414  |          | 70%      |                       |
|                             | Remainder of Portion 2 (of 1) of Jericho A No. 414   |          | 70%      |                       |
|                             | Portion 3 (of 1) of Jericho A No. 414  |          | 70%      |                       |
|                             | Portion 4 (of 1) of Jericho A No. 414  |          | 70%      |                       |
|                             | Portion 5 (of 2) of Jericho A No. 414  |          | 70%      |                       |
|                             | Portion 6 (of 1) of Jericho A No. 414  |          | 70%      |                       |
|                             | Margin No. 420   |          | 70%      |                       |
| Vele Colliery and prospects | Portions of Overvlakte 125 MS (Remaining Extent, 3, 4, 5, 6, 13, 14)                         | Limpopo~ | 100%     |                       |
|                             | Bergen Op Zoom 124 MS  |          | 100%     |                       |
|                             | Semple 155 MS  |          | 100%     |                       |
|                             | Voorspoed 836 MS   |          | 100%     |                       |
|                             | Alyth 837 MS   |          | 100%     |                       |
| Tshikunda                   | Certain portions of Unsurveyed State Land known as Mutale                                    | Limpopo~ | 60%      |                       |
| *                           | Form part of the Greater Soutpansberg Projects   |          |          |                       |
| -                           | Lapsed – Mining Right Application Lodged   |          |          |                       |
| --                          | Valid – Mining Right Application Lodged  |          |          |                       |
| ~                           | Tenement located in the Republic of South Africa   |          |          |                       |
| ^                           | Tenement located in Australia  |          |          |                       |
| #                           | MC Mining's interest will reduce to 69% on completion of the 26% Broad Based BEE transaction |          |          |                       |