



ANNOUNCEMENT

21 July 2020

CONDITION SATISFIED FOR THE DRAW DOWN OF THE IDC LOAN

Further to the announcement published on 6 July 2020, MC Mining Limited ("**MC Mining**" or the "**Company**") is pleased to confirm the satisfaction of the condition in the restructured loan agreement (the "**Agreement**") with the Industrial Development Corporation of South Africa Limited ("**IDC**"). This condition required the Company to secure commitments for the issue of new equity ("**New Equity**"), for a collective R15.0 million (\$0.9 million*). In terms of the Agreement, the Company will now draw down R40 million (\$2.4 million). These funds will be used to advance the Makhado hard coking coal project ("**Makhado Project**" or "**Makhado**") and for general working capital.

The New Equity will be issued at an agreed price of 105.56 SA cents/ 6.27 pence (United Kingdom), a 9% discount to MC Mining's closing share price on Friday 17 July 2020. This will result in the issue of approximately 14.2 million new ordinary shares in the Company. The IDC will receive an estimated 1.1 million warrants, equating to 0.8% of MC Mining's issued shares, and its direct participation in the Makhado Project will increase from 5% to 6.7%. The New Equity will be issued following South African Reserve Bank approval, necessary for certain tranches of the new MC Mining shares. Reserve Bank approval is an administrative step and the approval is anticipated in early August 2020 and a further announcement confirming the exact number of shares and warrants and date of admission to trading on the ASX, AIM and the JSE will be made at that point.

The Company previously secured a R245 million (\$14.4 million) loan facility from the IDC. This is the initial step in the R535 million (\$31.5 million) composite debt/equity funding package to develop Phase 1 of Makhado. MC Mining is in advanced discussions for the balance of the funding required and construction is anticipated to commence in Q4 CY2020/Q1 CY2021. Phase 1 has a nine-year life-of-mine and is forecast to produce 540,000 tonnes ("t") of hard coking coal annually as well as 570,000t of an export quality thermal coal by-product.

Brenda Berlin, MC Mining's Acting CEO, commented: "The issue of the New Equity to existing and new shareholders underlines the robust fundamentals and compelling returns of the

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Non-executive directors Andrew D Mifflin, Khomotso B. Mosehla, Shangren Ding, An Chee Sin, Brian H Zhen, Sebastiano Randazzo

Makhado Project. This is a further significant step for MC Mining and we will now focus on securing the balance of the Phase 1 funding, delayed by the COVID-19 lockdown. The Company will also continue negotiations to defer the November 2020 repayment of existing debt owing to the IDC until the Makhado Project is generating positive cash flows.”

Brenda Berlin

Acting Chief Executive Officer

This announcement has been approved by the Company’s Disclosure Committee.

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

* All figures are in South African rand or United States dollars unless otherwise stated.

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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 (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 the 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.

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.