



ANNOUNCEMENT

30 November 2020

IDC LOAN UPDATE

MC Mining Limited ("**MC Mining**" or the "**Company**") announces an update regarding the proposed extension of its loan facilities with the Industrial Development Corporation of South Africa Limited ("**IDC**"), which were provided to develop the Company's flagship, fully permitted Makhado hard coking coal project ("**Makhado Project**" or "**Makhado**").

Makhado has a life of mine in excess of 46 years and robust fundamentals, resulting in compelling economics. The phased development of Makhado is expected to deliver positive returns for shareholders and will position MC Mining as South Africa's pre-eminent hard coking coal producer. The Company has made significant progress securing the funds required to construct Phase 1, that would create more than 650 direct, permanent job opportunities and reduce the volumes of hard coking coal currently imported into South Africa.

In March 2017, the Company secured a R240 million (\$15.5 million) facility ("**Initial IDC Facility**") from the IDC. The Company utilised R120 million (\$7.7 million) ("**First Drawdown**") of this facility to develop Makhado, including progressing the project to fully permitted status and completing the acquisition of the surface rights required for the mining area. During August 2020, the Company and the IDC agreed to restructure the balance of the Initial IDC Facility and MC Mining drew down R40 million (\$2.6 million) ("**Second Drawdown**") and agreed to cancel the balance of the Initial IDC Facility. The First and Second Drawdowns resulted in the IDC becoming a 6.7% shareholder in the Makhado Project.

The Initial Drawdown and the Second Drawdown plus accrued interest are due for repayment by 30 November 2020. The Company has submitted a formal application to extend the repayment period and the IDC has acknowledged this application. The IDC supports the development of Makhado and negotiations between the parties are ongoing to align the repayment of the First Drawdown with the positive cash flows generated by the project, whilst repaying the Second Drawdown from the proceeds raised to construct Phase 1. MC Mining is confident that a satisfactory position can be reached with the IDC. In the unlikely event that the parties cannot reach agreement on further deferment terms,

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Chairman Bernard R. Pryor **Acting CEO** Brenda Berlin

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

the financing documentation allows for the debt to be converted into equity. A further announcement will be made in due course.

Phase 1 comprises the construction of the Makhado west pit and modifications to the existing Vele Colliery processing plant to process the screened and scalped Makhado run-of-mine coal. The total funding required is approximately R575 million (\$37.1 million), including the repayment of the Second Drawdown. MC Mining previously secured a conditional R245 million (\$15.8 million) term loan facility from the IDC, the initial step in the composite Phase 1 debt/equity funding process. As previously announced, the Company has also secured in-principle agreements with various other parties for a further R200 million (\$12.9 million) for Phase 1 that are subject to agreement of final documentation. It is also in significantly advanced discussions with potential equity funders for the remaining R130 million (\$8.4 million) and anticipates that these will be finalised during Q1 CY2021.

Brenda Berlin, Acting CEO commented:

“The IDC is supportive of the development of Makhado and the funding advanced under the First and Second Drawdowns was utilised to fund pre-project activities, including securing the numerous regulatory licences and approvals. The Company has progressed initiatives to secure the funding for the construction of Phase 1 and anticipates that these will be completed in Q1 CY2021. A nine-month construction period will follow, with first coal sales in H1 CY2022. The development of the Makhado Project is supported by favourable long-term hard coking coal markets and forecast growth in worldwide steel demand, driven by global economic development and urbanisation. Phase 1 has an internal rate of return in excess of 40% and a payback of less than 2.5 years.”

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. MCMining's key projects include the Uitkomst Colliery (metallurgical and thermal coal), Makhado Project (hard coking coal). Vele Colliery (semi-soft coking and thermal 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.

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.