



ANNOUNCEMENT

6 July 2020

RESTRUCTURING OF THE CURRENT IDC LOAN

MC Mining Limited ("**MC Mining**" or the "**Company**") is pleased to announce the conclusion of a conditional loan restructuring agreement (the "**Agreement**") with the Industrial Development Corporation of South Africa Limited ("**IDC**"). The Agreement also includes the Company's subsidiary, Baobab Mining and Exploration Proprietary Limited ("**Baobab**"), the owner of the Makhado hard coking coal project ("**Makhado Project**" or "**Makhado**").

The Company secured a R240 million (\$13.7 million*) loan facility (the "**Initial IDC Facility**") from the IDC in March 2017. This facility was granted to develop the Makhado Project and resulted in the IDC becoming a 5% shareholder in Baobab and also receiving warrants equating to 2.5% of the Company's issued share capital. MC Mining previously utilized R120 million (\$6.9 million) (the "**First Tranche**") of the Initial IDC Facility to develop Makhado, including progressing the project to fully permitted status and completing the acquisition of the surface rights required for the Makhado mining area. The balance of R120 million (\$6.9 million) remained undrawn ("**Second Tranche**").

Phase 1 of the Makhado Project 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. The project has robust fundamentals that generate compelling returns. As previously announced, the Company is in advanced discussions to secure R535million (\$30.6 million), being the capital and working capital required to construct Phase 1. Significant progress was made prior to the March 2020 COVID-19 lockdown, including the conclusion of a further R245 million (\$14.0 million) loan facility ("**Phase 1 Loan Facility**") from the IDC, the initial step in the Phase 1 composite debt/equity funding package.

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

One of the conditions precedent to the Phase 1 Loan Facility was that the Company would agree to cancel the undrawn Second Tranche of the Initial IDC Facility. The IDC has now agreed that the Company may drawdown R40 million (\$2.3 million) of the Second Tranche and the Phase 1 Loan Facility can still form part of the composite Makhado Phase 1 funding package provided the R40 million is repaid prior to 30 November 2020. In addition, the Agreement delays repayment of the First Tranche, plus accrued interest, until November 2020. The drawdown of the R40 million under the Agreement will result in the IDC's participation in the Makhado Project increasing by a further 1.7% interest in Baobab (taking their total project level interest to 6.7%) and the award of warrants equating to 0.8% of MC Mining's issued shares. The Agreement is conditional upon the Company raising R15.0 million (\$0.9 million) in the form of new equity and the Company is actively speaking to shareholders and prospective new investors in order to secure this investment.

Brenda Berlin, MC Mining's Acting CEO, commented: "The Company made significant progress in securing the capital required for Phase 1 prior to the COVID-19 lockdown. The execution of the complete Phase 1 composite funding package was delayed due to COVID-19 and the restructuring of the Initial IDC Facility pursuant to the Agreement gives the Company the time it needs to conclude the funding process. The restructuring also delays the repayment of the First Tranche and negotiations are ongoing to align this payment with the positive cash flows generated by Makhado.

We have initiated discussions to raise the \$0.9 million in equity and positive feedback has already been received for a significant portion. The debt restructuring is expected to be completed during July/ August 2020 while the process to secure the balance of the Phase 1 funding continues. We anticipate that this will be completed during H2 CY2020, with commencement of the nine-month construction period soon thereafter."

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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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 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.