

**MCMining**  
LIMITED

## **INTERIM RESULTS** **for the six months ended** **31 December 2019**

13 March 2020

**Brenda Berlin**  
*Chief Executive Officer*  
[brenda.berlin@mcmining.co.za](mailto:brenda.berlin@mcmining.co.za)

**Cobus Bronn**  
*Head of Operations*  
[cobus.bronn@mcmining.co.za](mailto:cobus.bronn@mcmining.co.za)

# DISCLAIMER

THESE PRESENTATION MATERIALS (THE "PRESENTATION MATERIALS") ARE FOR INFORMATION PURPOSES ONLY AND DO NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THE PRESENTATION MATERIALS NOR ANYTHING CONTAINED THEREIN NOR THE FACT OF THEIR DISTRIBUTION SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS ANY INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER.

The Presentation Materials are being provided for the sole purpose of providing background financial and other information to enable recipients to review the business activities of MC Mining Limited ("the Company"). The Presentation Materials are thus by their nature limited in scope and are not intended to provide all available information regarding the Company. The Presentation Materials are not intended as an offer, invitation, solicitation, or recommendation with respect to the purchase or sale of any securities. The Presentation Materials should not be relied upon as a representation of any matter that a potential investor should consider in evaluating the Company. Nothing in these Presentation Materials will form the basis of any contract or commitment whatsoever.

None of the Company, its affiliates, subsidiaries, directors, agents, officers, advisers or employees make any representation or warranty, express or implied, as to or endorsement of, the accuracy or completeness of any information, statements, representations or forecasts contained in the Presentation Materials, nor do they accept any liability or responsibility for any statement made in, or omitted from, the Presentation Materials. The Company accepts no obligation to correct or update anything in the Presentation Materials.

No responsibility or liability is accepted in relation to the Presentation Materials and any and all responsibility and liability is expressly disclaimed by the Company and its affiliates, subsidiaries, directors, agents, officers, advisers and employees for any errors, misstatements, misrepresentations in or omissions from the Presentation Materials.

Any statements, estimates, forecasts or projections with respect to the future performance of the Company and/or its subsidiaries contained in the Presentation Materials are based on subjective assumptions made by the Company's management and about circumstances and events that have not yet taken place. Such statements, estimates, forecasts and projections involve significant elements of subjective judgement and analysis which, whilst reasonably formulated, cannot be guaranteed to occur. Accordingly, no representations are made by the Company or its affiliates, subsidiaries, directors, officers, agents, advisers or employees as to the accuracy of such information; such

statements, estimates, forecasts and projections should not be relied upon as indicative of future value or as a guarantee of value or future results; and there can be no assurance that the projected results will be achieved.

Unless specified otherwise, all expressions of opinion and belief contained within these Presentation Materials are opinions held by the management of the Company. Without prejudice to any of the foregoing, no representation or warranty is given by the Company or any other person as to the achievement or reasonableness of any projections, management estimates, prospects or returns or any of the underlying assumptions upon which they are based.

Prospective investors should make their own independent evaluation of an investment in the Company.

Nothing in the Presentation Materials should be construed as financial product advice, whether personal or general, for the purposes of section 766B of the Corporations Act 2001 (Cth). The Presentation Materials consists purely of factual information and do not involve or imply a recommendation or a statement of opinion in respect of whether to buy, sell or hold a financial product. The Presentation Materials does not take into account the objectives, financial situation or needs of any person, and independent personal advice should be obtained.

The Presentation Materials do not contain or represent an offer of Shares or an invitation to apply for Shares in the Company. If the Company wishes to offer Shares or to invite an application for the Shares, it will do so by means of a personal offer to a person who falls within one of the exceptions set out in section 708(8) (a) or (b) and section 708(11) of the Corporations Act 2001 (Cth) or an offer in a jurisdiction outside of Australia where permitted by law. By receiving the Presentation Materials the recipient represents and warrants that the recipient does not need to be given a disclosure document under Chapter 6D of the Corporations Act 2001 (Cth) to lawfully receive the Presentation Materials or an offer to acquire Securities.

Neither the Presentation Materials, nor any copy of them, may be taken or transmitted into the United States of America, Canada or Japan or into any jurisdiction where it would be unlawful to do so ("Prohibited Territory"). Any failure to comply with this restriction may constitute a violation of relevant local securities laws.

The Presentation Materials are being issued on a strictly private and confidential basis and solely to and directed at, in the case of recipients in the United Kingdom: (i) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high net worth entities falling within article 49(2)(a) to (d) of the Order; and (iii) persons to whom it is otherwise lawful to distribute it under an exemption in the Order. The contents of these Presentation Materials have not been approved by a person authorised under the Financial Services and Markets Act 2000 ("FSMA"). Any investment to which this document relates is available to (and any investment activity to which it relates will be engaged with) only those categories of persons described above. It is a condition of your receiving this document or attending this presentation that you represent, and you warrant and undertake to the Company that:

- i. you fall within one of the categories of persons described above;
- ii. you have read, agree to and will comply with the terms of this disclaimer;
- iii. you will conduct your own analyses or other verification of the data set out in the Presentation Materials and will bear the responsibility for all or any costs incurred in doing so;
- iv. you are not resident in, or a citizen of, a Prohibited Territory; and
- v. you will not forward, reproduce or otherwise disclose the contents of this document to any person in contravention of FSMA or any other applicable law or regulation or to any person in a Prohibited Territory.



# DISCLAIMER

The Presentation Materials are being issued on a strictly private and confidential basis and solely to and directed at, in the case of recipients in South Africa, persons who are sophisticated investors who fall within the ambit of section 96(1)(a) of the South African Companies Act, No. 71 of 2008 (the "South African Companies Act"), which prescribes that an offer is not an offer to the public if the offer is made only to:

persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; the Public Investment Corporation as defined in the Public Investment Corporation Act, 2004 (Act No. 23 of 2004); a person or entity regulated by the Reserve Bank of South Africa; an authorised financial services provider, as defined in the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002); a financial institution, as defined in the Financial Services Board Act, 1990 (Act No. 97 of 1990); a wholly owned subsidiary of a person contemplated in sub-paragraph (iii), (iv) or (v), acting as agent in the capacity of an authorised portfolio manager for a pension fund registered in terms of the Pension Funds Act, 1956 (Act No. 24 of 1956) or as a manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002); or any combination of persons contemplated in paragraphs (i) to (vi)

Should the offer fall within the ambit of section 96(1)(a) or 96(1)(b) of the South African Companies Act, the offer does not constitute an offer to the public. It is accordingly a condition of your receiving this document or attending this presentation that you represent, and warrant and undertake to the Company that:

you fall within either section 96(1)(a) or 96(1)(b) of the South African Companies Act; you have read, agreed to and will comply with the terms of this disclaimer; and you will not forward, reproduce or otherwise disclose the contents of this document to any person in contravention of the provisions of the South African Companies Act or any other applicable law or regulation or to any persons in a Prohibited Territory.

Nothing in the Presentation Materials should be viewed, or construed, as "advice" as that term is used in the South African Financial Markets Act No 19 of 2012 and/or the South African Financial Advisory and Intermediary Services Act No 37 of 2002 ("FAIS") nor should it be construed as constituting the canvassing for, or marketing or advertising of financial services in South Africa as contemplated in FAIS.

The right of any entity or individual who is a South African resident, to participate in the placing contemplated in the Presentation Materials is subject to such resident having obtained, all necessary exchange control approvals pursuant to the South African Exchange Control Regulations, 1961, promulgated under the Currency and Exchanges Act, 1933, the policies and directives of the Financial Surveillance Department of the South African Reserve Bank.

The Presentation Materials are confidential and should not be copied, distributed or passed on, directly or indirectly, to any other class of persons. They and any further confidential information made available to you are being supplied to you solely for your information and may not be reproduced, forwarded to any other person or published, in whole or in part, for any other purpose.

## Important Notice

Recipients of this presentation should refer to the Independent Technical Statements for MC Mining Limited available on the Company's website ([www.mcmMining.co.za](http://www.mcmMining.co.za)), for full details of the coal resource and reserve estimates referred to in this presentation and the basis on which those estimates have been prepared.

## Competent Persons' statement

The lead Competent Person responsible for the declaration of the Uitkomst Colliery Resources in this presentation is Ms N. Masunyane who is in the full time employ of the Company as the Principle Geological Modeller. Ms Masunyane is a registered professional scientist of good standing with the South African Council for Natural Scientific Professions, SACNASP(400226/10). The lead Competent Person responsible for the declaration of the Uitkomst Colliery Reserve in this presentation is Mr C.W. Archer who is a consultant to the Company. Mr Archer is a qualified mining engineer and registered member of good standing with the South African Institute of Mining and Metallurgy (SAIMM) (706388).

The last independent Competent Persons Report for the Uitkomst Colliery was prepared by Mr Daniel (Daan) van Heerden (Director, Minxcon): B Eng (Min.), MCom (Bus. Admin.), MMC, Pr.Eng. (Reg. No. 20050318), FSAIMM (Reg. No.37309), AMMSA. Mr van Heerden is independent of Uitkomst Colliery (Pty) Ltd, its directors, senior management and advisors. Mr van Heerden has worked in the mining industry for over 30 years. He has a vast amount of experience in managing underground and open cast mining operations in South Africa and abroad for world-class mining majors and junior mining companies. He was responsible for new business development for two major mining companies and has experience in mining mergers and acquisitions. He is currently heading the Mining Engineering division of Minxcon, where he is integrally involved in activities such as valuation, due diligence, finance structuring, change management required post the event, feasibility studies, life of mine plans, technical reviews and writing of technical reports for various commodities.

The compilation of the reserves and resources for the Makhado Project, Vele Colliery and Greater Soutpansberg Project is according to the Australasian Joint Ore Reserves Committee (JORC) guidelines, carried out by the Company's Competent Person, John Sparrow. The principle Competent Persons involved in this declaration are Mr JCHK Sparrow and Mr MJ Bronn. Mr Sparrow is in the full time employ of the Company as the Group Geologist, and Mr Bronn is a consultant and previously served as the Chief Operating Officer of the Company. Mr Sparrow is a registered professional scientist of good standing with the SACNASP(400109/03). Mr Bronn is a qualified mining engineer and registered member of good standing with the SAIMM (704125). The parties have consented to the inclusion of the resources and reserves in this presentation.

The units of measure in this presentation are metric, with tonnes = 1,000kg and includes technical information that requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding off and consequently introduce an error. Where such errors occur MC Mining Limited does not consider them to be material. All amounts are in United States dollars (\$) or South African rand (R).





# AGENDA

Overview

Brenda Berlin

Operational review

Cobus Bronn

Group Financial review

Brenda Berlin

Makhado Project update

Brenda Berlin

MC Mining – Compelling Outlook

Brenda Berlin





**MCMining**  
LIMITED

## OVERVIEW

Brenda Berlin

Uitkomst Colliery in KwaZulu-Natal, acquired 30 June 2017



# MC MINING OVERVIEW

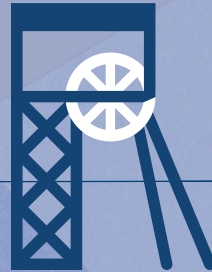
- Portfolio of South African coal producing and development projects with an experienced management team
  - Operating **Uitkomst Colliery** producing coal with metallurgical applications
  - Fully permitted, shovel-ready flagship **Makhado Project** will produce high quality **hard coking coal** as well as export quality thermal coal in two phases – 46 year LOM
  - Significant growth potential – **Vele & GSP** coal resources ~2 billion *mineable tonnes in situ* and will benefit from the nearby rail, road, power and water infrastructure
- Phased Makhado opencast project reduces initial capex requirements
- Positioned to be South Africa's pre-eminent producer of high quality **hard coking coal** - forecast growing demand/price as global per capita steel consumption increases
- Listed on the ASX, AIM and JSE



# KEY features for H1 FY2020



Seven LTIs recorded with the focus of safety training continuing



ROM production from Uitkomst underground mining operations increased by 11% to 262,696t



Uitkomst sold 161,821t of coal, marginally lower by 1%



Uitkomst \$/t costs reduced by 22% to \$37/t



API4 prices 30% lower than H1 FY2019



\$17m loan facility secured from the IDC for the development of Makhado Phase 1



Generaal mining right granted – second of the three GSP applications



# MAKHADO key developments in H1

- Makhado **Phase 1** FEED process (+-10% accuracy) completed in CY2019
- Detailed design substantially completed by DRA confirming capital estimates for **Phase 1**
- Secured firm proposals on material operating costs:
  - Mining
  - Processing
  - Road transport

} 90% of costs certain
- Multiples sources of funding being progressed – small gap remaining







**MCMining**  
LIMITED

## OPERATIONAL REVIEW

Cobus Bronn

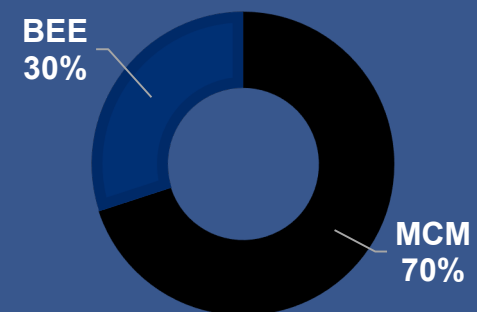
Uitkomst Colliery south adit and conveyor to the processing plant

# UITKOMST: CASH GENERATIVE, PRODUCING ASSET

- High-grade thermal coal deposit in KwaZulu-Natal for domestic metallurgical and thermal markets
- 30% BEE ownership satisfies Mining Charter ownership requirements
- Easily accessible, well-established infrastructure
- North adit LOM extension – additional exploration will commence in H2 FY2020 to confirm the geological structure for the positioning of the adit
- Circa 15-year LOM, including north adit



## OWNERSHIP





# UITKOMST SAFETY

- Seven LTIs recorded at Uitkomst during the period (H2 FY2019: three LTIs) in six separate incidents
- Management changes implemented during the period - new SHE manager appointed in November 2019
- MC Mining's technical team conducted a plant safety audit – minor risks identified
- Re-training programme completed with a key focus on safety
- Management compiled an 'in house' safety strategy in conjunction with the workforce
- Safety initiatives yielding positive results - focusing on doing the basics right
- Improvements trending positively in Q3 FY2020 with only one LTI recorded to date



# UITKOMST OPERATIONS

	H1 FY2020	H1 FY2019	△
	tonnes	tonnes	
<b>Production tonnages</b>			
Uitkomst ROM	262,696	237,715	11%
Purchased ROM to blend*	-	12,466	(100%)
	<b>262,696</b>	<b>250,181</b>	<b>5%</b>
<b>Sales tonnages</b>			
Own ROM	147,234	157,452	(7%)
Middlings sales	14,587	-	100%
Purchased ROM to blend	-	6,035	(100%)
	<b>161,821</b>	<b>163,487</b>	<b>(1%)</b>
<b>Financial metrics</b>			
Revenue/tonne (\$)	68.11	88.91	(23%)
Production cost/ROM tonne (\$)	37.21	47.70	(22%)

\*third party ROM supply contract expired during prior period

# UITKOMST FINANCES

	H1 FY2020	H1 FY2019
	\$'000	\$'000
Sales	11,359	15,201
Cost of sales	(11,077)	(12,312)
<b>Gross profit</b>	<b>282</b>	<b>2,889</b>
<b>EBITDA</b>	<b>1,185</b>	<b>3,121</b>
Cash from operations	1,550	1,295
Cash spent on investing activities	(451)	(681)
Cash spent on financing activities	(858)	(214)
<b>Net cash generated</b>	<b>242</b>	<b>400</b>
<b>Cash at period end</b>	<b>1,371</b>	<b>2,771</b>

- Revenue was adversely affected by pressure on international coal prices - average API4 price was 30% lower than H1 FY2019 (\$69/t vs. \$99/t)
- Uitkomst is cash generative despite significant decline in API4 prices
- Jan & Feb 2020 API4 prices averaged \$85/t



**MCMining**  
LIMITED

## GROUP FINANCIAL REVIEW

Brenda Berlin

Historic coal production at Vele Colliery

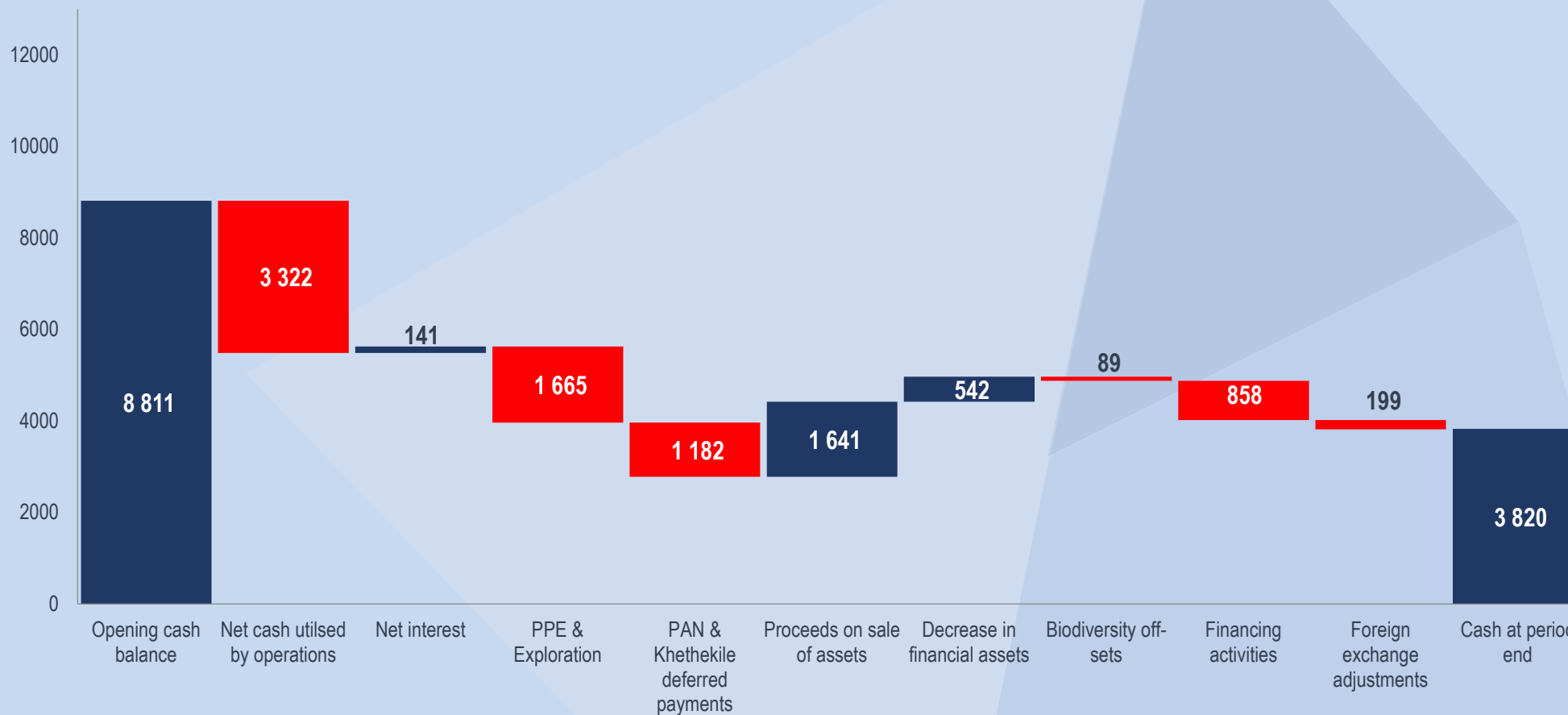


# H1 FY2020 VS. H1 FY2019 INCOME STATEMENT VARIANCES

	H1 FY2020	H1 FY2019	Variance
	\$'000	\$'000	\$'000
Gross profit	282	2,889	(2,607)
Other operating income & gains	464	1,346	(882)
Net impairments	(1,237)	(132)	(1,105)
Administrative expenses	(5,415)	(4,844)	(571)
Net finance costs	(1,409)	(2,243)	834
Taxation	256	(628)	884
<b>Net loss from continuing operations</b>	<b>(7,059)</b>	<b>(3,612)</b>	<b>(3,447)</b>



## CASH FLOW ANALYSIS – H1 FY2020 (\$'000)



- Balance sheet management and cash preservation continued
- \$8.3m IDC facility undrawn at period-end
- \$1.4m Uitkomst ABSA primary lending facility available





# MAKHADO UPDATE

Brenda Berlin



**MCMining**  
LIMITED

PAGE 17



# MAKHADO INVESTMENT CASE

	<i>Phase 1</i>	<i>Phase 2</i>
<b>Mineable tonnes in situ (MTIS)</b>	344.77Mt	
<b>Life-of-mine (LOM)</b>	9 years	>37 years
<b>Anticipated commencement of construction</b>	Q3 CY2020	CY2022
<b>Construction period</b>	9 months	12 months
<b>Area mined</b>	West pit	East & central pits
<b>ROM production</b>	~3.0Mtpa of ROM coal and ~2.0Mtpa of partially beneficiated coal transported to Vele Colliery for final processing	~4.0Mtpa of ROM coal
<b>HCC production</b>	~0.54Mtpa	0.7- 0.8Mtpa
<b>Thermal coal by-product</b>	~0.57Mtpa	0.9 – 1.0Mtpa
<b>Capital expenditure</b>	\$32m (R460m)	\$84m (R1.2bn)
<b>Internal rate of return (IRR)</b>	>40%	>40%
<b>Payback</b>	<2.5 years	<2.5years

- Compelling returns
- Scarce commodity
- Continued growth

## Robust fundamentals



# MAKHADO PROJECT MILESTONES

Process	Status
Licences, permits and environmental authorisations for Makhado and Vele	Completed
Access to Makhado Project surface rights	Completed
Necessary studies to commence with construction of <b>Phase 1</b>	Completed <sup>1</sup>
<b>Phase 1</b> thermal coal by-product off-take agreement	Completed
<b>Phase 1</b> AMSA <b>hard coking coal</b> off-take agreement	Completed <sup>2</sup>
<b>Phase 1</b> composite project funding - Debt portion	Completed
<b>Phase 1</b> composite project funding - Equity portion	In progress
Commencement of <b>Phase 1</b> construction	Q3 CY2020
Makhado <b>Phase 1</b> first production	H1 CY2021
Commencement of <b>Phase 2</b> construction (subject to coal markets and debt funding availability)	From ~ CY2022 onwards
<b>Phase 2</b> could be in production	~ CY2023

**Phase 1 is shovel ready**

1. FEED and detailed engineering studies  
 2. Agreement with AMSA for ~85% of **Phase 1 hard coking coal** production

# MAKHADO PHASE 1 FUNDING

	<i>Funding required (\$m)</i>	
Capex	32	• Binding documents for \$17m debt signed with IDC
Working capital (to steady state)	5	
IDC existing debt	15	• Existing IDC debt will be resolved simultaneously through composite funding plan
<b>Total funding required</b>	<b>52</b>	
New IDC debt	(17)	
	<b>35</b>	
Existing IDC debt	(15)	
<b>Balance required</b>	<b>20</b>	

Management assessing funding possibilities to raise the balance required, including:

- Issue of new MCM equity for cash to existing and new shareholders
- Issue of new equity for cash in Makhado Project corporate entities
- Debt funding
- Contractor funding such as build, own, operate, transfer ('BOOT') arrangements



# MOVING FORWARD



## MC MINING – COMPELLING OUTLOOK



# COMPELLING OUTLOOK

## MC MINING'S OUTLOOK POST *PHASE 1*

- Two cash generating assets
- Three products
  - Makhado high quality hard coking coal – local & export
  - Makhado thermal coal by-product – export
  - Uitkomst metallurgical and thermal coal – local
- Sustainable cash flow

### *Upside*

- Makhado **Phase 2** – HCC and thermal coal by-product – 37 year LOM
- Major coal resource: >2 billion *mineable tonnes in situ*
- Well positioned for future growth opportunities – SEZ close to MC Mining resources

**Only SA producer of hard coking coal**





## Contacts

### **Brenda Berlin**

*Designation* Chief Executive Officer

*Office* +27 (0)10 003 8000

*Email* [brenda.berlin@mcmining.co.za](mailto:brenda.berlin@mcmining.co.za)

### **Cobus Bronn**

*Designation* Head of Operations

*Office* +27 (0)10 003 8000

*Email* [cobus.bronn@mcmining.co.za](mailto:cobus.bronn@mcmining.co.za)



# ANNEXURES



# COLLIERY & PROJECT REGULATORY STATUS

Project	MR granted by the DMR			IWUL granted by the DWS			EA granted by the Environmental Departments			Access to surface rights secured
	Granted	Duration	Status	Granted	Duration	Status	Granted	Duration	Status	
<b>Uitkomst (KwaZulu-Natal)</b>	✓	Until 2023	1	✓	10 years (granted in 2011)	Fully compliant	✓	LOM	Application to include planned north adit submitted	✓
<b>Makhado Project (Limpopo)</b>	✓	30 years	Received May 2015	✓	20 years	2	✓	LOM	Amended and validity period extended by five years	✓
<b>Vele (Limpopo)</b>	✓	30 years	Fully compliant	✓	20 years	Fully compliant	✓	LOM	Fully compliant 3	✓
<b>GSP (Limpopo)</b>	DMR accepted MR applications for various component projects in 2013 – Chapudi mining right granted in December 2018, Mopane and Generaal MR approvals outstanding			No applications for IWUL submitted – will apply after granting of the MR			No EA applications submitted – will apply after granting of MR			✗

## Notes:

1 Extension Application submitted in CY2019 to extend the NOMR for LOM i.e. to 2034

2 Appeal lifted in FY2017 and expected to be assessed by Water Tribunal

3 MC Mining committed to spending R55 million over 25 years on bio-diversity and cultural heritage in line with off-set agreement signed in 2014

DMR - Department of Mineral Resources

DWS – Department of Water & Sanitation

EA - Environmental Authorisation to undertake mining activities

IWUL - Integrated Water Use License - water use limits for construction and mining activities

LOM - Life-of-mine

MR - Mining Right - authorisation to mine resources in accordance with approved mine plan

# MC MINING'S SUBSTANTIAL RESOURCES AND RESERVES

Abridged summary of JORC compliant Resource & Reserve statement at 30 June 2019	JORC-compliant Resources (Measured, Indicated and Inferred) <sup>1,2</sup>			JORC-compliant Reserves (Proven & Probable) <sup>3</sup>
Project name	Gross tonnes <i>in situ</i> (Mt)	Total tonnes <i>in situ</i> (Mt)	Mineable tonnes <i>in situ</i> (Mt)	Reserves (Mt)
Uitkomst Colliery	28.530	26.180	24.759	8.761
Makhado Project <sup>4</sup>	795.608	691.694	344.766	172.757
Vele Colliery	793.592	671.320	361.569	291.395
GSP	7,076.894	5,678.711	1,593.416	—
<b>Total</b>	<b>8,694.624</b>	<b>7,067.905</b>	<b>2,324.510</b>	<b>472.913</b>

## Notes

1 Resources are stated inclusive of Reserves

2 Independent Technical Statement for Uitkomst and GSP at 30 June 2018 and is inclusive of Reserves

3 The declared Reserves are based upon the Measured and Indicated coal Resource only (ROM tonnes)

4 Excludes the Makhado Extension Project held under a Prospecting Right application