



ANNOUNCEMENT

26 March 2020

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**LOCKDOWN IN SOUTH AFRICA AND SUSPENSION OF COAL PRODUCTION**

MC Mining Limited ("MC Mining" or the "Company") announces the following market update with regards to the impact on the Company of the global COVID-19 (Coronavirus) pandemic.

**Introduction**

Our priority is the health and safety of our employees. The guidance and advice we are providing employees, follows World Health Organisation guidelines and is supplemented by direction provided by the South African Government. The Executive Committee regularly reviews and updates our advice to employees and monitor the business continuity measures to ensure managerial oversight is effective and properly coordinated.

**South African Operations**

The South African Government issued a directive on 23 March 2020 (the "Directive") requiring a 21-day national lockdown, effective midnight Thursday 26 March 2020 to midnight Thursday 16 April 2020, to contain the spread of the coronavirus in the country (the "Lockdown"). Further to this, the Department of Mineral Resources and Energy (the "DMRE") released a statement on Wednesday 25 March 2020. The statement notes that for "some mining operations and processing plants a complete shutdown will not be feasible, as a restart from scratch may be too costly" and further states that "mining operations will be scaled down significantly". This statement can be found at: <https://www.dmr.gov.za/news-room/post/1848>.

The Directive impacts operations at the Company's Uitkomst Colliery, the Makhado, Vele and Greater Soutpansberg Projects as well as its corporate office. In line with measures detailed in the Directive, the Uitkomst Colliery will be placed on care and maintenance during

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the Lockdown period. The scaled back operations will be monitored and managed according to procedures enacted to protect the health and safety of all of the Company's people, which remains MC Mining's overriding priority. These procedures cover employee communication and training, hygiene response, security controls, health monitoring, resilience and contingency plans.

It is worth noting that the Uitkomst Colliery is a mechanised underground operation and upon completion of the Lockdown period, it will be possible to ramp-up to steady state production levels within a relatively short timeframe. However, given the continued uncertainty around the outlook for control of the Coronavirus in South Africa, FY2020 production guidance is suspended until the Company is in a better position to quantify the full impact of the lockdown.

#### **Effects of the Lockdown on Non-Essential Employees**

The Lockdown has resulted in MC Mining implementing a 'no work, no pay' policy for non-essential staff at its various sites. The Company understands the adverse impact this policy has on staff and is aware of alternative mitigating financial measures proposed by the Government. These include wage payments through the Temporary Employee Relief Scheme and the Company is investigating these measures and will use its best endeavours to procure that staff receive the financial support for which they qualify.

#### **Available cash & facilities**

The Company has an available cash balance of US\$1.0 million as well as the available US\$1.1 million (R20 million) general banking facility from ABSA Bank Limited. MC Mining also has the US\$7.0 million (R120 million) second tranche of the existing Industrial Development Corporation of South Africa Limited loan available for drawdown. As previously communicated, the Company is also in the process of securing the balance of US\$32 million (R460 million) required to

commence construction of Phase 1 of its fully permitted Makhado hard coking coal project.

#### **Comment**

Brenda Berlin, the Company's CEO, commented: "MC Mining supports all measures to limit the impact of COVID-19 and the Lockdown has impacted our Uitkomst Colliery as well as our corporate office and project sites. We anticipate that activities at all of the sites will resume as soon as it is safe to re-commence. Discussions with potential funders for Phase 1 of our flagship Makhado hard coking coal project will continue during the Lockdown period. The Company still aims to finalise the composite debt/equity package for Phase 1 during H1 CY2020 with construction commencing later this year."

Authorised by

**Brenda Berlin**

**Chief Executive Officer**

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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 and thermal coal by-product). Vele Colliery (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 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.