



ANNOUNCEMENT

11 January 2022

MAKHADO PROJECT UPDATE

On 14 January 2019, MC Mining Limited (**MC Mining** or the **Company**) announced that its subsidiary, Baobab Mining & Exploration (Pty) Ltd (**Baobab**), completed the acquisition of the Lukin and Salaita properties, being the key surface rights for the Makhado hard coking and thermal coal project.

As announced, the balance of the purchase price of R35 million (US\$2.2 million) (plus interest) (the **Deferred Payment**) was payable by Baobab within 3 years of the transfer of the properties (or on the earlier of certain events occurring). Accordingly, the Deferred Payment became due on 10 January 2022.

MC Mining is currently resolving the funding required to make the Deferred Payment and the vendor has agreed to extend the due date for payment to 28 February 2022. Furthermore, the Company has agreed to pay an instalment of R6 million (US\$0.4 million) by 12 January 2022 which is to be deducted from the Deferred Payment now due on 28 February. Interest shall accrue on the unpaid Deferred Payment at the effective annual rate of 15.2%.

The Company continues to work with Baobab and its advisers to complete the funding requirement for development of the Makhado Project and will provide further updates to the market as required. A further announcement will be made in due course, as and when applicable.

As previously announced by the Company, the Industrial Development Corporation of South Africa Limited (**IDC**) agreed to extend the repayment date for the R160 million (US\$10.3 million) loan plus accrued interest to 31 January 2022. The IDC also agreed to extend the terminal drawdown date of the additional R245 million (US\$15.7 million) IDC term loan for the development of Phase 1 of Makhado, to 31 January 2022, subject to the IDC re-affirming its financial due diligence.

Given the delay in finalising the Makhado Project funding the Company also advises it has requested a further extension, to 31 May 2022, for both the repayment date of the existing R160 million plus interest and the terminal drawdown date of the additional R245 million term loan. The IDC is yet to respond and the market will be informed when the outcome of this request is known.

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

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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 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).