



MCMining
LIMITED

RESULTS

FOR THE YEAR ENDED
30 JUNE 2018

David Brown, *Chief Executive Officer*
Brenda Berlin, *Chief Financial Officer*
27 September 2018

Vele Colliery store and processing plant

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Important Notice

Recipients of this presentation should refer to the Independent Technical Statements for MC Mining Limited available on the Company's website (www.mcmining.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 Resources and Coal Reserves as presented in this announcement is 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 South African Council for Natural Scientific Professions, SACNASP(400109/03). Mr Bronn is a qualified mining engineer and registered member of good standing with the South African Institute of Mining and Metallurgy (SAIMM). Both 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

Introduction and strategy

David Brown

Operational and project review

David Brown

Financial review

Brenda Berlin

Outlook and conclusion

David Brown



Vele Colliery store and processing plant



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PAGE 4



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INTRODUCTION AND STRATEGY

DAVID BROWN

Uitkomst Colliery in KwaZulu-Natal, acquired 30 June 2017

KEY features



Mooiplaats Colliery
sold for \$12.9m



One LTI recorded
during June 2018



Cash preservation and
strategy execution
progressed



Uitkomst Colliery
integrated



Uitkomst sold
475,079t of coal



Positive coal price
trends continued

LTI Lost time injury



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PAGE 6

BALANCE SHEET RESTRUCTURED AND LEGACY ISSUES RESOLVED

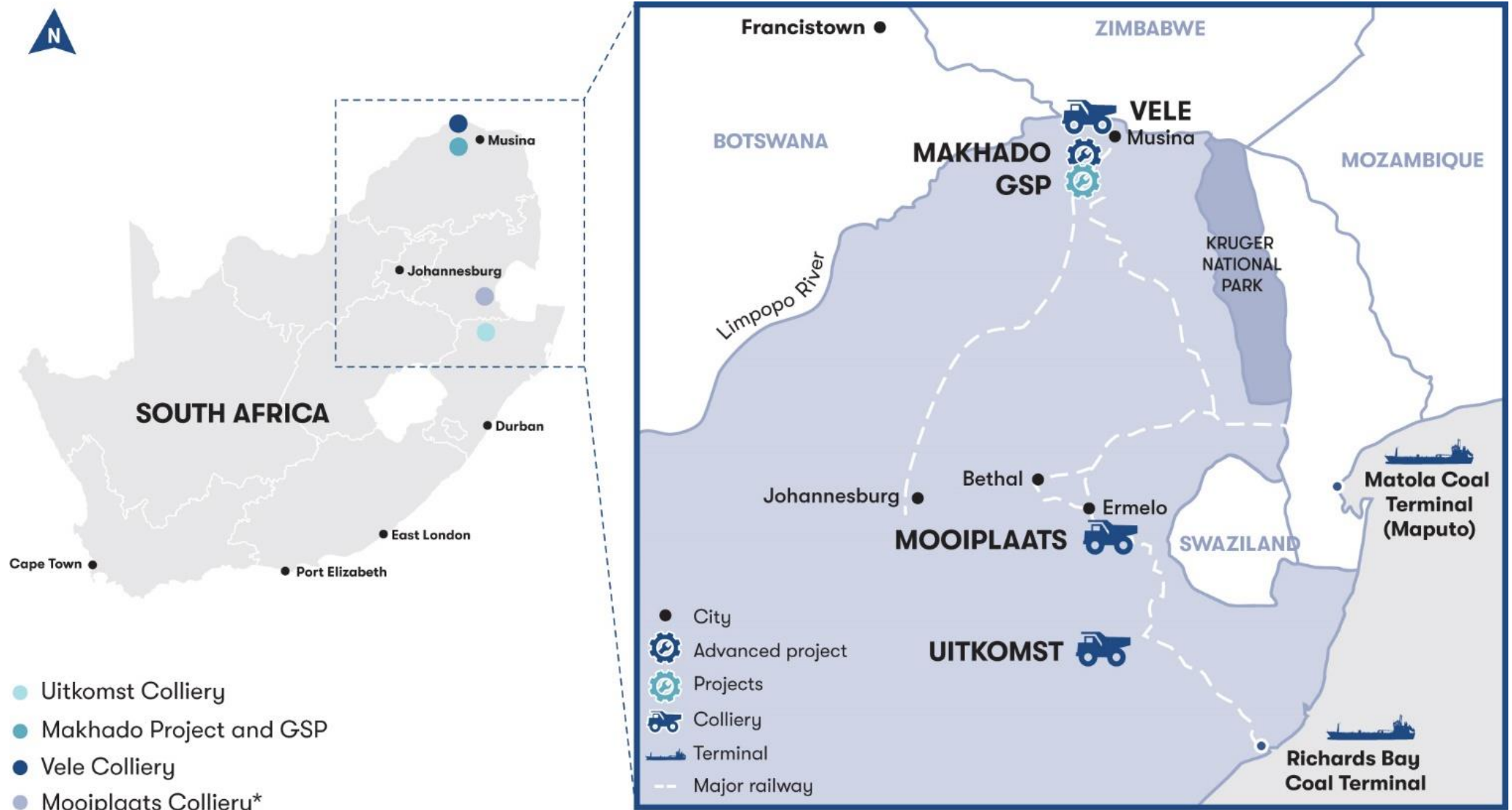
Significant inherent structural obstacles resolved during last five years
and now positioned for further growth

	Year	\$m
Balance sheet restructuring resulted in proceeds of \$34.2m from sale of non-core and non-performing assets:		
Opgoedenhoop	FY2014	2.0
Woestalleen Complex	FY2015	7.6
Bushveld Minerals investment	FY2015 and FY2017	2.5
Nimag	FY2017	6.5
Holfontein	FY2017	3.8
Mooiplaats	FY2018	11.8
Proceeds from asset sale and shareholder funds facilitated settlement of liabilities in excess of \$122m and purchase of the Uitkomst cash-generating colliery:		
Deutsche Bank loan repaid		39.2
Settlement of GSP assets from Rio Tinto (original purchase price of \$75 million)		44.0
Legal charges and settlements		10.0
Grindrod take-or-pay obligation settled		10.0
Investec Bank working capital loan repaid		9.7
Uitkomst Colliery purchased (\$9.4m was equity settled; \$9.4m cash settled)		9.4

GSP Greater Soutpansberg Projects



LOCATION OF OPERATIONS AND PROJECTS



* Sold during the financial year

PROJECT pipeline

Vision










to responsibly produce in excess of 2.2Mtpa of saleable product by 2021*

CURRENT	SHORT-TERM		LONG-TERM	
Uitkomst	Makhado Project	Second cash generator	Vele	GSP
Production asset Cash generative Expansion opportunity	Fully licenced Current processes: surface rights access off-take agreements financing	Targets being assessed Potential up to 1Mtpa of saleable coal	Fully licenced On care and maintenance Impaired during the year due to longer term nature of the project	Mining right applications being processed Massive coking and thermal coal resources

*Excluding second cash generator
Mtpa million tonnes per annum



FY2018 STRATEGY ASSESSMENT

Strategy	Status	Deliverable
Continued focus on safety	 	<ul style="list-style-type: none"> One LTI, first LTI in four years, but overall safety satisfactory
Acquisition of second cash generating asset		<ul style="list-style-type: none"> Several acquisition targets assessed, did not meet investment criteria
Regulatory advancement of Makhado Project		<ul style="list-style-type: none"> Interim interdict lifted EA amendment approved by LEDET and DMR (Q1 FY2019)
Makhado Project access and confirmatory drilling		<ul style="list-style-type: none"> Legislated land claims process over Lukin and Salaita properties continued Process to secure surface rights access i.t.o. mining legislation has commenced
Funding and off-take agreements for development of Makhado Project	 	<ul style="list-style-type: none"> Negotiations with potential off-take customers Discussions with prospective funders initiated HOA for project funding for 85% of EPC value, mining contract and EPC signed in September 2018
Restructuring and strengthening of balance sheet		<ul style="list-style-type: none"> Cash balance improved by 13% on prior year to \$10.9m \$18.2m IDC facility in place, \$9.1m available \$1.5m RMB general banking facility secured Positive working capital balance at year-end
Sale of Mooiplaats Colliery		<ul style="list-style-type: none"> Disposal completed in FY2018 Initial \$4.8m tranche (including BEE portion) received First of ten quarterly instalments of \$810k received in August 2018

MOOIPLAATS Colliery disposal

- Sold for \$12.9m (R179.9m)
 - \$1.4m p/a reduction in overhead costs
- Settled as follows:
 - \$3.7m received during FY2018
 - \$1.1m received but paid to Mooiplaats BEE partner
 - \$8.1m balance to be paid in 10 equal quarterly instalments
- DMR approval received post year-end for incorporation of portions of the farm Klipbank into the Mooiplaats mining right
 - first deferred instalment of \$810k received in August 2018
- Sale proceeds to be used to develop the Makhado Project



Mooiplaats Colliery decline shaft



REGULATORY STATUS OF ASSETS

Project	NOMR granted by the DMR			IWUL granted by the DEA			EA granted by the DEA			Access to surface rights secured
	Granted	Duration	Status	Granted	Duration	Status	Granted	Duration	Status	
Uitkomst (Kwazulu-Natal)	✓	Until 2023	1	✓	10 years (granted in 2011)	Fully compliant	✓	LoM	Application to include planned north adit submitted	✓
Makhado Project (Limpopo)	✓	30 years	Received May 2015	✓	20 years	2	✓	LoM	Amended and validity period extended by five years	✓ 3
Vele (Limpopo)	✓	30 years	Fully compliant	✓	20 years	4	✓	LoM	Fully compliant 5	✓
GSP (Limpopo)	DMR accepted NOMR applications for various component projects in 2013 – approval outstanding			No applications for IWUL submitted – submitted after granting of NOMR			No EA applications submitted – submitted after granting of NOMR			✗

Notes:

1 Extension will be submitted to extend the NOMR for LoM i.e. to 2034

2 Appeal lifted in FY2017 and expected to be assessed by Water Tribunal in FY2019

3 Two of the properties required for project obtained, access to two properties outstanding and MCM seeking access in terms of mining legislation

4 Vele application for diversion of non-perennial streams approved in FY2018

5 MCM committed to spending R55 million over 25 years on bio-diversity and cultural heritage in line with off-set agreement

DMR	Department of Mineral Resources
DEA	Department of Environmental Affairs
DWS	Department of Water and Sanitation
LEDET	Limpopo Province Department of Economic Development, Environment and Tourism
LoM	Life-of-mine
NOMR	New Order Mining Right - authorisation to mine resources in accordance with approved mine plan
IWUL	Integrated Water Use License - water use limits for construction and mining activities
EA	Environmental Authorisation to undertake mining activities



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OPERATIONAL AND PROJECT REVIEW

DAVID BROWN



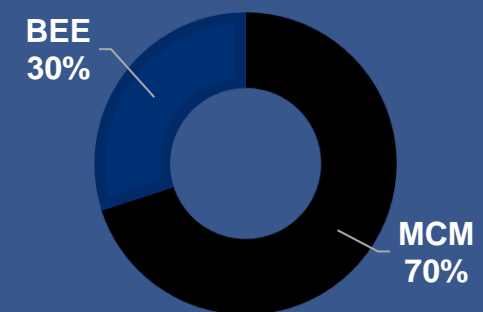
Uitkomst Colliery south adit and conveyor to the processing plant

UITKOMST: CASH GENERATIVE, PRODUCING ASSET

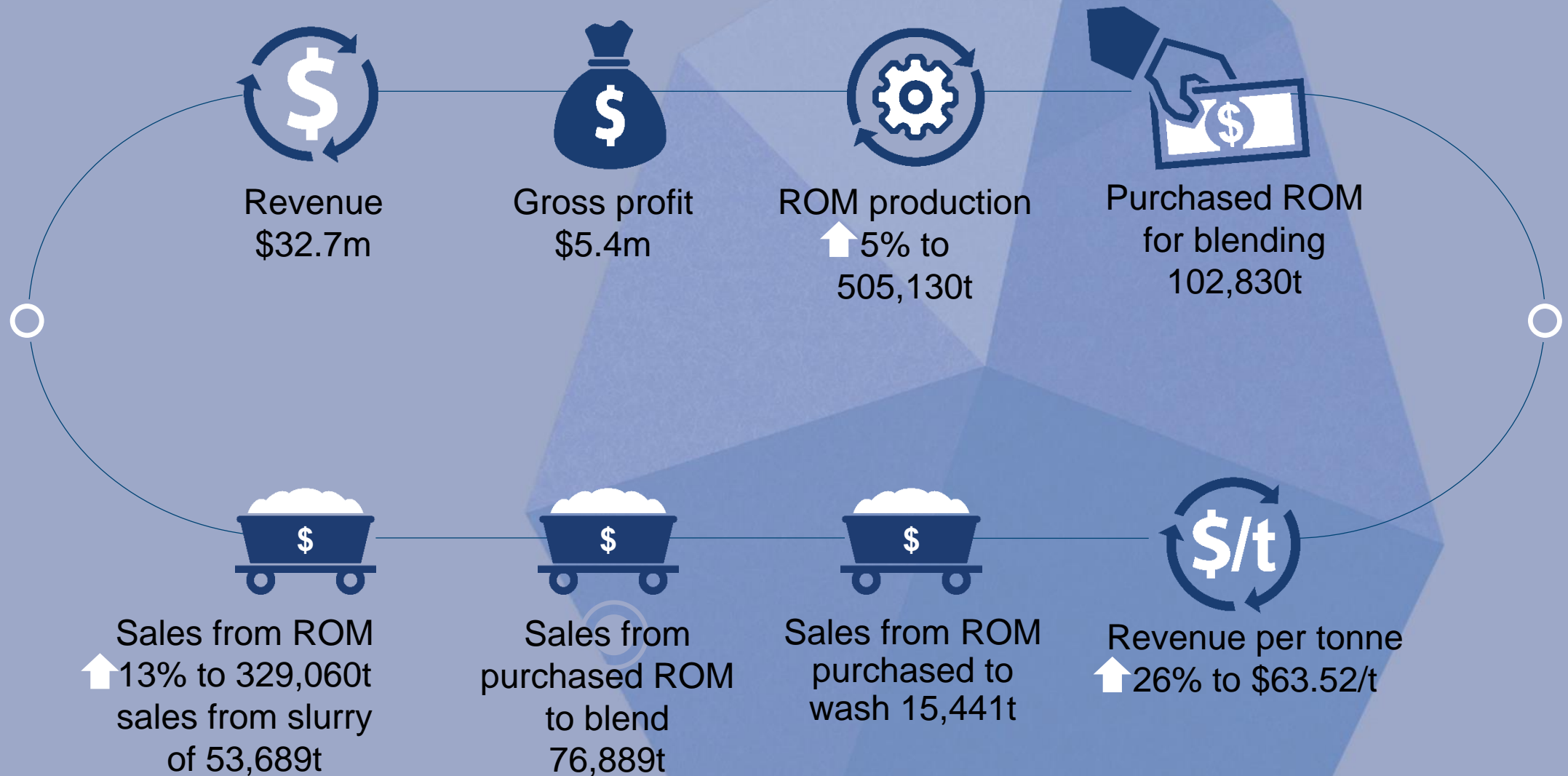
- High-grade thermal coal deposit in Utrecht coalfield, KwaZulu-Natal, for domestic metallurgical and thermal markets
- Acquired 30 June 2017: MCM 91%, BEE partners (including employees and local communities) 9%
 - additional 21% interest sold, on vendor financed basis, to entities owned by Uitkomst's BEE partners
- 30% BEE ownership satisfies draft Mining Charter ownership requirements
- High-grade thermal coal deposit, Utrecht Coalfields, KwaZulu-Natal for domestic metallurgical, thermal markets
- Underground mine and planned LoM extension into north adit
 - easily accessible, well-established infrastructure
- Circa 16-year LoM, including north adit
- One LTI in FY2018



OWNERSHIP



UITKOMST: cash generative, producing asset



ROM run of mine



UITKOMST: CASH GENERATIVE, PRODUCING ASSET

	FY2018	FY2017*	△
	tonnes	tonnes	
Production tonnages			
Uitkomst ROM	505,130	481,547	5%
Purchased ROM to blend**	102,830	342,096*	(70%)
	607,960	823,643	(26%)
Sales tonnages			
Own ROM	329,060	291,163	13%
Slurry used for blending	53,689	61,211	(12%)
Purchased ROM to blend**	76,889	342,096	(74%)
Purchased ROM to wash	15,441	25,164	(39%)
	475,079	670,210	(29%)
Financial metrics			
Revenue/tonne (\$)	63.52	50.23	26%
Production cost/saleable tonne (\$)	50.38	45.08	12%

*MC Mining acquired 91% of Uitkomst Colliery on 30 June 2017

**Contract expired during period and Uitkomst is assessing potential alternative suppliers

UITKOMST: CASH GENERATIVE, PRODUCING ASSET

- Options assessed to further enhance Uitkomst financial performance, production levels including:
 - restructuring and reorganisation of underground mining operations
 - development of north adit
- 1 August 2018: acquired Khethekile's – underground mining contractor – mining assets and ~340 employees
- Insourcing facilitates implementation of:
 - enhanced production costs control
 - improved asset availability leading to increased ROM production
 - purchase of new mining equipment



UITKOMST: DEVELOPMENT OF NORTH ADIT

- Finalisation of designs and tender process for north adit is planned for FY2019/20
- Development of north adit will:
 - improve operating efficiencies by reducing man and material transport distances
 - increase ROM production by approximately 150 000tpa
- Once all necessary approvals obtained, north adit will take approximately seven months to complete
- Commissioning of north adit planned for November 2020



MAKHADO: GREENFIELDS EVALUATION ASSET

- Fully permitted
- Restructured to reduce capex requirements, execution risk, align production with current market options
 - lower operational risks during early phases
 - lower capital required for construction
- Costs updated using:
 - four contract mining proposals for provision of full mining services
 - three lump sum, turnkey proposals to construct processing plant, associated infrastructure, operation of plant



Makhado Project coal core samples



MAKHADO: greenfields evaluation asset

	Makhado
ROM production	4Mtpa
LoM	46 years
Hard coking coal production	0.7 – 0.8Mtpa
Thermal coal production	0.9 – 1.0Mtpa*
Construction capital (real)	R1,052 million (\$79 million)
Construction period	12 months
HCC yields anticipated	~19.0%
Thermal coal yields anticipated	~25.1%

*Assumes 5,200k/cal product is produced
HCC hard coking coal



MAKHADO: GREENFIELDS EVALUATION ASSET

- Produce HCC complying with recognised global coking coal parameters
- South Africa imports all HCC requirements and annual domestic demand outstrips revised Makhado production
- Advanced stage discussions with potential local and international customers
- Makhado thermal coal product satisfies export quality requirements and will be sold internationally
- SEZ* gazetted in 2016 for development of energy and metallurgical zone near MCM Limpopo assets
- Expected to include:
 - coal-fired power plant
 - coking coal battery
 - steel and stainless steel plants
- Makhado success not linked to SEZ but rather a mix of domestic and export sales

*SEZ Special Economic Zone



MAKHADO: HEADS OF AGREEMENT

- September 2018 HOA with CRIG (leading international Chinese construction enterprise)
- Combination of debt and equity to be used to fund Makhado development
- Agreed to exclusive negotiations for EPC of Makhado until 30 June 2019
 - includes EPC for processing plant, financing for 85% of EPC costs, contract mining operations
- Conditional upon, amongst other things, completion of Makhado front-end engineering and design

EPC Engineering, procurement and construction
CRIG China Railway International Group Co., Ltd.



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PAGE 22

VELE: BROWNFIELDS DEVELOPMENT PROJECT

- IWUL approval granted for non-perennial stream diversion
- Investment in Vele impaired by \$87.5m in FY2018 resulting from:
 - shift in strategic focus
 - SEZ development potentially delaying re-commencement production to FY2022
- Assessment of Vele's position within MCM to be finalised in H2 FY2019



GREATER SOUTPANSBERG PROJECT: MASSIVE PIPELINE – MEDIUM-TERM POTENTIAL

- Chapudi, Generaal and Mopane Projects, early stage coking and thermal coal exploration projects, Soutpansberg Coalfield
- Over 1.6Bt mineable tonnes *in situ*
- Consolidation of tenements and ore bodies required to improve mine planning optionality, flexibility, economies of scale
- Mining right applications submitted, granting anticipated in H1 FY2019
- Access to domestic and export markets via existing rail capacity
- Potential for job creation, social upliftment programmes
- Requirements to deliver on strategy:
 - participation in regional impact study
 - identify GSP ‘sweet spots’ – will not mine all areas and not simultaneously
 - advance project design



Makhado Centre of Learning



MC MINING'S SUBSTANTIAL RESOURCES AND RESERVES

Abridged summary of JORC compliant Resource & Reserve statement at 30 June 2018	JORC-compliant Resources (Measured, Indicated and Inferred) ^{1,2}			JORC-compliant Reserves (Proven & Probable) ²
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	29.200	26.810	25.400	8.761
Makhado Project ³	795.608	691.695	344.766	172.757
Vele Colliery	793.952	671.321	361.569	291.395
GSP	7,161.021	5,751.716	1,660.229	—
Total	8,779.781	7,141.542	2,391.964	472.913

Notes

1 Resources are stated inclusive of Reserves

2 Independent Technical Statement for GSP at 1 February 2017

3 Resource defined in accordance with JORC Code, 2012, updated in January 2016



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FINANCIAL REVIEW

BRENDA BERLIN

Historic coal production at Vele Colliery

FY2018 INCOME STATEMENT NORMALISATION

- Income statement loss of \$101.6 million (FY2017: \$15.6 million) included non-recurring charges of \$91.8 million (FY2017: \$7.6 million):

\$87.5 million	impairment of Vele Colliery – as disclosed in H1 FY2018 from prioritisation of Makhado Project and SEZ timing
\$5.8 million	write-off of Vele's deferred tax charges
\$1.5 million	unrealised foreign exchange loss on Mooiplaats loan
\$0.1 million	BEE charge for 21% of Uitkomst sold
\$94.9 million	
(\$3.1 million)	gain from reversal of Mooiplaats impairment
\$91.8 million	

- \$9.8 million 'normalised' after tax loss for the 12 months (FY2017: \$8.0 million) – excluding these non-recurring items, that are all non-cash



FY2018 LOSS VARIANCES

Basic loss (\$ million)	
FY2018	101.4
FY2017	15.5
△↓	85.9

Variance analysis	\$ million
Impairments	(76.8)
Uitkomst gross profit	5.4
Exchange losses	(4.8)
Net finance costs	(1.6)
Deferred taxation	(5.8)
Other sundry items	(2.3)
	(9.1)
Basic loss	(85.9)

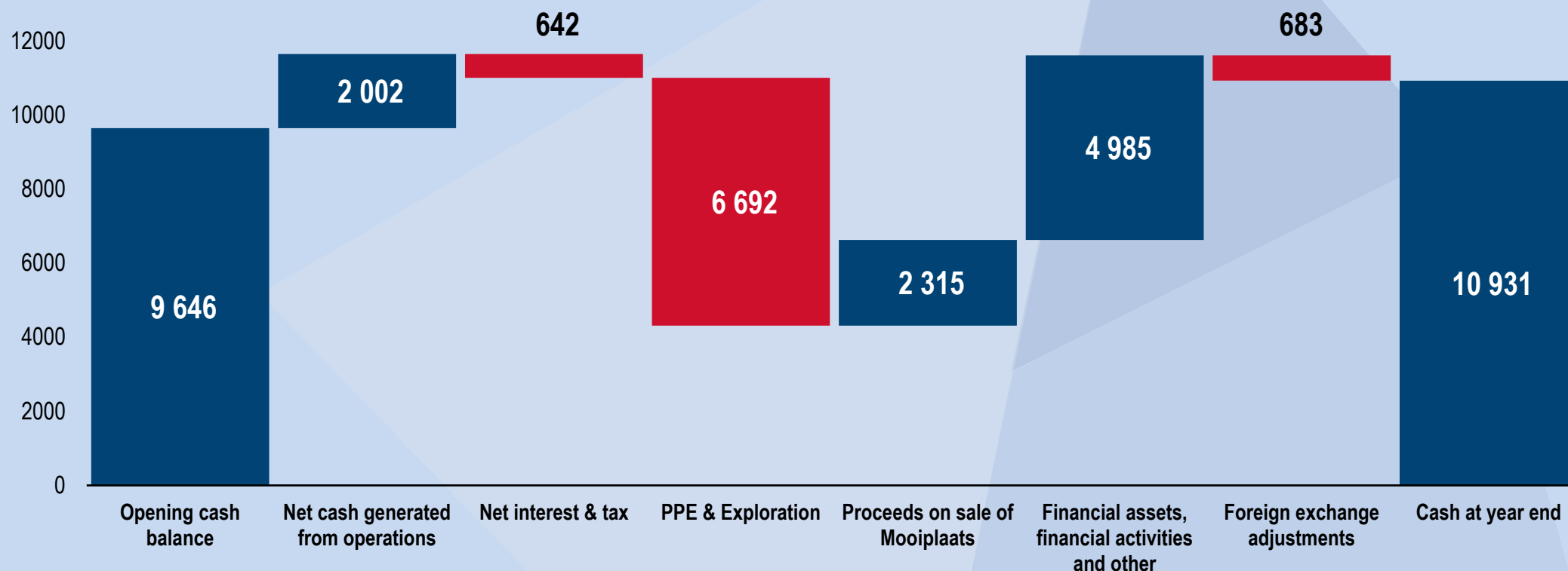


CASH GENERATED

	FY2018 \$'000	FY2017 \$'000
Loss before tax per the income statement	(97,043)	(17,662)
Profit from discontinued operations	2,185	1,815
Group loss for the year before tax	(94,858)	(15,847)
Add back non-cash items (continuing and discontinued operations):	96,860	5,623
Depreciation and amortisation	1,504	354
Unrealised foreign exchange loss/(gain)	2,211	(1,971)
Share based payments	1,343	272
Net finance expense	2,394	503
Net impairment expense	84,355	7,602
Other non-cash items	939	(201)
Working capital changes	4,114	(936)
Cash generated from/(used in) continuing and discontinued operations for the period before interest & tax	2,002	(10,224)



CASH FLOW ANALYSIS – FY2018 (\$'000)



- Balance sheet management and cash preservation continued
- \$9.2 million IDC facility undrawn at year-end
- \$3.3 million due in FY2019 from sale of Mooiplaats





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OUTLOOK AND CONCLUSION

DAVID BROWN



Blast drilling at Vele Colliery



THE COAL MARKET

- International coal prices improved during FY2018
 - significantly lower investment in new coking and thermal coal mines for several years
 - minimal new investment in South Africa with capex spent on maintenance rather than increased production
 - reduced future supply with declining quality will positively impact market prices

Metallurgical coal (HCC)	Thermal coal (API4)
↑ Price: \$169/t (July 2017) to \$195/t (September 2018)	↑ Price: \$69/t (June 2017) peaking \$105.82/t (June 2018)
In the short-term prices expected to remain close to current levels	Opportunities exist to supply export and domestic markets





KEY DELIVERABLES TO UNLOCK INTRINSIC VALUE

FY2019



FY2020



FY2021

- Potential access to Makhado site to complete geotechnical drilling
- Sign off-take agreements with Makhado HCC and thermal coal customers
- Progress funding for Makhado Project
- Start Makhado construction (or early FY2020)
- Continue to search for a second cash generating asset

- Makhado construction completed
- Makhado commercial production attained
- Uitkomst north adit construction completed

Potential
2.2 million
saleable tonnes p/a
produced
(Uitkomst and Makhado)

DEFINED PATH FOR FUTURE VALUE CREATION



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PAGE 33

MOVING FORWARD



KEY ADVANTAGES

- Major coal resource in South Africa - 8.9Bt *in situ* with extended LoM – over 100 years
- Well positioned for future provincial growth opportunities – SEZ close to MCM significant resources
- HCC differentiator – local and export supply
- Logistics in place and well tested
- Uitkomst cash-generating asset covers significant portion of overheads
- Access to IDC and commercial bank funding (RMB, ABSA)
- Further reduction of overhead structure to be implemented



KEY RISKS

- Political and policy uncertainty impacts ability to raise funds
- Complex South African mining regulatory and land ownership environment
- Logistics costs – distance to end user
- Generating shareholder support for acquisition of second cash generator
- Community impacts on project delivery

MOVING FORWARD



Overall strategy

Drive to self-sufficiency through the development of Uitkomst, acquisition of a second cash generator and/ or a financed Makhado Project





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Uitkomst Colliery processing facility