



ANNOUNCEMENT

16 April 2019

MAKHADO THERMAL COAL OFF-TAKE SIGNED

MC Mining Limited (“**MC Mining**”) is pleased to announce the conclusion of a coal Sale and Purchase Agreement (the “**Agreement**”) for the export quality thermal coal to be produced by Phase 1 of the Makhado hard coking and thermal coal project (“**Makhado Project**” or “**Makhado**”). The parties to the Agreement are MC Mining’s wholly-owned subsidiary, Limpopo Coal Company (Pty) Ltd (“**Limpopo**”), and one of the world’s largest producers and marketers of bulk commodities.

MC Mining’s subsidiary, Baobab Mining & Exploration (Pty) Ltd, is the owner of the Makhado Project and the nine-month Phase 1 construction period is expected to commence in Q3 CY2019. Phase 1 will generate approximately three million tonnes per annum (“**Mtpa**”) of run-of-mine (“**ROM**”) coal from the west pit and this will undergo preliminary processing at the mine, yielding an estimated 2Mtpa of ROM coal. The resultant ROM coal will be transported and sold to Limpopo which will, with its modified plant, complete the final processing producing up to 0.57Mtpa of export quality thermal coal and 0.54Mtpa of hard coking coal. Construction of Phase 2 of the Makhado Project (Makhado ‘Lite’) in *circa* CY2022 is expected to produce 4Mtpa of ROM coal from the east and central pits resulting in some 1.0Mtpa of thermal coal.

The key highlights of the Agreement are:

- sales prices shall be an API4 linked price expressed in US Dollars and will be calculated and agreed on a quarterly basis; and
- saleable thermal coal will be delivered to the Musina siding and sold on a free-on-rail (FOR) basis, which takes into account the actual rail and port charges.

The Agreement is subject to various conditions precedent standard for an agreement of this nature.

David Brown, CEO commented:

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“We have contracted with one of the world's largest producers and marketers of seaborne traded coal for the majority of the life of Phase 1. The signing of this Agreement is a further significant step in the advancement of Makhado.

The phased development of the Makhado Project will generate a significant number of employment opportunities in the Limpopo province and the export of the thermal coal utilises previously tested logistics infrastructure. Negotiations for a composite debt and equity funding arrangement continue and we anticipate that they will be completed in Q3 CY2019, with Phase 1 construction commencing later in the quarter.”

Authorised by
David Brown
Chief Executive Officer

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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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 coal), Makhado Project (coking and thermal coal), Vele Colliery (coking and thermal coal), and the Greater Soutpansberg Projects (MbeuYashu).

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.