



ANNOUNCEMENT

15 November 2018

KEY SURFACE RIGHTS ACQUIRED FOR THE MAKHADO PROJECT

MC Mining Limited ("MC Mining" or the "Company") is pleased to announce that its subsidiary, Baobab Mining & Exploration (Pty) Ltd ("Baobab"), has reached agreement on the terms and conditions under which it will acquire the two key properties required for its Makhado hard coking and thermal coal project ("Makhado Project" or "Makhado"). The Purchase Agreement (the "Agreement") will result in Baobab owning the Lukin and Salaita properties (the "Properties") and is subject to a suspensive condition, which the parties have every expectation will be met in early January 2019. As previously stated the Company has been pursuing various avenues, including legal and negotiation on commercial terms with the owner, a privately owned company, who utilises the Properties for commercial hunting purposes.

In terms of the Agreement, the Properties will be acquired for R70 million (US\$4.8 million) to be settled in two equal tranches of R35 million (US\$2.4 million) with the Properties pledged as security until the purchase price (including any accrued interest) is settled. The initial tranche is payable on transfer of the Properties while Baobab will have access to the Properties upon payment of this amount to the conveyancing attorneys.

The second tranche will accrue interest at the South African prime interest rate (currently 10.0%) less 3.0% (from date of transfer) and is payable on the earlier of:

- the third anniversary of the transfer of the Properties; or
- the first anniversary of production of coal underlying the Properties; or
- completion of a potential land claims and expropriation process that would, in all likelihood result in Baobab receiving market related compensation under present legislation. Should the Properties be expropriated in favour of the land claimants, MC Mining will negotiate access terms with the Minister of Land Affairs and the successful claimants who are expected to be communities who have a shareholding in Baobab.

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Non-executive directors Peter G. Cordin, Andrew D. Mifflin, Khomotso B. Mosehla, Thabo F. Mosololi, Shangren Ding, An Chee Sin, Brian He Zhen

David Brown, MC Mining's Chief Executive Officer commented:

"The Agreement to acquire Lukin and Salaita is a significant step for MC Mining and completes the suite of surface rights required for our permitted flagship Makhado Project. With the acquisition of the Properties, the Company can proceed with the geotechnical and related studies for the mine's infrastructure. The initial tranche of the purchase price will be funded from internal cash flows.

MC Mining has made substantial progress on the Makhado Project milestones, including an off-take agreement for approximately half of the hard coking coal to be produced at the mine. Negotiations for the sale of the remaining hard coking coal as well as the thermal coal are at an advanced stage while funding initiatives are also progressing. The Company will keep shareholders apprised on these processes as well as the results of the geotechnical studies, with further updates expected in the March FY2019 quarter."

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Chief Executive Officer

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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. MCM's key projects include the Uitkomst Colliery (metallurgical and thermal coal), Makhado Project (coking and thermal coal). Vele Colliery (coking and thermal coal), and the Greater Soutpansberg Projects (MbeuYashu).

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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 MCM's ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behaviour of other market participants. MCM 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. MCM 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.

Regulatory

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