



ANNOUNCEMENT

31 October 2023

**ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023
FOR
MC MINING LIMITED (MC Mining or the Company)
AND ITS SUBSIDIARY COMPANIES**

HIGHLIGHTS

Operations

- Health and safety remains a priority and we continue to make progress, against the background of the goal of zero harm, with no lost-time injuries (**LTIs**) recorded during the quarter (FY2023 Q4: two LTIs);
- Production at the Uitkomst steelmaking and thermal coal mine (**Uitkomst Colliery** or **Uitkomst**) increased following the implementation of a turnaround plan in June 2023 and run-of-mine (**ROM**) coal production was 10% higher than the September 2022 quarter at 139,192 tonnes (**t**) (FY2023 Q1: 126,053t);
- Uitkomst sold 100,449t of coal during the quarter (FY2023 Q1: 84,801t), comprising 100,074t (FY2023 Q1: 39,730t) of high-grade domestic coal sales and 375t (FY2023 Q1: 2,956t) of lower grade middlings coal;
- Following expiry of the export marketing agreement at the end of June 2023, Uitkomst had 34,919t (FY2023 Q1: 24,312t) of high-grade coal at the colliery and nil t (FY2023 Q1: 42,115t) at port at the end of the quarter;
- Steady progress during the quarter on critical early works activities at the Makhado steelmaking hard coking coal project (**Makhado Project** or **Makhado**) and advancing the detailed design of the coal handling and processing plant (**CHPP**) and related infrastructure;
- The managed tender processes to select the mining contractor as well as the operating and maintenance contractors for the Makhado CHPP and the laboratory continued during the quarter; and

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Chairman Nhlanhla Nene **Chief Executive Officer and Managing Director** Godfrey Gomwe

Non-executive directors An Chee Sin, Andrew Mifflin, Brian He Zhen, Khomotso Mosehla, Mathews Senosi, Yi He, Julian Hoskin

- Ramp-up of mining and processing at the outsourced Vele Aluwani Colliery (**Vele Colliery** or **Vele**) following the recommissioning of the mine in December 2022 and the outsource agent delivered 71,580 t (FY2023 Q1: nil t) of thermal coal during the quarter.

Corporate

- Thermal coal prices continued to decline, averaging US\$109/t in the quarter compared to US\$115/t in Q4 FY2023 and US\$325/t in Q1 of FY2023. Premium steelmaking hard coking coal (**HCC**) prices remained elevated, averaging US\$258/t in the quarter (FY2023 Q1: US\$250/t); and
- Available cash and facilities of US\$5.1 million (FY2023 Q4: net cash balance of US\$8.8 million).

Events subsequent to 30 September 2023

- Positive engagement with the Industrial Development Corporation of South Africa Limited and approval received to extend the repayment date for the R160 million loan (US\$8.5 million), plus interest thereon, to 30 September 2024.

Godfrey Gomwe, Managing Director & Chief Executive Officer, commented:

“The implementation of turnaround plan at the Uitkomst Colliery during June 2023 has yielded very pleasing results and ROM coal production exceeded the comparative period, despite the increased incidents of electricity blackouts implemented by Eskom, the state power utility, compared to Q1 FY2023. Production at the underground colliery was impacted by the extended travel time to the mining areas and the optimisation initiative, which includes a change in the shift system, resulted in increased mining time, yielding higher volumes of coal. Uitkomst continues to assess alternative international and domestic coal marketing strategies for the colliery’s premium product.

The Company progressed the Makhado Project during the quarter. This includes advancing the early works, primarily, to ensure that the site is secure, and starting the construction of a bridge across the Mutamba river along with water infrastructure for the CHPP. We also continued with the detailed design of the CHPP and progressed the managed tender processes to select the outsourced mining, plant and laboratory operators. This resulted in the shortlisting of preferred contractors and we anticipate making the relevant appointments in Q1 CY2024.

The ramp-up of operations at the outsourced Vele Colliery continued during the quarter and the contractor is expected to be at full production during Q4 CY2023.”

DETAILED QUARTERLY OPERATIONS REPORTS

Uitkomst Colliery – Utrecht Coalfields (84% owned)

No LTIs were recorded during the quarter (FY2023 Q4: one LTI) with the continued focus on leading indicators delivering safety improvements.

Uitkomst produced 139,192t of ROM coal during the quarter (FY2023 Q1: 126,053t). This follows the implementation of a turnaround plan at the colliery in June 2023. This optimisation initiative includes a revised underground operating shift system which is designed to increase mining time, yielding additional ROM coal production. This has resulted in higher volumes of saleable coal and lower unit production costs. Uitkomst achieved a 10% improvement in ROM coal production despite impact of daily electricity blackouts. Uitkomst has access to back-up diesel generators but these are only sufficient for underground mining operations; additionally the switch from Eskom to internally generated power affects both underground and surface operations and adds to mining costs.

Uitkomst sold 100,074t (FY2023 Q1: 39,730t) of high-grade pea and duff-sized coal to domestic customers during the three months while the comparative period included the export of 25,856t of coal. The switch to domestic sales is due to lower API4 prices in CY2023 with an average price of US\$109/t during the quarter, 66% lower than FY2023 Q1 (US\$325/t). The fixed-price contract for the sale of high-ash, lower value middlings coal expired during the previous quarter and Uitkomst only sold 375t (FY2023 Q1: 2,956t) during the three months. The colliery had 34,919t (FY2023 Q1: 24,312t; 42,115t at port) of high-grade coal on site at the end of the quarter and the Company continues to assess potential alternative coal marketing opportunities.

The revenue per tonne declined by 31% compared to Q1 FY2023 primarily due to sales into the domestic market, whereas API4 coal prices were elevated in Q1 FY2023 in which Uitkomst exported 25,856t. The higher coal sales volumes and weaker exchange rate contributed to the 28% decline in production costs per saleable tonne (FY2024 Q1: US\$59/t vs. FY2023 Q1: US\$82/t).

	Quarter to end-Sep 2023	Quarter to end-Sep 2022	%▲
Production volumes			
Uitkomst ROM (t)	139,192	126,053	10%
Inventory volumes			
High quality duff and peas at site (t)	34,919	24,312	44%
High quality duff and peas at port (t)	-	42,115	(100%)
	34,919	66,427	(47%)
Sales tonnages			
Domestic high-quality duff and peas (t)	100,074	39,730	>100%
Middlings sales (t)	375	2,956	(87%)
	100,449	42,686	>100%
Quarter financial metrics			
Net revenue/t (US\$)	86	125	(31%)
Net revenue/t (ZAR)	1,611	2,124	(24%)
Production cost/saleable tonne (US\$)^	59	82	(28%)

[^] costs are all South African Rand (ZAR) based

Makhado Hard Coking Coal Project – Soutpansberg Coalfield (67% owned)

The development of the Company's flagship fully-licensed and shovel-ready Makhado Project is expected to position MC Mining as South Africa's pre-eminent steelmaking HCC producer. Makhado recorded no LTIs (FY2023 Q4: nil) during the quarter.

Early works

The Company continued to progress the critical Makhado early works during the quarter, including:

- Construction of the main access road and the preparatory earthworks for a bridge across the Mutamba river;
- Commencement of the construction of the foundations for the CHPP bulk water supply reservoirs;
- Continuation of work on the detailed design, procurement and construction of the power supply overhead transmission line – a critical path activity;

- Refurbishment of onsite accommodation to house project construction crews; and
- Securing the site including significant progress with erection of fencing.

Tender processes

The Makhado Project will be contractor-operated. First coal production is expected 18 months from commencement of construction, which is expected during H1 CY2024. The Company advanced the open tender processes to select the outsourced mining contractor, a CHPP operating contractor and the analytical laboratory operator during the quarter. This resulted in the short-listing of preferred contractors. The selection of the mining contractor is at an advanced stage and the Company anticipates concluding the tender processes in H1 CY2024.

Makhado Project Funding

The Company continued with the Makhado Project composite funding initiatives during the quarter, including progressing the detailed designs for the CHPP and related infrastructure in preparation for procurement. This information is required by potential funders and MC Mining anticipates that the funding will be concluded in H1 CY2024, with construction commencing soon thereafter. The various initiatives being negotiated include, amongst others, funding arrangements through build, own, operate, transfer (**BOOT**); senior debt and debt/equity instruments; coal prepayments; and engineering, procurement and construction (**EPC**) contracts.

Vele Aluwani Semi-Soft Coking and Thermal Coal Colliery – Limpopo (Tuli) Coalfield (100% owned)

Vele recorded no LTIs (FY2023 Q4: one LTI) during the quarter.

The mining and processing operations at the opencast Vele Colliery were outsourced to Hlalethebani Outsourcing Services (Pty) Ltd (**HOS**) and recommissioned in late December 2022. HOS is responsible for all mining and processing costs and the Company remains responsible for the colliery's regulatory compliance, rehabilitation guarantees, relationships with authorities and communities as well as the supply of electricity and water. HOS pays a fee of ZAR200/t of coal sold if the monthly average API4 price is higher than \$120/t. The contractor delivered 71,580t (FY2023 Q1: nil t) of thermal coal during the quarter. Ramp-up to full production is expected in Q4 CY2023 with HOS targeting monthly production of 60,000t of saleable thermal coal from Vele.

Greater Soutpansberg Project (GSP) – Soutpansberg Coalfield (74% owned)

The Greater Soutpansberg Projects recorded no LTIs (FY2023 Q1: nil) during the quarter and no reportable activities occurred during the period.

Appendix 5B – Quarterly Cash Flow Report

The Company's available cash balance and facilities as at 30 September 2023 was US\$5.1 million. The aggregate amount of payments to related parties and their associates, as disclosed as item 6.1 of the June 2023 quarter Appendix 5B, was US\$149k, comprising executive and non-executive director remuneration.

Godfrey Gomwe

Managing Director and Chief Executive Officer

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

All figures are in South African rand or United States dollars unless otherwise stated.

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BSM Sponsors Proprietary 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).

All figures are denominated in United States dollars unless otherwise stated. Safety metrics are compared to the preceding quarter while financial and operational metrics are measured against the comparable period in the previous financial year. A copy of this report is available on the Company's website, www.mcmining.co.za.

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 does 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.

Glossary

Term	Definition
BOOT	Build, own, operate, transfer
CHPP	Coal handling & processing plant
GSP	Greater Soutpansberg Projects
HCC	Hard coking coal
HOS	Hlaethembeni Outsource Services (Pty) Ltd
LTI	Lost time injury
Makhado Project/ Makhado	Makhado steelmaking hard coking coal project
MC Mining/ the Company	MC Mining Limited
ROM	Run of mine
t	tonnes
Uitkomst Colliery/ Uitkomst	Uitkomst metallurgical and thermal coal mine
Vele Colliery/Vele	Vele Aluwani Colliery

Tenements held by MC Mining and its Controlled Entities

Project Name	Tenement Number	Location	Interest	Change during quarter
Chapudi Project*	Albert 686 MS	Limpopo~	74%	
	Bergwater 712 MS		74%	
	Remaining Extent and Portion 2 of Bergwater 697 MS		74%	
	Blackstone Edge 705 MS		74%	
	Remaining Extent & Portion 1 of Bluebell 480 MS		74%	
	Remaining Extent & Portion 1 of Bushy Rise 702 MS		74%	
	Castle Koppies 652 MS		74%	
	Chapudi 752 MS		74%	
	Remaining Extent, Portions 1, 3 & 4 of Coniston 699 MS		74%	
	Driehoek 631 MS		74%	
	Remaining Extent of Dorps-rivier 696 MS		74%	
	Enfield 512 MS (consolidation of Remaining Extent of Enfield 474 MS, Brosdoorn 682 MS & Remaining Extent of Grootvlei 684 MS)		74%	
	Remaining Extent and Portion 1 of		74%	
	Grootboomen 476 MS		74%	
	Grootvlei 684 MS		74%	
	Kalkbult 709 MS		74%	
	Remaining Extent, Remaining Extent of Portion 2, Remaining Extent of Portion 3, Portions 1, 4, 5, 6, 7 & 8 of Kliprivier 692 MS		74%	
	Remaining Extent of Koodoobult 664 MS		74%	

Project Name	Tenement Number	Location	Interest	Change during quarter
	Koschade 657 MS (Was Mapani Kop 656 MS)		74%	
	Malapchani 659 MS		74%	
	Mapani Ridge 660 MS		74%	
	Melrose 469 MS		74%	
	Middelfontein 683 MS		74%	
	Mountain View 706 MS		74%	
	M'tamba Vlei 654 MS		74%	
	Remaining Extent & Portion 1 of Pienaar 635 MS		74%	
	Remaining Extent & Portion 1 of Prince's Hill 704 MS		74%	
	Qualipan 655 MS		74%	
	Queensdale 707 MS		74%	
	Remaining Extent & Portion 1 of Ridge End 662 MS		74%	
	Remaining Extent & Portion 1 of Rochdale 700 MS		74%	
	Sandilands 708 MS		74%	
	Portions 1 & 2 of Sandpan 687 MS		74%	
	Sandstone Edge 658 MS		74%	
	Remaining Extent of Portions 2 & 3 of Sterkstroom 689 MS		74%	
	Sutherland 693 MS		74%	
	Remaining Extent & Portion 1 of Varkfontein 671 MS		74%	
	Remaining Extent, Portion 2, Remaining Extent of Portion 1 of Vastval 477 MS		74%	
	Vleifontein 691 MS		74%	

Project Name	Tenement Number	Location	Interest	Change during quarter
	Ptn 3, 4, 5 & 6 of Waterpoort 695 MS		74%	
	Wildebeesthoek 661 MS		74%	
	Woodlands 701 MS		74%	
Kanowna West & Kalbara	M27/41	Coolgardie^	Royalty<>	
	M27/47		Royalty<>	
	M27/59		Royalty<>	
	M27/72,27/73		Royalty<>	
	M27/114		Royalty<>	
	M27/196		Royalty<>	
	M27/181		5.99%	
	M27/414,27/415		Royalty<>	
	P27/1826-1829		Royalty<>	
	P27/1830-1842		Royalty<>	
	P27/1887		Royalty<>	
Abbotshall Royalty	ML63/409,410	Norseman^	Royalty	
Kookynie Royalty	ML40/061	Leonora^	Royalty	
	ML40/135,136		Royalty	
Makhado Project	Fripp 645 MS	Limpopo~	67%#	
	Lukin 643 MS		67%#	
	Mutamba 668 MS		67%#	
	Salaita 188 MT		67%#	
	Tanga 849 MS		67%#	
	Daru 889 MS		67%#	
	Windhoek 900 MS		67%#	
	Beck 568 MS	Limpopo~	74%	

Project Name	Tenement Number	Location	Interest	Change during quarter
Generaal Project*	Bekaf 650 MS		74%	
	Remaining Extent & Portion 1 of Boas 642 MS-		74%	
	Chase 576 MS		74%	
	Coen Britz 646 MS		74%	
	Fanie 578 MS		74%	
	Portions 1, 2 and Remaining Extent of Generaal 587 MS		74%	
	Joffre 584 MS		74%	
	Juliana 647 MS		74%	
	Kleinenberg 636 MS		74%	
	Remaining Extent of Maseri Pan 520 MS		74%	
	Remaining Extent and Portion 2 of Mount Stuart 153 MT		100%	
	Nakab 184 MT		100%	
	Phantom 640 MS		74%	
	Riet 182 MT		100%	
	Rissik 637 MS		100%	
	Schuitdrift 179 MT		100%	
	Septimus 156 MT		100%	
	Solitude 111 MT		74%	
	Stayt 183 MT		100%	
	Remaining Extent & Portion 1 of Terblanche 155 MT		100%	
	Van Deventer 641 MS		74%	
	Wildgoose 577 MS		74%	
	Ancaster 501 MS	Limpopo~	100%	

Project Name	Tenement Number	Location	Interest	Change during quarter
Mopane Project*	Banff 502 MS		74%	
	Bierman 599 MS		74%	
	Cavan 508 MS		100%	
	Cohen 591 MS		100%	
	Remaining Extent, Portions 1 & 2 of Delft 499 MS		74%	
	Dreyer 526 MS		74%	
	Remaining Extent of Du Toit 563 MS		74%	
	Faure 562 MS		74%	
	Remaining Extent and Portion 1 of Goosen 530 MS		74%	
	Hermanus 533 MS		74%	
	Jutland 536 MS		100%	
	Krige 495 MS		74%	
	Mons 557 MS		100%	
	Remaining Extent of Otto 560 MS (Now Honeymoon)		74%	
	Remaining Extent & Portion 1 of Pretorius 531 MS		74%	
	Schalk 542 MS		74%	
	Stubbs 558 MS		100%	
	Ursa Minor 551 MS		74%	
	Van Heerden 519 MS		74%	
	Portions 1, 3, 4, 5, 6, 7, 8, 9, Remaining Extent of Portion 10, Portions 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 29, 30, 35, 36, 37, 38, 39, 40, 41, 44,		74%	

Project Name	Tenement Number	Location	Interest	Change during quarter
	45, 46, 48, 49, 50, 51, 52 & 54 of Vera 815 MS			
	Remaining Extent of Verdun 535 MS		74%	
	Voorburg 503 MS		100%	
	Scheveningen 500 MS		74%	
Uitkomst Colliery and prospects	Portion 3 (of 2) of Kweekspruit No. 22	KwaZulu-Natal~	84%	
	Portion 8 (of 1) of Kweekspruit No. 22		84%	
	Remainder of Portion 1 of Uitkomst No. 95		84%	
	Portion 5 (of 2) of Uitkomst No. 95		84%	
	Remainder Portion1 of Vaalbank No. 103		84%	
	Portion 4 (of 1) of Vaalbank No. 103		84%	
	Portion 5 (of 1) of Vaalbank No. 103		84%	
	Remainder of Portion 1 of Rustverwacht No. 151		84%	
	Remainder of Portion 2 of Rustverwacht No. 151		84%	
	Remainder of Portion 3 (of 1) of Rustverwacht No. 151		84%	
	Portion 4 (of 1) Rustverwacht No.151		84%	
	Portion 5 (of 1) Rustverwacht No. 151		84%	
	Remainder of Portion 6 (of 1) of Rustverwacht No. 151		84%	
	Portion 7 (of 1) of Rustverwacht No. 151		84%	
	Portion 8 (of 2) of Rustverwacht No. 151		84%	
	Remainder of Portion 9 (of 2) of Rustverwacht No. 151		84%	
	Portion 11 (of 6) of Rustverwacht No. 151		84%	
	Portion 12 (of 9) of Rustverwacht No. 151		84%	
	Portion 13 (of 2) of Rustverwacht No. 151		84%	

Project Name	Tenement Number	Location	Interest	Change during quarter
	Portion 14 (of 2) of Rustverwacht No. 151		84%	
	Portion 15 (of 3) of Rustverwacht No. 151		84%	
	Portion 16 (of 3) of Rustverwacht No. 151		84%	
	Portion 17 (of 2) of Rustverwacht No. 151		84%	
	Portion 18 (of 3) of Waterval No. 157		84%	
	Remainder of Portion 1 of Klipspruit No. 178		84%	
	Remainder of Portion 4 of Klipspruit No. 178		84%	
	Remainder of Portion 5 of Klipspruit No. 178		84%	
	Portion 6 of Klipspruit No. 178		84%	
	Portion 7 (of 1) of Klipspruit No. 178		84%	
	Portion 8 (of 1)of Klipspruit No. 178		84%	
	Portion 9 of Klipspruit No. 178		84%	
	Remainder of Portion 10 (of 5) of Klipspruit No. 178		84%	
	Portion 11 (of 5) of Klipspruit No. 178		84%	
	Portion 13 (of 4) of Klipspruit No. 178		84%	
	Remainder of Portion 14 of Klipspruit No. 178		84%	
	Portion 16 (of 14) of Klipspruit No. 178		84%	
	Portion 18 of Klipspruit No. 178		84%	
	Portion 23 of Klipspruit No. 178		84%	
	Remainder of Portion 1 of Jackalsdraai No. 299		84%	
	Remainder of Jericho B No. 400		84%	
	Portion 1 of Jericho B No. 400		84%	
	Portion 2 of Jericho B No. 400		84%	
	Portion 3 of Jericho B No. 400		84%	

Project Name	Tenement Number	Location	Interest	Change during quarter
	Remainder of Jericho C No. 413		84%	
	Portion 1 of Jericho C No. 413		84%	
	Remainder of Portion 1 of Jericho A No. 414		84%	
	Remainder of Portion 2 (of 1) of Jericho A No. 414		84%	
	Portion 3 (of 1) of Jericho A No. 414		84%	
	Portion 4 (of 1) of Jericho A No. 414		84%	
	Portion 5 (of 2) of Jericho A No. 414		84%	
	Portion 6 (of 1) of Jericho A No. 414		84%	
	Margin No. 420		84%	
Vele Colliery and prospects	Portions of Overvlakte 125 MS (Remaining Extent, 3, 4, 5, 6, 13, 14)	Limpopo~	100%	
	Bergen Op Zoom 124 MS		100%	
	Semple 155 MS		100%	
	Voorspoed 836 MS		100%	
	Alyth 837 MS		100%	

* Form part of the Greater Soutpansberg Projects

~ Tenement located in the Republic of South Africa

^ Tenement located in Australia

MC Mining's interest will reduce to 67% on completion of the 26% Broad Based Black Economic Empowerment (BBBEE) transaction

<> net smelter royalty of 0.5%