



ANNOUNCEMENT

13 April 2022

MAKHADO PROJECT BANKABLE FEASIBILITY STUDY COMPLETED

MC Mining Limited (**MC Mining** or the **Company**) is pleased to announce the completion of a Bankable Feasibility Study (**BFS**) for its fully licenced Makhado hard coking coal project (**Makhado Project** or **Makhado**). The BFS was prepared by Minxcon (Pty) Ltd (**Minxcon**), an independent mining industry consulting firm, and is a key milestone in securing the funding for Makhado. The Company expects to finalise the financing for the Makhado Project in Q3 CY2022 with construction commencing soon thereafter. The BFS confirmed that Makhado has JORC/SAMREC compliant 296 million mineable tonnes in situ (**MTIS**) of Measured and Indicated Coal Resources, 7.2 million MTIS of Inferred Coal Resources and 69.3 million tonnes of Proved and Probable Coal Reserves under the proposed open pit mining and coal processing methods.

Background

MC Mining has a 68% interest in the Makhado Project through its subsidiary, Baobab Mining & Exploration (Pty) Ltd, with the Industrial Development Corporation of South Africa Limited (**IDC**) owning 6.7%, seven local communities owning 20% and the remaining 6% held by a Black Economic Empowerment industrialist. The development of Makhado will provide significant direct and indirect benefits to local communities in one of the poorest areas of South Africa. MC Mining remains committed to the sustainable development of Makhado Project. The Company also owns the surface rights of the properties required for the project and has the requisite regulatory approvals to commence mining at Makhado.

Striving to unlock near-term shareholder value, the Makhado Project's development plan in the BFS was designed to minimise the upfront capital expenditure by utilising existing infrastructure that is currently on care and maintenance. The BFS envisages the initial mining of the West Pit which is followed by mining of the East and Central Pits while the existing coal processing plant (**CPP**) at the Vele Colliery will be modified allowing it to simultaneously produce hard coking coal (**HCC**) and export quality thermal coal. The West, East and Central pits will be mined at a combined average rate of 3.2 million tonnes per annum (**Mtpa**) with the run of mine (**ROM**) material being crushed and screened at Makhado prior to dispatch to the Vele CPP. Over the life-of-mine (**LOM**), approximately 2.0 Mtpa of crushed and screened coal will be transported 134km, to the Vele CPP where the coal will be processed to produce two marketable products – a mid-volatile HCC for sale domestically and internationally and, a 5,500 kcal (API3) thermal coal for sale on the international market. Makhado has an offtake agreement with ArcelorMittal South Africa Limited for the domestic supply of up to 450,000 tonnes of HCC per annum and has also commenced off-take discussions with various parties for the balance of the HCC as well as the export of the thermal coal.

The salient features of the Makhado Project are:

- Coal Resources of 296 MTIS in the Measured and Indicated categories
- Coal Reserves of 69.3 million tonnes in the Proved and Probable categories
- Overall stripping ratio over the LOM is 2.48:1.0 (bank cubic metres of waste: tonne of coal)
- 25.6 million tonnes (**Mt**) of saleable coal produced over the LOM comprising:
 - 13.7 Mt of HCC
 - 11.9 Mt of 5,500kcal thermal coal

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Chairman Khomotso Mosehla **CEO** Sebastiano (Sam) Randazzo

Non-executive directors Andrew Mifflin, Junchao Liu, An Chee Sin, Brian He Zhen, Nhlanhla Nene, Godfrey Gomwe

- Approximately 22 years LOM
- Outsourcing of mining and processing operations to experienced third parties that currently operate several other sites in South Africa
- Creation of an estimated 650 permanent employment positions (including contractors)
- Capital cost (including contingencies) of ZAR625 million (\$41.7 million) and a peak funding requirement of ZAR727 million (\$51.7 million)
- Confirms Makhado's robust economics with a positive post-tax internal rate of return (**IRR**) and an estimated payback period of 3.8 years
- Positions the project to take advantage of the current higher global coal prices
- Generation of significant cash flows for MC Mining from the development of Makhado's Resources.

Key features of the Makhado BFS:

	Makhado BFS
LOM	22 years*
HCC production	13.7 Mt
Thermal coal production	11.9 Mt
Construction capital	ZAR625 million (\$41.7 million)
Peak funding	ZAR727 million (\$51.7 million)
Construction period	Approximatively 12 months
Long term ZAR:USD exchange rate used	R15.47
Real long term premium HCC price/t	\$212.10**
Real long term API4 thermal coal price/t	\$105.50***
Post-tax IRR	38.2%
Post-tax NPV	ZAR4.0 billion (\$268.1 million)

**Revised Makhado economic parameters included in the Minxcon BFS*

***\$594/t at the end of March 2022*

****\$260/t at the end of March 2022*

Sam Randazzo, Interim Chief Executive Officer of MC Mining, commented:

"The completion of the BFS reflects a key advancement of Makhado and confirms the project's robust economics. The BFS is based on the project plan with the lowest capital cost options and results in Makhado's ROM coal being transported to the Vele Colliery for processing for the entire LOM. The forecast HCC and thermal coal prices used in the BFS were sourced from independent advisors and are considerably lower than current index prices, reflecting Makhado's robust economics and significant upside. The BFS is a key milestone in securing the funding for Makhado."

Sam Randazzo

Interim Chief Executive Officer

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

This announcement is inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014, as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019.

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

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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).

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.

Glossary

Term	Definition
CPP	coal processing plant
HCC	hard coking coal
JORC	Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition
Indicated Coal Resource	Maximum distance between points of observation of 1,000 metres (m) and a maximum Halo radius of 500m
Inferred Coal Resource	Maximum distance between points of observation of 4,000m and a maximum Halo radius of 2,000m
Measured Coal Resource	Maximum distance between points of observation of 500m and a maximum Halo radius of 250m
MTIS	mineable tonnes in situ
LOM	life of mine
Probable Coal Reserves	A Probable Coal Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Coal Resource. The confidence in the modifying factors applying to a Probable Coal Reserve is lower than that applying to a Proved Coal Reserve.
Proved Coal Reserve	A Proved Coal Reserve is the economically mineable part of a Measured Coal Resource. A Proved Coal Reserve implies a high degree of confidence in the Modifying Factors.
ROM	run of mine
SAMREC	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves

Statements of intention

Statements of intention are statements of current intentions only, which may change as new information becomes available or circumstances change.

MC Mining has ensured that the mineral resources quoted are subject to good governance arrangements and internal control. The Company has engaged external independent consultants to update the mineral resource in accordance with the JORC Code 2012 and SAMREC 2016. The units of measure in this report are metric, with Tonnes (t) = 1,000kg. Technical information that requires subsequent calculations to derive subtotals, totals and weighted averages may involve a degree of rounding and consequently introduce an error. Where such errors occur MC Mining does not consider them to be material.

The Company's principle competent person is Mr J.C.H.K. Sparrow who is in full time employ of MC Mining as the Group Geologist. Mr Sparrow, who is a registered professional scientist of good standing with the South African Council for Natural Scientific Professions (SACNASP) (400109/03) and acts the Competent Person under the AIM Rules - Note for Mining and Oil & Gas Companies, he has read and approved the technical disclosures in this announcement.