

MCMining
LIMITED

INTERIM RESULTS **for the six months ended** **31 December 2019**

13 March 2020

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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.mcmMining.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 Colliery Resources in this presentation is Ms N. Masunyane who is in the full time employ of the Company as the Principle Geological Modeller. Ms Masunyane is a registered professional scientist of good standing with the South African Council for Natural Scientific Professions, SACNASP(400226/10). The lead Competent Person responsible for the declaration of the Uitkomst Colliery Reserve in this presentation is Mr C.W. Archer who is a consultant to the Company. Mr Archer is a qualified mining engineer and registered member of good standing with the South African Institute of Mining and Metallurgy (SAIMM) (706388).

The last independent Competent Persons Report for the Uitkomst Colliery was prepared by 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 SACNASP(400109/03). Mr Bronn is a qualified mining engineer and registered member of good standing with the SAIMM (704125). The 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

Overview

Brenda Berlin

Operational review

Cobus Bronn

Group Financial review

Brenda Berlin

Makhado Project update

Brenda Berlin

MC Mining – Compelling Outlook

Brenda Berlin





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OVERVIEW

Brenda Berlin

Uitkomst Colliery in KwaZulu-Natal, acquired 30 June 2017

MC MINING OVERVIEW

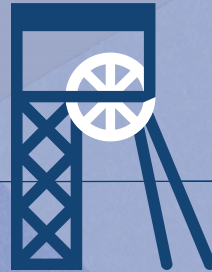
- Portfolio of South African coal producing and development projects with an experienced management team
 - Operating **Uitkomst Colliery** producing coal with metallurgical applications
 - Fully permitted, shovel-ready flagship **Makhado Project** will produce high quality **hard coking coal** as well as export quality thermal coal in two phases – 46 year LOM
 - Significant growth potential – **Vele & GSP** coal resources ~2 billion *mineable tonnes in situ* and will benefit from the nearby rail, road, power and water infrastructure
- Phased Makhado opencast project reduces initial capex requirements
- Positioned to be South Africa's pre-eminent producer of high quality **hard coking coal** - forecast growing demand/price as global per capita steel consumption increases
- Listed on the ASX, AIM and JSE



KEY features for H1 FY2020



Seven LTIs recorded with the focus of safety training continuing



ROM production from Uitkomst underground mining operations increased by 11% to 262,696t



Uitkomst sold 161,821t of coal, marginally lower by 1%



Uitkomst \$/t costs reduced by 22% to \$37/t



API4 prices 30% lower than H1 FY2019



\$17m loan facility secured from the IDC for the development of Makhado Phase 1



Generaal mining right granted – second of the three GSP applications



MAKHADO key developments in H1

- Makhado **Phase 1** FEED process (+-10% accuracy) completed in CY2019
- Detailed design substantially completed by DRA confirming capital estimates for **Phase 1**
- Secured firm proposals on material operating costs:
 - Mining
 - Processing
 - Road transport

} 90% of costs certain
- Multiples sources of funding being progressed – small gap remaining





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OPERATIONAL REVIEW

Cobus Bronn



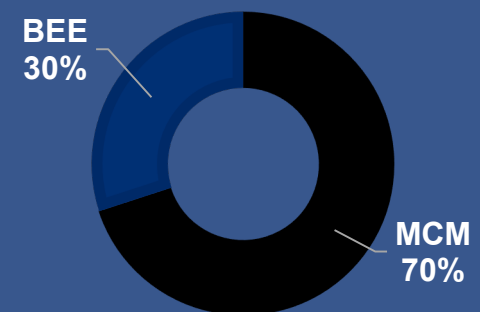
Uitkomst Colliery south adit and conveyor to the processing plant

UITKOMST: CASH GENERATIVE, PRODUCING ASSET

- High-grade thermal coal deposit in KwaZulu-Natal for domestic metallurgical and thermal markets
- 30% BEE ownership satisfies Mining Charter ownership requirements
- Easily accessible, well-established infrastructure
- North adit LOM extension – additional exploration will commence in H2 FY2020 to confirm the geological structure for the positioning of the adit
- Circa 15-year LOM, including north adit



OWNERSHIP



UITKOMST SAFETY

- Seven LTIs recorded at Uitkomst during the period (H2 FY2019: three LTIs) in six separate incidents
- Management changes implemented during the period - new SHE manager appointed in November 2019
- MC Mining's technical team conducted a plant safety audit – minor risks identified
- Re-training programme completed with a key focus on safety
- Management compiled an 'in house' safety strategy in conjunction with the workforce
- Safety initiatives yielding positive results - focusing on doing the basics right
- Improvements trending positively in Q3 FY2020 with only one LTI recorded to date

UITKOMST OPERATIONS

	H1 FY2020	H1 FY2019	△
	tonnes	tonnes	
Production tonnages			
Uitkomst ROM	262,696	237,715	11%
Purchased ROM to blend*	-	12,466	(100%)
	262,696	250,181	5%
Sales tonnages			
Own ROM	147,234	157,452	(7%)
Middlings sales	14,587	-	100%
Purchased ROM to blend	-	6,035	(100%)
	161,821	163,487	(1%)
Financial metrics			
Revenue/tonne (\$)	68.11	88.91	(23%)
Production cost/ROM tonne (\$)	37.21	47.70	(22%)

*third party ROM supply contract expired during prior period

UITKOMST FINANCES

	H1 FY2020	H1 FY2019
	\$'000	\$'000
Sales	11,359	15,201
Cost of sales	(11,077)	(12,312)
Gross profit	282	2,889
EBITDA	1,185	3,121
Cash from operations	1,550	1,295
Cash spent on investing activities	(451)	(681)
Cash spent on financing activities	(858)	(214)
Net cash generated	242	400
Cash at period end	1,371	2,771

- Revenue was adversely affected by pressure on international coal prices - average API4 price was 30% lower than H1 FY2019 (\$69/t vs. \$99/t)
- Uitkomst is cash generative despite significant decline in API4 prices
- Jan & Feb 2020 API4 prices averaged \$85/t



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GROUP FINANCIAL REVIEW

Brenda Berlin

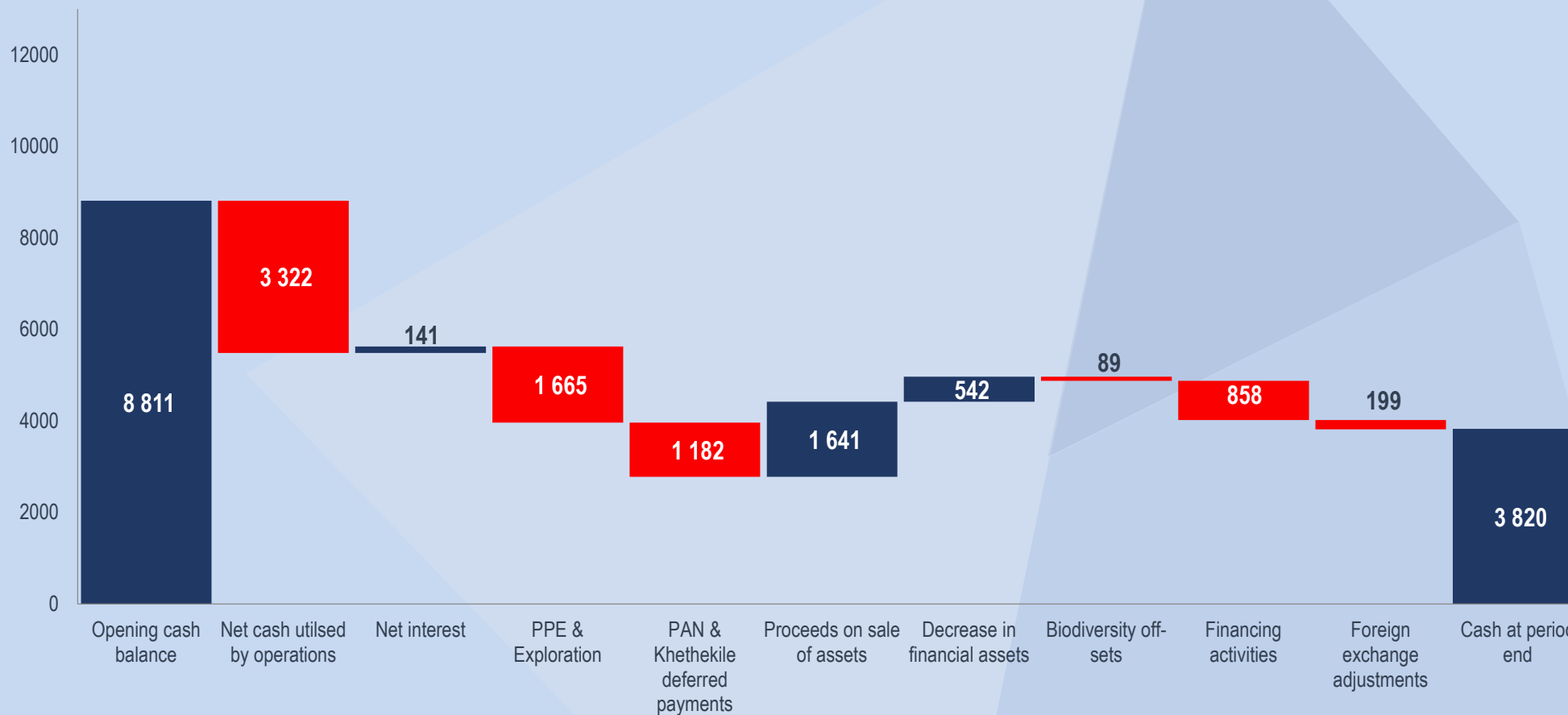
Historic coal production at Vele Colliery

H1 FY2020 VS. H1 FY2019 INCOME STATEMENT VARIANCES

	H1 FY2020	H1 FY2019	Variance
	\$'000	\$'000	\$'000
Gross profit	282	2,889	(2,607)
Other operating income & gains	464	1,346	(882)
Net impairments	(1,237)	(132)	(1,105)
Administrative expenses	(5,415)	(4,844)	(571)
Net finance costs	(1,409)	(2,243)	834
Taxation	256	(628)	884
Net loss from continuing operations	(7,059)	(3,612)	(3,447)



CASH FLOW ANALYSIS – H1 FY2020 (\$'000)



- Balance sheet management and cash preservation continued
- \$8.3m IDC facility undrawn at period-end
- \$1.4m Uitkomst ABSA primary lending facility available





MAKHADO UPDATE

Brenda Berlin



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MAKHADO INVESTMENT CASE

	<i>Phase 1</i>	<i>Phase 2</i>
Mineable tonnes in situ (MTIS)	344.77Mt	
Life-of-mine (LOM)	9 years	>37 years
Anticipated commencement of construction	Q3 CY2020	CY2022
Construction period	9 months	12 months
Area mined	West pit	East & central pits
ROM production	~3.0Mtpa of ROM coal and ~2.0Mtpa of partially beneficiated coal transported to Vele Colliery for final processing	~4.0Mtpa of ROM coal
HCC production	~0.54Mtpa	0.7- 0.8Mtpa
Thermal coal by-product	~0.57Mtpa	0.9 – 1.0Mtpa
Capital expenditure	\$32m (R460m)	\$84m (R1.2bn)
Internal rate of return (IRR)	>40%	>40%
Payback	<2.5 years	<2.5years

- Compelling returns
- Scarce commodity
- Continued growth

Robust fundamentals



MAKHADO PROJECT MILESTONES

Process	Status
Licences, permits and environmental authorisations for Makhado and Vele	Completed
Access to Makhado Project surface rights	Completed
Necessary studies to commence with construction of Phase 1	Completed ¹
Phase 1 thermal coal by-product off-take agreement	Completed
Phase 1 AMSA hard coking coal off-take agreement	Completed ²
Phase 1 composite project funding - Debt portion	Completed
Phase 1 composite project funding - Equity portion	In progress
Commencement of Phase 1 construction	Q3 CY2020
Makhado Phase 1 first production	H1 CY2021
Commencement of Phase 2 construction (subject to coal markets and debt funding availability)	From ~ CY2022 onwards
Phase 2 could be in production	~ CY2023

Phase 1 is shovel ready

1. FEED and detailed engineering studies
 2. Agreement with AMSA for ~85% of **Phase 1** hard coking coal production



MAKHADO PHASE 1 FUNDING

	<i>Funding required (\$m)</i>	
Capex	32	• Binding documents for \$17m debt signed with IDC
Working capital (to steady state)	5	
IDC existing debt	15	• Existing IDC debt will be resolved simultaneously through composite funding plan
Total funding required	52	
New IDC debt	(17)	
	35	
Existing IDC debt	(15)	
Balance required	20	

Management assessing funding possibilities to raise the balance required, including:

- Issue of new MCM equity for cash to existing and new shareholders
- Issue of new equity for cash in Makhado Project corporate entities
- Debt funding
- Contractor funding such as build, own, operate, transfer ('BOOT') arrangements

MOVING FORWARD

A large Hitachi excavator is shown in the process of loading a dump truck at a mining site. The excavator's arm is raised, and a large pile of dark, rocky material is being loaded into the truck's bed. The background shows a steep, rocky hillside. The scene is overlaid with a semi-transparent blue geometric shape on the right side, which contains the text 'MC MINING – COMPELLING OUTLOOK'.

**MC MINING –
COMPELLING OUTLOOK**



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COMPELLING OUTLOOK

MC MINING'S OUTLOOK POST *PHASE 1*

- Two cash generating assets
- Three products
 - Makhado high quality hard coking coal – local & export
 - Makhado thermal coal by-product – export
 - Uitkomst metallurgical and thermal coal – local
- Sustainable cash flow

Upside

- Makhado **Phase 2** – HCC and thermal coal by-product – 37 year LOM
- Major coal resource: >2 billion *mineable tonnes in situ*
- Well positioned for future growth opportunities – SEZ close to MC Mining resources

Only SA producer of hard coking coal



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ANNEXURES



COLLIERY & PROJECT REGULATORY STATUS

Project	MR granted by the DMR			IWUL granted by the DWS			EA granted by the Environmental Departments			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	✓
Vele (Limpopo)	✓	30 years	Fully compliant	✓	20 years	Fully compliant	✓	LOM	Fully compliant 3	✓
GSP (Limpopo)	DMR accepted MR applications for various component projects in 2013 – Chapudi mining right granted in December 2018, Mopane and Generaal MR approvals outstanding			No applications for IWUL submitted – will apply after granting of the MR			No EA applications submitted – will apply after granting of MR			✗

Notes:

1 Extension Application submitted in CY2019 to extend the NOMR for LOM i.e. to 2034

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

3 MC Mining committed to spending R55 million over 25 years on bio-diversity and cultural heritage in line with off-set agreement signed in 2014

DMR - Department of Mineral Resources

DWS – Department of Water & Sanitation

EA - Environmental Authorisation to undertake mining activities

IWUL - Integrated Water Use License - water use limits for construction and mining activities

LOM - Life-of-mine

MR - Mining Right - authorisation to mine resources in accordance with approved mine plan

MC MINING'S SUBSTANTIAL RESOURCES AND RESERVES

Abridged summary of JORC compliant Resource & Reserve statement at 30 June 2019	JORC-compliant Resources (Measured, Indicated and Inferred) ^{1,2}			JORC-compliant Reserves (Proven & Probable) ³
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	28.530	26.180	24.759	8.761
Makhado Project ⁴	795.608	691.694	344.766	172.757
Vele Colliery	793.592	671.320	361.569	291.395
GSP	7,076.894	5,678.711	1,593.416	—
Total	8,694.624	7,067.905	2,324.510	472.913

Notes

1 Resources are stated inclusive of Reserves

2 Independent Technical Statement for Uitkomst and GSP at 30 June 2018 and is inclusive of Reserves

3 The declared Reserves are based upon the Measured and Indicated coal Resource only (ROM tonnes)

4 Excludes the Makhado Extension Project held under a Prospecting Right application