GOVERNANCE

CORPORATE GOVERNANCE **STATEMENT**

The Board of Directors of MCM is responsible for the establishment of a corporate governance framework that has regard to the best practice recommendations set by the ASX Corporate Governance Council.

This statement summarises the corporate governance practices that have been adopted by the Board. In addition to the information contained in this statement, the Company's website at www.mcmining.co.za contains additional details of its corporate governance procedures and practices.

The Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) (ASX Principles) where the Board has considered the recommendations to be an appropriate benchmark for its corporate governance principles. Where the Company considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this statement.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

ASX principles recommendation 1.1

A listed entity should disclose:

a) *the respective roles and responsibilities of its board and management; and*

b) *those matters expressly reserved to the board and those delegated to management.*

The Board has established a Board Charter which sets out functions reserved to the Board and those delegated to senior executives. This Charter is available on the Company's website.

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

The key responsibilities of the MCMining Board include:

- Overseeing the Company, including its control and accountability systems
- Appointing the CEO, or equivalent, for a period and on terms as the Directors see fit and, where appropriate, removing the CEO, or equivalent
- Ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer (CFO) and the Company Secretary
- Ensuring the Company's policy and procedures for selection and (re) appointment of Directors is reviewed in accordance with the Company's Nomination Committee Charter
- Approving the Company's policies on risk oversight and management, internal compliance and control, code of conduct, and legal compliance, which is available on the Company's website
- Satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system
- Assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate
- Monitoring, reviewing and challenging senior management's performance and implementation of strategy
- Ensuring appropriate resources are available to senior management
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Monitoring the financial performance of the Company
- Ensuring the integrity of the Company's financial and other reporting (with the assistance of the Audit and Risk Committee) through approval and monitoring
- Providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company
- Appointing the external auditor (where applicable, based on recommendations of the Audit and Risk Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board is ratified by shareholders

Meeting attendance of members of the Board for FY2018

	Number of Board meetings attended while a member	Number of Board meetings held while a member
Bernard Pryor (Chairman)	4	4
David Brown	4	4
Brenda Berlin [1]	2	2
De Wet Schutte [2]	2	2
An Chee Sin [3]	1	1
Andrew Mifflin	4	4
Brian He Zhen [3]	1	1
Khomotso Mosehla	4	4
Peter Cordin	4	4
Rudolph Torlage [4]	3	3
Shangren Ding	4	4
Thabo Mosololi	4	2

[1] Joined the Company in March 2018 as CFO and appointed Executive Director in April 2018
[2] Resigned in November 2017
[3] Appointed in April 2018
[4] Resigned in April 2018

at the next Annual General Meeting (AGM) of the Company

- Engaging with the Company's external auditors and Audit and Risk Committee
- Monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety
- Making regular assessments of whether each Non-executive Director is independent in accordance with the Company's policy on assessing the independence of Directors
- The Board has delegated responsibilities and authorities to management to enable them to conduct the Company's day-to-day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval

The Board has established three standing committees to assist it to meet its responsibilities:

- Audit and Risk Committee
- Nomination and Remuneration Committee
- Safety, Health and Environment Committee

Each standing committee has a formal Charter approved by the Board setting out the matters relevant to composition, terms of reference, process and administration of that committee. These committees are described in further detail elsewhere in this Corporate governance statement.

The Board Charter requires the Board to convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

Standing committee meetings are held as required, generally the day prior to the scheduled board meeting. The Chairman sets the agenda for each meeting in conjunction with the CEO and Company Secretary. Any Director may request additional matters on the agenda. Members of senior management attend meetings of the Board and its committees by invitation and are available for questioning by Directors.

ASX principles recommendation 1.2

A listed entity should:

a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company performs checks on all potential Directors which include checks on a person's character, experience, education, criminal record and bankruptcy history. Potential Directors are required to provide their consent for the Company to conduct any background or other checks and also acknowledge that they will have sufficient time available to fulfil their responsibilities as a Director of the Company.

Newly appointed Directors must stand for reappointment at the next AGM of the Company. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or reelection including details regarding their length of tenure, relevant skills and experience.

ASX principles recommendation 1.3

A listed entity should:

a) have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has written agreements in place with each Director in the form of an appointment letter. The letter, among other matters, summarises the terms of appointment including remuneration, the requirements to comply with key corporate policies including the Code of Conduct and Share Trading Policy and indemnity and insurance arrangements.

All senior executives including the CEO and the CFO have their position descriptions, roles and responsibilities set out in writing in an employment contract.

ASX principles recommendation 1.4

The company secretary of a listed entity should:

a) be accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board; and

b) the company secretary has an important role in supporting the effectiveness of the board and its committees.

The role of MCM's Company Secretary includes:

- Advising the Board and its committees on governance matters
- Monitoring that Board and committee policy and procedures are followed
- Ensuring that the business at Board and committee meetings is accurately reflected in the minutes

All Directors have direct access to the Company Secretary and vice versa. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

ASX principles recommendation 1.5

A listed entity should:

a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

b) disclose the policy or a summary of it; and

c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:

1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation; or

2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company is committed to developing a diverse workforce and providing a work environment in which all employees are treated fairly and with respect. To this end, the Company has in place an Employment Equity Policy which details its commitment to being an equal opportunity employer and is in line with the South African Mining Charter and Employment Equity legislation in South Africa. A copy of MCMining's Diversity Policy is available on the Company's website.

The Mining Charter requires that a company establish measurable objectives for achieving gender diversity

and assess such objectives and progress towards achieving them. The targets set for MCM include 10% female representation in core mining positions. Employment equity targets such as these relate to designated groups (one of which is women) are included as part of the business key performance areas which are included in all management performance contracts.

Proportion of women employees in the organisation at end FY2018	%
Employees	36
Executive Directors	50
Board	10

The Company is not considered a relevant employer under the Australian Workplace Gender Equality Act as the number of employees in Australia is below the threshold.

ASX principles recommendation 1.6

A listed entity should:

a) have and disclose a process for periodically evaluating the performance of its board, its committees and individual directors; and

b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board reviews its performance and the performance of individual Directors annually. The most recent review, which was conducted during the year, involved the completion of a detailed questionnaire by each Director. The process was managed by the Company Secretary and the Chairman and the results of the review were discussed at a subsequent board meeting.

The Board considers its processes for reviewing the performance of the Board appropriate for the size and stage of development of the Company.

ASX principles recommendation 1.7

A listed entity should:

a) have and disclose a process for periodically evaluating the performance of its senior executives; and

b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The CEO is responsible for assessing the performance of the key executives within the Company. This is performed at least annually through a formal process involving a formal meeting with each senior executive. A performance evaluation of senior executives was completed in the financial year in accordance with this process.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

ASX principles recommendation 2.1

The board of a listed entity should:

a) have a nomination committee that:

1. has at least three members, a majority of whom are independent directors; and

2. is chaired by an independent director; and

3. disclose the charter of the committee and the members of the committee; and

4. as at the end of the reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter has been published on the Company's website.

The Committee's nomination responsibilities include ensuring that the Board has the appropriate blend of Directors with the necessary expertise and relevant industry experience. As such, the Charter requires the Committee to:

- Regularly review the size and composition of the Board, and make recommendations to the Board on any appropriate change
- Identify and assess necessary and desirable Director competences and provide advice on the competency levels of Directors with a view to enhancing the Board
- Make recommendations on the appointment and removal of Directors
- Make recommendations on whether any Directors whose term of office is due to expire should be nominated for re-election
- Regularly review the time required from Non-executive Directors and whether Non-executive Directors are meeting that requirement

Meeting attendance of members of the Nomination and Remuneration Committee for FY2018

	Number of Committee meetings attended while a member	Number of Committee meetings held while a member
Bernard Pryor (Chairman)	4	4
David Brown	4	4
Thabo Mosololi	4	4

ASX principles recommendation 2.2

A listed entity should:

a) have and disclose a board skills matrix setting out the skills and diversity that the board currently has or is looking to achieve in its membership.

The Company's website contains details on the procedures for the selection and appointment of new Directors and the re-election of incumbent Directors, together with the Board's policy for the nomination and appointment of Directors.

The Board has developed a structured process for selection and appointment of new Directors to the Board. As part of this procedure, the Board has committed to:

- The evaluation and identification of the diversity, skills, experience and expertise that will best complement Board effectiveness
- The development of a competencies review process for identifying and assessing Director competencies
- The conduct of a competencies review of the Board before a candidate is recommended for appointment
- The periodic review of the Board's succession plan

The responsibilities of this Committee with respect to remuneration matters are set out elsewhere in this statement.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

The following Board skills matrix sets out the mix of skills, experience and expertise the Board currently has across its membership:

Competencies	Rating
South African politics	✔
Strategic thinking	✔
Gender	✔
Technical	✔
Financial	✔
Commercial	✔
Mergers and acquisitions	✔
Coal markets	✔
International affairs	✔
Shareholder relations	✔
Project development	✔
Equity markets	✔
Debt markets/banking experience	✔
Executive leadership	✔
Listed board experience	✔
Safety, health, environment (SHE) and sustainability	✔

ASX principles recommendation 2.3

A listed entity should disclose:

a) the names of the directors considered by the board to be independent directors;

b) if a director has an interest, position, association or relationship of the type that might cause doubts about the independence of that director but the board is of the opinion that it does not compromise the independence of the director; the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

c) the length of service of each director.

ASX principles recommendation 2.4

A majority of the board of a listed entity should:

a) be independent directors.

ASX principles recommendation 2.5

The chair of the board of a listed entity should:

a) be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Board currently comprises two Executive Directors and eight Non-executive Directors. Five of the Non-executive Directors are considered to be independent. The Chairman, Bernard Pryor, is one of the independent Directors.

The Board agrees that all Directors should bring an independent judgement to bear in decision making.

The Board has adopted a formal policy on access to independent professional advice which provides that Directors are entitled to seek independent professional advice for the purposes of the proper performance of their duties. The advice is at the Company's expense and advice so obtained is to be made available to all Directors.

A Director's obligations to avoid a conflict of interest are set out in the Code of Conduct, available on the Company's website. Directors must also comply strictly with Corporations Act requirements for the avoidance of conflicts.

The Board considers an independent Director to be a Non-executive Director who meets the criteria for independence set out the ASX Principles. In determining a Director's independence, the Board considers the relationships that may affect independence.

Criteria that the Board takes into account when determining Director independence include:

- Substantial shareholdings in the Company
- Past or current employment in an executive capacity
- Whether or not the Director has been a principal of a material professional adviser or a material consultant to the Company in the past three years
- Material supplier or customer relationships with the Company
- Material contractual relationships or payments for services other than as a Director
- Family ties and cross-directorships

Materiality for these purposes is based on quantitative and qualitative thresholds, set out in the Board Charter available on the Company's website.

The Board has reviewed and considered the positions and associations of each of the Directors in office and consider five of the Directors are independent. Bernard Pryor, Peter Cordin, Khomotso Mosehla, Andrew Mifflin and Thabo Mosololi are considered independent. Executive Directors David Brown and Brenda Berlin and Non-executive Directors Shangren Ding, An Chee Sin and Brian He Zhen are not considered independent. The three Non-executive Directors are not considered independent because they are shareholder nominee Directors for substantial shareholders in the Company (Haohua Energy International (Hong Kong) Resource Co Ltd, Summer Trees Pte LTD and Yishun Brightrise Investment Pte LTD respectively).

The resignation of an independent director and appointment of two non-independent directors (by virtue of them being shareholder nominees) during April 2018 resulted in the same number of independent and non-independent directors. It is worthwhile noting that under the Company's constitution, the Chair, who is independent, ordinarily has a casting vote. If the Chairman does not have second or casting vote, the matter is decided in the negative. The Board does not expect this departure from the ASX Principles to be permanent.

Period of office held by each Director in office

	Date appointed	Period in office (years)	Due for re-election or retirement
Bernard Pryor	6 August 2012	6	2019 AGM
David Brown	6 August 2012	6	2018 AGM
Brenda Berlin	24 April 2018	1	2018 AGM
An Chee Sin	24 April 2018	1	2018 AGM
Andrew Mifflin	12 December 2014	3	2020 AGM
Brian He Zhen	24 April 2018	1	2018 AGM
Khomotso Mosehla	18 November 2010	7	2019 AGM
Peter Cordin	8 December 1997	20	2019 AGM
Shangren Ding	11 October 2016	2	2019 AGM
Thabo Mosololi	12 December 2014	3	2018 AGM

Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re-appointment of Directors by rotation is not automatic.

ASX principles recommendation 2.6

A listed entity should:

a) have a programme for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

As part of the induction process, meetings are arranged with other Board members and key executives prior to a Director's appointment.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of this integrated report is set out in the Directors' report and on the Company's website.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

A listed entity should act ethically and responsibly.

ASX principles recommendation 3.1

A listed entity should:

a) have a code of conduct for its directors, senior executives and employees; and

b) disclose that code or a summary of it.

Code of conduct

The Board encourages appropriate standards of conduct and behaviour from Directors, officers, employees and contractors of the Company. The Board has adopted a Code of Conduct in relation to Directors and employees, available from the Company's website. This Code of Conduct is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety.

Securities trading policy

The Board has adopted a Securities Trading Policy (the MCMining Dealing Policy) which regulates dealings by Directors, officers and employees in securities issued by the Company. The policy is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

Under the policy, which is available on the Company's website, Directors, officers and employees of the Company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities (i.e. shares or options) in the Company, or procure another person to do so:

a) If that Director, officer or employee possesses information that a reasonable person would expect to have a material effect on the price or value of the securities if the information was generally available

b) If the Director, officer or employee knows or ought reasonably to know, that the information:
   - relates to the Company or any Company securities
   - is specific enough to enable a conclusion to be drawn as to the possible effect on the price of Company securities
   - is likely to have a non-trivial effect on the price or value of Company securities (meaning that a reasonable investor would be likely to use it as part of the basis of their investment decision)
   - the information is not publicly available

c) Without the written acknowledgement of the Chair

Further, Directors, officers and employees must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

The policy regulates trading by key management personnel (being a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company) within defined closed periods, as well as providing details of trading not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance.

Directors, officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

Directors, officers and employees are also prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Privacy

The Company has resolved to comply with the National Privacy Principles contained in the Privacy Act 1988, to the extent required for a company the size and nature of MCMining.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

ASX principles recommendation 4.1

The board of a listed entity should:

a) have an audit committee that:

   1. has at least three members, all of whom are Non-executive directors and a majority of whom are independent directors; and

   2. is chaired by an independent director, who is not the chair of the board, and disclose

   3. the charter of the committee;

   4. the relevant qualifications and experience of the members of the committee; and

   5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Audit and risk Committee

The Company has established an Audit and Risk Committee which is comprised of a majority of independent non-executive Directors.

The role of the Audit and Risk Committee is to:

- Monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments
- Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems
- Monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services
- Monitor and review compliance with the Company's Code of Conduct
- Perform such other functions as assigned by law, the Company's Constitution, or the Board

The Board has determined that the Audit and Risk Committee should comprise:

- At least three members
- A majority of independent Non-executive Directors
- An independent chair who is not the Chair of the Board

In addition, the Audit and Risk Committee should include:

- Members who are financially literate i.e. able to read and understand financial statements
- At least one member with relevant qualifications and experience, i.e. a qualified accountant or other finance professional with experience of financial and accounting matters
- At least one member with an understanding of the industry in which the entity operates
- Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles. Thabo Mosololi is the independent Chair of the Committee.

The Charter is published on the Company's website. The website also contains information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit partners.

Details of meeting attendance of members of the Audit and Risk Committee for FY2018

	Number of Committee meetings attended while a member	Number of Committee meetings held while a member
Thabo Mosololi (Chairman)	6	6
Bernard Pryor	6	6
Khomotso Mosehla	6	6

ASX principles recommendation 4.2

The board of a listed entity should:

a) *before it approves the entity's financial statements for a financial period, receive from the CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The CEO and CFO confirm in writing to the Board that:

- The Company's annual financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards
- The above confirmation is founded on a sound system of risk management and internal compliance and control which implements the policies of the Board
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects

This declaration was obtained for the relevant reporting period.

ASX principles recommendation 4.3

A listed entity that has an AGM should:

a) *ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The auditor attends the AGM usually by telephone as the meeting is held in the United Kingdom.

Shareholders are able to ask questions on the conduct of the audit and the preparation and content of the audit report, in accordance with the requirements of the Corporations Act 2001.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The Company is committed to ensuring that:

- *All investors have equal and timely access to material information concerning the Company – including its financial situation, performance, ownership and governance; and*
- *Company announcements are factual and presented in a clear and balanced way.*

ASX principles recommendation 5.1

A listed entity should:

a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*

b) *disclose that policy or a summary of it.*

The Board has an established Shareholder Communication Policy which is available from the Company's website. The Company has adopted certain procedures to ensure that it complies with its continuous disclosure obligations and has appointed a Responsible Officer who is responsible for ensuring the procedures are complied with.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

ASX principles recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

ASX principles recommendation 6.2

A listed entity should:

a) *design and implement an investor relations programme to facilitate effective two-way communication with investors.*

ASX principles recommendation 6.3

A listed entity should:

a) *disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

ASX principles recommendation 6.4

A listed entity should:

a) *give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.*

The Board has established a communications strategy which is available on the Company's website.

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. All shareholders receive the Company's annual report, and may also request copies of the Company's half-yearly and quarterly reports.

The Company maintains a website at www.mcmining.co.za and makes comprehensive information available on a regular and up-to date basis. The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them.

Shareholders are encouraged at annual general meetings to ask questions of Directors and senior management and also the Company's external auditors, who attend the Company's AGMs.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

ASX principles recommendation 7.1

The board of a listed entity should:

a) have a committee or committees to oversee risk, each of which:

1. *has at least three members, a majority of whom are independent directors;*
2. *is chaired by an independent director;*
3. *discloses the charter of the committee;*
4. *discloses the members of the committee; and*
5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

b) it does not have a risk committee or committee that satisfies (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company has a policy for the oversight and management of material business risks, which is available on the Company's website. The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the CEO, with the assistance of senior management, as required.

The CEO has responsibility for identifying, assessing, monitoring and managing risks. The CEO is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company is updated to reflect any material change.

The CEO is required to report on the progress of, and on all matters associated with, risk management on a regular basis, and at least annually. During the reporting period, the CEO regularly reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Audit and Risk Committee also has responsibility for reviewing the Company's internal financial control system and risk management systems and reporting to the Board. Details of the composition and Charter of the Audit and Risk Committee have been disclosed earlier in this document (refer Principle 4).

In addition, the Board has also established a Safety, Health and Environment Committee to assist the Board in the effective discharge of its responsibilities in relation to SHE issues for MCM, and the oversight of risks relating to these issues. The Committee's responsibilities include to:

- Understand the risks of SHE issues involving MCM's activities
- Ensure that the systems and processes for identifying, assessing and managing SHE risks of MCM are adequately monitored
- Regularly review and ensure compliance with the SHE strategies and policies of MCM and the supporting management systems and processes
- Monitor developments in relevant SHE-related legislation and regulations and monitor MCM's compliance with relevant legislation, including through audits.

Details of meeting attendance of members of the Audit and Risk Committee for FY2018 are contained in a table earlier in this document (refer Principle 4).

ASX principles recommendation 7.2

The board or committee of the board should:

a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

b) disclose, in relation to each reporting period, whether such a review has taken place.

The risk management framework was reviewed by the Committee during the reporting period.

ASX principles recommendation 7.3

A listed entity should disclose:

a) if it has an internal audit function, how the function is structured and what role it performs; or

b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function.

Details of meeting attendance of members of the Safety Health and Environment Committee for FY2018

	Number of Committee meetings attended while a member	Number of Committee meetings held while a member
Peter Cordin (Chairman)	4	4
David Brown	4	4
Andrew Mifflin	4	4

The Board believes that the Company's risk management and internal control systems establish a sufficient control environment to manage business risks for MCMining given its size and nature of operations. These risks are regularly reviewed by the Audit and Risk Committee.

ASX principles recommendation 7.4

A listed entity should disclose:

a) *whether it has any material exposure to economic, environmental and socially sustainable risks and, if it does, how it manages or intends to manage those risks.*

The Company is very aware of its impact on the economy, the environment and the community in which it operates, and the risks associated with not dealing with aspects appropriately.

The Company annually reports on these aspects through its Sustainable Development Review in the Integrated (Annual) Report. This report is available on the Company website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

ASX principles: recommendation 8.1

The board of a listed entity should:

a) *have a remuneration committee that:*

   1. *has at least three members, a majority of whom are independent directors; and*
   2. *is chaired by an independent director; and disclose*
   3. *the charter of the committee;*
   4. *the members of the committee; and*
   5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter is available on the Company's website.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

Details of meeting attendance of members of the Nomination and Remuneration Committee for FY2018 are contained in a table earlier in this document (refer Principle 2).

ASX principles: recommendation 8.2

A listed entity should:

a) *separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

The Charter of the Nomination and Remuneration Committee details the Company's approach to the structure of Executive and Non-executive remuneration.

Executive Directors and key executives are remunerated by way of a salary or consultancy fees, commensurate with their required level of services. Non-executive Directors receive a fixed monthly fee for their services. Total aggregated Non-executive Directors' fees are currently capped at A$1,000,000 per annum.

The Company does not have any scheme relating to retirement benefits for Non-executive Directors.

The Remuneration report contained in the Directors' report contains details of remuneration paid to Directors and key executives during the year.

Disclosure of the Company's remuneration policies is best served through a transparent and readily understandable framework for executive remuneration that details the costs and benefits. The Company intends to meet its transparency obligations in the following manner:

- Publishing a detailed remuneration report in the annual report each year
- Continuous disclosure of employment agreements with key executives where those agreements, or obligations falling due under those agreements, may trigger a continuous disclosure obligation under ASX Listing Rule 3.1
- Presentation of the remuneration report to shareholders for their consideration and nonbinding vote at the Company's AGM
- Taking into account the outcome of the nonbinding shareholder vote when determining future remuneration policy
- Responding to shareholder questions on policy and practice in a frank and open manner

ASX principles: recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*

b) *disclose that policy or a summary of it. Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

The Company has a Performance Rights Plan which was approved by Shareholders at the 2015 AGM. A summary of the plan was included in the Company's 2015 Notice of General Meeting, a copy of which is available on the Company's website.

The Company's Dealing Policy prohibits Directors, officers and employees from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written clearance from the Chairman.

A copy of the Dealing Policy can be found on the Company's website.

The Directors declare that:

- In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- In the Directors' opinion, the attached consolidated financial statements are in compliance with IFRS, as stated in note 1.1 to the consolidated financial statements
- In the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity
- The Directors have been given the declarations required by s.295A of the Corporations Act 2001

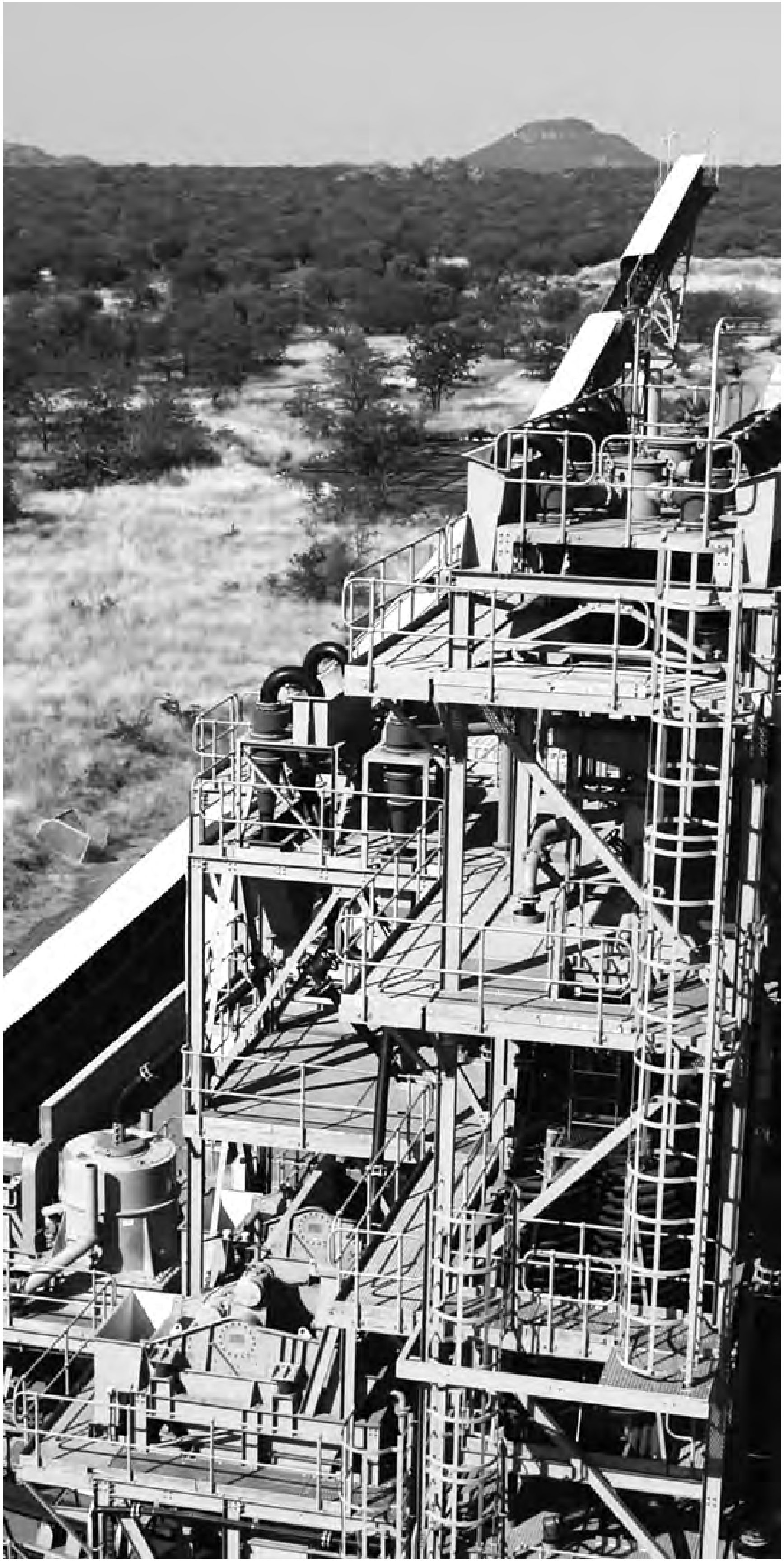
Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Bernard Pryor
Chairman

David Brown
Chief Executive Officer

27 September 2018



DIRECTORS' REPORT

The Directors of MCMining submit herewith the Annual Report of the Company and the entities controlled by the Company (its subsidiaries), collectively referred to as the "Group", for the financial year ended 30 June 2018. All balances are denominated in United States dollars unless otherwise stated.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

INFORMATION ABOUT THE DIRECTORS AND KEY MANAGEMENT PERSONNEL

The names and particulars of the Directors of the Company during or since the end of the financial year are set out below. Unless otherwise stated, the Directors held office during the whole of the financial year.

Bernard Robert Pryor	Independent Non-executive Chairman	Mr Pryor is currently the CEO of Alufer Mining Limited and was previously the CEO of African Minerals Limited and prior to that the chief executive of Q Resources Plc. Between 2006 and 2010 he held senior executive positions within Anglo American Plc as Head of Business Development, and CEO of Anglo Ferrous Brazil Inc.
David Hugh Brown	Executive Director and CEO	Mr Brown is a Chartered Accountant (CA (SA)) and completed his articles with Ernst & Young, graduating from the University of Cape Town. Mr Brown joined MCMining following a tenure of almost 14 years at Impala Platinum Holdings Limited (Implats). He joined the Impala Group in 1999 and served as CFO of Implats before being appointed CEO in 2006. He is currently an independent Non-executive Director of Vodacom Group Limited, Northam Platinum Limited and Resilient REIT Limited. In the past he has served as a non-executive director of Simmer & Jack Limited, as well as Edcon Holdings Limited and chairman of ASX listed Zimplats Holdings Limited.
Brenda Berlin	Executive Director and CFO	Ms Berlin was appointed as CFO and Executive Director of MCMining on 24 April 2018 from Implats where she held the position of Group CFO. Brenda joined Implats in 2004 and held a number of senior appointments including head of group corporate finance activities until her appointment as CFO in 2011. She is a CA (SA) and obtained degrees from the University of the Witwatersrand and completed her articles at PwC South Africa. Prior to working at Implats, Brenda worked for Johnnic Holdings Limited in the corporate finance department and following its unbundling, remained with JCI Limited (JCI) assuming responsibility for business development. After leaving JCI Brenda commenced working for Southern Mining Corporation Limited.
De Wet Olivier Schutte	Executive Director and CFO	Mr Schutte resigned as CFO and Executive Director on 30 November 2017. De Wet is a CA (SA) and completed an MBA at the University of Virginia in 2002. He has been involved at a senior level in the mining and natural resources industry for the past 16 years, most notably as Managing Director, Natural Resources at Macquarie Bank and CFO at the listed platinum producer, Atlatsa Resources Corporation Limited. Prior to these positions he worked for Harmony Gold Mining (Pty) Ltd as its New Business and Exploration Executive for a period of three years.
An Chee Sin	Non-executive Director	Mr Chee Sin is an Accredited Tax Practitioner with the Singapore Institute of Accredited Tax Professionals and is also a Chartered Accountant with the Institute of Singapore Chartered Accountants. He has more than 17 years of extensive experience in international and local corporate taxation and co-founded Pinnacle Tax Services Pte Ltd (Pinnacle Tax) in 2004. Prior to joining Pinnacle Tax, he held the position of Director of Corporate Tax with KPMG and has coordinated various advisory projects, including cross-border fund structures, corporate restructurings, treasury and mergers and acquisitions.
Andrew David Mifflin	Independent Non-executive Director	Mr Mifflin obtained his BSc. (Hons) Mining Engineering from Staffordshire University and has a Master's Degree in Business Administration. Andrew has over 30 years' experience specifically in the coal mining arena. His experience spans across various organisations such as British Coal Corporation, Xstrata and more recently GVK Resources. He has gained in depth knowledge in coal operations, both thermal and hard coking coal as well as in project development.

DIRECTORS' **REPORT** CONTINUED

Brian He Zhen	Non-executive Director	Mr Zhen holds a bachelor's degree in business administration from Sichuan University and is currently Marketing and Public Relations Executive for Pan African Mining Pvt. Ltd. Between 2012 and 2015, Brian worked as Managing Director of Real Gain Investment Pvt. Ltd and was responsible for infrastructure and construction market development, as well as overseas market investments. He has previously served as Construction Manager for CRI – Eagle Investments (Pty) Ltd and Eagle Canyon Investments (Pty) Ltd.
Khomotso Brian Mosehla	Independent Non-executive Director	Mr Mosehla is a CA (SA) and completed his articles with KPMG. Khomotso worked at African Merchant Bank Limited for five years where he gained a broad range of experience, including management buy-out, leveraged buy-out and capital restructuring/raising transactions. In 2003, he established Mvelaphanda Corporate Finance for the development of Mvelaphanda's mining and non-mining interests. Mr Mosehla served as a director on the boards of several companies, including Mvelaphanda Resources Limited, and he is currently the CEO of Mosomo Investment Holdings Proprietary Limited. Mr Mosehla is currently a Non-executive Director of Northam Platinum Limited as well as Zambezi Platinum Limited.
Peter George Cordin	Independent Non-executive Director	Mr Cordin has a Bachelor of Engineering from the University of Western Australia and is experienced in the evaluation, development and operation of resource projects within Australia and overseas. He is a Non-executive Director of Vital Metals Limited and Aurora Minerals Limited.
Rudolph Henry Torlage	Independent Non-executive Director	Mr Torlage resigned as a Director of the Company on 26 April 2018. He is a CA (SA) and has over twenty years' experience with ArcelorMittal South Africa Limited (AMSA). He is currently General Manager, Strategy and Special Projects and a Board member of various unlisted AMSA Group companies. He was previously the Executive Director Finance at AMSA.
Shangren Ding	Non-executive Director	Mr Ding is an experienced professional engineer and has worked for a number of mining and energy companies as well as acting as a consultant to government geological bureaus. Shangren has over 30 years' experience predominantly in the coal mining sector and has gained extensive operational coal mining knowledge through chief operating roles at a number of mines in the Heilongjiang province in the People's Republic of China. Since 2014, Mr Ding has worked in a number of senior roles for Beijing Haohua Energy Resource Co., Ltd.
Thabo Felix Mosoloil	Independent Non-executive Director	Mr Mosololi is a CA (SA) and brings considerable expertise as a director of various companies as well as from his time as Finance Director and Operations Director with Tsogo Sun. Thabo has 20 years of experience within the South African corporate environment. Mr Mosololi is currently a director of Pan African Resources PLC.

De Wet Schutte resigned on 30 November 2017 and Rudolph Torlage resigned on 26 April 2018 while Brenda Berlin, An Chee Sin and Brian He Zhen were appointed to the Board of Directors on 24 April 2018. All other Directors held office during and since the end of the previous financial year.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by the Directors in the three years immediately before the end of the financial year are as follows:

Director	Company	Period of directorship
Bernard Pryor	None	
David Brown	Vodacom Group Limited	2012 – present
	Northam Platinum Limited	2017 – present
Brenda Berlin	Impala Platinum Holdings Limited	2011 – 2017
	Zimplats Holdings Limited	2011 – 2017
An Chee Sin	None	
Andrew Mifflin	None	
Brian He Zhen	None	
Khomotso Mosehla	Northam Platinum Limited	2015 – present
	Zambezi Platinum Limited	2015 – present
Peter Cordin	Vital Metals Limited	2009 – present
	Aurora Minerals Limited	2014 – present
Rudolph Torlage	None	
Shangren Ding	None	
Thabo Mosololi	Evraz Highveld Steel & Vanadium Limited	2013 – 2015
	Pan African Resources PLC	2014 – present

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares or options in shares or debentures of the Company as at the date of this report. All shareholdings, options and performance rights reflect the 20:1 share consolidation completed in December 2017.

Director	Ordinary shares	Performance Rights	Unlisted options
B Pryor [1]	7,500	–	50,000
D Brown [2]	41,250	1,674,061	-
B Berlin	–	–	–
A Chee Sin	–	–	–
A Mifflin [3]	–	–	50,000
H Zhen	–	–	–
K Mosehla [4]	–	–	50,000
P Cordin [5]	68,553	–	50,000
S Ding	–	–	–
T Mosololi [6]	500	–	50,000
	117,803	**1,674,061**	**250,000**

[1] Mr Pryor was issued with the following share options:

- 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

[2] Mr Brown was issued with the following Performance Rights:

- 485,702 unlisted conditional Performance Rights were granted on 30 November 2015. 562,747 Performance Rights were granted on 30 November 2016. 625,612 Performance Rights were granted on 24 November 2017. The Performance Rights were granted for no consideration. No exercise price is payable upon exercise of the Performance Rights

[3] Mr Mifflin was issued 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

[4] Mr Mosehla was issued 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

[5] 47,915 shares are held by the Cordin Pty Ltd (The Cordin Family Trust) and 20,638 shares held by Cordin Pty Ltd (The Cordin Superannuation Fund). Mr Cordin is a beneficiary of both the trust and superannuation fund. Mr Cordin was issued 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

[6] Mr Mosololi was issued 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

DIRECTORS' **REPORT** CONTINUED

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Information about the remuneration of directors is set out in the remuneration report of this directors' report, on page 55. Shareholder nominee non-executive directors are not remunerated. During the reporting period, no senior management satisfied the criteria of 'key management personnel'.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During and since the end of the financial year, share options and performance rights were granted to Directors and key management personnel of the Company and of its controlled entities as part of their remuneration. Details of options and performance rights granted to Directors and senior management are set out on page 56.

COMPANY SECRETARY

Mr Tony Bevan, a qualified Chartered Accountant with over 25 years' experience, is the Company Secretary and works with Endeavour Corporate Pty Ltd, the company engaged to provide contract secretarial, accounting and administration services to MCMining.

PRINCIPAL ACTIVITIES

The Company is a limited company incorporated in Australia. Its common shares are listed on the ASX, the AIM and the JSE in South Africa. The principal activities of the Company and its subsidiaries are the acquisition, exploration, development and operation of metallurgical and thermal coal projects in South Africa.

The Group's principal assets and projects include:

- The Uitkomst Colliery, an operating metallurgical coal mine with a circa 16 year LoM
- Makhado hard coking and thermal coal project
- The Vele Colliery, a semi-soft coking and thermal coal mine, which remains on care and maintenance
- Three exploration and development stage coking and thermal coal projects, namely Chapudi, Generaal and Mopane in the Soutpansberg Coalfield

During the year, the Mooiplaats Colliery, which was on care and maintenance, was sold during November 2017.

REVIEW OF OPERATIONS - OPERATIONAL SALIENT FEATURES

- No fatalities (FY2017: none) and one LTI, our first incident in four years (FY2017: none)
- The Uitkomst Colliery produced 607,960 tonnes (t) of raw coal comprising 505,130t of ROM coal and 102,830t bought-in during the period
- The Colliery sold 475,089t of coal - 329,060t from ROM coal, 53,699t from blending slurry and 92,330t from purchased coal - generating sales revenue of $32.7 million
- Metallurgical and thermal coal markets were favourable during the twelve months with coking coal prices increasing due to weather-associated disruptions in Australia but softened towards the end of FY2018 while thermal coal prices improved due to steady demand
- The Company completed a revised developed plan for the fully permitted Makhado Project reducing capital requirements and the construction period, leading to earlier than planned production, an extended LoM and amended sales and marketing plans
- The Vele Colliery remained on care and maintenance and was granted an amendment to its IWUL during the reporting period. The amendment is required for the diversion of a perennial stream for the plant modification process. The Company continues to assess the status of the operation within the Group

CORPORATE SALIENT FEATURES

- Increase of the Uitkomst BEE interest to 30% ensuring the Colliery complies with the draft Mining Charter III ownership requirements
- Successful action resulting in the High Court of South Africa discharging an interim interdict, originally granted in December 2014, against the Makhado Project Environmental Authorisation
- Commencement of Makhado Project hard coking and export thermal coal off-take discussions with various parties resulting in negotiations being at an advanced stage at the end of the period. Discussions with potential funders for Makhado have started and various funding structures are being assessed
- The Company continued the search for a second cash generator and assessed several potential targets during the period but these did not meet MCMining's investment criteria
- The Company changed its name from Coal of Africa Limited to MCMining during the period to reflect its potential growth, particularly of its hard coking (metallurgical) coal prospects
- Completion of a 20:1 share consolidation in December 2017

SUBSEQUENT EVENTS

Khethekile Mining (Pty) Ltd

The Group purchased the business operations of Khethekile Mining (Pty) Ltd (Khethekile), the independent mining contractor at the Uitkomst Colliery. The transaction resulted in Uitkomst acquiring all of Khethekile's mining equipment (including conveyor systems and coal mining and transportation equipment) and taking transfer, in accordance with section 197 of the Labour Relations Act of South Africa, of some 340 Khethekile employees. The acquisition of Khethekile's mining assets cost $4.9 million (R65 million) and all regulatory approvals and conditions precedent were satisfied and the transaction closed on 1 August 2018.

Mooiplaats Colliery S102

The S102 application to, amongst other things, incorporate certain prospecting rights into Mooiplaats Colliery's Mining Right was approved by the DMR in August 2018. The timing of the ten quarterly payments to settle the remaining balance of R112.9 million of the purchase price was dependent on the S102 approval. The first quarterly payment of R11.3 million was received in August 2018.

Makhado Project Regulatory Progress

In September 2018, the DMR approved the Environmental Authorisation for the Makhado project.

There have been no other events between 30 June 2018 and the date of this report which necessitate adjustment to the consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of changes in equity and the consolidated statements of cash flows at that date.

FINANCIAL REVIEW

- Operating cash flows of $6.4 million generated by the Uitkomst Colliery
- Payment of a $2.3 million dividend by Uitkomst with MCMining receiving $2.0 million as a portion of the BEE partners' dividends were utilised to reduce their vendor-financed investment loans
- The sale of Mooiplaats on 2 November 2017 for $12.9 million (R179.9 million). An initial payment of $4.8 million (R67 million) was received on the transaction closing date of which $1.1 million (R15.0 million) was paid to the Black Economic Partner, Ferret Mining and Environmental Services Proprietary Limited, in full and final settlement of their equity. The balance of the purchase price, being $8.1 million (R112.9 million) will be settled in 10 quarterly instalments from August 2018
- Cash of $1.5 million released from the restructuring of rehabilitation-linked guarantees and investments due to excess collateral in these instruments arising from an improved credit rating for the Group
- $1.5 million (R20 million) available under the RMB general banking facility secured during FY2018
- $9.1 million of the $18.2 million (R240 million) three year IDC loan was available at year-end
- The sale of Mooiplaats yielded cost savings of $1.4 million during the year
- The R/$ exchange rate continues to be volatile and gains/losses from these elements are unpredictable
- Contributing to the loss were non-cash charges of $92.5 million (FY2017: $9.3 million) which includes the following:
  - impairment of the investment in Vele of $87.5 million (FY2017: $nil)
  - depreciation and amortisation of $1.5 million (FY2017: $0.4 million)
  - share based payment expense of $1.3 million (FY2017: $0.3 million)
  - unrealised foreign exchange loss of $2.2 million (FY2017: gain $2 million)
- Total unrestricted cash balances at year-end of $10.9 million (FY2017: $9.6 million)

FUTURE DEVELOPMENTS

MCMining aims to become the premier hard coking coal producer in South Africa and will continue to build on the progress made during FY2018. The post balance sheet acquisition of underground contract mining operations at Uitkomst facilitates further operational efficiencies. The Company will also continue its search for a second cash generator enabling it to move to self-sufficiency.

Uitkomst acquired the independent mining contractor, Khethekile, business operations at the Colliery subsequent to year-end. The underground mining operations were previously undertaken by Khethekile and in terms of the transaction, Uitkomst acquired all of Khethekile's mining equipment and took transfer of approximately 340 employees working at the Colliery and at Khethekile's Newcastle offices. The integration of Khethekile's operations together with mining optimisation programmes at the Colliery are expected to result in production at the Colliery improving on FY2018 results.

The Mining Right for MCMining's 69% (post BEE transaction) owned Makhado Project was granted in May 2015 and also has a LoM IWUL. The project has 344.8 million mineable tonnes of coal *in situ* and the Company completed a Competent Persons Report during the reporting period, revising the project's development plan to reduce execution risk, capital expenditure and shorten the mine's construction period. This revised plan has been designed to ensure scalability, dependant on market conditions and Makhado will generate 4.0Mt per annum of ROM coal yielding hard coking coal and export quality thermal coal.

The revised project delivers similar returns to the original Makhado Project with significantly reduced execution risk as a result of the construction period reducing from 26 to 12 months, resulting in an estimated payback period of 42 months.

This positions Makhado to take advantage of higher global coal prices due to the limited number of new collieries being built and the Company awaits access to two farms comprising the project area prior to development proceeding. These properties are subject to the finalisation of the legislated land claims process and the Company has also commenced the process to obtain access in terms of mining legislation. The drive to secure access to the Makhado Project is running in parallel with the funding and marketing processes and the Company is hopeful that the construction of this project will commence during the calendar year.

The exploration and development of MCMining's Soutpansberg coalfield prospects is the catalyst for the long-term growth of the Company. The DMR is processing the Company's Mining Right applications for the Mopane, Generaal, Chapudi and Telema & Gray Projects and these licences will hopefully be granted during FY2019.

The Vele Colliery is expected to remain on care and maintenance while its status in the Group is being assessed.

ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation and there has consequently been no breach. The Group is subject to numerous environmental regulations in South Africa, including:

- The environmental provisions in the MPRDA (No 28 of 2002)
- National Environmental Management Act (No. 107 of 1998)
- National Water Act (No. 45 of 1965)
- Environment Conservation Act (No. 73 of 1989)
- National Environmental Management Air Quality Act (No. 39 of 2004)

The Board believes that there are adequate systems in place for the management of its environmental impacts but from time to time, statutory non-compliances may occur. The Board takes these seriously and continues to monitor compliance.

DIVIDENDS

No dividend has been paid or proposed for the financial year ended 30 June 2018 (FY2017: nil).

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS OR PERFORMANCE RIGHTS

All share, options and Performance Rights disclosed in this report reflect changes resulting from the 20:1 share consolidation completed in December 2017.

Details of unissued shares under option as at the date of this report are:

	Number of shares under option	Class of shares	Exercise price	Expiry date
Investec options	1,000,000	Ordinary	R26.40	21 October 2018
ESOP Unlisted Options	250,000	Ordinary	GBP1.10	27 November 2018
Total Unlisted Options	**1,250,000**			

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company or of any other body corporate or registered scheme.

Details of unissued Performance Rights granted as at the date of this report are:

	Number of shares under Performance Rights	Class of shares	Exercise price	Expiry date
Performance Rights	1,027,209	Ordinary	Nil	1 December 2018
Performance Rights	1,082,875	Ordinary	Nil	29 November 2019
Performance Rights	1,722,383	Ordinary	Nil	23 November 2020
Total Performance Rights	**3,832,467**			

No shares or interests were issued during or since the end of the financial year as a result of exercise of options.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all executive officers of the Company and of any related body corporate, against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred by such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a director or committee member). During the financial year, a total of four scheduled Board meetings were held as well as four Nomination and Remuneration Committee and Safety and Health Committee meetings, while six Audit and Risk Committee meetings were held.

	Board meetings		Audit and Risk Committee meetings		Nomination and Remuneration Committee meetings		Safety, Health and Environment Committee meetings	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
B Pryor	4	4	6	6	4	4	–	–
D Brown	4	4	–	–	4	4	4	4
B Berlin [1]	2	2	–	–	–	–	–	–
D Schutte [2]	2	2	–	–	–	–	–	–
A Chee Sin [3]	1	1	–	–	–	–	–	–
A Mifflin	4	4	–	–	–	–	4	4
H Zhen [3]	1	1	–	–	–	–	–	–
K Mosehla	4	4	6	6	–	–	–	–
P Cordin	4	4	–	–	–	–	4	4
R Torlage [4]	3	3	–	–	–	–	–	–
S Ding	4	4	–	–	–	–	–	–
T Mosololi	4	2	6	6	4	4	–	–

1. Joined the Company in March 2018 and appointed as CFO and Executive Director in April 2018
2. Resigned in November 2017
3. Appointed in April 2018
4. Resigned in April 2018

PROCEEDINGS ON BEHALF OF THE COMPANY

No persons applied for leave to bring or intervene in proceedings on behalf of the Company during or since the end of the financial year.

NON-AUDIT SERVICES

Non-audit services were provided during the current financial year for services rendered relating to additional review procedures. Details of amounts paid or payable to the auditor for services provided during the year by the auditor are outlined in note 10 to the consolidated financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 59 of these consolidated financial statements.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the Directors report, sets out information about the remuneration of MCMining Limited's Directors and its senior management for the financial year ended 30 June 2018. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director details
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of Directors and senior management
- Key terms of employment contracts

The Board is responsible for establishing remuneration packages applicable to the Board members of the Company. The policy adopted by the Board is to ensure that remuneration properly reflects an individual's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest calibre.

Directors' remuneration packages are also assessed in the light of the condition of markets within which the Company operates, the Company's financial condition and the individual's contribution to the achievement of corporate objectives. Executive Directors are remunerated by way of a salary commensurate with their required level of service.

Total remuneration for all Non-executive Directors, excluding share-based payments, as approved by shareholders at the November 2010 General Meeting, is not to exceed A$1,000,000 per annum ($740,700).

The Board has nominated a Nomination and Remuneration Committee which was made up as follows: Mr Pryor (Chairman), Mr Mosololi and Mr Brown. The Company does not have any scheme relating to retirement benefits for Executive or Non-executive Directors.

Director and key management personnel details

The following persons acted as Directors of the Company during or since the end of the financial year:

- B Pryor
  Independent Chairman
- D Brown
  CEO and Executive Director
- B Berlin [1]
  CFO and Executive Director
- D Schutte [2]
  CFO and Executive Director
- A Chee Sin [1]
  Non-executive Director
- A Mifflin
  Independent Non-executive Director
- H Zhen [1]
  Non-executive Director
- K Mosehla
  Independent Non-executive Director
- P Cordin
  Independent Non-executive Director
- R Torlage [3]
  Non-executive Director
- S Ding
  Non-executive Director
- T Mosololi
  Independent Non-executive Director

[1] Appointed as Directors on 24 April 2018

[2] Mr Schutte resigned as an Executive Director on 30 November 2017

[3] Mr Torlage resigned as a Non-executive Director on 26 April 2018

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Apart from the Executive Directors, no employees satisfy the definition of 'key management' to be separately disclosed in this remuneration report.

REMUNERATION POLICY

The remuneration policy of MCMining has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of MCMining believes the remuneration policy to be appropriate and effective in its ability to attract and retain management personnel to run and manage the Group, as well as create goal congruence between Directors, management and shareholders.

The Board's policy for determining the nature and amount of remuneration for management personnel of the Group is as follows:

- The remuneration structure is developed by the Nomination and Remuneration Committee and approved by the Board after professional advice is periodically sought from independent external consultants
- Management personnel receive a base salary (based on factors such as length of service and experience), performance rights and performance incentives
- Incentives paid in the form of cash and performance rights are intended to align the interests of the Directors, management and the Company with those of the shareholders

The Nomination and Remuneration Committee reviews senior management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of senior management personnel is measured against criteria agreed annually with each executive and bonuses and incentives are linked to predetermined performance criteria. The performance criteria vary and are determined in line with each individual's performance contract. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, options or performance rights, and can recommend changes to the Nomination and Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

All remuneration paid to management personnel is valued at the cost to the Company and expensed.

The Board's policy is to remunerate Non-executive Directors at market rates for time, commitment and responsibilities. Shareholder nominee Non-executive Directors are not remunerated. The Nomination and Remuneration Committee determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees, excluding share-based payments that can be paid to Non-executive Directors is A$1,000,000 ($740,700).

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the director first obtains approval from the Chairman for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Options granted under the Employee Share Option Plan do not carry dividend or voting rights. Options are valued using a binomial pricing model and the Black-Scholes option pricing model was used to validate the price calculated.

The Company has a shareholder approved performance rights plan (the Plan) to assist in the reward, retention and motivation of eligible employees and to align the interest of eligible employee with the shareholders of the Company. Prior to a performance right being exercised, the performance grants do not carry any dividend or voting rights. Any performance rights will be granted for no consideration and no exercise price is payable upon exercise of the performance rights.

All the performance rights proposed to be granted are subject to the following vesting conditions:

- Vesting of the performance rights will be subject to a hurdle rate based on the compound annual growth rate in total shareholder return (TSR) across the three years commencing on the grant date of the performance rights (Performance Period)
- The hurdle is a measure of the increase in the Company's share price and is a target for the TSR
- The base price for the TSR calculation will be the volume weighted average price (VWAP) of shares over the five days prior to the grant date
- The end price for the TSR calculation will be the VWAP over the last five days of the Performance Period

PERFORMANCE-BASED REMUNERATION

The key performance indicators (KPIs) are set annually, which includes consultation with management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved.

HEDGING OF MANAGEMENT REMUNERATION

No member of executive management entered into an arrangement during or since the end of the financial year to limit the risk relating to any element of that person's remuneration.

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2018.

	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**32,693**	–	–	–	4,060
Net loss before tax from continuing operations	**97,043***	17,662	23,903	6,711	84,120
Net loss after tax from continuing operations	**103,763**	17,367	22,472	6,711	84,120
Share price at start of year [1]	**A$0.05**	A$0.06	A$0.09	A$0.07	A$0.19
Share price at end of year	**A$0.36#**	A$0.05	A$0.06	A$0.09	A$0.07
Basic and diluted loss per share ($ cents) from continuing operations	**73.54***	17.26	1.19	0.47	8.02

* Includes the $87.5 million impairment of the Vele Colliery assets

1 The share price at the start of the year is prior to the share consolidation that took place in December 2017

\# Post 20:1 share consolidation

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each major element of the remuneration of each Director are:

	Short term employee benefits			Post-employment benefits		Share-based payments	Total	Share based % of Total
2018	**Salary and fees**	**Bonus**	**Non -monetary benefits**	**Super-annuation**	**Termination benefits**	**Options/ shares**		
	$	$	$	$	$	$	$	%
Non-executive Directors								
B Pryor	69,566	–	–	–	–	–	69,566	–
A Chee Sin [1]	–	–	–	–	–	–	–	–
A Mifflin	46,278	–	–	–	–	–	46,278	–
H Zhen [1]	–	–	–	–	–	–	–	–
K Mosehla	47,076	–	–	–	–	–	47,076	–
P Cordin	42,263	–	–	4,015	–	–	46,278	–
R Torlage [2]	–	–	–	–	–	–	–	–
S Ding	–	–	–	–	–	–	–	–
T Mosololi	47,076	–	–	–	–	–	47,076	–
Executive Directors								
D Brown	479,667	210,446	–	–	–	272,924	963,037	28
B Berlin [3]	131,270	–	–	–	–	–	131,270	–
D Schutte [4]	125,344	109,120	–	–	178,470	–	412,934	–
	988,540	**319,566**	**-**	**4,015**	**178,470**	**272,924**	**1,763,515**	**15**

1 Mr Chee Sin and Mr Zhen were appointed on 24 April 2018
2 Mr Torlage resigned on 26 April 2018
3 Ms Berlin was appointed on 24 April 2018
4 Mr Schutte resigned on 30 November 2017

No Director appointed during the period received a payment as part of her consideration for agreeing to hold the position.

In September 2017, performance bonuses of $0.3 million were paid out in relation to certain performance targets met for the 2017 financial year. The performance targets were based on a combination of individual performance and corporate key performance indicators including: safety, acquisition of a cash generator and the sale of Mooiplaats.

	Short term employee benefits			Post-employment benefits		Share-based payments	Total	Share based % of total
2017	**Salary and fees**	**Bonus**	**Non-monetary benefits**	**Super-annuation**	**Termination benefits**	**Options/ shares**	**Salary and fees**	**Bonus**
	$	$	$	$	$	$	$	%
Non-executive Directors								
B Pryor	54,573	–	–	–	–	–	54,573	–
A Mifflin	39,964	–	–	3,441	–	–	43,405	–
K Mosehla	36,371	–	–	–	–	–	36,371	–
P Cordin	39,639	–	–	3,766	–	–	43,405	–
R Torlage	36,371	–	–	–	–	–	36,371	–
S Ding	–	–	–	–	–	–	–	–
T Mosololi	36,371	–	–	–	–	–	36,371	–
Executive Directors								
D Brown	445,867	179,271	–	–	–	155,653	780,791	20
D Schutte	278,142	101,173	–	–	–	98,830	478,145	21
	967,298	**280,444**	**–**	**7,207**	**–**	**254,483**	**1,509,432**	**17**
Key management								
C Bronn [1]	249,957	58,918	–	–	–	–	308,875	–
	1,217,255	**339,362**	**–**	**7,207**	**–**	**254,483**	**1,818,307**	**14**

1 Mr Bronn resigned as Chief Operating Officer on 30 June 2017. No replacement was named and there is no additional key management personnel this year

SHARE-BASED PAYMENTS GRANTED AS COMPENSATION FOR THE CURRENT FINANCIAL YEAR

During the financial year, the following share-based payment arrangements were in existence:

Option series	Number	Grant date	Expiry date	Exercise price	Grant date value	Vesting date
ESOP unlisted options	250,000	27/11/2015	27/11/2018	GBP1.10	AUD0.024	[1]

[1] A total of 250,000 options (post the 20:1 share consolidation) were granted to Non-executive Directors Mr Pryor, Mr Mifflin, Mr Mosehla, Mr Cordin and Mr Mosololi vesting immediately on grant date

The following grants of share-based payment compensation to executive management personnel relate to the current financial year:

		During the financial year				
Name	Option series	Number granted	Number vested	% of grant vested	% of grant forfeited	% of compensation for the year consisting of options
D Brown	Performance grant	625,612	–	–	n/a	28
D Schutte [1]	Performance grant	394,862	–	–	100%	–

[1] Mr Schutte resigned during the financial year and therefore forfeited the performance grant

During the year, none of the executive management personnel exercised options or Performance Rights granted to them as part of their compensation.

KEY TERMS OF EMPLOYMENT CONTRACTS

The Company has entered into formal contractual employment agreements with the CEO and the CFO who are both Executive Directors of the Company. There are no formal contractual employment agreements with any other member of the Board.

Mr Brown's appointment as CEO commenced on 1 February 2014 with an annual remuneration of R6.1 million and a six-month notice period. During the year, Mr Brown received 625,612 Performance Rights. The Performance Rights factor in a hurdle rate based on the compound annual growth rate of total shareholder return across the period from the grant date.

Ms Berlin was appointed on 24 April 2018 as CFO with an annual remuneration of R5.1 million and a six month notice period. No Performance Rights were awarded to Ms Berlin during the period.

Mr Schutte resigned as CFO on 30 November 2017 and received an annual remuneration of R3.8 million and a three month notice period. All Performance Rights previously awarded to Mr Schutte were forfeited on his resignation.

LOANS FROM KEY MANAGEMENT PERSONNEL

No loans were provided to or received from key management personnel during the year ended 30 June 2018.

OTHER TRANSACTIONS

No other transactions were entered into with any member of key management personnel other than those detailed in this Remuneration report.

DIRECTOR EQUITY HOLDINGS

Option holdings

The movement during the reporting period in the number of options over ordinary shares at GBP1.10, vesting immediately held directly, indirectly or beneficially by each Director including their personally-related entities, is as follows:

	Held at 1 July 2017	Granted as remuneration	Exercised	Expired/ other changes	Held at 30 June 2018
Non-executive Directors					
B Pryor	1,000,000	–	–	(950,000) [1]	**50,000**
A Chee Sin	–	–	–	–	**–**
A Mifflin	1,000,000	–	–	(950,000) [1]	**50,000**
H Zhen	–	–	–	–	**–**
K Mosehla	1,000,000	–	–	(950,000) [1]	**50,000**
P Cordin	1,000,000	–	–	(950,000) [1]	**50,000**
R Torlage	–	–	–	–	**–**
S Ding	–	–	–	–	**–**
T Mosololi	1,000,000	–	–	(950,000) [1]	**50,000**
Executive Directors					
D Brown	–	–	–	–	**–**
B Berlin	–	–	–	–	**–**
D Schutte	–	–	–	–	**–**

[1] The number of options reduced as a result of the 20:1 share consolidation completed during the period

The movement during the reporting period in the number of performance grants over ordinary shares exercisable in three years' time subject to performance criteria, held directly, indirectly or beneficially by each Director including their personally-related entities, is as follows:

	Held at 1 July 2017	Granted as remuneration	Exercised	Expired/ other changes	Held at 30 June 2018
Non-executive Directors					
B Pryor	–	–	–	–	**–**
A Chee Sin	–	–	–	–	**–**
A Mifflin	–	–	–	–	**–**
H Zhen	–	–	–	–	**–**
K Mosehla	–	–	–	–	**–**
P Cordin	–	–	–	–	**–**
R Torlage	–	–	–	–	**–**
S Ding	–	–	–	–	**–**
T Mosololi	–	–	–	–	**–**
Executive Directors					
D Brown	1,048,449	625,612	–	–	**1,674,061**
B Berlin	–	–	–	–	**–**
D Schutte [1]	671,683	394,862	–	(1,066,545)	**–**

[1] Mr Schutte resigned during the financial year and therefore forfeited all Performance Rights

The movement during the reporting period in the number of ordinary shares held, directly, indirectly or beneficially by each Director including their personally-related entities, is as follows:

	Held at 1 July 2017	Granted as remuneration	Exercised	Expired/ other changes [1]	Held at 2018 30 June
Non-executive Directors					
B Pryor	150,000	–	–	(142,500)	**7,500**
A Chee Sin	–	–	–	–	**–**
A Mifflin	–	–	–	–	**–**
H Zhen	–	–	–	–	**–**
K Mosehla	–	–	–	–	**–**
P Cordin	1,371,059	–	–	(1,302,506)	**68,553**
R Torlage	–	–	–	–	**–**
S Ding	–	–	–	–	**–**
T Mosololi	10,000	–	–	(9,500)	**500**
Executive Directors					
D Brown	825,000	–	–	(783,750)	**41,250**
B Berlin	–	–	–	–	**–**
D Schutte	–	–	–	–	**–**

1. 20:1 share consolidation completed in December 2017

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors

Bernard Robert Pryor
Chairman
27 September 2018

David Hugh Brown
Chief Executive Officer
27 September 2018

AUDITOR'S INDEPENDENCE **DECLARATION**

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The Board of Directors
MCMining Limited
Suite 8, 7 The Esplanade
Mount Pleasant, WA 6153

27 September 2018

Dear Directors

MCMining LIMITED (FORMERLY COAL OF AFRICA LIMITED)

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of MCMining Limited.

As lead audit partner for the audit of the financial statements of MCMining Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

(ii) any applicable code of professional conduct in relation to the audit

Yours sincerely

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

DIRECTORS' **DECLARATION**

for the year ended 30 June 2018

The Directors declare that:

a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

b) In the Directors' opinion, the attached consolidated financial statements are in compliance with IFRS, as stated in Note 1.1 to the consolidated financial statements

c) In the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity

d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Bernard Pryor
Chairman
27 September 2018

David Brown
Chief Executive Officer
27 September 2018