



MCMining
LIMITED

INTERIM RESULTS

FOR THE SIX MONTHS ENDED
31 DECEMBER 2018

David Brown, *Chief Executive Officer*

Brenda Berlin, *Chief Financial Officer*

14 March 2019

Vele Colliery store and processing plant

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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.mcmining.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 Resources and Coal Reserves as presented in this announcement is 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 South African Council for Natural Scientific Professions, SACNASP(400109/03). Mr Bronn is a qualified mining engineer and registered member of good standing with the South African Institute of Mining and Metallurgy (SAIMM). Both 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

Introduction and strategy (including Makhado Project)

David Brown

Operational and project review

David Brown

Financial review

Brenda Berlin

Outlook and conclusion

David Brown



Vele Colliery store and processing plant



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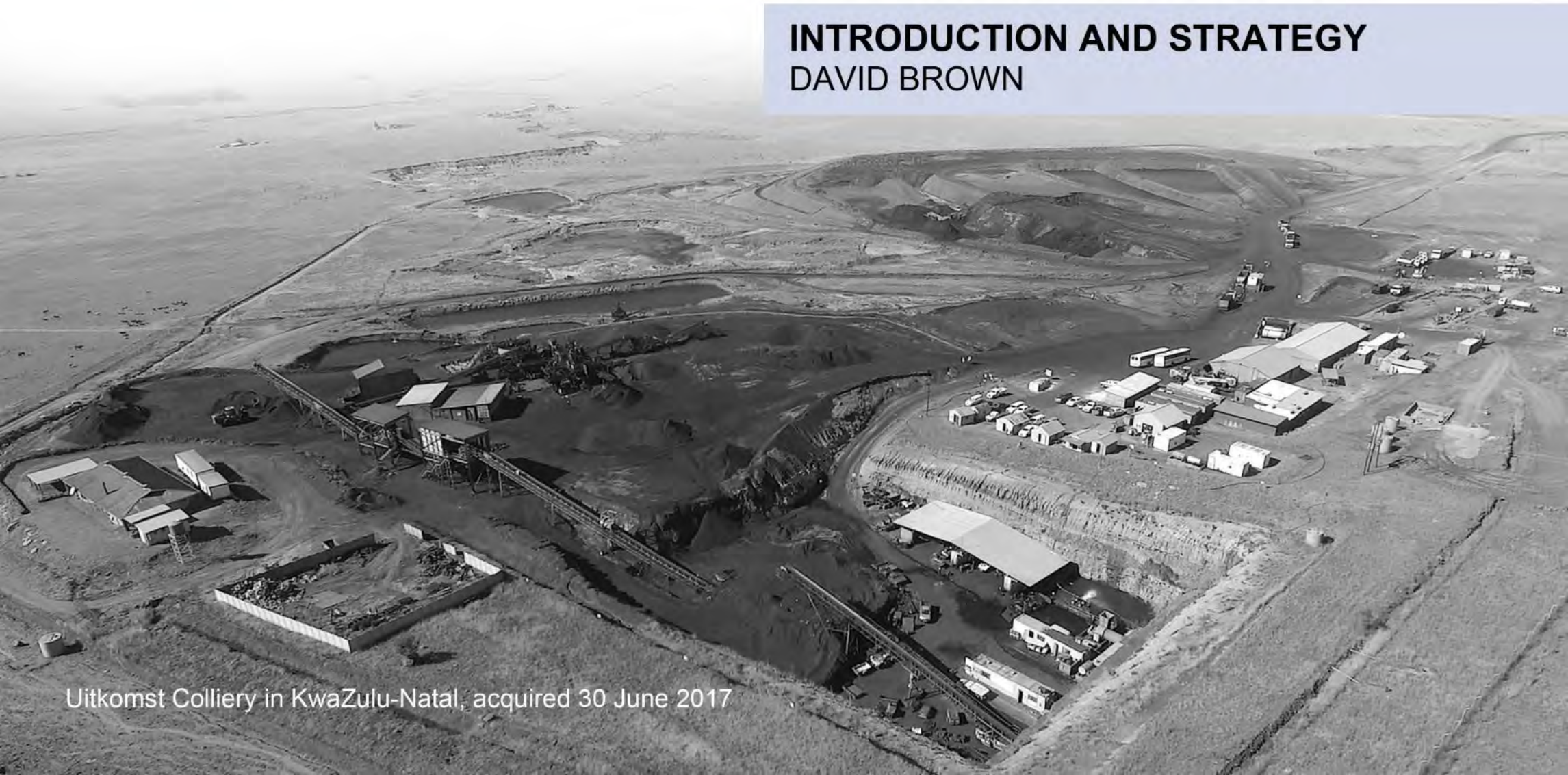
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INTRODUCTION AND STRATEGY

DAVID BROWN

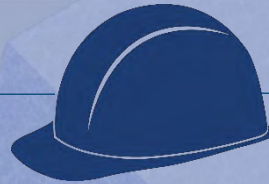


Uitkomst Colliery in KwaZulu-Natal, acquired 30 June 2017

KEY features



Key surface rights for the Makhado Project

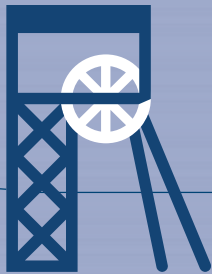


One LTI recorded during November 2018



Hard coking coal off-take agreement signed with HDCTC

Chapudi mining right granted



Uitkomst underground mining operations acquired from Khethekile mining contractor



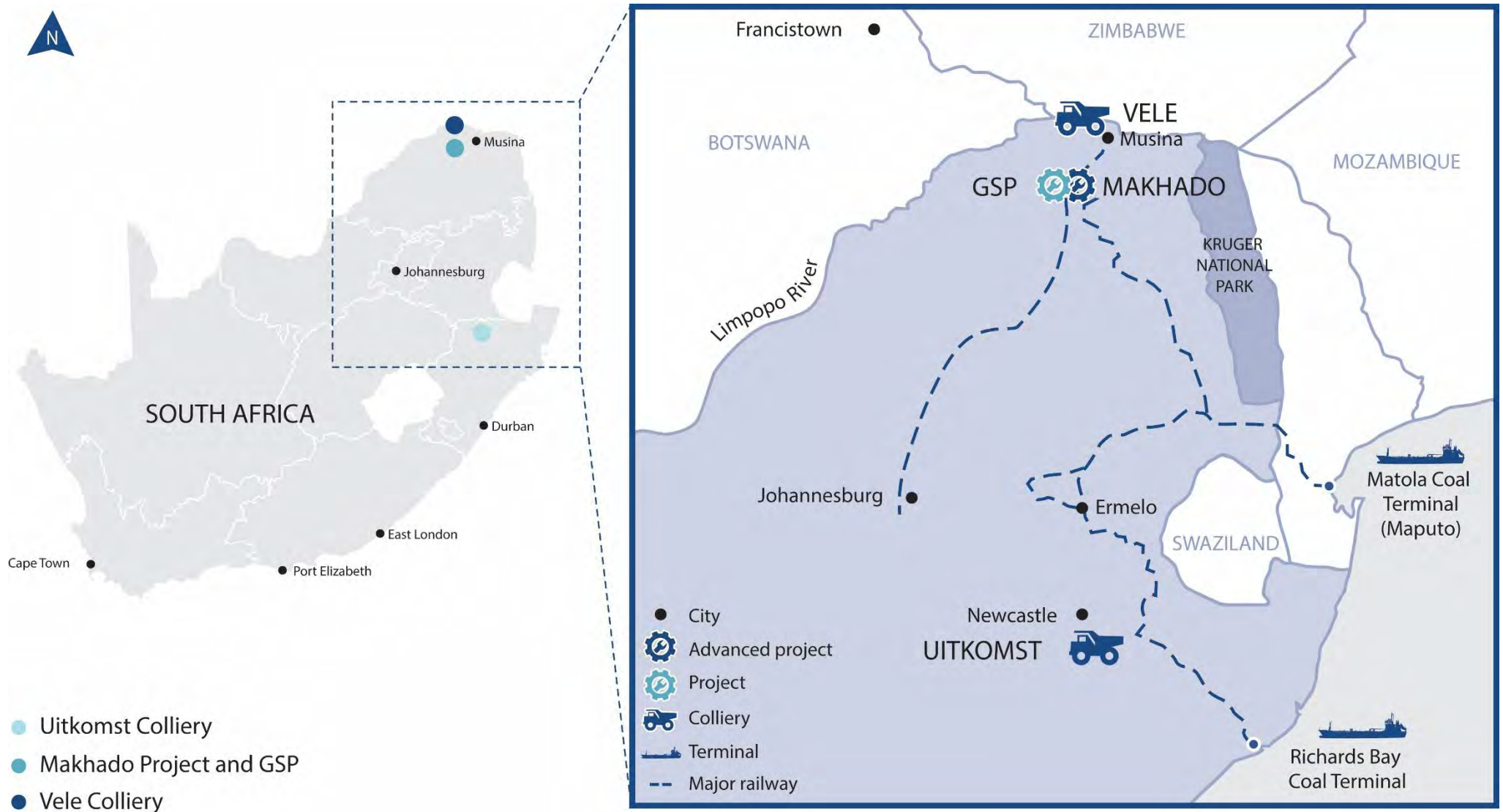
Uitkomst sold 163,487t of coal



Positive coal price trends continued during period



LOCATION OF OPERATIONS AND PROJECTS



PROJECT pipeline

Vision

to responsibly produce in excess of 1.5 to 1.6 Mtpa of saleable product by 2021*

CURRENT	SHORT-TERM			LONG-TERM
Uitkomst	Makhado Project	Vele	Third cash generator	GSP
Production asset Cash generative Expansion opportunity Plant modifications to produce an additional product commenced in Q2 FY2019	Surface rights secured A coking coal off-take agreement signed Phasing of project accelerates production timelines and reduces funding requirements Financing discussions under way	Fully licenced On care and maintenance	Targets being assessed	Massive coking and thermal coal resources Chapudi mining right granted Mopane & Generaal applications being processed

*excluding the acquisition of a third cash generator



MAKHADO PHASED APPROACH

- Delays in access to two key properties required for Makhado Lite resulted in assessment of alternative strategies to develop the project timeously
- Makhado Lite not replaced by Phase 1 – will be exploited as Phase 2
- Phased approach approved by MC Mining Board in March 2019
- **Phase 1**
 - Mining to commence in west pit
 - ROM coal (ex-discard) trucked to existing Vele Colliery for processing
 - Vele processing plant to be modified
- **Phase 2**
 - Makhado Lite plan implemented
 - Mining of east pit and construction of Makhado processing plant and related infrastructure

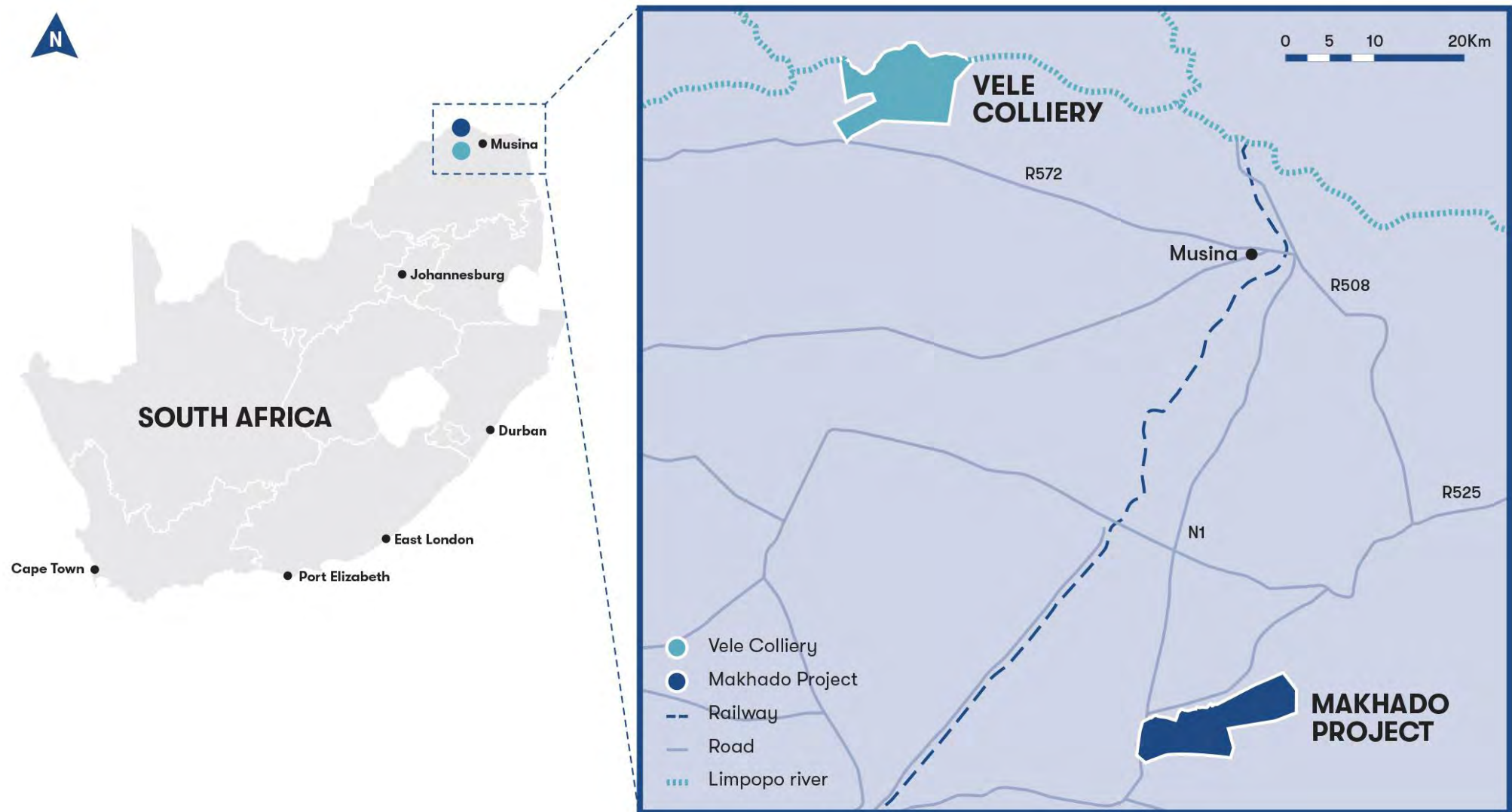


MAKHADO PHASE 1

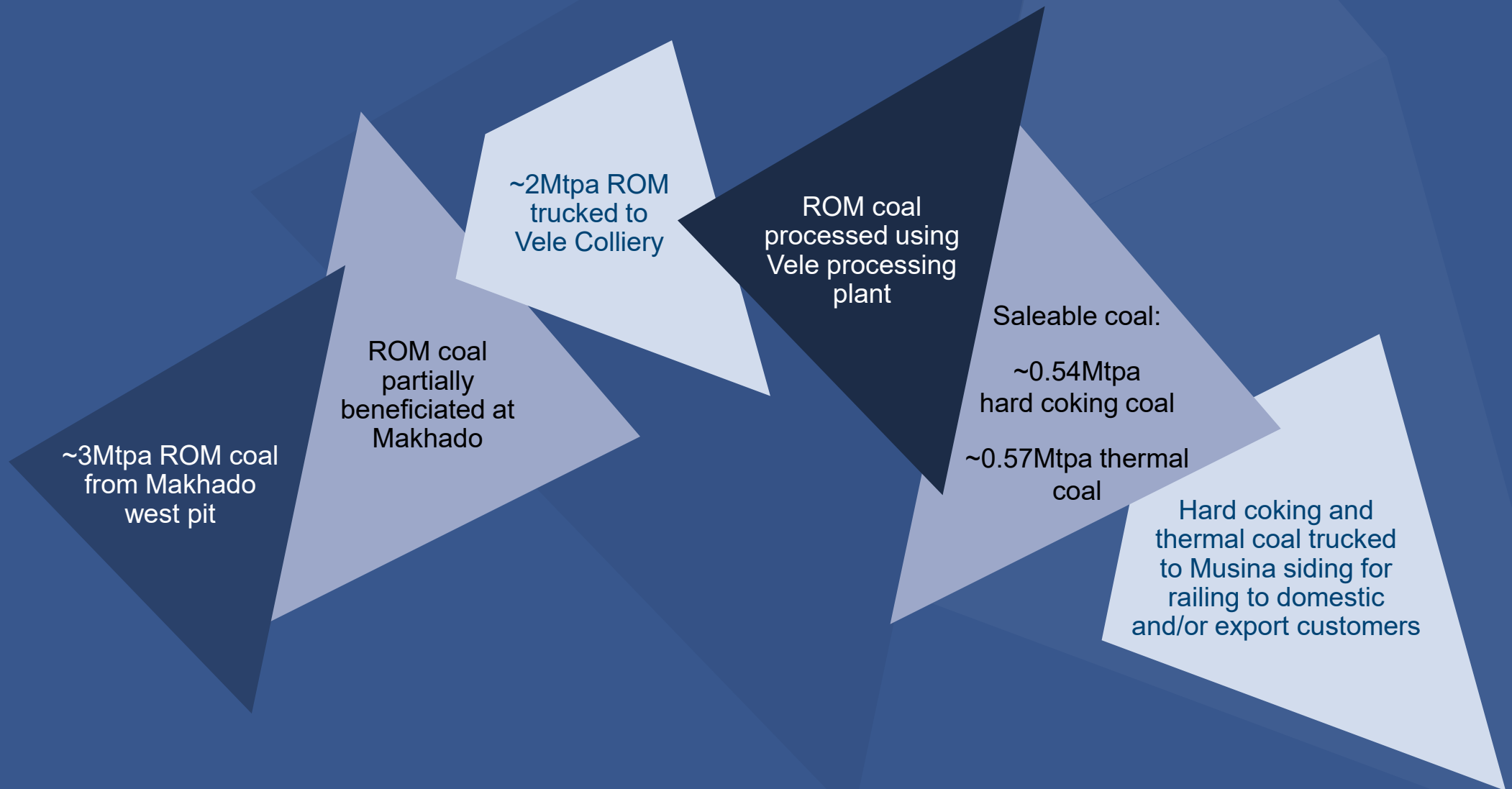
Phase 1 overview

- Nine-month construction period
- ~3.0Mtpa ROM coal from mining of west pit
 - Maximum pit depth of 80m and an average strip ratio of 1.94m³/t for first three years
 - Strip ratio of 2.08m³/t over nine-year life of west pit
 - Drilling confirms hard coking coal at 17m – shallower than the previously modelled depth of 30m
- ~2.0Mtpa of crushed, screened and scalped Phase 1 ROM coal trucked to Vele for processing
- Vele's existing processing plant will be modified to produce hard coking coal as well as thermal coal
- ~1.1Mtpa of saleable coal trucked to Musina siding

LOCATION OF PHASE 1 OPERATIONS



MAKHADO: PHASE 1



MAKHADO PHASE 1

- Makhado Phase 1 funding requirements (peak R460m)
 - FEED process (+/-10% accuracy) completed in February 2019
 - Mining contractor to supply mining services and equipment - three quotes from reputable contractors received in February 2019
 - Vele processing plant to be modified to produce hard coking coal as well as thermal coal and will include:
 - Modified low density secondary wash plant
 - New fines circuit with a Reflux Classifier with existing spiral plant
 - Froth flotation plant to capture ultra-fine coal
- Road, rail and port logistics used previously
- An offtake agreement in place for hard coking coal
- Thermal coal to be exported - discussions with potential off-taker well advanced



Makhado Project coal core samples

MAKHADO PHASE 1 SUMMARY

ROM production	~3.0Mtpa
Life-of-mine - west pit only	9 years
Hard coking coal production	~0.54Mtpa
Thermal coal production	~0.57Mtpa
Hard coking coal yield	~19%
Thermal coal yield	~20%
Construction period	9 months
Peak funding	R460m (\$33.5m)*
Capital expenditure	R400m (\$29.1m)*
IRR	>45%
Peak funding payback	<2.5 years

*assuming R13.75/\$

MAKHADO PHASED APPROACH

- Phase 1 designed to ensure continued scalability and:
 - is an organically developed second cash generator
 - achieves the stated strategy of Group cash flow self-sufficiency with in an estimated peak funding payback period of < 2.5 years
 - delivers strong returns with significantly reduced execution risk
 - expedites an accelerated construction period as the Phase 1 FEED process is complete and no confirmatory geotechnical drilling is required
 - facilitates the development of Phase 2 in *circa* FY2022
- Further:
 - existing IDC debt will be resolved simultaneously through composite funding plan



Makhado Project coal core samples

MAKHADO PHASED APPROACH – WAY FORWARD

MC Mining directors approved phased approach to Makhado in March 2019, subject to:

Finalised thermal offtake	~ Q2 CY2019
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Debt funding of ~ \$20m	~ Q2 CY2019
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Raise equity to repay IDC and contribute to Phase 1 funding ~ \$30m	~ Q3 CY2019
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Phase 1 construction to commence	~ Q3 CY2019
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Phase 2 - construction of east pit and processing facility in *circa* FY2022

H1 FY2019 STRATEGY ASSESSMENT

Strategy	Status	Previous*	Deliverable
Continued focus on safety	 	 	One LTI but overall safety satisfactory following acquisition and integration of Khethekile underground mining operations including 340 staff
Acquisition of third cash generating asset			Two potential acquisition targets assessed, did not meet investment criteria
Regulatory advancement of Makhado Project			- EA amendment approved by LEDET and DMR - EA amendment suspended due to objections, awaiting final review
Makhado Project access and confirmatory drilling			- Key Lukin and Salaita properties purchased and transferred in January 2019 - Drilling on western portion of Makhado commenced
Off-take and funding agreements for development of Makhado Project		 	- Hard coking coal off-take agreement signed with HDCTC - Negotiations with potential domestic and thermal off-take customers continue - HOAs for project funding for 85% of EPC value, mining contract and EPC - Phase 1 accelerates construction and production timelines and reduces capex load; construction expected to commence in Q3 CY2019 - Discussions with Phase 1 prospective funders have commenced - Phase 2 construction to commence in <i>circa</i> FY2022
Restructuring and strengthening of balance sheet			- Cash balance of \$5.5m \$8.3m available of the \$16.6m IDC facility \$1.0m ABSA asset finance facility utilised for new underground equipment \$1.4m Uitkomst ABSA general banking facility available - Revenue per tonne up 61% to \$89/t; costs up 10% to \$48/t

*status as at end September 2018

MC MINING'S SUBSTANTIAL RESOURCES AND RESERVES

Abridged summary of JORC compliant Resource & Reserve statement at 30 June 2018	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	29.200	26.810	25.400	8.761
Makhado Project ⁴	795.608	691.694	344.766	172.757
Vele Colliery	793.952	671.320	361.569	291.395
GSP	7,076.894	5,678.711	1,593.416	—
Total	8,695.654	7,068.535	2,325.151	472.913

Notes

1 Resources are stated inclusive of Reserves

2 Independent Technical Statement for 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 Includes the Makhado Extension Project held under a Prospecting Right application

REGULATORY STATUS OF ASSETS

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	✓ 3
Vele (Limpopo)	✓	30 years	Fully compliant	✓	20 years	Fully compliant	✓	LOM	Fully compliant 4	✓
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 will be submitted in CY2020 to extend the NOMR for LOM i.e. to 2034

2 Appeal lifted in FY2017 and expected to be assessed by Water Tribunal in FY2019

3 Agreement to acquire key Lukin and Salaita properties signed during the period with successful transfer in January 2019

4 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



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OPERATIONAL AND PROJECT REVIEW

DAVID BROWN



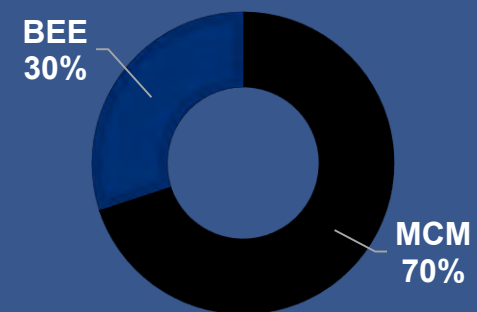
Uitkomst Colliery south adit and conveyor to the processing plant

UITKOMST: CASH GENERATIVE, PRODUCING ASSET

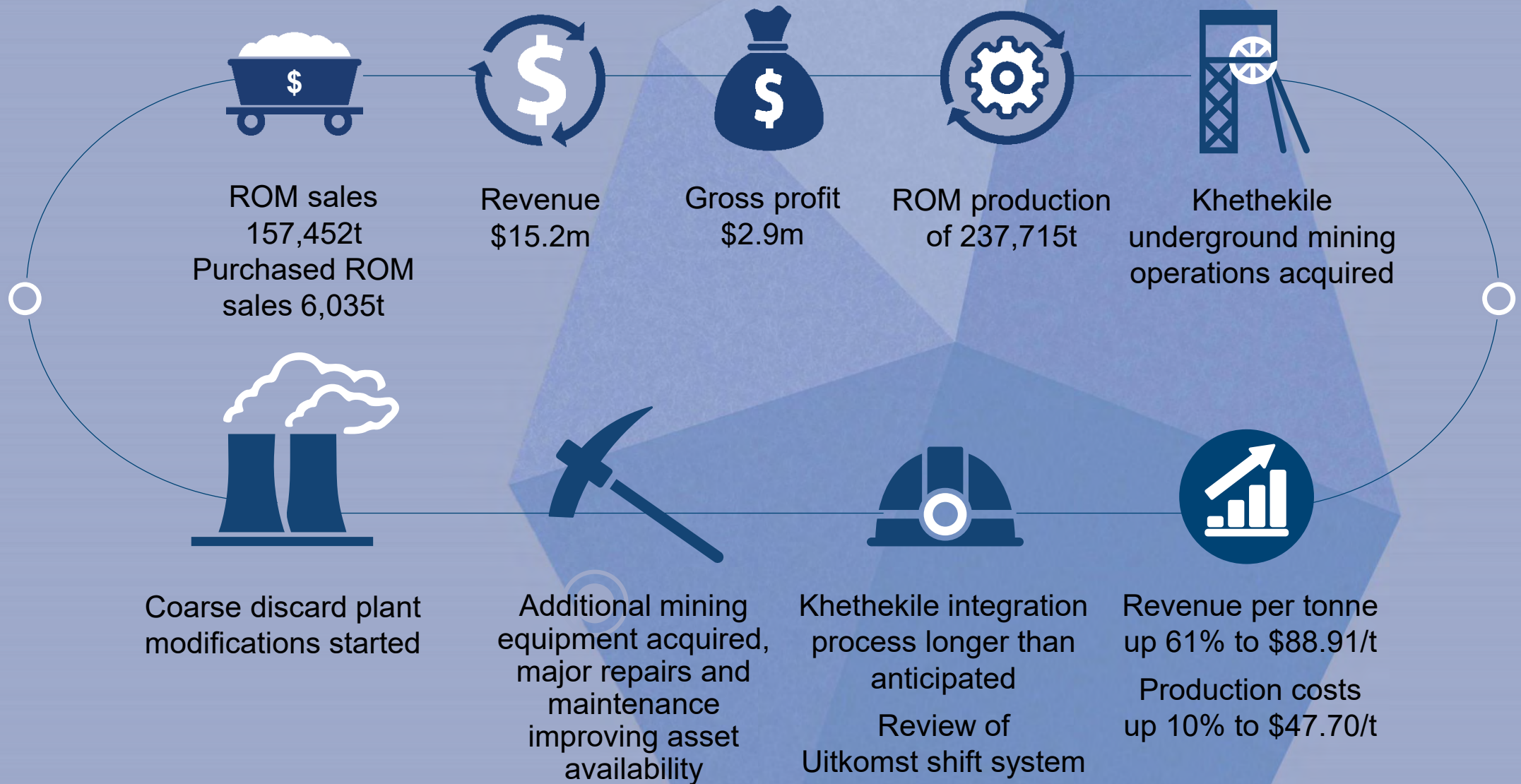
- High-grade thermal coal deposit in Utrecht coalfield, KwaZulu-Natal, for domestic metallurgical and thermal markets
- 30% BEE ownership satisfies Mining Charter ownership requirements
- Underground mine and planned LOM extension into north adit
 - easily accessible, well-established infrastructure
- Circa 16-year LOM, including north adit
- One LTI in H1 FY2019
- Expansion to produce coarse discard product
 - construction of plant modifications commenced during the period
 - first sales of coarse discard expected in Q3 FY2019
 - estimated to produce an additional 40,000t of saleable product annually
 - will increase total yield at the colliery



OWNERSHIP



UITKOMST: CASH GENERATIVE, PRODUCING ASSET



UITKOMST: CASH GENERATIVE, PRODUCING ASSET

	H1 FY2019	H1 FY2018	△
	tonnes	tonnes	
Production tonnages			
Uitkomst ROM	237,715	265,609	(11%)
Purchased ROM to blend	12,466	80,727*	(85%)
	250,181	346,336	(28%)
Sales tonnages			
Own ROM	157,452	174,948	(10%)
Slurry used for blending	-	53,690	(100%)
Purchased ROM to blend	6,035	79,637*	(92%)
	163,487	308,275	(47%)
Financial metrics			
Revenue/tonne (\$)	88.91	55.14	61%
Production cost/saleable tonne (\$)	47.70	43.32	10%

*third party ROM supply contract expired during period

UITKOMST: CASH GENERATIVE, PRODUCING ASSET

- Options assessed to further enhance financial performance and production levels including:
 - restructuring and reorganisation of underground mining operations
 - additional coarse discard saleable product
 - development of north adit
- 91% interest in Uitkomst acquired 30 June 2017 for R275m
- Uitkomst generated profit before tax of R96.3m i.e. 35% of purchase price, in the 18 months post acquisition:
 - FY2018: R63.3m
 - H1 FY19: R33.0m
 - Additional 21% sold to BEE partners for R57.8m
 - Based on 1st 18 months financial performance, investment payback of less than five years



UITKOMST: CASH GENERATIVE, PRODUCING ASSET

- 1 August 2018: acquired underground mining contractor operations – mining assets and ~340 employees
- Insourcing facilitates implementation of:
 - enhanced production cost control and maintenance regime
 - ownership of mine assets/ machinery
 - purchase and commissioning of new underground mining equipment
- Integration of Khethekile:
 - has been more complex and taken longer than anticipated
 - revised shift system implemented in Q2 FY2019
 - moved from a double-header 9 hour shift to a single-header 12 hour shift – did not yield the desired results
 - single header, 9 hour shift is being implemented – expected to lead to improved productivity and increased tonnage produced per hour
- Near-term production enhancement initiatives being implemented and to be completed in Q4 FY2019

UITKOMST: DEVELOPMENT OF NORTH ADIT

- Finalisation of designs and tender process for north adit subject to granting of Integrated Water Use Licence and funding
- Development of north adit will:
 - improve operating efficiencies by reducing man and material transport distances
 - increase ROM production by approximately 150,000tpa
- Once all necessary approvals obtained, north adit will take approximately seven months to complete



VELE: BROWNFIELDS DEVELOPMENT PROJECT

- IWUL approval granted for non-perennial stream diversion
- Processing plant to be modified to process Makhado ROM coal
- Vele will produce two products from Makhado ROM coal – a hard coking coal and export quality thermal coal
- SEZ gazetted in 2016 for development of energy and metallurgical zone including a coal-fired power plant, coking coal battery, steel and stainless steel plants - potential re-commencement production in FY2022



GREATER SOUTPANSBERG PROJECT: MASSIVE PIPELINE – MEDIUM-TERM POTENTIAL

- Chapudi, Generaal and Mopane Projects, early stage coking and thermal coal exploration projects, Soutpansberg Coalfield
- Over 1.6Bt mineable tonnes *in situ*
- Consolidation of tenements and ore bodies required to improve mine planning optionality, flexibility, economies of scale
- Chapudi mining right granted in December 2018
- Generaal and Mopane mining rights anticipated in H2 FY2019
- Access to domestic and export markets via existing rail capacity
- Potential for job creation, social upliftment programmes
- Requirements to deliver on strategy:
 - participation in regional impact study
 - identify GSP ‘sweet spots’ – will not mine all areas and not simultaneously
 - advance project design



Makhado Centre of Learning





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FINANCIAL REVIEW

BRENDA BERLIN



Historic coal production at Vele Colliery

H1 FY2019 KEY FEATURES

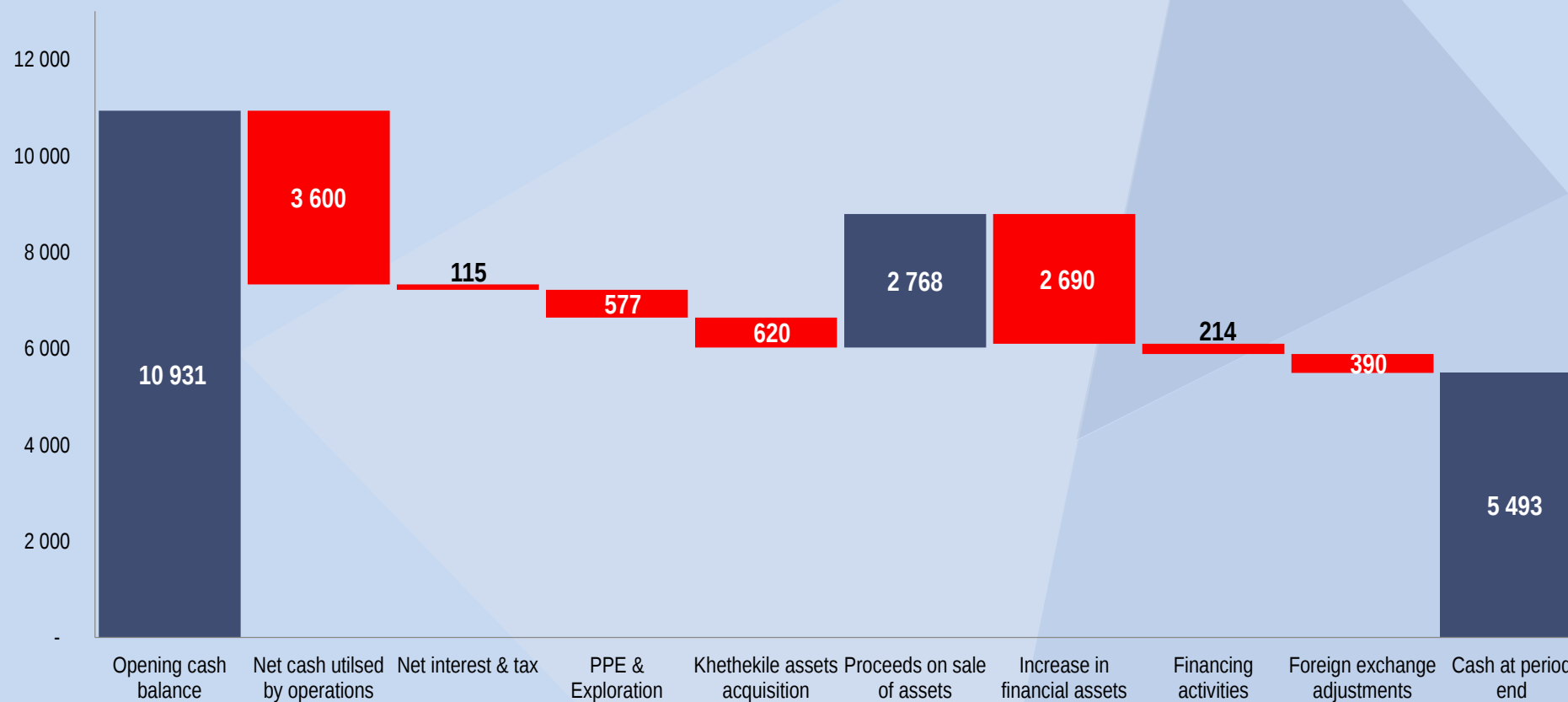
- Gross Profit increased by 8% to \$2.9m – all attributable to Uitkomst Colliery
 - Improvement despite 47% decline in sales volumes, 37% of which is due to limited availability of 3rd party ROM coal which is blended with Uitkomst slurry
 - Uitkomst benefitted from higher coal prices during the period
- Operating loss before impairment decreased significantly to \$609k (H1 FY2018: \$4.4m), a \$3.8m improvement primarily attributable to:
 - \$2.1m decline in administration expenses
- Excluding investing and financing activities, net cash burn at Group level for the six months of \$3.6m (H1 FY2018: \$3.2m)
- Cash at end of period of \$5.5m (FY2018: \$10.9m)
 - \$3.2m paid for Lukin and Salaita properties, a significant contributor to the decline

H1 FY2019 VS. H1 FY2018 INCOME STATEMENT VARIANCES

	H1 FY2019	H1 FY2018	Variance
	\$m	\$m	\$m
Operating loss before impairment	(0.6)	(4.4)	3.8
Impairments	(0.2)	(87.5)	87.3
Net finance costs	(2.2)	(1.3)	(0.9)
Taxation	(0.6)	(6.8)	6.2
Net loss from continuing operations	(3.6)	(100.0)	96.4
Profit from operations held for sale	-	2.7	(2.7)
Foreign exchange differences	(8.0)	13.3	(21.3)
Comprehensive loss	(11.6)	(84.0)	72.4



CASH FLOW ANALYSIS – H1 FY2019 (\$'000)



- Balance sheet management and cash preservation continued
- \$8.3m IDC facility undrawn at period-end
- \$1.4m Uitkomst ABSA primary lending facility undrawn at period-end
- \$1.6m due in H2 FY2019 from sale of Mooiplaats (\$0.8m received in February 2019)





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OUTLOOK AND CONCLUSION

DAVID BROWN



Blast drilling at Vele Colliery



THE COAL MARKET

- International coal prices remain positive
 - significantly lower investment in new coking and thermal coal mines for several years
 - minimal new investment in South Africa with capex spent on maintenance rather than increased production
 - reduced future supply with Glencore, a significant global coking and thermal coal miner capping production levels
 - declining coking coal qualities will positively impact market prices

Metallurgical coal (HCC)	Thermal coal (API4)
↑ Price: \$169/t (July 2017) to \$194/t (November 2018)	↑ Price: \$69/t (June 2017) to \$95/t (December 2018)
In the short-term prices expected to remain close to current levels	Opportunities exist to supply export and domestic markets





KEY DELIVERABLES TO UNLOCK INTRINSIC VALUE

FY2019

- Finalise thermal off-take agreement for Makhado
- Finalise funding for Makhado Project Phase 1
- Continue to search for a third cash generating asset

FY2020

- Construct Makhado Phase 1
 - Makhado west pit and infrastructure
 - Vele processing plant modifications

FY2021

- Makhado Phase 1 construction completed, commercial production attained
- First sale of Makhado HCC and thermal coal
- Uitkomst north adit construction commences
- Potential 1.5 to 1.6Mtpa saleable coal produced (Uitkomst and Makhado)

DEFINED PATH FOR FUTURE VALUE CREATION



MCMining
LIMITED

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MOVING FORWARD



KEY ADVANTAGES

- Major coal resource in South Africa - 8.7Bt *in situ* with extended LOM – over 100 years
- Accelerated Makhado Project Phase 1 construction with reduced capex requirements
- Well positioned for future provincial growth opportunities – SEZ close to significant MC Mining resources
- HCC differentiator – local and export supply
- Logistics tested
- Uitkomst cash-generating asset covers significant portion of overheads
- Access to IDC and ABSA bank funding



KEY RISKS

- Political and policy uncertainty impacts ability to raise funds
- Complex South African mining regulatory and land ownership environment
- Logistics costs – distance to end user
- Generating shareholder support for the funding of the Makhado Project
- Community impacts on project delivery

MOVING FORWARD



Overall strategy

Drive to self-sufficiency through a financed Makhado Project and the Uitkomst Colliery





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Uitkomst Colliery processing facility