



MCMining
LIMITED

Results 2020

for the year ended
30 June 2020

Brenda Berlin
Acting Chief Executive Officer

30 September 2020

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Important Notice

Recipients of this presentation should refer to the Independent Technical Statements for MC Mining Limited available on the Company's website (www.mcmMining.co.za), for full details of the coal resource and reserve estimates referred to in this presentation and the basis on which those estimates have been prepared.

Competent Persons' statement

MC Mining reviews and reports its mineral Resources at least annually and if there are any material changes to the mineral Resources over the course of the financial year, the Company is required to promptly report these changes.

The Resource and Reserve statement for MC Mining's operations and projects are compliant with the Committee for the Mineral Reserves International Reporting Standards (CRIRSCO) of November 2013. Under the auspices of CRIRSCO the reporting is required to be compliant to the relevant National Reporting Organisations (NROs) and are required to be founded on the Central Principles of Transparency, Materiality and Competence and are provided on an "if not, why not" basis.

The various projects are the subject of Competent Persons Reports (CPRs) that are all JORC 2012 and SAMREC 2016 compliant. The CPRs used are:

- the Makhado Project was evaluated by Minxcon Consulting Engineers and an independent report dated 1st of January 2018 was prepared;

- the Uitkomst Colliery was evaluated by Minxcon Consulting and an independent report dated 28th February 2017 was presented;
- the Vele Colliery was evaluated by VBKom mining engineers and an independent report dated 1st March 2017 was presented; and
- the Greater Soutpansberg Projects were evaluated by Venmyn Deloitte consultants and their report dated 1st February 2017 was prepared.

The principle competent persons involved in this declaration are Mr J.C.H.K. Sparrow and Ms N. Masunyane in terms of the Resource declaration. Mr B Bruwer and Mr C.W. Archer in terms of the Reserve declaration. Mr Sparrow and Ms Masunyane are in full time employ of MC Mining, Mr Sparrow as the Group Geologist and Ms Masunyane as the Principle Geological Modeller. Mr Bruwer and Mr Archer are both consultants to MC Mining. Mr Bruwer in terms of the projects and Mr Archer in terms of the Uitkomst Colliery.

- Mr Bruwer is a qualified mining engineer and registered member of good standing with the SAIMM (South African Institute of Mining and Metallurgy).
- Mr Sparrow is a registered professional scientist of good standing with the South African Council for Natural Scientific Professions (SACNASP) (400109/03).
- Ms Masunyane is a registered professional scientist of good standing with the SACNASP (400226/10).
- Mr Archer is a qualified mining engineer and registered member of good standing with the SAIMM (706388).

All parties have consented to the publication of MC Mining's Resources and Reserves.

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).

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INTRODUCTION AND STRATEGY



MC Mining overview



Positioned to be South Africa's pre-eminent hard coking coal producer

Growing demand forecast as global per-capita steel consumption increases

Portfolio of South African coal producing and development projects



UITKOMST COLLIERY

Operational, producing coal with metallurgical applications



MAKHADO PROJECT

Will produce high quality hard coking coal, export quality thermal coal by-product in two phases



GREATER SOUTPANSBURG PROJECT

Significant growth potential, coal resources are five times size of Makhado; will benefit from existing tested rail, road, power and water infrastructure

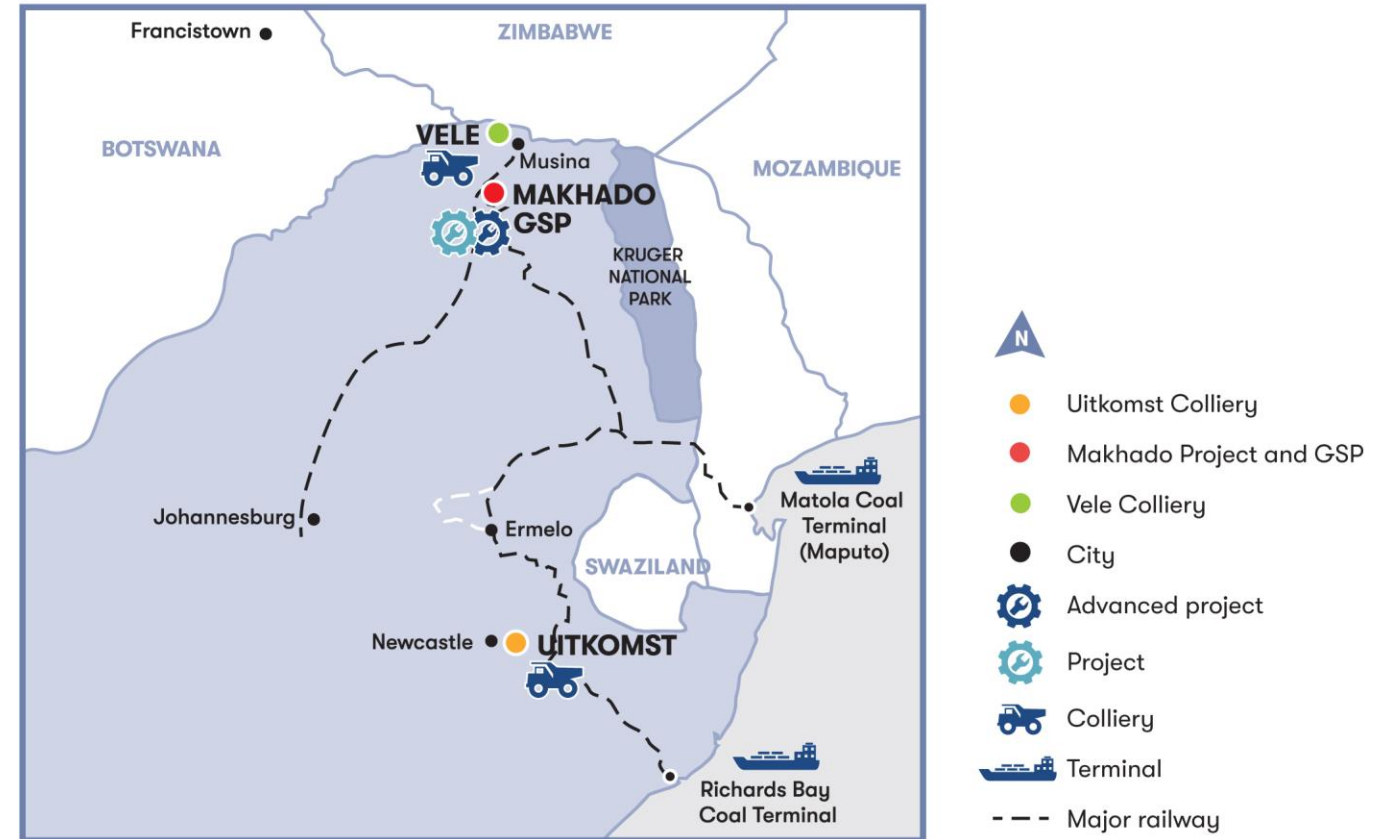
Decreasing appetite for thermal coal will shape strategic direction

OUR VISION

to responsibly produce 1.4-1.5Mt of saleable product in CY2022

CURRENT	SHORT-TERM	MEDIUM-TERM	LONG-TERM
Uitkomst	Makhado Phase 1	Makhado Phase 2	Vele and GSP
Production asset Cash generative Cost cutting initiative to be implemented Development of north adit – regulatory approvals outstanding	Surface rights secured HCC and thermal coal by-product off-takes secured Utilises existing Vele processing plant Debt portion of funding secured and equity discussions at an advanced stage Nine-year LoM	Phasing of Makhado facilitates scalability Includes the construction of Makhado processing plant Off-take secured for ~50% of the Phase 2 HCC LoM > 37 years	Vele to restart in ~CY2029 to supply SEZ Extensive coking and thermal coal resources Chapudi and Generaal Mining Rights granted Mopane application being processed

Location of operations and projects



FY2020 OVERVIEW



FY2020 COVID-19 effects



- Safety, health, wellbeing of employees, contractors, stakeholders our primary concern
- 23 March 2020 – COVID-19 lockdown in South Africa
- Uitkomst placed on care and maintenance from 27 March 2020
 - necessary precautions to prevent virus spread, reduce threat
- All MC Mining activities, including Makhado Phase 1 funding initiatives, affected by COVID-19
- At Uitkomst and Limpopo projects, only essential activities during lockdown
- Restart of limited activities at Uitkomst on 4 May 2020, using 50% of workforce
- Normalised production only resumed at June-end 2020
- All efforts continue to identify, minimise COVID-19 risks to employees, contractors

FY2020 corporate and strategic achievements



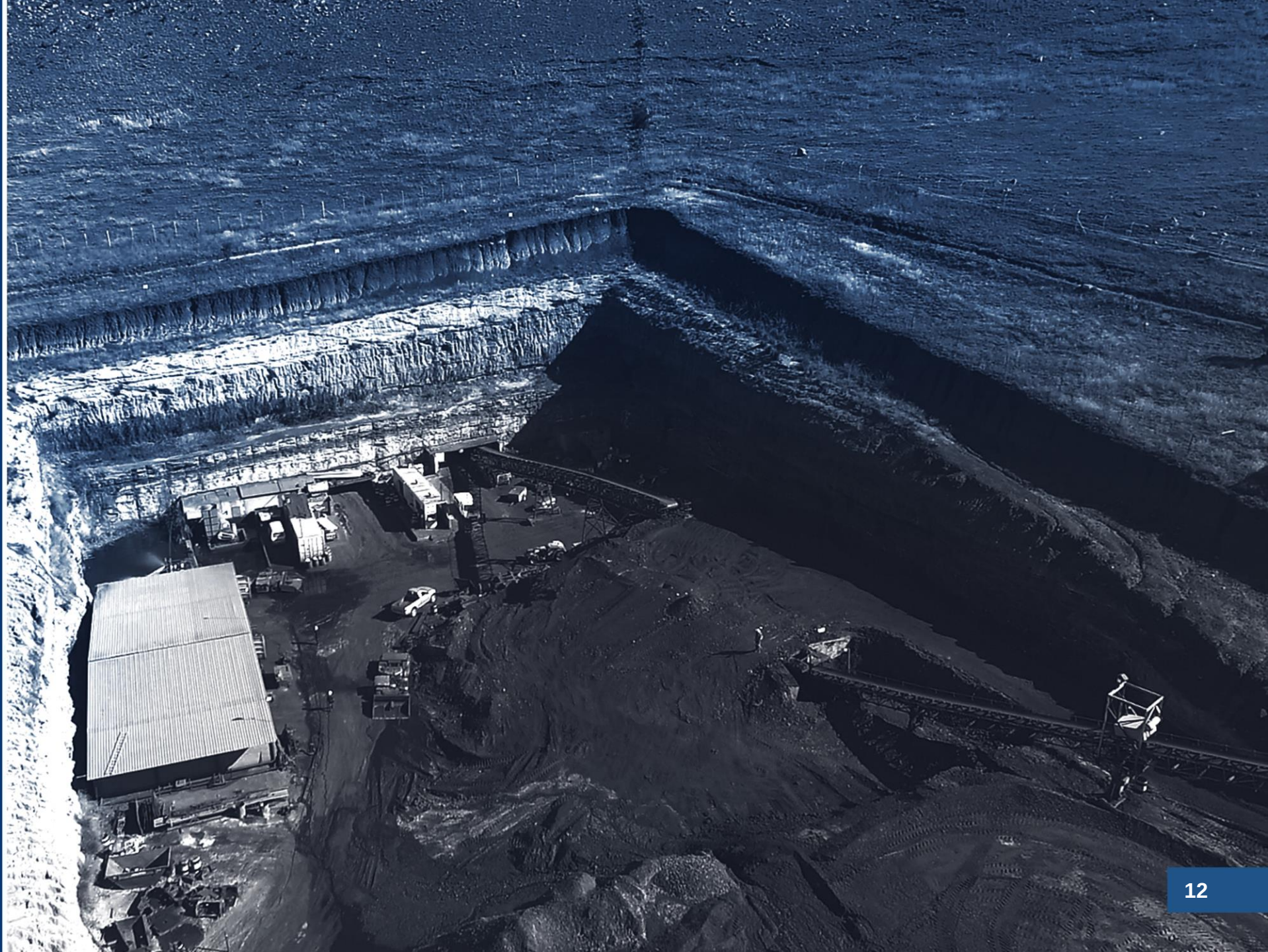
Strategy	Status	Result
Advancement of Makhado Project		• All required regulatory approvals in place • Detailed design substantially completed by DRA, confirming capital estimates for Phase 1 • Firm proposals secured on material mining and processing operating costs ~90% of costs certain • MC Mining owns all four properties comprising the Makhado mining area
Off-take agreements for development of Makhado Project		• Phase 1 HCC off-take agreed with AMSA; ~85% under agreement • 100% of Phase 1 thermal coal by-product under agreement • Off-take with HDCTC for ~50% of Phase 2 HCC
Composite debt/equity funding for development of Makhado Phase 1		• Phased approach uses existing Vele processing plant, reducing initial capex requirements • IDC credit approved facility of \$17m* (R245m) secured in FY2020 • Multiple sources of funding being progressed – small gap remains, expected to be secured in Q4 CY2020 • Construction anticipated to start in Q1 CY2021
Uitkomst Colliery		• Optimisation initiatives improved production profile – H1 FY2020 ROM production 11% up on comparative period • COVID-19 lockdown: colliery placed on care and maintenance
GSP		• Generaal Project Mining Right granted in FY2020 and Chapudi Project Mining Right previously granted • Granting of Mopane Project Mining Right expected in H1 FY2021

*assuming a conservative ZAR:US\$ exchange rate of R14.50:\$

FY2020 key features

Key area	Result	
Safety		No fatalities and nine LTIs at Uitkomst in FY2020
Production		431,354t of ROM coal mined - Uitkomst placed on care and maintenance in March 2020 due to COVID-19 - Production returned to normal June-end 2020
Sales		- Sales from Uitkomst ROM of 228,206t 25,987t of high-ash, coarse discard product sold - Normalised sales order volumes resumed in July 2020
Coal pricing		- Average thermal coal prices declined 22% in FY2020 vs FY2019 - Thermal coal prices remain under pressure post year-end
Revenue and profitability		- Revenue of \$17.2m for FY2020 - Operating loss of \$9.9m, including non-cash charges of \$4.7m
Cash flows		- Cash balance of \$0.5m at end FY2020 - Repayment of IDC facility extended for further six months \$1.2m increase in Uitkomst ABSA banking facility to cater for adverse lockdown effects

UITKOMST COLLIERY REVIEW



Uitkomst: safety

- Nine LTIs during FY2020 (FY2019: four LTIs)
- Renewed focus on retraining to entrench safety culture
- Re-training programme completed with a key focus on safety
- Hazard identification re-emphasised
- 'In house' safety strategy in conjunction with the workforce
- Management changes implemented – new SHE manager appointed in November 2019



Uitkomst: production

	H1 FY2020 Mt	H2 FY2020 Mt	FY2020 Mt	FY2019 Mt	%
Production tonnages					
Uitkomst ROM	262,696	168,658	431,354	472,647	(9)
Purchased ROM to blend	-	-	-	12,466	(100)
	262,696	168,658	431,354	485,113	(11)

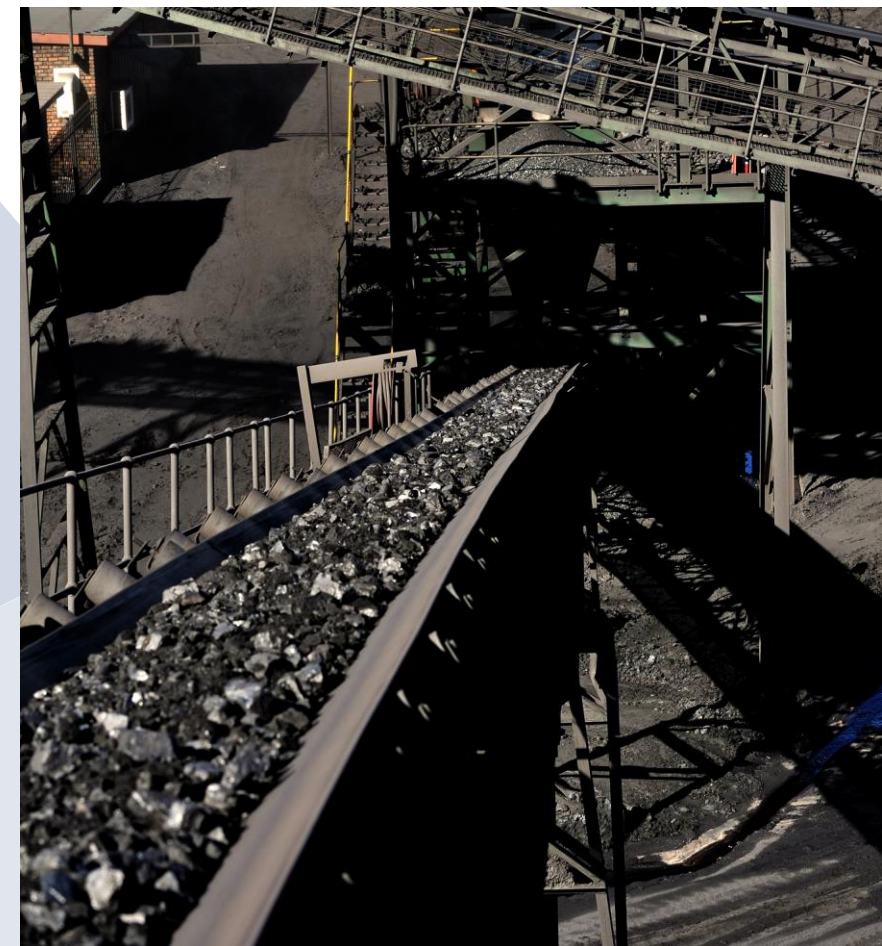
- H1 FY2020 ROM production 11% ahead of comparative H1 FY2019:
 - initiatives implemented in H1 FY2020 yielded positive results
 - included equipment availability improvements
- ROM production in H2 FY2020 decreased due to COVID-19 lockdown
- Production normalised at the end of June 2020
- As expected, ROM purchases decreased as coal supply contract expired previously

Uitkomst: sales

	FY2020 Mt	FY2019 Mt	%
Sales tonnages			
Own ROM	228,206	295,051	(23)
Purchased ROM to blend or wash	-	6,035	(100)
Coarse discard sales	25,987	8,315	213
	254,193	309,401	(18)
Financial metrics			
Average API4 prices/tonne (\$)	67.73	86.51	(22)
Revenue/tonne (\$)	65.15	81.39	(20)
Production cost/saleable tonne (\$)	63.01	74.83	(16)

Uitkomst: sales continued

- ROM sales reduced due to decline in ROM coal mined owing to lockdown
- High-ash, coarse discard coal sales higher in FY2020 as plant modifications were completed in H2 FY2019, resulting in sales of less than six months in FY2019
- Materially lower coal pricing environment with average export thermal coal prices 22% lower in FY2020 compared to FY2019
- Average revenue/t decreased in line with lower year on year average coal price
- Production costs are rand denominated and reduced due to:
 - Cost cutting measures implemented during FY2020
 - 10% weakening of ZAR:US\$ during FY2020 compared to FY2019



FINANCIAL REVIEW



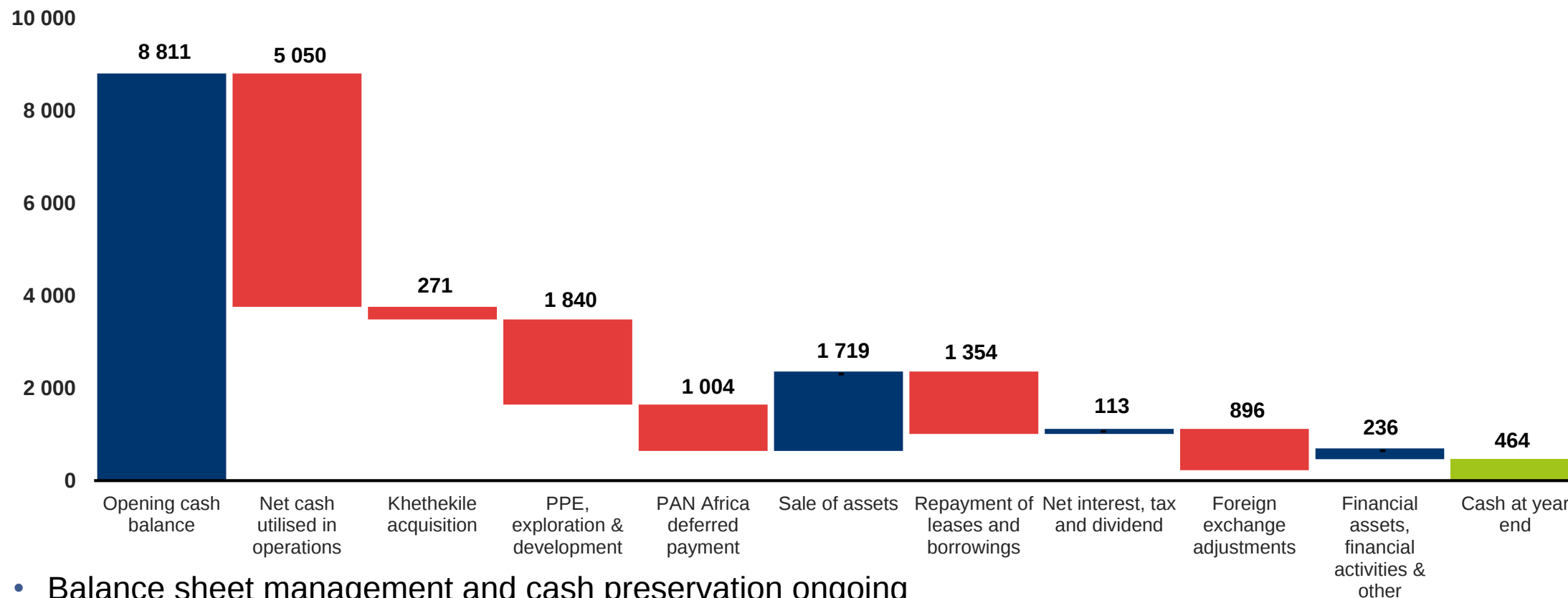
Cash flow analysis – FY2020 (\$'000)



	FY2020 \$'000	FY2019 \$'000
Group loss for the year before tax	(12,850)	(33,522)
Add back non-cash items (continuing and discontinued operations):	7,800	28,245
Depreciation and amortisation	2,608	2,318
Unrealised foreign exchange (gain)/loss	399	(244)
Share based payments	416	852
Net finance expense	2,909	4,639
Net impairment expense	1,257	21,916
Other non-cash items	(109)	(756)
Working capital changes	320	(480)
Cash (used in)/generated from continuing and discontinued operations for the period before interest and tax	(5,050)	(5,277)

Cash utilisation reduced compared to FY2019 despite significant adverse effects of COVID-19

Cash flow analysis – FY2020 (\$'000) cont.



- Balance sheet management and cash preservation ongoing
- \$6.9 million IDC facility undrawn at year-end and subsequently restructured
- Available IDC facility restructured in Q1 FY2021 and \$2.3m available for drawdown
- New equity issued in Q1 FY2021 for \$0.9m for working capital requirements

MAKHADO PROGRESS



Makhado Project: phased approach

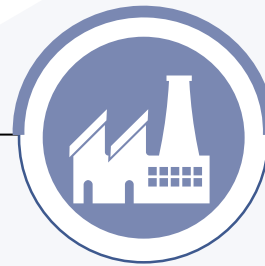
Phased development reduces execution risk

Road and rail and siding infrastructure tested and previously used



Makhado Phase 1

- Construction expected to start in Q1 CY2021
- West pit mined, crushed, screened and trucked to existing Vele Colliery for final processing
- Saleable hard coking coal and thermal coal trucked to Musina siding



Makhado Phase 2

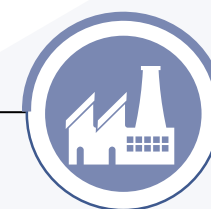
- Construction can start from *circa* CY2023, coal market and funding dependent
- Mining of east and central pits and construction of Makhado processing plant and related infrastructure

Makhado Project: phased approach continued

- Compelling returns
- Scarce commodity
- Continued growth



Makhado Phase 1



Makhado Phase 2

ROM production	3.0Mtpa	4.0Mtpa
LOM	9 years	>37 years
Hard coking coal production	0.54Mtpa	0.7 – 0.8Mtpa
Thermal coal by-product production ¹	0.57Mtpa	0.9 – 1.0Mtpa
Construction capital (real) ²	R460m (\$32m)	R1.2bn (\$84m)
Construction period	9 months	12 months
IRR	>40%	>40%
Payback ³	<2.5 years	<2.5 years

¹ Assumes 5,500kcal product is produced

² Assumes R14.50:US\$1.00

³ Based on long-term HCC prices of \$140/t

Robust fundamentals

Makhado Project: milestones



Process	Status
Licences, permits and environmental authorisations for Makhado and Vele	✓ Completed
Access to Makhado Project surface rights	✓ Completed
Necessary studies to commence with construction of Phase 1	✓ Completed
Phase 1 thermal coal by-product off-take agreement	✓ Completed
Phase 1 AMSA hard coking coal off-take agreement	✓ Completed ¹
Phase 1 composite project funding – debt portion	✓ Completed
Phase 1 composite project funding – equity portion	Q4 CY2020
Commencement of Phase 1 construction	Q1 CY2021
Makhado Phase 1 first production	Q4 CY2021
Phase 2 hard coking coal off-take agreement	Ongoing ²
Commencement of Phase 2 construction (subject to coal markets and debt funding availability)	From ~CY2023 onwards
Potential Phase 2 production	~CY2024

¹ Agreement with AMSA for ~85% of Phase 1 HCC production, balance to be used for market development

² Completed for ~50% of Phase 2 HCC production

Makhado Phase 1: funding update

	Funding required* (\$m)
Capex	32
Working capital (to steady state)	5
IDC bridge	3
Total funding required	40
<i>Secured</i> New IDC debt	(17)
	23
<i>In-principle agreed funding**</i>	(14)
Funding balance in progress	9

PHASE 1 IS SHOVEL READY

- Binding conditional documents for \$17m debt signed with IDC
- Existing IDC debt will be resolved simultaneously through composite funding plan

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

- Issue of new MCM equity for cash to existing and new shareholders
- Issue of new equity for cash in Makhado Project corporate entities

*assuming a conservative ZAR:US\$ exchange rate of R14.50:\$

**subject to agreement of final documentation

COMPELLING OUTLOOK



Compelling outlook post Phase 1



- Sustainable cash flow – two cash generating assets
- HCC differentiator – local and export supply
- Three products:
 - Makhado high quality hard coking coal – local & export
 - Makhado thermal coal by-product – export
 - Uitkomst metallurgical and thermal coal – local
- Major coal resource in South Africa - 8.8Bt *in situ* with extended LOM – over 100 years
- Logistics in place and well tested
- Well positioned for future growth opportunities – SEZ close to MC Mining resources

ONLY SA PRODUCER OF
HARD COKING COAL



MCMining
LIMITED

Contacts

Brenda Berlin

Acting Chief Executive Officer

+27 10 003 8000

brenda.berlin@mcmining.co.za

ANNEXURES



Vele: brownfields project

- Fully permitted project, currently on care and maintenance
- Existing Vele processing plant to be modified to process Makhado Phase 1 ROM coal
- Phase 1 saleable coal to be trucked to Musina siding for sale FOR
- Musina siding previously used when Vele was in production
- Reserve still accessible for later supply to SEZ



Greater Soutpansberg Project

MASSIVE PIPELINE, LONG-TERM POTENTIAL

- Chapudi, Generaal and Mopane Projects – early stage coking and thermal coal exploration projects in Soutpansberg Coalfield
- Over 1.6Bt mineable tonnes *in situ*
- Consolidation of tenements and ore bodies needed to improve mine planning optionality, flexibility, economies of scale
- Mining Right applications submitted in 2013
 - Chapudi Mining Right granted in December 2018
 - Generaal Mining Right granted in November 2019
 - Mopane Mining Right outstanding
- Requirements to advance project design, deliver on strategy:
 - participation in regional impact study
 - identify GSP ‘sweet spots’ – will not mine all areas and not simultaneously

