



MC Mining Limited

Previously Coal of Africa Limited
(Incorporated and registered in Australia)
Registration number ABN 008 905 388
ISIN AU000000MCM9
JSE share code: MCZ
ASX/AIM code: MCM

ANNOUNCEMENT

5 May 2020

RECOMMENCEMENT OF COAL PRODUCTION AND LOCKDOWN UPDATE

Further to the announcements on 26 March 2020 and 24 April 2020, MC Mining Limited ("**MC Mining**" or the "**Company**") provides a market update with regards to the impact on the Company of the global COVID-19 pandemic. MC Mining remains focused on taking the necessary precautions to prevent the spread COVID-19 and reducing the threat to our employees, contractors and stakeholders.

Operations at the Uitkomst Colliery

The South African Government issued a directive on 23 March 2020 (the "**Directive**") requiring a 21-day national lockdown (the "**Lockdown**"), effective midnight Thursday 26 March 2020 to midnight Thursday 16 April 2020. The Directive was as a result of a level 5 national coronavirus alert assessment and resulted in the high-grade Uitkomst metallurgical and thermal coal mine ("**Uitkomst Colliery**" or "**Uitkomst**") being placed on care and maintenance. The Lockdown was subsequently extended and on 23 April 2020 the Government announced a phased, risk-based approach to lifting restrictions and the alert level reduced to level 4 from 1 May 2020 (the Government address can be found at: <https://www.gov.za/speeches/president-cyril-ramaphosa-south-africas-response-coronavirus-covid-19-pandemic-23-apr-2020>).

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Level 4 of the Lockdown authorises some business activity, subject to extreme precautions and under specific conditions. The underground Uitkomst Colliery is permitted to ramp up to 50% of labour capacity and must adhere to detailed health and safety protocols and introduce workplace plans to enable disease surveillance at site and prevent the spread of infection.

The Department of Mineral Resources and Energy has also issued COVID-19 directives. These require mining companies to ensure screening of employees and where indicated, testing, and employees who have tested positive for the virus will need to be quarantined. All data collected during the screening and testing programme is to be submitted to the authorities.

The Uitkomst Colliery has implemented standard operating procedures that comply with the required measures and limited activities at the mine recommenced on 4 May 2020. Uitkomst is a mechanised underground operation and it will be possible to ramp-up to 50% capacity within 7 to 10 days. During this period the colliery will assess the effects that the Lockdown has had on critical suppliers while the coal off-take market remains challenging due to the restrictions imposed on businesses. Uitkomst is in constant communication with its customers to ensure their requirements are met and the colliery is only expected to return to full operating capacity following further reductions in the national coronavirus alert assessments and once coal off-takes have normalised.

Effects of the Lockdown on MC Mining's other sites

The Lockdown also impacted activities at the Makhado, Vele and Greater Soutpansberg Projects as well as the Company's corporate office and led to the implementation of business continuity measures as well as stringent health and safety procedures. This also resulted in the Company having to implement a 'no work, no pay' policy for non-

essential staff and a portion of wages were paid by the Government's Temporary Employee/Employer Relief Scheme, reducing the adverse financial impacts that the Lockdown is having on staff. The Company has also adopted a work-from-home strategy and where possible, staff will continue to work remotely.

Available cash & facilities

The Company has an available cash balance of US\$1.1 million as well as the US\$6.5 million (R120 million) second tranche of the existing Industrial Development Corporation of South Africa Limited loan available for drawdown. MC Mining is engaged in discussions with its lender group regarding drawdown from existing and potential new finance facilities. As previously communicated, the Company is also in the process of securing the balance of the funding required to commence construction of Phase 1 of the fully permitted Makhado hard coking coal project and this is expected to be completed in Q2/Q3 CY2020.

Brenda Berlin, the Company's CEO, commented: "The move to Lockdown level 4 facilitates Uitkomst resuming production of its high-grade coal, albeit at 50% of normal production. Safety of our people is critical and normalised operating activities at the Uitkomst Colliery and MC Mining's other sites will only resume when it is safe to do so and in line with Government regulations. Where possible, key activities for rest of the Group will continue remotely in isolated, safe environments and we remain very mindful of the economic toll that the pandemic has on our employees and their families.

The Company continues to interact with potential domestic and international capital-providers to secure the balance of funding required to commence development of Makhado Phase 1 and anticipates that the process will be completed in Q2/Q3 CY2020."

Brenda Berlin

Chief Executive Officer

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

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Investec Bank Limited is the nominated JSE Sponsor

About MC Mining Limited:

MC Mining is an AIM/ASX/JSE-listed coal exploration, development and mining company operating in South Africa. MC Mining's key projects include the Uitkomst Colliery (metallurgical coal), Makhado Project (hard coking coal). Vele Colliery (semi-soft coking coal), and the Greater Soutpansberg Projects (coking and thermal coal).

Forward-looking statements

This Announcement, including information included or incorporated by reference in this Announcement, may contain "forward-looking statements" concerning MC Mining that are subject to risks and uncertainties. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond MC Mining's ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behaviour of other market participants. MC Mining cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements. MC Mining assumes no obligation and does not undertake any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required.

Statements of intention

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

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