



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

10 February 2021

IDC LOAN UPDATE

MC Mining Limited ("**MC Mining**" or the "**Company**") is pleased to announce that the Industrial Development Corporation of South Africa Limited ("**IDC**") has extended the date for repayment of the R160 million loan (\$10.3 million) plus interest owing by a subsidiary of the Company, to 31 July 2021. The Company is also pleased to announce that the IDC has agreed to extend the terminal draw down date in respect of the conditional R245 million (\$15.8 million) term loan facility agreed to partially finance the development of Phase 1 of the Makhado hard coking coal project ("**Makhado Project**" or "**Makhado**"), to 31 July 2021, subject to the IDC reaffirming its financial due diligence.

The IDC has provided longstanding support for the development of the Company's flagship, fully permitted Makhado Project. MC Mining initially utilised R120 million (\$7.7 million) ("**First Drawdown**") of a R240 million (\$15.5 million) IDC facility to progress the Makhado Project to fully permitted status and complete the acquisition of the surface rights required for the mining area. During August 2020, the Company and the IDC restructured that IDC Facility and MC Mining drew down an additional R40 million (\$2.6 million) ("**Second Drawdown**") and the remaining R80 million (\$5.2 million) undrawn balance was cancelled. The First and Second Drawdowns resulted in the IDC becoming a 6.7% shareholder in MC Mining subsidiary, Baobab Mining & Exploration (Pty) Ltd, which owns the Makhado Project.

The First and Second Drawdowns of R160 million (\$10.3 million) plus accrued interest were originally due for repayment by 30 November 2020. As previously announced, MC Mining submitted a formal application to extend the repayment date and the IDC has now agreed to extend the repayment date

WEB WWW.MCMINING.CO.ZA

EMAIL ADMINZA@MCMINING.CO.ZA

AU Suite 8, 7 The Esplanade, Mount Pleasant, Perth WA 6153, Australia **Tel** +61 8 9316 9100 **Fax** +61 8 9316 5475

ZA South Block, Summercon Office Park, Corner Rockery Lane and Sunset Avenue Lonehill, 2191, South Africa **Tel** +27 10 003 8000 **Fax** +27 11 388 8333

Chairman Bernard R. Pryor **Acting CEO** Brenda Berlin

Non-executive directors Andrew D Mifflin, Khomotso B. Mosehla, Shangren Ding, An Chee Sin, Brian H Zhen, Sebastiano Randazzo

to 31 July 2021. The Company and IDC will however continue discussions with the objective of scheduling the repayment of the First Drawdown to align with the positive cash flows generated by the project, whilst repaying the Second Drawdown from the proceeds raised to construct Phase 1. In the unlikely event that the parties cannot reach agreement on further deferment terms or the Company does not repay the loan by the repayment date, the financing documentation allows for the debt to be converted into equity.

Background

Makhado has a life of mine in excess of 46 years and robust fundamentals, resulting in compelling economics. The phased development of Makhado will position MC Mining as South Africa's pre-eminent hard coking coal producer and is expected to deliver positive returns for shareholders. The Company has made significant progress securing the funds required to construct Phase 1, that would create more than 650 direct, permanent job opportunities and reduce the volumes of hard coking coal South Africa currently imports.

Phase 1 comprises the construction of the Makhado west pit and modifications to the existing Vele Colliery processing plant to process the screened and scalped Makhado run-of-mine coal. The total funding required is approximately R575 million (\$37.1 million), including the repayment of the Second Drawdown.

MC Mining previously secured a conditional R245 million (\$15.8 million) term loan facility from the IDC (the "**Term Loan**"), the initial step in the composite Phase 1 debt/equity funding process. This terminal draw down date for the Term Loan has also been extended to 31 July 2021 subject to the IDC reaffirming their financial due diligence. As previously announced, the Company has also secured in-principle agreements with various other parties for a further R200 million (\$12.9 million) for Phase 1 that are subject to agreement of final documentation. It is also in advanced discussions with potential equity funders for the remaining R130 million (\$8.4 million) and anticipates that these will be finalised during Q1 CY2021.

Brenda Berlin, Acting CEO commented:

"The IDC's extension of the Initial IDC Facility, as well as the terminal draw down date for the Term Loan, reiterates their support for the development of the Makhado Project. The Company continues

to make progress on the initiatives to secure the remaining funding for Phase 1 and anticipates that these will be completed during Q1 CY2021, followed by a nine-month construction period and first coal sales in H1 CY2022. Phase 1 has an internal rate of return in excess of 40% and a payback of less than 2.5 years, supported by favourable long-term hard coking coal markets and driven by forecast growth in worldwide steel demand.”

Brenda Berlin
Acting Chief Executive Officer

This announcement has been approved by the Company’s Disclosure Committee.
This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.
All figures are in South African rand or United States dollars unless otherwise stated.

For more information contact:

| | | | |
|---------------|--------------------------------|------------------------------|------------------|
| Brenda Berlin | Acting Chief Executive Officer | MC Mining Limited | +27 10 003 8000 |
| Tony Bevan | Company Secretary | Endeavour Corporate Services | +61 08 9316 9100 |

Company advisors:

| | | | |
|----------------------------|-----------------------------|------------------------------|------------------|
| James Harris / James Dance | Nominated Adviser | Strand Hanson Limited | +44 20 7409 3494 |
| Rory Scott | Broker (AIM) | Tennyson Securities | +44 20 7186 9031 |
| James Duncan | Financial PR (South Africa) | R&A Strategic Communications | +27 11 880 3924 |

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 and thermal coal), Makhado Project (hard coking coal). Vele Colliery (semi-soft coking and thermal 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.