



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

28 July 2022

**UITKOMST COAL SALES & MARKETING AGREEMENT
RELATED PARTY TRANSACTION**

MC Mining Limited (**MC Mining** or the **Company**) is pleased to announce that it has entered into a Coal Sales & Marketing Agreement (**Marketing Agreement**) with Overlooked (Proprietary) Limited (**Overlooked**). The Marketing Agreement expires on 31 December 2022 and will facilitate the export of coal produced by Uitkomst, ensuring the colliery benefits from the prevailing international coal prices.

The anti-fossil fuel sentiment over the last few years has resulted in limited coal exploration or development of new coal projects and a tightening of supply globally. This has been exacerbated by the invasion of Ukraine in February 2022 and subsequent sanctions against Russian fossil fuel supplies, leading to a global energy shortage. This led to international thermal coal prices climbing to record highs and API4 coal prices averaged \$276/ tonne (t) for H1 CY2022, compared to \$151/t in H2 CY2021.

As a consequence, MC Mining commenced a review of its marketing arrangements for Uitkomst which include the production of various grades of higher quality, low ash pulverised coal injection (PCI) coal, as well as higher-yielding API4 thermal coal. The high API4 prices confirm that the export of thermal coal is currently the optimal marketing strategy for the colliery. However, Uitkomst does not have access to export allocation at any of the South African coal ports and produces limited quantities of thermal coal on a monthly basis. A collaborative approach with an exporter, which already has access to these markets and additional volumes of API4 coal, led to the conclusion of the Marketing Agreement with Overlooked, providing the Company with a route to market.

The salient features of the Marketing Agreement are:

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Chairman Nhlanhla Nene **CEO & Managing Director** Godfrey Gomwe

Non-executive directors An Chee Sin, Andrew Mifflin, Brian He Zhen, Junchao Liu, Khomotso Mosehla, Mathews Senosi

- contract expiring in December 2022;
- sale of at least 20,000t of Uitkomst coal per month at API4-linked, US dollar denominated prices;
- Overlooked is responsible for the transportation, stockpiling and export of the coal at port and will receive a market related commission; and
- Overlooked charges a competitive marketing fee of 5% of the sales price which is reasonable considering competing proposals received by Uitkomst, for providing access to the international market.

Related Party Transaction

The Company entering into the Marketing Agreement, as set out above, is deemed a related party transaction under the AIM Rules for Companies due to Mr Matthews Senosi (a Non-Executive Director and Substantial Shareholder (as defined by the AIM Rules) of the Company) being the Chief Executive Officer and majority shareholder of Overlooked. The independent directors of the Board of MC Mining, being those directors other than Mr Senosi, having consulted with Strand Hanson Limited, the Company's Nominated Adviser, consider the Marketing Agreement to be fair and reasonable insofar as the Company's shareholders are concerned.

Godfrey Gomwe, Managing Director and Chief Executive Officer of MC Mining, commented:

“Uitkomst is a small mine that produces high quality coal and the trial production of different coal products earlier in the year ensured that we have a better understanding of what the colliery can produce and the effects these have on our processing plant yields. The colliery does not produce sufficient coal to fill a ship on a monthly basis and a partnership with Overlooked will facilitate more frequent shipments at higher international thermal coal prices. These prices have remained higher than previously forecasted and the Marketing Agreement ensures that Uitkomst benefits from the prevailing price, particularly our pea-sized products, as these were historically sold into domestic fixed-price contracts. The colliery will continue to supply coal to the local market, but at reduced volumes.”

Godfrey Gomwe

Managing Director and Chief Executive Officer

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

All figures are in United States dollars unless otherwise stated.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended).

For more information contact:

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Company advisors:

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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 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).

All figures are denominated in United States dollars unless otherwise stated. Safety metrics are compared to the preceding quarter while financial and operational metrics are measured against the comparable period in the previous financial year. A copy of this report is available on the Company's website, www.mcmining.co.za.