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 **30 September 2024**

RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2024

MC Mining Limited (**MC Mining** or the **Company**) is pleased to provide its audited financial statements for the year ended 30 June 2024 (the **Period**). All figures are denominated in United States dollars unless otherwise stated and the full report is available on the Company's website, https://www.mcmining.co.za/downloads?task=download.send&id=1848&catid=109.

Financial review

- The loss after tax for the Period increased by 232% to $14.6 million or 3.54 cents per share (FY2023: loss after tax of $4.4 million or 1.46 cents per share);
- Contributing to the loss of $14.6 million were non-cash charges which increased by 59% to $5.9 million (FY2023: $3.7 million) which includes the following:
  - net impairment expense of $0.9 million (FY2023: $0)
  - depreciation and amortisation decreased by 5% to $1.9 million (FY2023: $2.0 million)
  - share based payment expense decreased by 22% to $0.7 million (FY2023: $0.9 million).
- Revenue for the Period decreased by 18% to $36.7 million (FY2023: $44.8 million) and cost of sales decreased by 11% to $36.5 million (FY2023: $41.2 million) resulting in a decrease in gross profit (FY2024: $0 million vs FY2023: $3.6 million);
- Impairment of $0.9 million was recorded in the current year relating to the Vele semi soft coking and thermal coal project (**Vele Colliery** or **Vele)** (FY2023: No impairment was recorded);
- Administrative expenses increased by 73%, from $8.9 million in FY2023 to $15.4 million in the reporting period due to:
  - Employee expenses increasing by 53% to $6.6 million (FY2023: $4.3 million) following the increase in staff required to advance the Makhado steelmaking hard coking coal project (**Makhado Project** or **Makhado**);
  - The professional fees increased by 160% to $1.3 million (FY2023: $0.5 million);

    - Overhead expenses increased by 79% to $7.0 million (FY2023: $3.9 million) due to the increased activities at the Vele project;
- Finance costs from borrowings and finance leases decreased by 12% to $1.5 million (FY2023: $1.7 million);
- Unrestricted cash balances at year-end of $0.2 million (FY2023: $7.5 million).
- Net asset value decreased by 14% to $75.4 million from $87.4 million in the prior corresponding period;
- Headline loss per share increased by 127% from $0.01 in FY2023 to $0.03 in FY2024;
- Basic and diluted loss per share increased by 143% from $0.01 in FY2023 to $0.04 in FY2024;
- No dividend was declared for the year ended 30 June 2024 (FY2023: nil); and
- Attention is drawn to the disclosure in the annual financial statements and below on the going concern assumptions.

Operational review

Safety

- Health and safety remains the highest priority and there were no fatalities (FY2023: nil) and two lost-time injuries (**LTIs**) were recorded during the Period (FY2023: six LTIs).

Uitkomst Colliery

- The operational results for the Uitkomst metallurgical and thermal coal colliery (**Uitkomst** or U**itkomst Colliery**) compared to the preceding period are detailed below:

	FY2024	**FY2023**	**%△**
Production tonnages			
Uitkomst ROM (t)	498,350	444,984	12%
Inventory volumes			
High quality duff and peas at site (t)	-	50,490	(100%)
	-	**50,490**	**(100%)**
Sales tonnages			
Own ROM (t)	340,203	230,181	48%
Middlings sales	10,474	11,185	(6%)
	350,677	**241,366**	**45%**
Financial metrics			
Net revenue/t ($)	79	142	(44%)
Production costs/saleable tonnes ($)^	64	123	(48%)

^all costs are incurred in South African Rand

- The Uitkomst Colliery produced 498,350 tonnes (t) (FY2023: 444,984 t) of run of mine (**ROM**) coal during the twelve months to 30 June 2024, 12% higher than the previous year;

- Nil t (FY2023: 50,490t) of high-quality coal was stockpiled at Uitkomst at the end of June 2024;

- Uitkomst sold 350,677t of coal in FY2024 (FY2023: 241,366t) comprising 340,203t (FY2023: 230,181t) of premium duff and sized peas and 10,474t (FY2023: 11,185t) of high ash, coarse discard coal. Uitkomst generated sales revenue of $27.7 million (FY2023: $34.2 million) for the year;

- The Uitkomst net revenue per tonne decreased to $79/t (FY2023: $142/t) primarily due to sales into the domestic market, whereas API4 coal prices were elevated in H1 FY2023 during which time Uitkomst sold coal to exporters; and

- The higher coal sales volumes contributed to the 48% decline in production costs per saleable tonne (FY2024: US$64/t vs. FY2023: US$123/t)

Makhado Project

- MC Mining's flagship Makhado steelmaking hard coking coal (**HCC**) project has the required regulatory approvals and surface rights over the mining and processing areas and is 'shovel ready';
- The development of Makhado is expected to deliver positive returns for shareholders and position MC Mining as South Africa's pre-eminent steelmaking HCC producer resulting in obvious advantages for domestic steel producers;
- The Company continued the Makhado Project composite funding initiatives during the year and anticipates that the funding will be concluded in H2 CY2024. The various initiatives being investigated include amongst others, build, own, operate, transfer (BOOT) funding arrangements, additional senior debt as well as debt/equity instruments, coal prepayments and construction-based financing.

Vele Aluwani Colliery

- The Vele Aluwani Colliery recorded no LTIs during the period (FY2023: nil LTIs)
- The colliery produced 119,799t of saleable thermal coal in FY2024 (FY2023: 96,673t).
- Hlalethembeni Outsource Services Proprietary Limited (**HOS**) notified the Company during December 2023 that due to production challenges, combined with elevated logistics costs and the depressed API4 coal prices, it would exercise the hardship clause in the Contract Mining Agreement. This resulted in HOS downscaling operations, which was completed during January 2024, and the commencement of a production optimisation review. This review (Operation Shandukani) will likely result in, amongst others, changes to the mining methodology, as well as further modifications to the Coal Handling Processing Plant (CHPP) as well as securing access to rail transport at competitive prices. The evaluation of these measures is expected to be completed in H1 FY2025 and is expected to result in improved profitability at the colliery.

Greater Soutpansberg Projects

- Exploration and development of the three Soutpansberg coalfield projects namely the Chapudi, Mopane and Generaal project areas, is planned to underpin the long-term growth of the Company;
- The South African Department of Mineral Resources & Energy has granted mining rights for the three project areas comprising the GSP, which collectively contain over 7.0 billion tonnes in situ of Inferred coal resources (GTIS);
- The Company executed the mining rights for the Mopane, Generaal and Chapudi project areas during FY2024; and
- Exploration and development of the GSP could position the Company to being a significant steelmaking coal supplier for both the domestic and export markets.

Corporate features

- MC Mining secured a ZAR20 million ($1.1 million) Loan Facility from Dendocept (Pty) Ltd (**Dendocept**). ZAR4 million had been drawn down from the loan facility as at 30 June 2024;
- The completion of the previously announced off-market Offer process resulted in a change of control of the Company, whereby the Goldway consortium owned 93% of the company. Goldway is owned by Senosi Group Investment Holdings Proprietary Limited, Dendocept Proprietary Limited and certain other shareholders and associates;
- MC Mining cancelled its AIM (London) stock exchange listing;
- Godfrey Gomwe resigned as Managing Director & Chief Executive Officer of MC Mining;
- Christine He was appointed as Interim Managing Director and Chief Executive Officer;
- Andrew Mifflin and Julian Hoskin resigned as Independent Non-Executive Directors of MC Mining;
- Khomotso Mosehla resigned as an Independent Non-Executive Director of MC Mining;
- Nhlanhla Nene resigned as an Independent Non-Executive Director and as Chairman of MC Mining;
- Muhui (Chris) Huang was appointed as a Non-Executive Director of MC Mining;
- Bill Pavlovski was appointed as an Independent Non-Executive Director of MC Mining; and
- Dr Steele West was appointed as an Independent Non-Executive Director of MC Mining.

Going concern

Attention is drawn to the disclosure in the annual financial statements on the going concern assumption (**refer note 1**), noting that there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors are satisfied however, at the date of signing the annual financial report, that there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The directors have based this on a number of assumptions which are set out in detail in note 1 to the annual financial report. In order to meet its working capital requirements, the Group is exploring and progressing several alternative strategies to raise additional funding including, but not limited to:

- The issue of new equity to Kinetic Development Group Limited for cash in the Company as announced on 28 August 2024; and
- Cash generated from the Company's collieries.

The Group also has the capacity if necessary to reduce its operating cost structure in order to minimise its working capital requirements and defer the timing of any future capital raising.

The conclusion of the debt and equity raise is by its nature an involved process and is subject to successful negotiations with the external funders and shareholders. Any equity raise is likely to be subject to a due diligence process. The Group has a history of successful capital raisings to meet the Group's funding requirements. The Company has historically successfully negotiated extensions to the repayment of outstanding debt facilities. The directors believe that at the date of signing the annual financial statements there are reasonable grounds to believe that they will be successful in achieving the matters set out above and that the Group will therefore have sufficient funds to meet their obligations as and when they fall due.

Subsequent events

- MC Mining entered into a A$1.0m (US$0.7m) unsecured loan facility with Eagle Canyon International Group Holding (Hong Kong) Limited;

- MC Mining Limited has reached an agreement with Hong Kong Stock Exchange (HKSE) main board listed Kinetic Development Group Limited (KDG) (1277.HK) the terms of which provide that KDG (or its designee) will subscribe, in two tranches, for a total of 51% of the post transaction issued share capital of MC Mining.

  Under the terms of the agreement, KDG has subscribed for an initial 13.04% of MC Mining for an aggregate consideration of US$12,970,588 and implied price per share of US$0.20891 (at the prevailing exchange rates, AU$0.30832 or ZAR3.72061 per share) on 4 September 2024. The second subscription for the remaining aggregate US$77,029,412 will be effected within seven (7) business days of the fulfilment or waiver of the conditions precedent applicable to that subscription including obtaining shareholder approval at an Extraordinary General Meeting and receiving all relevant regulatory approvals; and

- On 16 August 2024, MC Mining Limited announced that it would, subject to conditions, extend the validity period of the 8,000,000 share options that had been granted to Mr Godfrey Gomwe, the previous Managing Director & Chief Executive Officer as part of his employment contract. The validity period was extended to 28 August 2024. None of the conditions have been fulfilled within the stipulated timeframe of the extended validity period and the options have now lapsed and can no longer be exercised.

Authorised by

Yi (Christine) He
Interim Managing Director & Chief Executive Officer

This announcement has been approved by the Company's Disclosure Committee.
All figures are in South African rand, United States dollars or Australian dollars unless otherwise stated.

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

For more information contact:			
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BSM Sponsors Proprietary Limited is the nominated JSE Sponsor

About MC Mining Limited:

MC Mining is an 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).

Regulatory requirements

This short form announcement, which is the responsibility of MC Mining's directors, is only a summary of information in the full announcement and does not contain full or complete details. Any investment decisions by shareholders and/or investors should be based on consideration of the full announcement.
The full announcement can be found at this JSE CloudLink:
https://senspdf.jse.co.za/documents/2024/jse/isse/mcze/FY24.pdf

The full announcement is also available for viewing on the company's website at
https://www.mcmining.co.za/downloads?task=download.send&id=1848&catid=109
or a copy may be requested in person, at the company's registered office or the office of the sponsor, at no charge, during office hours. Copies of the full announcement may also be requested from the Company's group investor relations at investor@mcmining.co.za.

The information in this announcement has been extracted from the audited Group financial results for the year ended 30 June 2024, but the short-form announcement itself has not been reviewed by the Company's auditors.

Forvis Mazars Assurance Pty Ltd, the group's independent auditor, has audited the consolidated annual financial statements of the group from which the abridged consolidated results contained in this report have been derived, and has expressed an unmodified audit opinion on the consolidated annual financial statements but have drawn attention to a material uncertainty around the Going Concern.

A copy of the auditor's report is available for inspection at MC Mining Limited's registered office and is included in the audited financial statements for the year ended 30 June 2024. Shareholders are therefore advised to obtain a copy of the auditor's report and key audit matters together with the accompanying financial information from MC Mining Limited's registered office.

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.