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ANNOUNCEMENT **30 October 2020**

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2020

CONTINUED IDC AND SHAREHOLDER SUPPORT

MC Mining Limited ("**MC Mining**" or the "**Company**") which operates in South Africa, together with its subsidiaries, hereby provides its update for the three months ended 30 September 2020, the first quarter (the "**Quarter**") of the Company's 2021 financial year. 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.

Salient operational and corporate features

- The focus on health and safety continued at the high-grade Uitkomst metallurgical and thermal coal mine ("**Uitkomst Colliery**" or "**Uitkomst**"), with one lost-time injury ("**LTI**") recorded during the Quarter (FY2020 Q4: one LTI);
- Uitkomst generated 137,284 tonnes ("**t**") (FY2020 Q1: 135,675t) of run-of-mine ("**ROM**") coal, a 1% improvement on the comparative period to end September 2019;
- The South African government declared a nationwide lockdown in March 2020 to prevent the spread of COVID-19 resulted in the majority of Uitkomst's customers suspending their operations and this continues to affect the colliery's sales order volumes;
- Uitkomst produces high-grade metallurgical, thermal and high-ash middlings coal and the colliery's largest customer, experienced operational challenges at its Newcastle furnaces during September, which limited volumes purchased from Uitkomst;
- Coal sales were 25% lower than for the comparative period in 2020 (FY2021 Q1: 57,616t vs. FY2020 Q1: 77,243t) with 20,667t of saleable coal on hand (FY2020 Q1: 8,864t) at the end of the Quarter; and
- Limited activities continued at the Company's Makhado hard coking coal project ("**Makhado Project**" or "**Makhado**"), Vele semi-soft coking and thermal coal colliery ("**Vele Colliery**" or "**Vele**") and Greater Soutpansberg Projects ("**GSP**") following the COVID-19 lockdown.

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Coal market and financial features

- The COVID-19 pandemic resulted in a significant decline in API4 export thermal coal prices but these did start to recover at the end of the Quarter but remained 10% below the comparative September 2019 period ($55/t vs. $61/t);
- Restructuring of the March 2017 Industrial Development Corporation of South Africa Limited ("**IDC**") facility (the "**Initial IDC Facility**"), allowing for the drawdown of R40 million ($2.4 million) to advance the Makhado Project and delaying the repayment of funds utilised under this facility until 30 November 2020;
- Issue of new equity to existing and new shareholders, raising R15 million ($0.9 million) and satisfying the condition for the restructuring of the Initial IDC Facility;
- Signature of a share subscription agreement with Columbia Skies Holdings Proprietary Limited ("**CSH**"), a company that is wholly-owned by South African industrialist Mr Pitso Madibo, for R9,933,650 ($0.6 million). Subsequent to the end of the Quarter, CSH failed to provide funding in accordance with the terms of the agreement and the Company reserves its rights in this regard;
- Composite debt/equity funding initiatives for the Makhado Project continued during the Quarter and are expected to be concluded in Q4 CY2020/Q1 CY2021; and
- Available cash at Quarter-end was $1.6 million ($0.4 million at the end of June 2020) and restricted cash of $0.03 million.

Brenda Berlin, Acting CEO commented:

"The South African Government declared a nationwide lockdown in March 2020 to limit the potential spread of the virus and the Company has implemented measures to minimise the risk of COVID-19 transmission on our sites. The progressive easing of lockdown measures, allowed the Uitkomst Colliery to return to steady-state production, while international coal prices trended positively during September and October 2020.

The Company secured a significant portion of the Makhado Phase 1 composite funding package prior to the lockdown, including a new R245 million ($17 million) IDC facility and in-principle funding agreements for a further R200 million ($14 million). The completion of the funding package was delayed by the lockdown and led to the restructuring of the Initial IDC Facility during the Quarter. The restructuring of the Initial IDC Facility enables the drawdown of R40 million ($2.3 million) and was accompanied by the issue of new MC Mining equity of R15 million ($0.9 million). The shareholder support received reflects the positive returns that Makhado will deliver to all stakeholders, and provides MC Mining with the time it needs to conclude the Phase 1 funding

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process. Negotiations between the IDC and the Company are ongoing to align the repayment of the Initial IDC Facility with the positive cash flows generated by Makhado.

The Company also continued to interact with potential domestic and international funders and anticipates that the process to secure the balance of the capital required to develop and construct Makhado Phase 1 will be completed in Q4 CY2020/Q1 CY2021, with construction commencing shortly thereafter."

QUARTERLY COMMENTARY

National Lockdown

The health and safety of MC Mining's employees is a prevailing priority and the Company has implemented, and continuously monitors the COVID-19 health and safety regulations promulgated by the South African Government. These regulations impacted the Company's activities during the Quarter and non-essential staff followed a 'no work, no pay' policy and received a portion of their wages from the South African Government's Temporary Employer/Employee Relief Scheme.

Uitkomst Colliery – Utrecht Coalfields (70% owned)

The focus on health and safety continued at Uitkomst and the colliery recorded one LTI during the Quarter (FY2020 Q4: one LTI).

Following relaxation of the COVID-19 lockdown during the June 2020 period, Uitkomst reached steady-state ROM coal production during the Quarter, realising marginally higher volumes than the comparative period (137,284t vs 135,675t). Uitkomst's largest customer experienced equipment challenges in early September 2020 and suspended orders of high-grade metallurgical coal for the month, but reinitiated normal order volumes in October 2020.

The delay in customers resuming operations as well as Uitkomst's largest customer's operational challenges in September, resulted in sales of high quality coal declining 23% compared to Q1 FY2020 (54,877t vs. 71,473t) while 2,739t of high ash middlings coal were sold during the Quarter (FY2020 Q1: 5,770t). The lower than anticipated sales resulted in the Uitkomst Colliery having 20,667t (FY2020 Q1: 8,864t) of saleable coal on hand at the end of the Quarter and this coal is expected to be sold during Q2 FY2021.

The COVID-19 pandemic has adversely affected global energy production and manufacturing activities and average API4 prices for the Quarter were 10% lower than the comparative period in 2019 ($55/t vs $61/t). The lower API4 prices as well as a 15% weakening of the ZAR:US$ exchange rate led to a 12% decline in revenue per

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tonne during the three months while production costs per saleable tonne decreased by 8% to $59.59/t (FY2020 Q1: $64.64/t).

	Quarter to end-Sep 2020	Quarter to end-Sep 2019	%▲
Production tonnages			
Uitkomst ROM (t)	137 284	135 675	1%
Sales tonnages			
Metallurgical and thermal coal (t)	54 877	71 473	(23%)
Middlings sales	2 739	5 770	(53%)
	57 616	***77 243***	***(25%)***
Quarter financial metrics			
Revenue/t ($)	58.01	65.58	(12%)
Revenue/t (ZAR)	981	964	2%
Production cost/saleable tonnes ($)^	59.59	64.64	(8%)

^ costs are all South African Rand based

The Uitkomst Colliery has an estimated 18-year life-of-mine ("**LOM**") which includes the development of a north adit (horizontal shaft). Uitkomst's Integrated Water Use License ("**IWUL**") will expire in February 2021 and the colliery is finalising the specialist studies required for the renewal application. These studies will be completed during November 2020 and the IWUL application will be submitted soon thereafter and the Company will work to secure the license renewal as soon as practicable with no disruption to the Group's operations being expected. Subsequent to the end of the Quarter, Uitkomst submitted an application to renew the IWUL for the nearby leased Wykom siding from where the high-ash middlings coal is railed.

Makhado Hard Coking Coal Project – Soutpansberg Coalfield (69% owned)

The fully permitted Makhado Project recorded no LTIs (FY2020 Q4: nil) during the Quarter.

MC Mining's flagship Makhado Project has very favourable economics and its phased development is expected to deliver positive returns for shareholders. Makhado has a LOM in excess of 46 years and construction of the project will position MC Mining as South Africa's pre-eminent hard coking coal ("**HCC**") producer.

Phase 1 of the Makhado Project comprises the development of the west pit and modifications to the existing Vele Colliery processing plant. MC Mining previously secured a conditional R245 million ($17 million) term loan facility from the IDC ("**Phase 1 Loan Facility**") for the construction of Phase 1. This is the initial step in the composite Phase 1 debt/equity funding process. MC Mining has also secured in-principle agreements for a further R200 million ($14 million) for Phase 1 that is subject to agreement of final documentation and, is in

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significantly advanced discussions with potential equity funders for the remaining R130 million ($9 million). The Company anticipates that this will be finalised during Q4 CY2020/Q1 CY2021.

The Initial IDC Facility of R240 million ($13.7 million) was secured in March 2017. MC Mining previously utilized R120 million ($6.9 million) of this facility to develop Makhado, including progressing the project to fully permitted status and completing the acquisition of the surface rights required for the Makhado mining area. The balance of R120 million ($6.9 million) remained undrawn and one of the conditions precedent to the Phase 1 Loan Facility was that the Company would agree to cancel the undrawn balance of R120 million ($6.9 million) Initial IDC Facility.

During the Quarter, the undrawn portion of the Initial IDC Facility was restructured, allowing the Company to drawdown R40 million ($2.3 million). As a result, the Phase 1 Loan Facility can still form part of the composite Makhado Phase 1 funding package. In addition, the restructuring delayed repayment until 30 November 2020, of capital and interest owing in terms of the Initial IDC Facility. The drawdown of the R40 million resulted in the IDC's participation in the Makhado Project increasing by a further 1.7% interest (taking their total project level interest to 6.7%) and the award of warrants equating to 0.8% of MC Mining's issued shares.

The R120 million ($6.9 million) and accrued interest under the Initial IDC Facility and R40 million ($2.3 million) drawdown are currently due for repayment by 30 November 2020. Negotiations between the IDC and the Company are ongoing to align the repayment of these with the positive cash flows generated by Makhado and MC Mining is confident that a satisfactory position can be reached with the IDC. The IDC supports the development of the Makhado Project. However, in the unlikely event that the parties cannot reach agreement on further deferment terms, the financing documentation allows for the debt to be converted into equity.

Vele Semi-Soft Coking and Thermal Coal Colliery – Limpopo (Tuli) Coalfield (100% owned)

The Vele Colliery remained on care and maintenance during the Quarter and no LTIs were recorded during the period (FY2020 Q4: nil).

There were no further developments to report and the Vele processing plant is expected to be refurbished and recommissioned as part of Phase 1 of the Makhado Project.

Greater Soutpansberg Project – Soutpansberg Coalfield (74% owned)

The GSP recorded no LTIs (FY2020 Q4: nil) during the Quarter.

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The GSP comprises the Chapudi, Mopane and Generaal areas that are MC Mining's longer-term coking and thermal coal projects. There were no further developments to report during the Quarter.

Markets

The spread of COVID-19 globally and the implementation of lockdown measures has resulted in a general downward trend in global economic activity. This has led to reduced demand for commodities and both metallurgical and thermal coal prices declined compared to Q1 FY2020. Average HCC prices were 28% lower than the comparative period ($112/t vs. $156/t), while demand for South African thermal coal remains depressed and the average API4 price for the Quarter was $55/t, 10% lower than the $61/t recorded in Q1 FY2020 (FY2020 Q4: $55/t).

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.

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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).

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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.

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Tenements held by MC Mining and its Controlled Entities

Project Name	Tenement Number	Location	Interest	Change during Quarter
Chapudi Project*	Albert 686 MS	Limpopo~	74%	
	Bergwater 712 MS		74%	
	Remaining Extent and Portion 2 of Bergwater 697 MS		74%	
	Blackstone Edge 705 MS		74%	
	Remaining Extent & Portion 1 of Bluebell 480 MS		74%	
	Remaining Extent & Portion 1 of Bushy Rise 702 MS		74%	
	Castle Koppies 652 MS		74%	
	Chapudi 752 MS		74%	
	Remaining Extent, Portions 1, 3 & 4 of Coniston 699 MS		74%	
	Driehoek 631 MS		74%	
	Remaining Extent of Dorps-rivier 696 MS		74%	
	Enfield 512 MS (consolidation of Remaining Extent of Enfield 474 MS, Brosdoorn 682 MS & Remaining Extent of Grootvlei 684 MS)		74%	
	Remaining Extent and Portion 1 of Grootboomen 476 MS		74%	
	Grootvlei 684 MS		74%	
	Kalkbult 709 MS		74%	
	Remaining Extent, Remaining Extent of Portion 2, Remaining Extent of Portion 3, Portions 1, 4, 5, 6, 7 & 8 of Kliprivier 692 MS		74%	
	Remaining Extent of Koodoobult 664 MS		74%	
	Koschade 657 MS (Was Mapani Kop 656 MS)		74%	
	Malapchani 659 MS		74%	
	Mapani Ridge 660 MS		74%	
	Melrose 469 MS		74%	
	Middelfontein 683 MS		74%	
	Mountain View 706 MS		74%	
	M'tamba Vlei 654 MS		74%	
	Remaining Extent & Portion 1 of Pienaar 635 MS		74%	
	Remaining Extent & Portion 1 of Prince's Hill 704 MS		74%	
	Qualipan 655 MS		74%	
	Queensdale 707 MS		74%	
	Remaining Extent & Portion 1 of Ridge End 662 MS		74%	
	Remaining Extent & Portion 1 of Rochdale 700 MS		74%	
	Sandilands 708 MS		74%	
	Portions 1 & 2 of Sandpan 687 MS		74%	
	Sandstone Edge 658 MS		74%	

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Project Name	Tenement Number	Location	Interest	Change during Quarter
	Remaining Extent of Portions 2 & 3 of Sterkstroom 689 MS		74%	
	Sutherland 693 MS		74%	
	Remaining Extent & Portion 1 of Varkfontein 671 MS		74%	
	Remaining Extent, Portion 2, Remaining Extent of Portion 1 of Vastval 477 MS		74%	
	Vleifontein 691 MS		74%	
	Ptn 3, 4, 5 & 6 of Waterpoort 695 MS		74%	
	Wildebeesthoek 661 MS		74%	
	Woodlands 701 MS		74%	
Kanowna West and Kalbara	M27/41	Coolgardie^	2.99%	
	M27/47		2.99%	
	M27/59		2.99%	
	M27/72,27/73		2.99%	
	M27/114		2.99%	
	M27/181		7.24%	
	M27/196		2.99%	
	M27/414,27/415		2.99%	
	P27/1826-1829		2.99%	
	P27/1830-1842		2.99%	
	P27/1887		2.99%	
Abbotshall Royalty	ML63/409,410	Norseman^	Royalty	
Kookynie Royalty	ML40/061	Leonora^	Royalty	
	ML40/135,136		Royalty	
Makhado Project	Fripp 645 MS	Limpopo~	69%#	
	Lukin 643 MS		69%#	
	Mutamba 668 MS		69%#	
	Salaita 188 MT		69%#	
	Tanga 849 MS		69%#	
	Daru 848 MS		69%#	
	Windhoek 847 MS		69%#	
Generaal Project*	Beck 568 MS--	Limpopo~	74%	
	Bekaf 650 MS-		74%	
	Remaining Extent & Portion 1 of Boas 642 MS-		74%	
	Chase 576 MS-		74%	
	Coen Britz 646 MS-		74%	
	Fanie 578 MS-		74%	
	Portions 1, 2 and Remaining Extent of Generaal 587 MS-		74%	
	Joffre 584 MS-		74%	
	Juliana 647 MS		74%	
	Kleinenberg 636 MS-		74%	
	Remaining Extent of Maseri Pan 520 MS-		74%	

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Project Name	Tenement Number	Location	Interest	Change during Quarter
	Remaining Extent and Portion 2 of Mount Stuart 153 MT--		100%	
	Nakab 184 MT--		100%	
	Phantom 640 MS--		74%	
	Riet 182 MT--		100%	
	Rissik 637 MS-		100%	
	Schuitdrift 179 MT-		100%	
	Septimus 156 MT--		100%	
	Solitude 111 MT-		74%	
	Stayt 183 MT--		100%	
	Remaining Extent & Portion 1 of Terblanche 155 MT--		100%	
	Van Deventer 641 MS-		74%	
	Wildgoose 577 MS-		74%	
Mopane Project*	Ancaster 501 MS--	Limpopo~	100%	
	Banff 502 MS-		74%	
	Bierman 599 MS-		74%	
	Cavan 508 MS		100%	
	Cohen 591 MS--		100%	
	Remaining Extent, Portions 1 & 2 of Delft 499 MS-		74%	
	Dreyer 526 MS--		74%	
	Remaining Extent of Du Toit 563 MS-		74%	
	Faure 562 MS		74%	
	Remaining Extent and Portion 1 of Goosen 530 MS --		74%	
	Hermanus 533 MS-		74%	
	Jutland 536 MS--		100%	
	Krige 495 MS-		74%	
	Mons 557 MS-		100%	
	Remaining Extent of Otto 560 MS (Now Honeymoon)-		74%	
	Remaining Extent & Portion 1 of Pretorius 531 MS-		74%	
	Schalk 542 MS-		74%	
	Stubbs 558 MS-		100%	
	Ursa Minor 551 MS--		74%	
	Van Heerden 519 MS--		74%	
	Portions 1, 3, 4, 5, 6, 7, 8, 9, Remaining Extent of Portion 10, Portions 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 29, 30, 35, 36, 37, 38, 39, 40, 41, 44, 45, 46, 48, 49, 50, 51, 52 & 54 of Vera 815 MS		74%	
	Remaining Extent of Verdun 535 MS-		74%	
	Voorburg 503 MS—		100%	
	Scheveningen 500 MS-		74%	
	Portion 3 (of 2) of Kweekspruit No. 22		70%	

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Project Name	Tenement Number	Location	Interest	Change during Quarter
Uitkomst Colliery and prospects	Portion 8 (of 1) of Kweekspruit No. 22	KwaZulu-Natal~	70%	
	Remainder of Portion 1 of Uitkomst No. 95		70%	
	Portion 5 (of 2) of Uitkomst No. 95		70%	
	Remainder Portion1 of Vaalbank No. 103		70%	
	Portion 4 (of 1) of Vaalbank No. 103		70%	
	Portion 5 (of 1) of Vaalbank No. 103		70%	
	Remainder of Portion 1 of Rustverwacht No. 151		70%	
	Remainder of Portion 2 of Rustverwacht No. 151		70%	
	Remainder of Portion 3 (of 1) of Rustverwacht No. 151		70%	
	Portion 4 (of 1) Rustverwacht No.151		70%	
	Portion 5 (of 1) Rustverwacht No. 151		70%	
	Remainder of Portion 6 (of 1) of Rustverwacht No. 151		70%	
	Portion 7 (of 1) of Rustverwacht No. 151		70%	
	Portion 8 (of 2) of Rustverwacht No. 151		70%	
	Remainder of Portion 9 (of 2) of Rustverwacht No. 151		70%	
	Portion 11 (of 6) of Rustverwacht No. 151		70%	
	Portion 12 (of 9) of Rustverwacht No. 151		70%	
	Portion 13 (of 2) of Rustverwacht No. 151		70%	
	Portion 14 (of 2) of Rustverwacht No. 151		70%	
	Portion 15 (of 3) of Rustverwacht No. 151		70%	
	Portion 16 (of 3) of Rustverwacht No. 151		70%	
	Portion 17 (of 2) of Rustverwacht No. 151		70%	
	Portion 18 (of 3) of Waterval No. 157		70%	
	Remainder of Portion 1 of Klipspruit No. 178		70%	
	Remainder of Portion 4 of Klipspruit No. 178		70%	
	Remainder of Portion 5 of Klipspruit No. 178		70%	
	Portion 6 of Klipspruit No. 178		70%	
	Portion 7 (of 1) of Klipspruit No. 178		70%	
	Portion 8 (of 1)of Klipspruit No. 178		70%	
	Portion 9 of Klipspruit No. 178		70%	
	Remainder of Portion 10 (of 5) of Klipspruit No. 178		70%	
	Portion 11 (of 5) of Klipspruit No. 178		70%	
	Portion 13 (of 4) of Klipspruit No. 178		70%	
	Remainder of Portion 14 of Klipspruit No. 178		70%	
	Portion 16 (of 14) of Klipspruit No. 178		70%	
	Portion 18 of Klipspruit No. 178		70%	
	Portion 23 of Klipspruit No. 178		70%	
	Remainder of Portion 1 of Jackalsdraai No. 299		70%	
	Remainder of Jericho B No. 400		70%	

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Project Name	Tenement Number	Location	Interest	Change during Quarter
	Portion 1 of Jericho B No. 400		70%	
	Portion 2 of Jericho B No. 400		70%	
	Portion 3 of Jericho B No. 400		70%	
	Remainder of Jericho C No. 413		70%	
	Portion 1 of Jericho C No. 413		70%	
	Remainder of Portion 1 of Jericho A No. 414		70%	
	Remainder of Portion 2 (of 1) of Jericho A No. 414		70%	
	Portion 3 (of 1) of Jericho A No. 414		70%	
	Portion 4 (of 1) of Jericho A No. 414		70%	
	Portion 5 (of 2) of Jericho A No. 414		70%	
	Portion 6 (of 1) of Jericho A No. 414		70%	
	Margin No. 420		70%	
Vele Colliery and prospects	Portions of Overvlakte 125 MS (Remaining Extent, 3, 4, 5, 6, 13, 14)	Limpopo~	100%	
	Bergen Op Zoom 124 MS		100%	
	Semple 155 MS		100%	
	Voorspoed 836 MS		100%	
	Alyth 837 MS		100%	
Tshikunda	Certain portions of Unsurveyed State Land known as Mutale	Limpopo~	60%	

* Form part of the Greater Soutpansberg Projects
\- Lapsed – Mining Right Application Lodged
-- Valid – Mining Right Application Lodged
~ Tenement located in the Republic of South Africa
^ Tenement located in Australia
# MC Mining's interest will reduce to 69% on completion of the 26% Broad Based Black Economic Empowerment (BBBEE) transaction