



1 February 2022

Capital Raising US\$5.6 million

MC Mining Limited (**MCM** or the **Company**) is pleased to announce it has entered into a staged ZAR86,036,691 (86 million South African Rand) (approximately US\$5.6 million/A\$7.9 million) Convertible Advance and Subscription Agreement (the **Agreement**) with South African based mining group, Senosi Group Investment Holdings Proprietary Limited (**SGIH**).

Pursuant to the Agreement, the initial share subscription by SGIH is limited to 38,363,909 new ordinary shares of no par value in the Company's capital (**Ordinary Shares**) (the **First Tranche Shares**) to be issued at ZAR1.20 (US\$0.08/ A\$0.11) per share (the **Issue Price**), to raise ZAR46,036,691 in equity (the **First Tranche Funding**) and, subject to certain regulatory approvals, will result in SGIH owing 19.9% of the Company's issued shares.

SGIH has also conditionally agreed to subscribe for a second tranche of 33,333,333 new Ordinary Shares (the **Second Tranche Shares**) (together with the First Tranche Shares, the **Placement Shares**) at the Issue Price, raising the balance of ZAR40,000,000 (the **Second Tranche Funding**), which, subject to the receipt of all required approvals, will result in SGIH holding an aggregate interest in the Company's enlarged share capital of approximately 31.71% (assuming no further shares are issued in the interim).

The Issue Price equates to a 7.1% premium to the Company's closing price as quoted on the JSE on Monday 31 January 2022.

The issue of the Placement Shares by the Company to SGIH is subject to certain customary approvals by the ASX and JSE, and conditional on the prior approval of South Africa's Reserve Bank, which is expected to take several weeks to obtain. Furthermore, the issue of the Second Tranche Shares will require the prior approval of Company's shareholders as the combined interest of SGIH, will result in a combined ownership interest in MCM exceeding 20%. The Notice of Meeting will include a report from an independent expert to opine on whether the issue of the Placement Shares is fair and reasonable to non-associated shareholders.

Accordingly, given the anticipated lead time for obtaining the abovementioned South African Reserve Bank and MCM shareholder approval, SGIH has agreed to advance funds to the Company by the way of a loan, which will subsequently convert into the First Tranche Shares on the later of the date falling 5 business days following the date on which the final instalment of the First Tranche Funding has been advanced and the date on which the relevant approvals have been obtained. The first two instalments of the Second Tranche Funding will also be advanced as a loan and Second Tranche Shares will be issued as and when the requisite approvals have been obtained. If the relevant approvals have not been obtained on or before 29 June 2022, the final 2 instalments of the Second Tranche Funding will not be advanced, and the loans will become repayable as set out below. The timing and amount of loan funds to be provided by SGIH is as set out below:

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Chairman Bernard R. Pryor CEO/Director Sebastiano (Sam) Randazzo

Non-executive directors Andrew D. Mifflin, Khomotso B. Moshela, Junchao Liu, An Chee Sin, Brian H Zhen

First Tranche Funding:

Date	ZAR
The first business day following the effective date of the Agreement (anticipated to be the first week of February 2022)	10,000,000
23 February 2022	30,000,000
31 March 2022	<u>6,036,691</u>
Total	<u>46,036,691</u>

As stated above the total ZAR46,036,691 SGIH loan will convert to the First Tranche Shares once the total First Tranche Funding has been advanced, provided that South African Reserve Bank approval has been obtained. The First Tranche Funding is secured against shares in MCM's wholly owned subsidiaries, Limpopo Coal Company (Pty) Ltd and Harissa Investment Holdings (Pty) Ltd. This security will be released when the First Tranche Funding is repaid or the First Tranche Shares are issued. The Second Tranche Funding will not be secured.

Second Tranche Funding:

Date	ZAR
30 April 2022	10,000,000
31 May 2022	10,000,000
30 June 2022	10,000,000
31 July 2022	<u>10,000,000</u>
Total	<u>40,000,000</u>

As stated above, the total ZAR40,000,000 Second Tranche Funding will convert to the Second Tranche Shares as and when South African Reserve Bank approval is obtained and the necessary shareholder approval is received. To the extent that the aforementioned approvals are obtained prior to the abovementioned dates, the relevant Placement Shares will be issued in tranches directly to SGIH against payment of the subscription amounts at the Issue Price.

The First Tranche Funding will be used to settle the balance owing to the vendors of the Lukin and Salaita properties, due by 28 February 2022, as announced on 11 January 2022, and to supplement the MCM group working capital requirements.

The Second Tranche Funding will be used to advance development of the Makhado hard coking coal project and to supplement the MCM group's working capital requirements. Based on prevailing forward API4 coal prices and management of Group facilities, the funding from SGIH is expected to extend the cash runway to at least August 2022.

It is important to note that the conversion of the Second Tranche Funding is expressly subject to shareholder approval, including under the ASX Listing Rules and item 7 of section 611 of the Corporations Act 2001.

SGIH is a substantial mining house with investments in coal mining, contract mining, commodity trading, gold mining, energy, engineering and property.

SGIH's coal mining interests are held through its wholly owned subsidiaries, which produce over eight million tons of run of mine (**ROM**) coal per year and are targeting to increase ROM production to 12 million tons in 2022. SGIH's group companies supply approximately 4 million tonnes of coal per annum to the local electricity utility Eskom and exports 3.5 million tonnes of coal per annum through the Richards Bay Coal Terminal. SGIH controls over 300 million tonnes of coal Resources and Reserves through its coal mining subsidiaries. All SGIH's collieries are located in the Highveld and Witbank Coalfields of the Mpumalanga Province of South Africa.

The SGIH group chief executive officer and controlling shareholder is Mr Ontiretse Mathews Senosi. Mr Senosi is, subject to completion of the relevant regulatory and customary due diligence processes, to be appointed a director of the Company on completion of the issue of the First Tranche Shares. A further announcement will be made in this regard in due course.

Mr Senosi is a mining engineer having completed his degree and also a Graduate Diploma in Engineering at the University of the Witwatersrand in South Africa. He gained experience at Anglo Coal before pursuing his own business interests. He has substantial experience in mining engineering consulting, feasibility studies, mine optimisation projects and several civil, building and construction contracts for over 20 years. Since 2008, Mr Senosi is also an experienced company director of various companies including underground mine contractors.

Mr Bernard Pryor, MC Mining's Chairman, commented:

"We are very pleased Mr Senosi has agreed to invest in our Company and to also join our board of directors. His successful track record of developing and operating coal mines in South Africa will be invaluable as we move closer to finalising the funding requirements to develop our flagship Makhado project."

The more detailed terms of the Convertible Advance and Subscription Agreement are as follows:

MATERIAL TERMS OF CONVERTIBLE ADVANCE AND SUBSCRIPTION AGREEMENT

Name of Contract	Convertible Advance and Subscription Agreement
Parties	MC Mining Limited (MCM) as Guarantor, MCM's subsidiaries, Limpopo Coal Company Proprietary Limited as borrower (Borrower) and Harrisia Investment Holdings Proprietary Limited, and Senosi Group Investment Holdings Proprietary Limited as lender and subscriber
Execution	On or around 31 January 2022

Loan	ZAR86,036,691 or approximately A\$7.9 million
Use of Loan	<p>The ZAR46,036,691 first tranche: Principally required for MCM to make payment of the sum of ZAR35,000,000 under a deferred payment arrangement for land acquired under a sale and purchase agreement due on 28 February 2022. The balance of ZAR11,036,691 will be used for working capital; and</p> <p>The ZAR40,000,000 second tranche: Principally required to advance development of the Makhado hard coking and thermal coal project and for working capital.</p>
Interest	The Loan is interest free, unless the relevant approvals required in order to issue the Placement Shares are not obtained in which event the loans will bear interests at the South African prime rate.
Condition of Conversion	The first tranche of ZAR46,031,691 is to convert into shares in the Company, subject to ASX, AIM and JSE approval, only after South Africa's Reserve Bank approval has been obtained and the full amount of the first tranche has been advanced to the Borrower. The second tranche of ZAR40,000,000 is to convert into shares in the Company only after South Africa's Reserve Bank and all other required shareholder and regulatory approvals, including under the ASX Listing Rules and section 611 of the Corporations Act 2001, have been obtained.
Conversion	Subject to all applicable laws and required approvals, and except as otherwise provided, providing the Loans remain outstanding, the Loans shall convert into MCM Shares as soon as reasonably practicable following the date on which the applicable conditions are satisfied and the number of MCM Shares to be issued shall be determined by dividing the principal amount of the Loan outstanding to be converted by ZAR1.20.
Conversion/ Repayment Date	<p>The Loans will convert when the respective conditions for conversion have been satisfied as set out above, provided that;</p> <p>(a) If the first tranche conversion condition has not been satisfied on or before 29 June 2022 or such later date agreed by the parties, that loan plus interest shall be repaid 30 calendar days thereafter; and</p> <p>(b) If the second tranche conversion conditions have not been satisfied on or before 29 June 2022, or such later date agreed by the parties, that loan</p>

	plus interest shall be repaid 30 calendar days thereafter.
Placement	To the extent that the required approvals for the issue of the Placement Shares are obtained prior to the date on which any portion of Loan is to be advanced by SGIH, SGIH has agreed to directly subscribe for the Placement Shares in tranches on the same basis as the Loans were to be advanced.
Security	<p>As security for the repayment of the first tranche, the Company has agreed:</p> <p>(a) to pledge and cede in security all of its right title and interest in and to its shares in the Borrower and its wholly owned group company, Harissa Investment Holdings (Pty) Ltd. Enforcement by SGIH will be subject to compliance with the requirements of the Mineral and Petroleum Resources Development Act or other regulatory approvals, as applicable; and</p> <p>(b) to subordinate the intercompany loans in the Borrower and Harissa in favour of SGIH.</p> <p>The security will be released as soon as the first tranche is repaid or converted.</p> <p>The second tranche will not be secured.</p>

Note:

Exchanged rates used in this announcement are:

US\$1.00 = ZAR15.24

A\$1.00 = ZAR10.90

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014 as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019.

This announcement has been approved by the Company's disclosure committee.

ASX: MCM / AIM: MCM.L / JSE: MCZ

For more information contact:

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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).