MCMining

LIMITED

ABN 98 008 905 388

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

CORPORATE DIRECTORY

REGISTERED OFFICE	Suite 8, 7 The Esplanade Mt Pleasant, Perth, WA 6153 Telephone: +61 8 9316 9100 Facsimile: +61 8 9316 5475 Email: perth@mcmining.co.za
SOUTH AFRICAN OFFICE	Suite 7, Building 2 Waverley Office Park 15 Forest Road Bramley Johannesburg 2090 Telephone: +27 10 003 8000 Facsimile: +27 11 388 8333
BOARD OF DIRECTORS	**Non-executive** Khomotso Mosehla (Chairman) An Chee Sin Andrew Mifflin Brian He Zhen Junchao Liu **Executive** Sebastiano (Sam) Randazzo
COMPANY SECRETARY	Tony Bevan

	AUSTRALIA	UNITED KINGDOM	SOUTH AFRICA
AUDITORS	**Mazars Assurance Pty Limited** Level 11, 307 Queen Street, Brisbane QLD 4000 Australia	**N/A**	**Mazars** 101 on Olympus Pentagon Park Bloemfontein South Africa
BANKERS	**National Australia Bank Limited** Level 1, 1238 Hay Street West Perth WA 6005 Australia	**ABSA Bank** North Campus 15 Alice Lane Sandton South Africa	

CORPORATE DIRECTORY (CONTINUED)

	AUSTRALIA	UNITED KINGDOM	SOUTH AFRICA
BROKERS	**N/A**	**Tennyson Securities** 65 Petty France London SW1H 9EU United Kingdom	**N/A**
LAWYERS	**STEINEPREIS & PAGANIN** Level 4, The Read Buildings 16 Milligan Street Perth WA 6000 Australia	**N/A**	**WHITE & CASE LLP** Katherine Towers, 1st Floor 1 Parklane, Wierda Valley Sandton 2196 Johannesburg South Africa
NOMINATED ADVISOR/ CORPORATE SPONSOR	**N/A**	**Strand Hanson** 26 Mount Row, Mayfair London, W1K 3SQ United Kingdom	**Investec Bank Limited** 100 Grayston Drive Sandton 2196 Johannesburg South Africa

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The reports and statements set out below comprise the half-year report presented to shareholders:

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The Directors of MC Mining Limited ("MC Mining" or "the Company") submit herewith the financial report of MC Mining and its subsidiaries (the "Group") for the half-year ended 31 December 2021. All amounts are expressed in US dollars unless stated otherwise.

In order to comply with the provision of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

Khomotso Mosehla (Chairman)	Bernard Pryor
Sebastiano (Sam) Randazzo*	An Chee Sin
Andrew Mifflin	Shangren Ding
Brian He Zhen	Junchao Liu

* - Executive director

Shangren Ding retired and Junchao Liu was appointed as a Non-Executive director on 14 December 2021. Bernard Pryor resigned as Non-Executive Chairman on 11 March 2022. All other directors held office during and since the end of the previous financial year.

Review of Operations

Principal activity and nature of operations

The principal activity of the Company and its subsidiaries is the mining, exploration and development of coking and thermal coal properties in South Africa.

The Company's principal assets and projects include:

- Uitkomst Colliery, an operating metallurgical coal mine ("Uitkomst");
- Makhado Project, a hard coking and thermal coal exploration and evaluation project (the "Makhado Project" or "Makhado");
- Vele Colliery, on care and maintenance, a semi-soft coking and thermal colliery ("Vele Colliery"); and
- Three exploration stage coking and thermal coal projects, namely Chapudi, Generaal, and Mopane, in the Soutpansberg Coalfield (collectively the "GSP Projects").

The Company's focus on safety continued with three lost time incidents ("LTI's") recorded during the six months under review (H1 FY2021: 4 incidents).

Uitkomst Colliery - Newcastle (Utrecht) (100% owned)

Uitkomst comprises the existing underground coal mine with a planned life of mine ("LOM") extension directly to the north of current operations, totalling 15 years remaining LOM. The LOM extension requires the development of a north adit (horizontal shaft) and the development is subject to receipt of the regulatory approvals, available funds and prevailing market conditions.

Uitkomst sells sized coal (peas) products and a 0 to 40mm (duff) product into the metallurgical domestic market for use as pulverised coal while the peas are supplied to local energy generation facilities. In addition, it sells high-ash, coarse discard ("middlings"), thereby increasing the overall yield from Uitkomst's ROM coal.

Three LTI's were recorded during the period and 16 positive COVID-19 cases (H1 FY2021: 27 positive diagnosis).

Production tonnages for the period were 217,228 tonnes. Sales tonnages were 119,608 tonnes, consisting of 107,953 tonnes of Uitkomst peas and duff, and 11,655 tonnes of middlings. Revenue for the period was $13.0 million with a gross profit of $2.1 million.

Makhado Coking Coal Project (93.3% owned; 67.3% post black empowerment transaction)

MC Mining's flagship Makhado Project is situated in the Soutpansberg Coalfield in the Limpopo province. All regulatory approvals are in place and surface rights over the mining and processing areas have been secured. MC Mining is heavily invested in the Makhado Project as the complex regulatory environment in South Africa demanded significant capital investment to achieve its current shovel ready status.

The initial development (Phase 1) of the project reduces construction time and execution risk. Phase 1 includes the scalped and screened Makhado ROM coal being processed at the existing, modified Vele Colliery plant, producing 0.54 million tonnes per annum (Mtpa) of hard coking coal and 0.57Mtpa of a thermal coal by-product. MC Mining has secured offtake agreements for ~85% of the Makhado Phase 1 hard coking coal and all of the thermal coal by-product.

The lack of support by major international financial institutions for development of coal projects resulted in MC Mining reassessing its approach to the development of the Makhado Project and the Company's has adopted a two-phased development plan. The initial Phase 1 development reduces the upfront capital expenditure, shortens the construction period and lowers the execution risk. Furthermore, it will provide the opportunity for the project economics to be confirmed and provide the impetus for progressing to the scaled up Phase 2 development of Makhado.

The development of Phase 2 in circa CY2027, funding and market dependent, includes the construction of a new processing plant and related infrastructure. Phase 2 will generate over 1.7Mtpa of saleable product, including approximately 0.8Mtpa of hard coking coal.

When in operation, Makhado will be the only significant hard coking coal producer in South Africa resulting in obvious advantages for South African steel producers. Development of Makhado is also expected to have a positive impact on employment and the general Limpopo province economy resulting in a significant improvement in living standards for the nearby communities.

The Phase 1 development reduces the construction period to just nine months, creates approximately 650 permanent jobs when fully operational and should produce hard coking coal (HCC) and a thermal coal by-product at the combined rate of 1.1 Mtpa. Phase 2, when developed should produce coal at the combined rate of 1.6 Mtpa and provide some 900 job opportunities.

There were no LTIs at the Makhado Project but one COVID-19 positive case in H1 FY2022 (H1 FY2021: no LTIs or COVID-19 cases).

Vele Colliery - Limpopo (Tuli) Coalfield (100% owned)

The Vele Colliery recorded no LTIs during the period or COVID-19 cases and the colliery remained on care and maintenance during the period.

The Colliery's processing plant will be modified as part of the Phase 1 of the Makhado Project and Vele's regulatory authorisations accommodates the requirements of the modifications.

The recommencement of mining at the Vele Colliery is aligned with the timing of the government gazetted Musina-Makhado Socio Economic Zone. Compliance with regulatory and licensing requirements at the Colliery is monitored through internal inspections, external audits conducted by the Department of Water and Sanitation ("DWS"), as well as audits conducted by the Environmental Compliance Officer. Vele also participates in the Project Steering Committee, in line with the historical October 2014 Biodiversity Off-take Agreement between the Company, the Department of Environmental Affairs and the South African National Parks.

Greater Soutpansberg Projects (GSP) -74% owned

GSP comprises Chupudi, Generaal, and Mopane coal projects and reported no LTIs or positive COVID-19 cases during the period (FY2021 H1: nil).

The South African Department of Mineral Resources & Energy ("DMRE") has granted mining rights for the three project areas comprising the GSP, namely, Chapudi, Mopane and Generaal. The granting of all three mining rights has been appealed. The exploration and development of the three GSP areas is the catalyst for MC Mining's long-term growth. The three GSP project areas contain over 6.3 billion gross tonnes in situ of inferred hard coking coal and thermal coal resources, positioning the GSP to be a potential long-term coal supplier. The Company anticipates commencing with the various studies required for the outstanding water and environmental regulatory approvals once the Makhado Phase 1 funding has been secured.

Corporate

The Industrial Development Corporation of South Africa Limited ("IDC") has provided longstanding financial support for the development of the Makhado Project and has provided a loan of $10.0 million (ZAR160 million) (the "Facility") which has funded the progress of Makhado to its fully-permitted status and to partially fund the acquisition of the surface rights over the project area. This resulted in the IDC becoming a 6.7% shareholder in MC Mining subsidiary, Baobab Mining & Exploration (Pty) Ltd, the owner of the Makhado Project. The loan balance plus accrued interest was due to be repaid on 31 July 2021 and during H1 FY2022, the IDC extended the date for repayment to 31 January 2022. During January 2022, this was further extended to 30 November 2022.

During July 2019 the IDC granted MC Mining a conditional $15.4 million (ZAR245 million) term loan facility (the "New Facility") for the development of the Makhado Project. The New Facility is subject to various conditions precedent including the issue of additional equity to MC Mining shareholders for a minimum of $12.5 million (ZAR200 million) and the settlement of the existing Facility. During the reporting period the terminal draw down date for the New Facility was extended from 31 July 2021 to 31 January 2022 and in January 2022, the IDC further extended the terminal draw down date for the New Facility to 30 November 2022, subject to the bank confirming its due diligence (refer "Events after the reporting period" below).

Financial review

The loss after tax attributable to the owners of the parent for the six months under review was $773,579 or 0.54 cents per share compared to a loss after tax of $2,628,000 or 1.80 cents per share for the prior corresponding period.

The loss after tax for the period under review of $828,362 (FY2021 H1: $2,657,222) includes:

- revenue of $13,030,159 (FY2021 H1: $$8,802,697) and cost of sales of $10,912,725 (FY2021 H1: $9,218,508), resulting in a gross profit of $2,117,435 (FY2021 H1: gross loss of $415,811);
- there was no impairment recognized in the current period;
- income tax credit of $510,083 (FY2021 H1: credit of $247,863);
- net foreign exchange loss of $186,698 (FY2021 H1: gain of $75,182) arising from the translation of borrowings and cash due to movement in the ZAR:USD and ZAR:AUD exchange rates during the period;
- employee benefit expense of $1,201,849 (FY2021 H1: $1,043,960);
- other expenses of $1,661,537 (FY2021 H1: $1,321,335);
- depreciation of $45,570 (FY2021 H1: $44,250) in administrative expenses.

As at 31 December 2021, the Company had cash and cash equivalents of $1,906,477 compared to cash and cash equivalents of $1,023,167 at 30 June 2021.

Authorised and issued share capital

MC Mining had 154,419,555 fully paid ordinary shares in issue as at 31 December 2021. The holders of ordinary shares are entitled to one vote per share and are entitled to receive dividends when declared.

Dividends

No dividends were declared by or paid by MC Mining Limited during the six months.

Basis of preparation and going concern

The attached interim financial statements for the half-year ended 31 December 2021 contains an independent auditor's review report which includes an emphasis of matter paragraph with regards to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The directors have prepared a cash flow forecast for the twelve-month period ending 31 March 2023, taking into account available facilities, additional funding that is expected to be raised and expected cash flows to be generated by Uitkomst, which indicates that the Group will have sufficient cash to fund their operations for at least the twelve-month period from the date of signing this report.

The IDC Facility (capital amount $15.3 million (ZAR160,000,000)) is now repayable on 30 November 2022 and the Company's cash flow forecasts include the assumption that it can negotiate a deferred settlement over time of the Facility to when Makhado Phase 1 is at steady state production, as opposed to being payable in November 2022, with the balance being rolled into a New Facility with the IDC. This is conditional on the Company raising further funding for the development of Phase 1 of the Makhado project (the "Additional Funding"). The Company is exploring and progressing a number of alternatives to raise the Additional Funding including, but not limited to, the issue of new equity for cash in both the Company and its subsidiary companies which own the Makhado project, the sale of minority stakes in the corporate entities holding the Makhado project, further debt funding and contractor funding, such as build, own, operate, transfer ("BOOT") arrangements.

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, as well as the potential funder's due diligence process. As such, whilst the directors are confident, there can be no guarantee that the required funds will be raised. In the 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 IDC Facility to be converted into equity.

For further information, refer to note 2 of the interim financial statements together with the auditor's review report.

Events after the reporting period

Baobab deferred payment

Baobab completed the acquisition of the Lukin and Salaita properties, being the key surface rights for the Makhado Project in January 2019 for $4.4 million (ZAR70 million) and paid $2.2 million (ZAR 35 million). The balance of the purchase price of $2.2 million (ZAR35 million) (plus interest) (the "Deferred Payment") was payable by Baobab within three years of the transfer of the properties (or on the earlier of certain events occurring).

The Deferred Payment was due on 10 January 2022 and the vendor agreed to extend the due date for payment to 28 February 2022. The Company paid an instalment of $0.4 million (ZAR6 million) in January 2022 and the balance of $2.3 million (ZAR34.6 million), including accrued interest, was settled at the end of February 2022.

IDC

The repayment date of the IDC loan balance plus accrued interest that was due to be repaid on 31 January 2022 was extended to 30 November 2022. The IDC also agreed to extend the terminal draw down date in respect of the conditional July 2019 ZAR245 million ($15.3 million) term loan facility (the "New Facility") for the development of the Makhado Project, to 30 November 2022, subject to the bank confirming it's due diligence. The New Facility remains part of the composite Makhado Phase 1 funding package, subject to the repayment of the Facility, along with accrued interest thereon.

Senosi Group funding

On 1 February 2022 MC Mining entered into a staged $5.6 million (ZAR86.0 million) Convertible Advance and Subscription Agreement (the "Senosi Agreement") with South African based mining group, Senosi Group Investment Holdings Proprietary Limited ("SGIH"). In terms of the Senosi Agreement:

- the initial share subscription by SGIH is limited to 38,363,909 new ordinary MC Mining shares (the "First Tranche Shares") to be issued at ZAR1.20 ($0.08) per share (the "Issue Price") raising ZAR46.0 million (the "First Tranche Funding") and subject to regulatory approvals, will result in SGIH owning 19.9% of the Company's issued shares. The Issue Price equated to a 7.1% premium to the Company's closing price as quoted on the JSE on Monday 31 January 2022.
- SGIH also conditionally agreed to subscribe for a second tranche of 33,333,333 new ordinary MC Mining shares (the "Second Tranche Shares") (together with the First Tranche Shares, the "Placement Shares") at the Issue Price, raising the balance of ZAR40 million (the "Second Tranche Funding"). This placement is subject to the receipt of all required approvals and will result in SGIH holding 31.71% of MC Mining (assuming no further shares are issued in the interim).

The issue of the Placement Shares is subject to certain customary approvals by the ASX and JSE, and is also conditional on the prior approval of South Africa's Reserve Bank, which is expected to take several weeks. Furthermore, the issue of the Second Tranche Shares will result in SGIH's interest in MCM exceeding 20% and will require the prior approval of shareholders at a General Meeting. The Notice of Meeting of shareholders 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.

In the interim, SGIH 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 five 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.

The timing and amount of loan funds to be provided by SGIH is as set out below:

First Tranche Funding:

Date	ZAR
First week of February 2022	10,000,000
23 February 2022	30,000,000
31 March 2022	6,036,691
Total	**46,036,691**

The First Tranche Funding is secured against shares in MC Mining's wholly owned subsidiaries, Limpopo Coal Company (Pty) Ltd and Harrisia 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	10,000,000
Total	**40,000,000**

As stated above, the total ZAR40 million ($2.7 million) 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.

Notice Received Under Section 249D of the Corporations Act

On 11 February 2022 MC Mining received a notice under section 249D of the Corporations Act 2001 (Cth) (the "Notice"), from shareholders who hold approximately 6.8% of the Company's ordinary shares between them, requisitioning that a general meeting of the Company be held. The request for a meeting was made for shareholders to consider the following resolutions at a general meeting:

- the removal of Mr Bernard Pryor as a director of the Company;
- the removal of Mr Sebastiano Randazzo as a director of the Company;
- the removal of any other director of the Company appointed after the date of the Notice;
- the appointment of Mr Nhlanhla Nene as a director of the Company; and
- the appointment of Mr Godfrey Gomwe as a director of the Company.

A general meeting of shareholders has been convened for 11 April 2022 and the related notice of meeting was dispatched to shareholders on 4 March 2022. The notice of meeting is available for viewing on the Company's website.

Resignation of Non-Executive Chairman

On 11 March 2022, Mr Bernard Pryor resigned as Chairman of the Board and long standing Non-Executive director Mr Khomotso Mosehla was appointed as Chairman pending the outcome of the shareholder requisitioned meeting scheduled for 11 April 2022.

Rounding off of amounts

The Company is of the kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with that Instrument amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 28 of the half-year report.

The half-year report set out on pages 9 to 26, which has been prepared on a going concern basis, was approved by the board on 11 March 2022 and was signed on its behalf by:

Khomotso Mosehla
Chairman
11 March 2022

Sebastiano (Sam) Randazzo
Chief Executive Officer
11 March 2022

Dated at Johannesburg, South Africa, this 11th day of March 2022.

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Six months ended 31 Dec 2021 $'000	Six months ended 31 Dec 2020 $'000
Continuing operations			
Revenue	4	13,030	8,803
Cost of sales	5	(10,913)	(9,219)
Gross (loss)/profit		2,117	(416)
Other operating income	6	42	116
Other operating gains	7	188	292
Impairment reversal/(expense)	8	-	163
Administrative expenses	9	(2,909)	(2,409)
Operating loss		(562)	(2,254)
Interest income		73	83
Finance costs		(850)	(734)
Loss before tax		(1,339)	(2,905)
Income tax credit	10	510	248
LOSS AFTER TAX		(829)	(2,657)
Other comprehensive profit/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(9,817)	17,146
Total comprehensive profit/(loss) for the period		(10,646)	14,489
Loss after tax for the period attributable to:			
Owners of the parent		(774)	(2,628)
Non-controlling interests		(55)	(29)
		(829)	(2,657)
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		(10,591)	14,518
Non-controlling interests		(55)	(29)
		(10,646)	14,489
Loss per share			
Basic and diluted (cents per share)	12	(0.54)	(1.80)

The accompanying notes are an integral part of these condensed consolidated financial statements

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 Dec 2021 $'000	30 June 2021 $'000
ASSETS			
Non-current assets			
Exploration and evaluation assets	13	84,844	93,467
Development assets	13	17,260	19,055
Property, plant and equipment		24,194	27,370
Right-of-use assets	14	2,968	2,588
Other financial assets		4,624	4,708
Restricted cash	15	159	95
Total non-current assets		134,049	147,283
Current assets			
Inventories		1,428	834
Trade and other receivables		992	3,430
Tax receivable		-	4
Cash and cash equivalents	15	1,986	3,226
Total current assets		4,406	7,494
Total assets		138,455	154,777
LIABILITIES			
Non-current liabilities			
Borrowings	18	-	251
Provisions		6,459	6,689
Deferred tax liability		3,743	4,669
Lease liabilities	16	2,534	1,557
Total non-current liabilities		12,736	13,166
Current liabilities			
Current deferred consideration	17	2,560	2,796
Current borrowings	18	17,462	19,231
Trade and other payables		7,410	9,394
Contract liability	19	1,307	-
Bank overdraft	15	80	2,203
Current provisions		143	195
Current tax liabilities		371	413
Current lease liabilities	16	231	855
Total current liabilities		29,564	35,087
Total liabilities		42,300	48,253
NET ASSETS		96,155	106,524
EQUITY			
Issued capital	20	1,041,884	1,041,884
Accumulated deficit		(907,607)	(907,202)
Reserves		(37,346)	(27,437)
Equity attributable to owners of the parent		96,931	107,245
Non-controlling interests		(776)	(721)
TOTAL EQUITY		96,155	106,524

The accompanying notes are an integral part of these condensed consolidated financial statements

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued capital $'000	Accumulated deficit $'000	Share based payment reserve $'000	Capital profits reserve $'000	Warrants reserve $'000	Foreign currency translation reserve $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2021	**1,041,884**	**(907,202)**	**1,494**	**91**	**1,177**	**(30,199)**	**107,245**	**(721)**	**106,524**
Total comprehensive profit/(loss) for the period	**-**	**(774)**	**-**	**-**	**-**	**(9,817)**	**(10,591)**	**(55)**	**(10,646)**
Loss for the period – continuing operations	**-**	**(774)**	**-**	**-**	**-**	**-**	**(774)**	**(55)**	**(829)**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**-**	**(9,817)**	**(9,817)**	**-**	**(9,817)**
Share based payments	**-**	**-**	**277**	**-**	**-**	**-**	**277**	**-**	**277**
Performance rights expired	**-**	**369**	**(369)**	**-**	**-**	**-**	**-**	**-**	**-**
Performance rights forfeited		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Shares issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share issue costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Warrants issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2021	**1,041,884**	**(907,607)**	**1,402**	**91**	**1,177**	**(40,016)**	**96,931**	**(776)**	**96,155**
Balance at 1 July 2020	**1,041,080**	**(895,591)**	**1,460**	**91**	**1,134**	**(48,603)**	**99,571**	**(628)**	**98,943**
Total comprehensive profit/(loss) for the period	**-**	**(2,628)**	**-**	**-**	**-**	**17,146**	**14,518**	**(29)**	**14,489**
Loss for the period – continuing operations	**-**	**(2,628)**	**-**	**-**	**-**	**-**	**(2,628)**	**(29)**	**(2,657)**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**-**	**17,146**	**17,146**	**-**	**17,146**
Share based payments	**-**	**-**	**267**	**-**	**-**	**-**	**267**	**-**	**267**
Performance rights expired	**-**	**88**	**(88)**	**-**	**-**	**-**	**-**	**-**	**-**
Performance rights forfeited		**-**	**(272)**	**-**	**-**	**-**	**(272)**	**-**	**(272)**
Shares issued	**869**	**-**	**-**	**-**	**-**	**-**	**869**	**-**	**869**
Share issue costs	**(65)**	**-**	**-**	**-**	**-**	**-**	**(65)**	**-**	**(65)**
Warrants issued	**-**	**-**	**-**	**-**	**44**	**-**	**44**	**-**	**44**
Balance at 31 December 2020	**1,041,884**	**(898,131)**	**1,367**	**91**	**1,178**	**(31,457)**	**114,932**	**(657)**	**114,275**

The accompanying notes are an integral part of these condensed consolidated financial statements

MC MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Six months ended 31 Dec 2021 $'000	Six months ended 31 Dec 2020 $'000
Cash Flows from Operating Activities			
Receipts from customers		17,798	7,930
Payments to employees and suppliers		(15,179)	(11,149)
Cash generated/(used) in operations		2,619	(3,219)
Interest received		16	83
Interest paid		(129)	(98)
Tax refund		45	173
Net cash generated/(used) in operating activities		2,551	(3,061)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(567)	(128)
Proceeds on disposal of property, plant and equipment		-	463
Investment in exploration and evaluation assets	13	(30)	(33)
(Increase)/decrease in other financial assets		(101)	(303)
Khethekile acquisition – deferred consideration payment	17	-	(111)
Payments for development assets	13	(3)	(2)
Net cash used in investing activities		(701)	(114)
Cash Flows from Financing Activities			
Lease repayments	16	(424)	(451)
Borrowings repayments	18	(351)	(197)
Loans advanced - IDC		-	2,370
Shares issued net of share issue costs		-	804
Debt issuance costs		-	(27)
Transfer to restricted cash		-	(24)
Net cash generated/(used) in financing activities		(775)	2,475
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,075	(700)
Cash and cash equivalents at the beginning of the half-year		1,023	464
Foreign exchange differences		(192)	240
Cash and cash equivalents at the end of the half-year	15	1,906	4

The accompanying notes are an integral part of these condensed consolidated financial statements

1. Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: '*Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting'*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments and assets held for sale. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in United States dollars, unless otherwise noted.

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statement. Amounts in the directors' report and the half-year financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2021 annual financial report for the financial year ended 30 June 2021, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards ("IFRS").

Where applicable, certain comparatives have been adjusted to conform with current year presentation.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to their operations and effective for the current reporting period.

2. Going Concern

The Consolidated Entity has incurred a net loss after tax for the six months ended 31 December 2021 of $0.8 million (31 December 2020: loss of $2.7 million). During the six months ended 31 December 2021, net cash inflows from operating activities were $2.5 million (31 December 2020 net outflow: $3.1 million). As at 31 December 2021, the Consolidated Entity had a net current liability position of $25.2 million (31 December 2020: net current liability position of $27.6 million).

After the end of the reporting period, the repayment date of the $10.0 million (ZAR160 million) IDC loan facility was extended from 31 January 2022 to 30 November 2022. The IDC also agreed to extend the terminal drawdown date in respect of the conditional $15.4 million (ZAR245 million) term loan agreed to partially finance the development of Phase 1 of the Makhado Project, also from 31 January 2022 to 30 November 2022, subject to the IDC reaffirming its due diligence.

The directors have prepared a cash flow forecast for the twelve-month period ended 31 March 2023, taking into account available facilities, equity funding already concluded, additional equity and debt funding that although not yet concluded, is expected to be raised and, expected cash flows to be generated by Uitkomst. On the basis of these equity and debt funding initiatives being successfully implemented, the Group will have sufficient cash to fund their operations for at least the twelve-month period from the date of signing this report.

These cash flow forecasts referred to above include the following assumptions:

- Meeting commitments to creditors arising from continuing operations;
- Deferring the settlement of the existing ZAR160 million IDC facility (plus accrued interest) to when Makhado Phase 1 is at steady state production as opposed to being payable in November 2022 (refer note 18) and/or converting this facility to equity;
- A drawdown of the new term loan facility of $15.4 million (ZAR245 million);

- Contractor funding including a build, own, operate, transfer ("BOOT") arrangement of $3.8 million thousand (ZAR60 million);
- The issue of new equity for cash in the Company to current and new shareholders; and
- In addition to the $15.4 million (ZAR245 million) new IDC term loan facility and $3.8 million (ZAR60 million) BOOT arrangement referred to above, securing additional funding of approximately $29.1 million (ZAR464 million) required ("Additional Funding") to finance the development of Phase 1 of the Makhado Project, through either a debt or equity raise or a combination thereof.

The Group is in negotiations with the IDC on the deferral of the repayment of the existing ZAR160 million facility, which may have an impact on its ability to draw down on the ZAR245 million new term loan facility. This is due to this facility being subject to certain conditions precedent which are still to be met, one of which is the settlement of the ZAR160 million facility. In addition, draw down on the conditional $15.4 million (ZAR245 million) new term loan facility is subject to the IDC reaffirming its due diligence for the Makhado project.

The Group is exploring and progressing several alternatives to raise the additional funding including, but not limited to:

- The issue of new equity for cash in the Company to current and new shareholders, of which the Group has a demonstrated history of success;
- The issue of new equity for cash in subsidiary companies which own the Makhado project;
- Further debt funding;
- Further contractor BOOT funding arrangements; and
- The sale of a minority stake in the subsidiary companies holding the Makhado Project.

The conclusion of the debt and equity funding initiatives included in the cash flow forecast and for purposes of obtaining the additional funding as outlined above, and negotiations with the IDC on current and further funding, is by its nature an involved process subject to successful negotiations with the external funders and shareholders. In addition, any equity raise is likely to be subject to a due diligence process.

These conditions create a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business and the amounts stated in the financial statements

The Directors are of the opinion that the going concern basis remains appropriate as a result of the following considerations:

- During February 2022 the Group secured funding of $5.4 million (ZAR86 million) in equity funding from South African based mining group, the Senosi Group Investment Holdings Proprietary Limited ("SGIH"). The funds will be received between February and July 2022 with the issue of MC Mining equity subject to South African Reserve Bank approval, while $2.5 million (ZAR40 million) of the funding also requires approval from the Company's shareholders;
- The Group is already in discussions with the IDC on the deferral of the settlement of the existing ZAR160 million facility and the restructuring of the conditions precedent in relation to the new term loan facility;
- The Group has a history of successful capital raisings to meet the Group's funding requirements; and
- The Group has the capacity if necessary to reduce its operating cost structure in order to minimise its working capital requirements.

Subject to raising the required funding noted above, the development of Phase 1 of the Makhado Project will subsequently commence within the twelve months following the signing of this financial report.

Based on the above, the directors are satisfied at the date of signing this consolidated half-year report that there are reasonable grounds to believe that they will be successful in obtaining the required funding and that the Group will have sufficient funds to meet its obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate.

This consolidated financial report does not give effect to adjustments that would be necessary to the carrying value and classification of assets and liabilities, should the Group be unable to continue as a going concern. Such adjustments could be material.

3. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer ("CEO") for the purposes of resource allocation and assessment of performance is more specifically focused on the stage within the mining pipeline that the operation finds itself in.

The Group's reportable segments under AASB 8 are therefore as follows:

- Exploration
- Development
- Mining

The Exploration segment is involved in the search for resources suitable for commercial exploitation, and the determination of the technical feasibility and commercial viability of resources. As of 31 December 2021, projects within this reportable segment include four exploration stage coking and thermal coal complexes, namely the Chapudi Complex (which comprises the Chapudi project, the Chapudi West project and the Wildebeesthoek project), Generaal (which comprises the Generaal Project and the Mount Stuart Project), Mopane (which comprises the Voorburg Project and the Jutland Project) and Makhado Project.

The Development segment is engaged in establishing access to and commissioning facilities to extract, treat and transport production from the mineral reserve, and other preparations for commercial production. As at 31 December 2021, projects included within this reportable segment includes the Vele Colliery, in the early operational and development stage but currently on care and maintenance and Klipspruit which is included in the Uitkomst Colliery.

The Mining segment is involved in day to day activities of obtaining a saleable product from the mineral reserve on a commercial scale and consists of Uitkomst Colliery.

The Group evaluates performance on the basis of segment profitability, which represents net operating (loss) / profit earned by each reportable segment.

Each reportable segment is managed separately because, amongst other things, each reportable segment has substantially different risks.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

The Group's reportable segments focus on the stage of project development and the product offerings of coal mines in production.

The following is an analysis of the Group's results by reportable operating segment for the period under review:

For the six months ended 31 December 2021

	$'000	$'000	$'000	$'000
	Exploration	**Development**	**Mining**	**Total**
Revenue	-	-	13,030	13,030
Cost of sales	-	-	(10,913)	(10,913)
Gross Profit	-	-	2,117	2,117
Other operating income	2	22	14	38
Other operating gains/(losses)	-	-	62	62
Administrative expenses	(533)	(333)	(85)	(951)
Profit and loss before interest	**(531)**	**(311)**	**2,108**	**1,266**
Interest income	5	-	15	20
Finance costs	(360)	(203)	(288)	(850)
Profit before tax	**(886)**	**(514)**	**1,835**	**435**

For the six months ended 31 December 2020

	$'000	$'000	$'000	$'000
	Exploration	**Development**	**Mining**	**Total**
Revenue	-	-	8,803	8,803
Cost of sales	-	-	(9,219)	(9,219)
Gross Profit	-	-	(416)	(416)
Other operating income	20	39	42	101
Other operating gains/(losses)	(8)	-	46	38
Administrative expenses	(258)	(296)	(128)	(682)
Profit and loss before interest	**(246)**	**(257)**	**(456)**	**(959)**
Interest income	20	-	8	28
Finance costs	(296)	(175)	(262)	(733)
Loss before tax	**(522)**	**(432)**	**(710)**	**(1,664)**

The following is an analysis of the Group's assets by reportable operating segment:

	31 Dec 2021 $'000	30 June 2021 $'000
Exploration	89,758	86,031
Development	17,408	31,337
Mining	25,101	31,458
Total segment assets	132,267	148,786

Reconciliation of segment information to the consolidated financial statements:

	31 Dec 2021 $'000	31 Dec 2020 $'000
Total profit/(loss) for reportable segments	435	(1,664)
Other operating gains/(losses)	126	417
Administrative expenses	(1,957)	(1,727)
Other operating income	5	15
Impairment reversal	-	-
Interest income	52	55
Finance costs	-	(1)
Loss before tax	(1,339)	(2,905)

	31 Dec 2021 $'000	30 June 2021 $'000
Total segment assets	132,267	148,786
Unallocated property, plant and equipment	208	1,201
Other financial assets	4,326	4,469
Unallocated current assets	1,654	321
Total assets	138,455	154,777

The reconciling items relate to corporate assets.

4. Revenue

Revenue consists of the sale of coal by the Uitkomst Colliery. All coal sales during the period were made to customers in South Africa, mainly in the steel industry.

5. Cost of sales

Cost of sales consists of:

	31 Dec 2021 $'000	31 Dec 2020 $'000
Salaries and wages	(4,537)	(3,574)
Underground mining	(2,048)	(1,487)
Depreciation and amortisation	(1,245)	(1,205)
Logistics	(52)	(189)
Other direct mining costs	(3,447)	(2,733)
Inventory adjustment	498	35
Other	(82)	(66)
	(10,913)	(9,219)

6. Other operating income

Other operating income includes:

	31 Dec 2021 $'000	31 Dec 2020 $'000
Rental income	-	3
Other	42	113
	42	116

7. Other operating gains

Other operating gains or losses include:

	31 Dec 2021 $'000	31 Dec 2020 $'000
Foreign exchange (loss)/profit		
Unrealised	(170)	133
Realised	(16)	(58)
Other	374	217
	188	292

8. Impairment reversal

Although management identified the discount between the market capitalisation and the net asset value at 31 December 2021, it should also be noted that this discount has existed for several historical reporting periods and therefore is not a sole indicator of impairment. The key financial assumptions used in the June 2021 impairment calculations have shown subsequent favourable movements, with hard coking coal and thermal prices increasing significantly. As a result, no impairment at 31 December 2021 was deemed necessary.

The impairment reversal recognised comprises:

	31 Dec 2021 $'000	31 Dec 2020 $'000
Harrisia Investment Holdings (Pty) Ltd properties sold[1]	-	163
	-	163

[1] – Impairment reversals for assets previously impaired.

9. Administrative expenses

	31 Dec 2021 $'000	31 Dec 2020 $'000
Employee costs	(1,201)	(1,044)
Depreciation and amortisation	(46)	(44)
Other	(1,662)	(1,321)
	(2,909)	(2,409)

10. Income tax credit

The tax credit relates to the following:

	31 Dec 2021 $'000	31 Dec 2020 $'000
Current income tax expense	45	-
Deferred tax current year	465	248
	510	248

11. Dividends

No dividend has been paid by MC Mining Limited or is proposed in respect of the half-year ended 31 December 2021 (FY 2021 H1: nil)

12. Loss per share

12.1 Basic loss per share

	31 Dec 2021	31 Dec 2020
	Cents per share	Cents per share
Basic loss per share		
From continuing operations	(0.54)	(1.80)
	$'000	$'000
Loss for the period attributable to owners of the parent	(774)	(2,628)
	31 Dec 2021	31 Dec 2020
	'000 shares	'000 shares
Weighted number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	154,420	146,019

12.2 Diluted loss per share

Diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of dilutive ordinary share that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As the Company is in a loss position, the diluted potential ordinary shares impact is anti-dilutive.

12.3 Headline loss per share (in line with JSE listing requirements)

The calculation of headline loss per share at 31 December 2021 was based on the headline loss attributable to ordinary equity holders of the Company of $773,579 (FY 2021 H1: $2,627,885) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2021 of 154,419,555 (FY 2021 H1: 146,018,926).

The adjustments made to arrive at the headline loss are as follows:

	31 Dec 2021 $'000	31 Dec 2020 $'000
Loss after tax for the period attributable to ordinary shareholders	(774)	(2,628)
Adjust for:		
Impairment	-	(163)
Headline loss	(774)	(2,791)
Headline loss per share (cents per share)	**(0.54)**	**(1.91)**

13. Development, Exploration and Evaluation Assets

A reconciliation of development, exploration and evaluation assets is presented below:

Exploration and evaluation assets

	31 Dec 2021 $'000	30 June 2021 $'000
Balance at beginning of period	93,468	78,714
Additions	30	451
Movement in rehabilitation asset	14	17
Foreign exchange differences	(8,668)	14,286
Balance at end of period	84,844	93,468

Development assets

	31 Dec 2021 $'000	30 June 2021 $'000
Balance at beginning of period	19,055	20,720
Additions	3	4
Disposals	-	(466)
Movement in rehabilitation asset	170	36
Reversal of impairment	-	158
Impairment	-	(6,497)
Foreign exchange differences	(1,968)	5,100
Balance at end of period	17,260	19,055

The reversal of impairment in the prior period relates to the sale of land that had previously been impaired.

As of 31 December 2021, the net book value of the following project assets were included in exploration and evaluation assets:

- Baobab: $30,684,050
- GSP: $53,852,683
- Uitkomst: $307,940

As of 31 December 2021, the net book value of the following project assets were included in development assets:

- Vele Colliery: $17,259,365

Management have identified the discount between the market capitalisation and the net asset value at 31 December 2021 as an indicator that the assets may be impaired. Accordingly, management have performed an impairment assessment at 31 December 2021. No impairment was necessary (refer to note 8 for details).

14. Right-of-use assets

The Group leases various assets including land, buildings, plant and machinery and vehicles. The movement in the right-of-use assets is as follows:

	31 Dec 2021 $'000	30 June 2021 $'000
Balance at beginning of the period	2,588	1,819
Additions	67	95
Depreciation	(326)	(660)
Modification	945	922
Foreign exchange differences	(306)	412
Balance at end of period	2,968	2,588

15. Cash and cash equivalents

	31 Dec 2021 $'000	30 June 2021 $'000
Bank balances	1,986	3,226
Bank overdraft	(80)	(2,203)
	1,906	1,023
Restricted cash	159	95
	159	95

The bank overdraft relates to an ABSA Bank Limited ("ABSA") facility for $1.3 million (ZAR20 million). The facility is for short-term working capital requirements and potential expansion opportunities. It has a floating coupon at the South African Prime rate (currently 7.5% per annum) plus 1.0%, with the operating mine, Uitkomst Colliery, debtors ceded as security. The facility is subject to annual review. The facility was increased by an additional $1.3 million (ZAR20 million) in May 2020 to alleviate the financial challenges during the COVID-19 period. Repayment of the additional facility in equal monthly instalments commenced during FY2021 with the final instalment paid in January 2022. The same interest rate applies to the additional facility and a general notarial bond against Uitkomst Colliery assets was registered in terms of the additional facility amount.

16. Lease liabilities

The movement in the lease liabilities is as follows:

	31 Dec 2021 $'000	30 June 2021 $'000
Balance at beginning of the period	2,412	1,835
Modification	923	858
Additions	-	102
Interest	131	202
Repayments	(424)	(1,038)
Foreign exchange differences	(277)	453
Balance at end of period	2,765	2,412

The maturity of the Group's undiscounted lease payments is as follows:

	31 Dec 2021 $'000	30 June 2021 $'000
Not later than one year	839	855
Later than one year and not later than five years	2,268	2,068
Later than five years	371	113
	3,478	3,036
Less future finance charges	(713)	(624)
Present value of minimum lease payments	2,765	2,412

17. Deferred consideration

	31 Dec 2021 $'000	30 June 2021 $'000
Opening balance	2,796	2,321
Interest accrued	54	103
Repayments	-	(117)
Foreign exchange differences	(290)	489
	2,560	2,796

17. Deferred consideration (continued)

Lukin and Salaita deferred consideration

In the 2019 financial year, the Company's subsidiary, Baobab, completed the acquisition of the properties Lukin and Salaita, the key surface rights required for its Makhado Project for an acquisition price of $4.4 million (ZAR70 million). $2.2 million (ZAR35 million) of the acquisition price has been deferred to the earlier of:

- the third anniversary of the transfer of the properties; or
- the first anniversary of production of coal underlying the properties; or
- completion of a potential land claims and expropriation process. In terms of current legislation, this will result in Baobab receiving market related compensation and will be followed by negotiations with the Minister of Land Affairs and the successful claimants, who are shareholders in Baobab, for long-term access to the properties.

The deferred consideration accrues interest at the South African prime interest rate (7.25% at the end of December 2021) less 3.0%.

Refer Note 22 (events subsequent to reporting date) for additional detail on the Lukin and Salaita deferred consideration.

18. Borrowings

	31 Dec 2021 $'000	30 June 2021 $'000
Opening balance	19,482	13,595
Loan advanced		
- IDC	-	2,347
Loan cost capitalised		
- Warrants capitalised	-	(43)
Interest accrued	331	617
Repayments		
- PARMS*	(351)	(340)
Foreign exchange differences	(2,000)	3,306
	17,462	19,482
Non-current	-	251
Current	17,462	19,231
	17,462	19,482

* - Pan African Resources Management Services (Pty) Ltd ("PARMS")

Industrial Development Corporation of South Africa Limited

The IDC has provided longstanding financial support for the development of the Makhado Project and in March 2017 granted MC Mining a facility of which ZAR160 million ($10.0 million) was drawn to progress Makhado to its fully-permitted status and to partially fund the acquisition of the surface rights over the project area. This resulted in IDC becoming a 6.7% shareholder in MC Mining subsidiary, Baobab, the owner of the Makhado Project. The loan balance plus accrued interest was due to be repaid on 31 July 2021 and during H1 FY2022, the IDC extended the date for repayment to 31 January 2022. Subsequent to the end of H1 FY2022, the IDC extended the repayment date for the ZAR160 million (plus accrued interest) to 30 November 2022.

The IDC also agreed to extend the terminal draw down date in respect of the conditional July 2019 ZAR245 million ($15.4 million) new facility for the development of the Makhado Project, to 30 November 2022, subject to the bank confirming its due diligence. The ZAR245 million new facility remains part of the composite Makhado Phase 1 funding package, subject to the repayment of the March 2017 facility, along with accrued interest thereon.

18. Borrowings (continued)

MC Mining is required to issue warrants, in respect of MC Mining shares, to the IDC on the draw down of the March 2017 facility. The warrants for the first $0.8 million (ZAR120 million) draw down equated to 2.5% (equating to 2,408,752 shares) of the entire issued share capital of MC Mining as at 5 December 2016. The price at which the IDC shall be entitled to purchase the MC Mining shares is equal to a thirty percent premium to the 30-day volume weighted average price of the MC Mining shares as traded on the JSE as at 5 December 2016 (ZAR0.60 per share (ZAR12.00 after the premium and the 20:1 share consolidation in December 2017)). The IDC is entitled to exercise the warrants for a period of five years from the date of issue and these warrants expire on or before 16 June 2022. The warrants for the second draw down equated to 0.833% (equating to 1,286,315 shares) of the entire share capital of MC Mining as at 1 October 2020.

Furthermore, upon each advance, Baobab is required to issue new ordinary shares in Baobab to the IDC equivalent to 5% of the entire issued share capital of Baobab at such time. As a result of the first draw down, 5% of Baobab's equity was issued to the IDC on the initial drawdown of ZAR120 million and Baobab is required to issue additional ordinary shares to the IDC equivalent to 1.7% of the entire share capital of Baobab for the $2.5 million (ZAR40 million) draw down in July 2020.

PARMS

As part of the acquisition of the underground mining equipment and liabilities of Khethekile, the Group assumed a loan of $1,400,989 (ZAR20,539,345) from PARMS. The loan bears interest at the South African Prime rate and is compounded monthly. It is repayable in 48 monthly instalments of approximately $47,266 (ZAR753,885) per month which commenced in January 2019.

19. Contract Liability

The Uitkomst Colliery secured a prepayment facility of ZAR29.7 million ($2.1 million) from its largest customer. The prepayment commenced in September 2021 and is for 16,500t of coal to be delivered at the rate of 2,750t per month. As at the end of December 2021, Uitkomst had supplied 8,250t in terms of the prepayment contract and the remaining balance of $1.3 million will be supplied equally during the three months ending March 2022.

20. Issued Capital

During the reporting period the Company issued no new ordinary shares.

	31 Dec 2021 $'000	30 June 2021 $'000
154,419,555 (FY2021: 154,419,555) fully paid ordinary shares	1,041,884	1,041,884

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Options

There were no options outstanding at 31 December 2021.

Performance Rights

On 14 December 2021 10,297,103 performance rights were authorised by shareholders for issue to MC Mining directors. During November 2021 1,169,619 performance rights expired.

21. Contingencies and Commitments

Contingent liabilities

The Group has no significant contingent liabilities at reporting date.

Commitments

In addition to the commitments of the parent entity, subsidiary companies have typical financial commitments associated with their mining rights granted by the DMRE.

22. Events subsequent to reporting date

Baobab deferred payment

Baobab completed the acquisition of the Lukin and Salaita properties, being the key surface rights for the Makhado Project in January 2019 for $4.4 million (ZAR70 million) and paid $2.2 million (ZAR 35 million). The balance of the purchase price of $2.2 million (ZAR35 million) (plus interest) (the "Deferred Payment") was payable by Baobab within three years of the transfer of the properties (or on the earlier of certain events occurring).

The Deferred Payment was due on 10 January 2022 and the vendor agreed to extend the due date for payment to 28 February 2022. The Company paid an instalment of $0.4 million (ZAR6 million) in January 2022 and the balance of $2.3 million (ZAR34.6 million), including accrued interest, was settled at the end of February 2022.

IDC

The IDC loan of ZAR160 million ($10.0 million) plus accrued interest was due to be repaid on 31 January 2022 and in January 2022, the IDC extended the date for repayment to 30 November 2022. The IDC also agreed to extend the terminal draw down date in respect of the conditional July 2019 ZAR245 million ($15.4 million) new term loan facility for the development of the Makhado Project, to 30 November 2022, subject to the bank confirming its due diligence. The new term loan facility remains part of the composite Makhado Phase 1 funding package, subject to the repayment of the existing ZAR160 million facility, along with accrued interest thereon.

Senosi Group funding
On 1 February 2022 MC Mining entered into a staged $5.4 million (ZAR86.0 million) Convertible Advance and Subscription Agreement (the "Senosi Agreement") with South African based mining group, "SGIH". In terms of the Senosi Agreement:

- the initial share subscription by SGIH is limited to 38,363,909 new ordinary MC Mining shares (the "First Tranche Shares") to be issued at ZAR1.20 ($0.08) per share (the "Issue Price") raising $2.9 million (ZAR46.0 million) (the "First Tranche Funding") and subject to regulatory approvals, will result in SGIH owning 19.9% of the Company's issued shares. The Issue Price equated to a 7.1% premium to the Company's closing price as quoted on the JSE on Monday 31 January 2022.
- SGIH also conditionally agreed to subscribe for a second tranche of 33,333,333 new ordinary MC Mining shares (the "Second Tranche Shares") (together with the First Tranche Shares, the "Placement Shares") at the Issue Price, raising the balance of $2.5 million (ZAR40 million) (the "Second Tranche Funding"). This placement is subject to the receipt of all required approvals and will result in SGIH holding 31.71% of MC Mining (assuming no further shares are issued in the interim).

The issue of the Placement Shares is subject to certain customary approvals by the ASX and JSE, and is also conditional on the prior approval of South Africa's Reserve Bank, which is expected to take several weeks. Furthermore, the issue of the Second Tranche Shares will result in SGIH's interest in MCM exceeding 20% and will require the prior approval of Company's shareholders at a General Meeting to exceed this level. The Notice of Meeting of shareholders 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.

In the interim, SGIH 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 five 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.

22. Events subsequent to reporting date (continued)

The timing and amount of loan funds to be provided by SGIH is as set out below:

First Tranche Funding:

Date	ZAR
First week of February 2022	10,000,000
23 February 2022	30,000,000
31 March 2022	6,036,691
Total	**46,036,691**

The First Tranche Funding is secured against shares in MC Mining'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	10,000,000
Total	**40,000,000**

As stated above, the total ZAR40 million ($2.7 million) 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.

Notice Received Under Section 249D of the Corporations Act

On 11 February 2022 MC Mining received a notice under section 249D of the Corporations Act 2001 (Cth) (the "Notice"), from shareholders who hold approximately 6.8% of the Company's ordinary shares between them, requisitioning that a general meeting of the Company be held. The request for a meeting was made for shareholders to consider the following resolutions at a general meeting:

- the removal of Mr Bernard Pryor as a director of the Company;
- the removal of Mr Sebastiano Randazzo as a director of the Company;
- the removal of any other director of the Company appointed after the date of the Notice;
- the appointment of Mr Nhlanhla Nene as a director of the Company; and
- the appointment of Mr Godfrey Gomwe as a director of the Company.

A general meeting of shareholders has been convened for 11 April 2022 and the related notice of meeting was dispatched to shareholders on 4 March 2022. The notice of meeting is available for viewing on the Company's web site.

Resignation of Non-Executive Chairman

On 11 March 2022, Mr Bernard Pryor resigned as Chairman of the Board and long standing Non-Executive director Mr Khomotso Mosehla was appointed as Chairman pending the outcome of the shareholder requisitioned meeting scheduled for 11 April 2022.

23. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

24. Financial Instruments

Fair value of financial assets and liabilities

The fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in a current transaction between willing parties in an arm's length transaction. The fair values of the Group's financial assets and liabilities approximate their carrying values, as a result of their short maturity or because they carry floating rates of interest.

All financial assets and liabilities recorded in the consolidated financial statements approximate their respective fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3, based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities. The balances classed here are financial assets comprising deposits and listed securities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The financial assets classed as Level 2 comprise of investments with investment firms. These investments serve as collateral for rehabilitation guarantees. The fair value has been determined by the investment firms' fund statement.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no assets reclassified into / out of fair value through profit and loss ("FVTPL") during the year nor were any assets transferred between levels.

As at 31 December 2021 ($'000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Other Financial Assets		4,605		4,605
	-	4,605	-	4,605

As at 30 June 2021 ($'000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Other Financial Assets		4,687		4,687
	-	4,687	-	4,687

Directors' Declaration

The Directors declare that in the directors' opinion,

1. The condensed financial statements and notes of the consolidated entity are in accordance with the following:

    a. complying with accounting standards and the *Corporations Act 2001*; and

    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Khomotso Mosehla	**Sebastiano (Sam) Randazzo**
Chairman	Chief Executive Officer
11 March 2022	11 March 2022

Dated at Johannesburg, South Africa, this 11th day of March 2022.

Level 11, 307 Queen Street
Brisbane Qld 4000

GPO Box 2268
Brisbane Qld 4001
Australia

Tel: +61 7 3218 3900
Fax: +61 7 3218 3901
www.mazars.com.au

Auditor's Independence Declaration to the Directors of MC Mining Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MAZARS ASSURANCE LIMITED
Authorised Audit Company: 338599

M. J. Green
Director

Brisbane, 11 March 2022

Level 11, 307 Queen Street
Brisbane Qld 4000

GPO Box 2268
Brisbane Qld 4001
Australia

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Independent Auditor's Review Report to the Members of MC Mining Limited

Conclusion

We have reviewed the accompanying half-year financial report of MC Mining Limited ("Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the half-year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MC Mining Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*("Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the financial statements which indicates the Group incurred a loss after tax of $829,000 during the half-year ended 31 December 2021. This condition, along with other matters set forth in note 2, indicates the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our review conclusion is not modified in respect of this matter.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the half -year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether on the basis of the procedures described, we have become aware of any atter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of MC Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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MAZARS ASSURANCE PTY LIMITED
AUTHORISED AUDIT COMPANY: 338599

M. J. Green
Director

Brisbane, 11 March 2022