

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MC Mining Limited

ABN

98 008 905 388

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (twelve months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,670	30,481
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development		
(c) production	(7,106)	(25,594)
(d) staff costs	(484)	(1,822)
(e) administration and corporate costs	(1,151)	(4,777)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(49)	(123)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,120)	(1,835)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(128)	(3,340)
(d) exploration & evaluation	(1)	(8)
(e) investments	(95)	(378)
(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (twelve months) \$USD'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(224)	(3,726)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	4,823	9,396
3.6	Repayment of borrowings	(194)	(2,617)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(93)	(1,006)
3.10	Net cash from / (used in) financing activities	4,536	5,773
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,954	3,230
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,120)	(1,835)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(224)	(3,726)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,536	5,773

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Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (twelve months) \$USD'000
4.5	Effect of movement in exchange rates on cash held	(78)	(374)
4.6	Cash and cash equivalents at end of period	3,068	3,068

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	4,638	4,625
5.2	Call deposits	36	38
5.3	Bank overdrafts	(1,606)	(1,709)
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,068	2,954

6.	Payments to related parties of the entity and their associates	Current quarter \$USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	106
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7. Financing facilities	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	13,922	13,606
7.2 Credit standby arrangements		
7.3 Other (please specify)	1,606	1,606
7.4 Total financing facilities	15,528	15,212
7.5 Unused financing facilities available at quarter end		316
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

All facilities are ZAR denominated and are repayable in South African Rand (ZAR)

7.1 Loan Facilities \$USD10.1 million:

Lender: Industrial Development Corporation of South Africa (IDC).

Maturity date: 30 November 2022 (note). In the case of an un-remedied default, the debt is convertible into shares

Interest rate: accrues at a real after-tax rate of return of 16% on the amount advanced.

Security: Unsecured

7.3 Other \$USD2.1 million:

Lender: ABSA Group Limited

- a) \$USD 1.3 million overdraft facility
- b) USD 0.3 million short term loan
- c) USD 0.5 million finance leases

Maturity Date

- a) Reviewed annually
- b) 30 June 2022
- c) Various dates

Interest Rate:

- a) Floating rate: South African Prime plus 3%
- b) Floating rate: South African Prime plus 13%
- c) Various floating rates above the South African Prime rate

Security

- a) Receivables
- b) Receivables, bond over Uitkomst assets
- c) Underlying leased assets

7.3 Standby Loan Facility \$USD3.8 million:

Lender: Dendocept (Proprietary) Ltd

Maturity Date: June 2023

Interest Rate: South African Prime plus 3%

Security: Unsecured

The outstanding balance on the final maturity date is payable in cash or convertible to MC Mining equity at a price per share calculated as the prevailing 30-day Volume Weighted Average Price minus 15% on the date of conversion. Payment in MC Mining equity is at the sole discretion of MC Mining and is subject to all required shareholder and regulatory approvals, including South African exchange control approval.

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8. Estimated cash available for future operating activities	\$USD'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,120)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(4,121)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,068
8.5 Unused finance facilities available at quarter end (item 7.5)	316
8.6 Total available funding (item 8.4 + item 8.5)	3,384
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.82
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Net operating cash flows will improve with the sale of the 37,703 tonnes of export quality coal on hand at the end of the reporting quarter, of which 22,169t of this is already at the Durban port awaiting upliftment by the customer.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: The Group anticipates that the funding of the operations will originate from the sale of coal on the export market. The Group has secured access to export markets through the Coal Sales & Marketing Agreement announced on 28 July 2022.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes – refer 8.8.2 and 8.8.3 above.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:

Authorised by: Disclosure Committee.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.