

MC Mining CEO upbeat about its future

David Brown, CEO of MC Mining (MCM), the miner previously known as Coal of Africa, claims to be in a much happier place these days.

"There's been a complete sea-change at the company. Nearly all the legacy issues are out of the way and if we acquire another cash generator, we will be self-sufficient," he said in an interview with *finweek*.

The legacy issues were, in a nutshell, unprofitable collieries, heavy debt, and a surfeit of shares after the company had repeatedly raised finance from shareholders. **Most of the non-core mines have been sold, the debt - principally to Rio Tinto - is gone and there was a 20:1 share consolidation along with a name change, which was the cherry on the cake.**

Brown also abandoned hugely ambitious plans for a massive \$500m coking coal mine in Limpopo, opting instead for Makhado Lite, which will cost \$120m to build, but will produce much less coal, most of which will be sold domestically, thereby minimising the thorniest of challenges for any bulk miner - freight costs.

Yet there is still work to do. The share is 40% lower on a 12-month basis despite a reduction in the cash burn to a mere \$3m in the past six months. The concern may be about how MCM goes about funding the

Makhado project.

"We won't be issuing shares," says Brown. "About 60% to 65% of the total capex [capital expenditure] will be funded through debt, and the balance through equity - most likely by the black economic empowerment party. We've also got a R120m facility from the Industrial Development Corporation, while the sale of Mooiplaats will also bring in funds," he added. And there may be yet another, and the last, sale of an old asset.

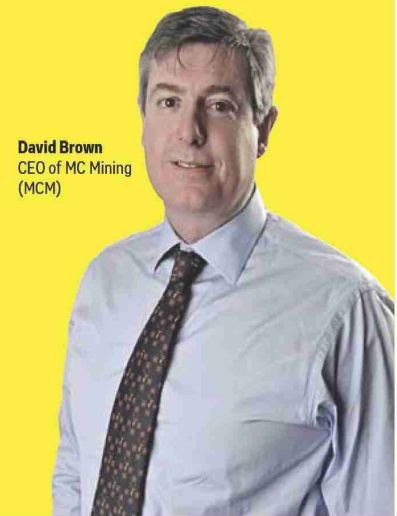
This is the **Vele mine**, situated a stone's throw from Mapungubwe. The mine has been in the headlines for years now owing to its use of water in an area of the country so short of it, and because Mapungubwe happened to be a World Heritage Site. Environmentalists clubbed together and had the mine shut for the best part of a year.

Brown wasn't CEO at the time, but following his appointment in February 2014 - he was previously CEO of Impala Platinum - he decided to re-engineer Vele, which, in turn, required fresh water use licence applications. That process is largely complete, but the strength of the rand against the dollar has put a major spanner in the works for Vele.

"We haven't made a final decision," said Brown. "We have one of several options, one

of which is a disposal."

In the end, that would be handy. Vele only came back into the frame for MCM because the export traded coking and thermal coal prices jumped after several years of depression. Selling the mine now might help ease pressure on the balance sheet, not to mention cut into overheads further, and that can only be good news for Brown and shareholders alike. ■



David Brown
CEO of MC Mining
(MCM)