

CAUTIONARY ANNOUNCEMENT



Minergy Limited

(Incorporated in accordance with the laws of Botswana) (Company number: BW00001542791)
("Minergy" or "the Group" or "the Company")

minergycoal.com

In accordance with section 5.4 of the Listing Requirements of the Botswana Stock Exchange ("BSE"), Minergy Limited (share code: MIN) is required to announce through the BSE and in the press any circumstances or events that may impact the financial results of the Company. In addition, companies must publish a cautionary announcement as soon as they are satisfied that a reasonable degree of certainty exists that the expected profit or loss (before tax) for the period to be reported upon next will differ by at least 10% to the corresponding comparative period.

Minergy is currently finalising results for the six months ended 31 December 2021 ("interim period"), which are expected to be released through the BSE during the week of 14 March 2022. The corresponding comparative period for this cautionary announcement is the six months ended 31 December 2020 ("previous interim period").

The reported net loss before tax for the previous interim period was P74 million. The Board of Minergy advises shareholders that the net loss before tax for the reporting year will be between 14% and 34% higher than the previous interim period. This equates to an additional net loss before tax of between P10 million and P25 million for the interim period ended 31 December 2021.

Minergy has made substantial progress towards demonstrating nameplate capacity for mining and beneficiation activities. Record volumes, since inception, were produced in the interim period.

Operating losses and Earnings Before Interest, Tax and Amortisation ("EBITDA") losses have reduced against the previous interim period. However, the net loss before taxation has been significantly impacted by the increase in finance costs on the back of additional debt incurred during the interim period, including debt arising from debt restructuring concluded.

The reported headline loss per share ("HLPS") and loss per share ("LPS") calculated on losses after tax for the previous reporting year was 12.2 thebe. The Company's HLPS and LPS for the full year under review is expected to increase by between 14% and 34%.

Shareholders are referred to the X-News announcement dated 20 January 2022 for a market update, which provided background to the performance for the interim period and factors impacting same.

As highlighted in the update, the following supported the additional operating losses incurred:

- › Revenue increased based on higher production volumes, improved production mix and higher sales prices supported by a stable South African Rand.
- › Mining costs were negatively impacted by extraordinary increases in diesel, explosives and magnetite, which was not recoverable from customers.
- › Volume increases supported fixed cost recovery per tonne but break even volumes were not reached as a result of:
 - » benefits of the fully commissioned plant, which supports nameplate capacity, only being available midway through the interim period; and
 - » a drop off in sales late in the period arising from customer breakdowns and destocking in advance of kiln maintenance.
- › Operating expenses have been well managed.

Shareholders are therefore advised to exercise caution when dealing in the Company's shares. The financial information on which this cautionary announcement is based has not been audited by the Company's external auditor.

Morné du Plessis

Chief Executive Officer

10 March 2022

Minergy Limited

Unit 2 | Ground Floor | Building 3 | Pinnacle Park | Setlhoa | Gaborone | PO Box 2330 ABC | Broadhurst | Gaborone
Tel: +267 397 2891 | Fax: +267 397 2893

Sponsoring broker: Imara Capital Securities (Pty) Ltd | Unit 1E | Ground Floor | Peelo Place | Plot 54366 | Western Commercial Road | New CBD | Gaborone | Tel: +267 318 8710

Transfer secretaries: Corpserve Botswana | Unit 206 | 2nd Floor | Plot 64516 | Fairgrounds | Gaborone | Botswana
Tel: +267 393 2244 | Email: contactus@corpservebotswana.com