



Minergy Limited
(Incorporated in accordance with the laws of Botswana)
(Company Number: BW00001542791)
www.minergycoal.com
("Minergy" or "the Company")

MINERGY – CAUTIONARY ANNOUNCEMENT

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 2022 ("interim period"), which are expected to be released through the BSE during the week of 20 March 2023. The corresponding comparative period for this cautionary announcement is the six months ended 31 December 2021 ("previous interim period").

The reported net loss before tax for the previous interim period was P91 million. The Board of Minergy is pleased to advise shareholders that the net loss before tax for this reporting period will be between 27% and 47% lower than the previous interim period. This equates to a reduction in the net loss before tax of between P25 million and P43 million for the interim period ended 31 December 2022.

During the interim period, Minergy enjoyed the benefits of running operations at full capacity supporting the surge in demand for coal both locally and internationally.

For the first time, Minergy will post an operating profit and positive Earnings Before Interest, Tax and Amortisation ("EBITDA"). Increasing finance charges from the compounding of capitalised finance costs still creates a net loss before taxation on the back of a heavy debt-weighted capital structure.

The reported headline loss per share ("HLPS") and loss per share ("LPS") calculated on losses after tax for the previous reporting year was 15.16 thebe. The Company's HLPS and LPS for the interim period are expected to decrease by between 27% and 47%.

Shareholders are referred to the market update released via X-News dated 25 January 2023, which provides background to the performance of the interim period.

As highlighted in the update, the following factors supported a pleasing turnaround to marginal positive operating results:

- > Mining and beneficiation operations operating at full capacity ensuring maximum saleable coal tonnages;
- > Significant increases in revenue on the back of high global demand for coal, at higher sales prices buoyed by exports from Walvis Bay;
- > Mining cost, specifically diesel and explosive, increased significantly from the previous interim period, an inverse consequence of the global energy security crisis. Costs were also exacerbated by a higher mining strip ratio and additional fixed costs accompanying the ramp up to full capacity and;
- > Operating expenses remain well managed albeit in high inflationary environments.

Additional cash flows generated during the interim period were utilised to invest in ramping up and supporting the achieved full capacities, including additional work in progress and box cut costs.

Shareholders are referred to an XNews announcement dated 7 March 2023 regarding the temporary halt of operations by Jarcon Opencast Mining Botswana (Pty) Ltd. Post the announcement, several meetings took place between Minergy, our Government funders, and the mining contractor. Minergy has requested its current funders to assist with funding and awaits the outcome of this request.

Minergy has been advised that a possible outcome may be expected towards the end of the week, subject to processes being followed by the funders, their respective Boards and their shareholder, the Government of Botswana.

Minergy is liaising with customers regarding the availability of stock. We trust all parties are aligned and Minergy undertakes to keep shareholders informed.

Unfortunately, the stoppage takes the attention away from a solid six-month performance.

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

Morné du Plessis
Chief Executive Officer
16 March 2022

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