

CAUTIONARY ANNOUNCEMENT



Minergy Limited

(Incorporated in accordance with the laws of Botswana) (Company number: BW00001542791)
("Minergy" 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 2023 ("interim period"), which are expected to be released through the BSE during the week of 18 March 2024. The corresponding comparative period for this cautionary announcement is the six months ended 31 December 2022 ("previous interim period").

The reported net loss before tax for the previous interim period was BWP58 million. The Board of Minergy advises shareholders that the net loss before tax for this reporting period will be between 51% and 71% higher than the previous interim period. This equates to an additional net loss before tax of between P25 million and P45 million for the interim period ended 31 December 2022.

The reported headline loss per share ("HLPs") and loss per share ("LPS") calculated on losses after tax for the previous reporting year was 9.55 thebe. The Company's HLPs and LPS for the interim period are expected to decrease by between 51% and 71%.

Minergy faced operational disruptions during the interim period, which had a negative impact on its sales. The primary reason for these disruptions was the suspension of operations by its previous mining contractor, Jarcon Opencast Mining ("Jarcon"), due to trade payable arrears in March 2023. Although this suspension occurred in the last quarter of the 2022/23 financial year, it had a lasting impact on the company's sales, extending into the interim period. This, together with depressed coal prices (both offshore and inland) and an increase in inland inventories attributable to logistical challenges in South Africa, conspired to a very challenging trading environment.

In August 2023, Minergy received BWP90 million in funding from its main funder, Minerals Development Company Botswana ("MDCB"), and Mr Morne du Plessis resigned as CEO, culminating with the appointment of Mr Matthews Bagopi from MDCB as the Acting CEO of Minergy Coal (Pty) Ltd. This funding was the first phase of funding in a strategic turnaround plan aimed at changing the business's fortunes.

A strategic decision was taken in September 2023 to replace its mining contractor with a new mining contract and contractor that would enable the new strategic route for the business. The transition of contractors resulted in no production in the second quarter of the interim period, with sales derived from existing product inventory.

The second phase of the strategic turnaround involves additional funding of BWP299 million from MDCB received on 29 December 2023. This brought to finality the relationship with the old contractor and paved the way for the new contractor to establish and resume production and some provisional and short-term working capital. The new mining contractor, Meropa Resources ("Meropa"), is now on the ground resuming production, following Minergy Coal's procurement processes.

Meropa mobilised to the site from 3 January 2024, allowing Minergy to resume mining activities in February 2024, full-scale mobilisation is expected by the end of February 2024 and full-scale production and sales by the end of June 2024. This second strategic turnaround phase gives way to the follow-on phase of operational stabilisation and continuous business improvement as a low-cost quartile producer. The scope of this phase ranges from the coal resource, extraction and processing, development of logistical solutions and linkages into the marketplace, all these entrenching efficiency, productivity and sustainability.

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 based on this cautionary announcement.

By order of the Board

4 March 2024

Minergy Limited

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

Sponsoring broker: Imara Capital Securities (Pty) Ltd

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