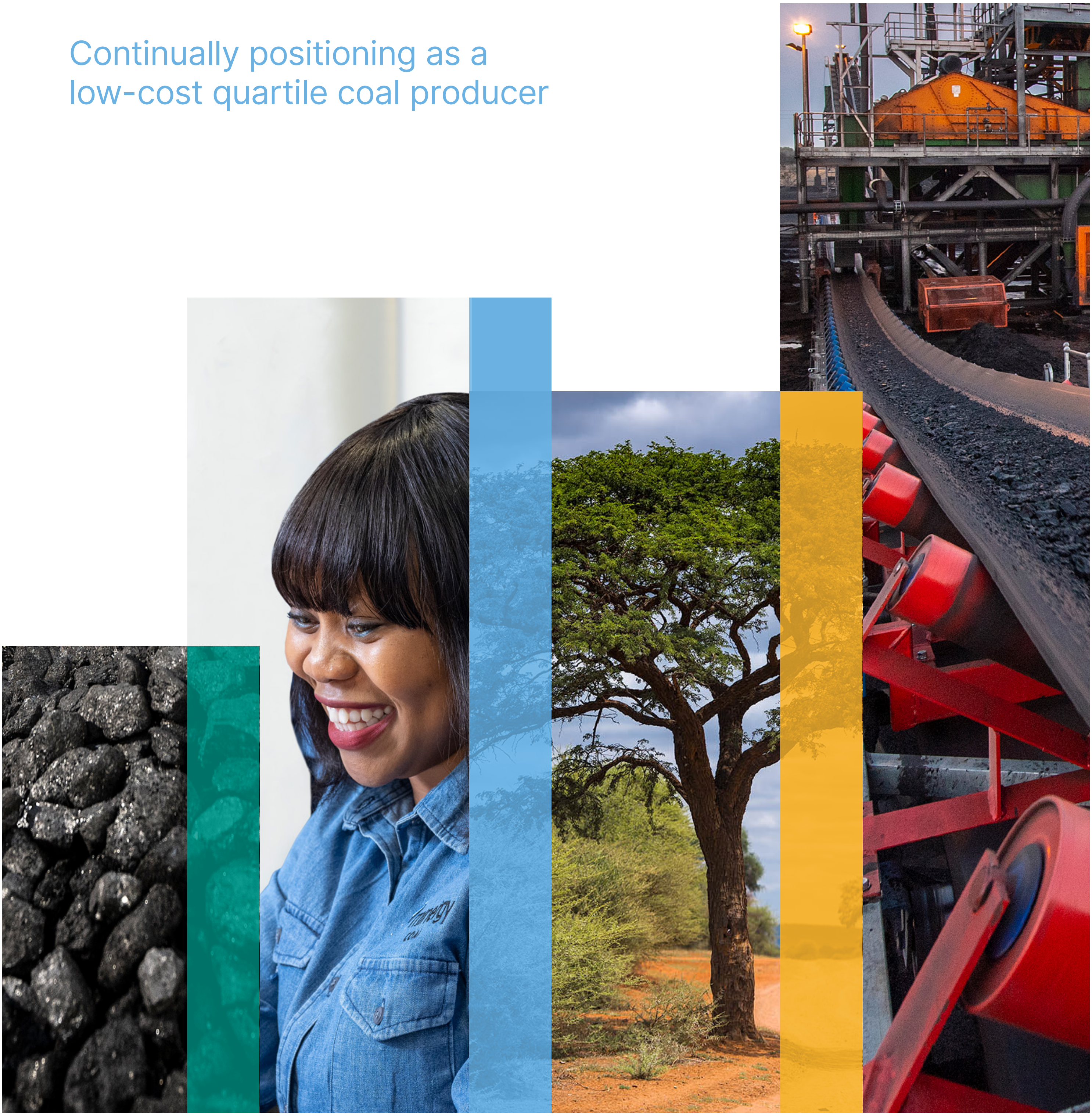
Abridged unaudited interim consolidated results for the six months ended **31 December 2024**

Continually positioning as a low-cost quartile coal producer



Minergy Limited

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

This commentary relates to the six months ending 31 December 2024 ("the period"). The six months ending 31 December 2023 ("the comparative six-month period") are used to compare the performance indicators mentioned below.

Overview

- **Safety and environmental excellence:** Zero lost time injuries ("LTIs") maintained.
- **Customer re-entry progress:** Regained key customers, with ongoing discussions for major contracts progressing well.
- **Operational obstacles:** Coal mining, processing and sales below budgetary expectations.
- **Coal market trends:** Global coal prices are declining and the South African inland market is flooded by products that could have found their way into offshore markets (being traded inland due to rail logistical challenges in South Africa yet to be overcome). This has maintained a glut in the targeted inland market, therefore depressing regional sales. Excessive production of duff and fine products in the Botswana coal production scene led to a significant suppression of performance by this core product in the market.

Strategic positioning

Over the past six months, Minergy went through a process of embedding the significant strategic and operational transformations that were implemented in the prior year. The company faced operational disruptions, which led to a new drive for business improvement. The stabilisation and turnaround plan has been implemented, showing signs of progress, albeit with some work still being done on the market side, further optimisation of production and the need for capital restructuring. Key focus areas that have been addressed include establishment of strategic partnerships in the market (in areas of logistics and marketing), improving production efficiencies as well as reestablishing customer relationships. Efforts to restructure and optimise and the capital structure are now being given priority as business sustainability now hinges on this.

Health, safety, environment and community

Minergy maintains its excellent safety performance record. The key indicators of Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR) are maintained at ZERO. The overall HSE performance trend shows continued improvement, with consistency the reduction of the All-Injury Frequency Rate over time. This achievement is against the backdrop of onboarding a new mining contractor, showing a successful incorporation of the contractor HSE culture and practices into the operations.

Minergy continues to undertake monthly environmental monitoring to ensure regulatory compliance and highlight areas of improvement. Dust emission monitoring and suppression remain a focus area. In the short and medium term, chemical dust suppression on the access road (utilising approved, environmentally friendly and biodegradable dust suppressants) in built-up areas to mitigate road truck traffic dust. Plans to upgrade the road are at an advanced stage with a budget allocation by government announced. The road upgrade does not only address the issue of dust, but also the significant operational cost of road maintenance borne by the mine, improved evacuation of product to the market as well as improved transportation cost and efficiency in logistics.

Operational update

The previous six months reporting period was marred by the operational interruptions relating to the old mining contract and the current reporting period saw the new mining contract fully embedded in the operation for the first time, having mobilised and resumed operations in March 2024.

The reporting period (June to December 2024) has seen production being hampered by a subdued market with sales of duff weighing down overall sales performance and in turn production. Nonetheless, production operations were proven to be adequately set to deliver when the market opened up.

Waste overburden mining is below target attributable to lower production days, especially towards the end of the period in December 2024. In turn, lower coal production was occasioned by reduced processing plant throughput, to match market offtake.

The market offtake situation was exacerbated by unplanned end of year shutdowns by key customers, extending into the new year. This knocked sales and production by over three weeks during the month of December alone, coupled with the lower seasonal offtake by some clients over the period.

Offshore market performance, which had become an incidental trading channel for Minergy (to mitigate the market share loss on the inland market in relation to duff), was significantly affected by drop in the API4 index from US$115 – 120 per ton, reducing to $106 per ton. This decline further led export mines in South African coal redirecting their product into the inland market. This had a 3.5 – 5% price dampening impact on the inland market. Despite the drop in prices, supply to end-users were not affected, while supply to traders serving the offshore export markets were forced to temporarily suspend collections as the logistics costs became prohibitive under these conditions.

The logistics challenges (road, road maintenance costs and transport fee rates) have become a focal point in opening the market, leading to innovative ways of identifying routes which availed return loads to reduce overall transport costs. Further work is being done in this area to optimise logistics in terms of cost and reliability.

Prime product coal sales for the interim period amounted to 213,855 tons versus 406,200 tons budget (53% unfavourable to budget). This is, however, an improvement of 187% relative to the comparative period.

Financial review

The financial results mirror the difficult operational six months interim period to December 2024 during the production and sales ramp-up.

The Corporate Strategy, Capital Raise, Restructuring and Optimisation Project is formulating and developing the corporate strategy and resource development plan. This is intended optimise the capitalisation and capital structure of the business, as well as strategically build pillars into the business that create business resilience (transformation from a single low margin revenue stream to multiple and value added revenue streams). Capital raising and restructuring is a key component of the work required to significantly improve the Minergy business performance.

Statement of financial position
as at 31 December 2024

Figures in Pula	Dec 2024	Jun 2024
Assets		
Non-current assets		
Property, plant and equipment	**466,612,268**	471,828,271
Deferred income tax	**241,315,920**	195,625,830
	707,928,188	667,454,101
Current assets		
Inventories	**63,312,623**	126,369,239
Trade and other receivables	**48,425,675**	31,266,374
Cash and cash equivalents	**4,739,836**	2,359,106
	116,478,134	159,994,719
Total assets	**824,406,322**	827,448,820
Equity and liabilities		
Capital and reserves		
Ordinary shares	**165,563,026**	165,563,026
Accumulated loss	**(865,695,333)**	(703,703,191)
Other reserves	**58,748,380**	58,748,380
Equity attributable to ordinary shareholders	**(641,383,927)**	(479,391,785)
Total equity	**(641,383,927)**	(479,391,785)
Non-current liabilities		
Rehabilitation provision	**176,127,401**	170,997,476
Financial liabilities	**1,062,566,709**	955,850,219
	1,238,694,110	1,126,847,695
Current liabilities		
Financial liabilities	**76,890,576**	76,827,061
Trade and other payables	**148,042,027**	101,002,313
Current tax liabilities	**2,163,536**	2,163,535
	227,096,139	179,992,909
Total liabilities	**1,465,790,249**	1,306,840,604
Total equity and liabilities	**824,406,322**	827,448,819

Property, plant, and equipment (PPE): The PPE decreased by 1% driven by depreciation and amortisation as there were fewer PPE additions, limited by the cashflow challenges.

Trade and other receivables: The trade and other receivables increased by 55% from June 2024. This increase is a result of the resumption of sales under the new mining contract.

Inventories: The inventories decreased by 50% from June 2024 due to the spontaneous combustion on the duff stockpile additionally the long standing duff stocks had to be sold at a reduced price to avert further incidents of spontaneous combustion.

Financial liabilities: The company's long-term borrowings increased by 11% relative to June 2024. This increase was due to the new short term loans obtained from the Minerals Development Company Botswana ("MDCB") to meet further working capital obligations during the ramp-up. As part of the strategic turnaround, the company has developed a terms of reference to engage a consultant for the Corporate Strategy, Capital Raise, Capital Restructuring and Optimisation Project. A capital raise is amongst the objectives of the project as well as the optimisation of gearing (debt-to-equity ratio) of the business.

Trade and other payables: Trade and other payables increased by 47% relative to June 2024, primarily driven by increased activity of the mining contractor after the six-months stoppage in the prior contract.

Statement of comprehensive income
for the six months ended 31 December 2024

Figures in Pula	Dec 2024	Dec 2023
Revenue	**147,669,198**	52,769,102
Cost of sales	**(255,237,223)**	(107,911,997)
Gross profit	**(107,568,025)**	(55,142,895)
Other income	**6,407,443**	48,891,585
Operating expenses	**(6,094,679)**	(7,630,944)
Operating loss	**(107,255,261)**	(13,882,254)
Finance income	**10,658**	39,252
Finance costs	**(100,437,630)**	(79,048,352)
Loss before income tax	**(207,682,233)**	(92,891,354)
Income tax expense	**45,690,091**	20,436,097
Total loss for the year	**(161,992,142)**	(72,455,257)
Other comprehensive income for the year	**—**	—
Total comprehensive loss for the year	**(161,992,142)**	(72,455,257)
Total comprehensive loss attributable to:		
Owners of the parent	**(161,992,142)**	(72,455,257)
Non-controlling interest	**—**	—
	(161,992,142)	(72,455,257)
Loss per share (thebe)	**(34.47)**	(15.42)
Diluted loss per share (thebe)	**(34.47)**	(15.42)

Revenue: Revenue increased significantly by 181% year on year. This steep increase was primarily due to the resumption of the mining operation after operational disruptions and the subsequent contractor transition period, during which coal sales activity was minimal.

Cost of sales: The cost of sales increased significantly by 137% year on year. This reduction is indicative of resumption of production activity after the operational downtime.

Other income: The decrease in other income is attributable to circa BWP44 million of a payable settlement discount in December 2023, to the previous contractor.

Operating expenses: Operating expenses were 20% lower year-on-year, largely due to the reduced employee costs after retirement of some senior employees. Certain unfilled key management positions, are currently being supported by seconded staff from the MDCB while others are still vacant.

Finance costs: Finance costs increased by 27% year-on-year, driven by the highly leveraged capital structure and the additional debt as highlighted above.

Net profit/loss: The company's net loss before tax, increased by 124% year-on-year. The net loss shows the combined impact of resumption of mining activity, increased financing costs, and the slow recovery in sales, all of which reflect the challenging operating environment during the period under review.

Statement of changes in equity
for the six months ended 31 December 2024

Figures in Pula	Share capital	Accumulated loss	Other reserves	Total equity
Balance at 1 July 2022	165,563,026	(515,264,079)	31,076,451	(318,624,602)
Comprehensive loss	—	(188,439,112)	—	(188,439,112)
Shares issued				
Subscription for shares	—	—	—	—
Share issuance costs on subscription	—	—	—	—
Borrowings — conversion option reserve	—	—	27,486,074	27,486,074
Share-based payment expense	—	—	185,855	185,855
Balance at 1 July 2023	**165,563,026**	**(703,703,191)**	**58,748,380**	**(479,391,785)**
Comprehensive loss	**—**	**(161,992,142)**	**—**	**(161,992,142)**
Other reserves	**—**	**—**	**—**	**—**
Share-based payment expense	**—**	**—**	**—**	**—**
Balance at 31 December 2024	**165,563,026**	**(865,695,333)**	**58,748,380**	**(641,383,927)**

Statement of cash flows
for the six months ended 31 December 2024

Figures in Pula	Dec 2024	Jun 2024
Cash flows from operating activities		
Cash utilised in operations	**(7,330,080)**	(168,178,470)
Interest paid	**(1,924,948)**	(5,480,736)
Net cash used in operating activities	**(9,255,027)**	(173,659,206)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(741,856)**	(17,077,544)
Interest income	**10,658**	57,155
Net cash utilised in investing activities	**(731,198)**	(17,020,389)
Cash flows from financing activities		
Proceeds from financial liabilities	**22,000,000**	379,000,000
Repayment of financial liabilities	**(9,633,049)**	(199,149,831)
Net cash from financing activities	**12,366,951**	179,850,169
Total cash movement for the period	**2,380,726**	(10,829,426)
Cash at the beginning of the period	**2,359,106**	13,188,532
Total cash at end of the period	**4,739,832**	2,359,106

The operating cash flow was negative for the six months to December 2024, reflecting the impact of slow offtake as Minergy increased its market footprint following the transition of the mining contractor. Cash outflows for investing activities were at reduced investment levels due to constrained resources. The Financing activities reduced from June 2024 primarily related to the settlement of the prior mining contractor.

Market conditions and outlook

The re-entry into the market has been successfully, albeit at a rate lower than planned. In global markets the World Bank indicates, "Looking ahead, coal prices are projected to fall in 2025 and 2026 but remain above pre-pandemic levels." In Minergy's largest market, South Africa, a mixed bag presents itself, with the duff market currently in oversupply from coal miners in South Africa and Botswana. This has created pricing pressure on this product, resulting in a buyer's market. This is countered to an extent by increased demand for peas. The Minergy sales and marketing team remains close to customers and have taken on innovative solutions like facilitating coal transportation to clients to improve offtake orders on some instances. A considerable amount of washed coal business is conducted on a spot supply basis and there is a strong drive from Minergy to convert these into offtake contracts.

The start of the rains at the end of December 2024 presented the onset of big challenge into the new year, with unprecedented levels of rain. This resulted in the Medie-Lentsweletau road presenting accessibility challenges to the mine, with truck movement severely curtailed due to regional flooding. One flooding event in February 2025 was precipitation of 245mm which fell in three consecutive days (a 1 in 60-year event), resulting in no truck movement for over a week.

Strategic projects

An upgrade of the Lentsweletau/Medie road to an all-weather and all-season bituminized road would greatly help and good progress towards this is being made. The detailed designs of the 24km road and the environmental and archaeological impact assessment have been concluded. The project, envisaged as a joint venture between Government and Minergy Coal, with government having allocated a budget for its portion of the project. The Corporate Strategy, Capital Raise, Capital Restructuring and Optimisation Project will raise Minergy's portion of the budget for the project. Minergy and the Department of Roads are pursuing a project memorandum for the road upgrade.

Reliable water supply remains critical to mining operations. A concept design for connecting the mine to the North-South Water Carrier ("NSC") pipeline over 40km has been done and costed. The funding for this shall also be included in the Corporate Strategy, Capital Raise, Capital Restructuring and Optimisation Project Discussions are underway with a party to do detailed engineering designs of the pipeline to connect the mine to the NSC pipeline and assist with raising funding for the project.

Both the road and water projects are enablers for strategic projects such as expanding the mine to double capacity, developing a private power plant for export and gasification of coal to produce synthesize natural gas (SNG) and Liquefied Natural Gas (LNG). Minergy is working with partners in the development of these strategic and transformative projects under the umbrella of the Corporate Strategy, Capital Raise, Capital Restructuring and Optimisation Project. The Terms of Reference are being reviewed with the aim of sharing them with potential bidders during the first week of March 2025.

Changes in Board of Directors

Mr. Julius Ayo resigned as announced on 10 October 2024. Mr. Omphile Madimabe, was appointed as Chief Financial Officer ("CFO") effective 7 November 2024. Mr. Madimabe is a seasoned chartered accountant who has been in the profession for 30 years, 23 of which are post his chartership. He is an alumnus of the University of Stellenbosch Business School's Executive Development Programme ("EDP").

Mr. Mokwena Morulane, has stepped down from the Board to free up time that he needs to focus on other responsibilities and commitments. Mr. Morulane was appointed to the Minergy Board in January 2017 as the Company began its transition from a junior explorer to a mining entity. During his tenure as Chairman, he guided the Board through the completion of the pre-feasibility and feasibility studies, the Company's listing on the Botswana Stock Exchange, the successful award of a mining license, and commencing operations as the first opencast coal mine in Botswana. In the past year, Minergy appointed a majority citizen owned mining contractor highlighting continued commitment to developing local expertise in the mining sector. The Board and the executive management of Minergy thank Mr. Morulane for his outstanding contribution and guidance over the years and wish him all the best in his future endeavours.

Minergy is pleased to appoint Mr. Leutlwetse Tumelo as interim chairperson of the Minergy Limited Board. Mr. Tumelo is a founding director of Minergy and has been with Company since its inception. He has played a role as a non-executive director both at Minergy Limited and the operating company, Minergy Coal.

Mr. John Astrup has been appointed to the Minergy Limited Board as a non-executive director. Mr. Astrup is a geologist and mineral resource practitioner whose work from 2012 led to the establishment of Masama Coal Mine.

The Minergy Board is considering potential candidates for the position of substantive Independent Board Chairman, as well as the appointment of further non-executive directors. The Company will provide further updates on this to the market.

Contingent liability

The Company has provided securities in the normal course of business for the subsidiary's funding facilities.

Basis of preparation

The unaudited abridged consolidated interim financial statements have been prepared in accordance with the framework, concepts, and measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), International Accounting Standard IAS 34: Interim Financial Reporting and financial pronouncements as issued by the International Accounting Standards Board.

This report on the interim period does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during and post the interim reporting period. The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period.

The unaudited abridged consolidated interim financial statements have been prepared based on accounting principles applicable to a going concern, which assumes the realisation of assets and satisfaction of liabilities in the normal course of business. As noted above, the Group incurred a net loss of BWP162 million during the interim period ended 31 December 2024. As of 31 December 2024, the Group had accumulated losses of BWP866 million, and its net liabilities exceeded its net assets by BWP641 million.

The Group is actively pursuing development of a corporate strategy, capital raise and capital restructuring as well as continued refinement of production and sales strategies to be able to operate market conditions as tough as current. The inherent quality of the Group's product offerings, coupled with a loyal customer base and logistical advantage, establishes a positive trajectory toward sustained growth and profitability. Sales demand, pricing, and cost management within a competitive market remain key factors.

The strategic support by the Botswana Development Corporation and MDCB, including the additional resources provided, give the directors confidence that the new direction being followed will enable the Group to achieve its goals and continue as a going concern.

As the organisation navigates its transition and continues to grow, management expresses gratitude to all stakeholders, including customers, service providers, funders, and employees, for their invaluable contributions.

Appreciation

Management extends its gratitude to customers, service providers, funders, employees, and all other stakeholders for their ongoing support and valuable contributions to the organisation during this turnaround period.

By order of the Board

18 March 2025

Corporate and general information

Corporate information

Registration number
BW00001542791

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Attorneys
Armstrongs Attorneys
Akheel Jinabhai & Associates

Bankers
RMB Botswana
Bank Gaborone

Auditors
Grant Thornton (Botswana)
Certified auditors of public interest entities

General information

Country of incorporation and domicile
Botswana

Nature of the business
The Group is invested in the exploration, development, mining and trading of sized thermal coal, primarily for sale into the industrial market. The quality and size of the Minergy coal resource is suitable to expand into the supply of coal for the power generation sector and for seaborne export.

Directors
M Bagopi
O Madimabe
L Tumelo
C Kgosidiile
MT Malema
J Astrup

SIGIL DESIGN BUREAU