



Minergy Limited
(Incorporated in accordance with the laws of Botswana)
(Company Number: 2016/18528)
www.minergycoal.com
("Minergy" or "the Company")

PRE-CLOSE MARKET UPDATE AND ANNOUNCEMENT OF SHARE UNLOCK TARGET ACHIEVEMENT

MINERGY Limited will enter a closed period at the end of December 2019 until the interim results for the six-month period ending 31 December 2019 are announced around March 2020. The Company would therefore like to take the opportunity to share a pre-close update with shareholders to inform them of a number of key developments.

AIM Listing Update

Given prevailing market conditions, both in southern Africa and the United Kingdom ("UK"), Minergy's Board of Directors has decided to put the proposed listing on Alternative Investment Market ("AIM") in the UK on hold.

Mr. Morné du Plessis, Chief Executive Officer ("CEO") of Minergy Limited explains, "We remain committed to listing on AIM, but current unfavorable market conditions are making it extremely difficult, with uncertainty surrounding Brexit weighing on decision-making." This is despite successful meetings and roadshows to potential investors in London throughout 2019.

Minergy has opted to step back for a few months and focus on operations and related efficiencies around the plant and product output, and to wait for more certainty on the way forward with respect to Brexit. "From monitoring recent market news, Minergy is certainly not alone, with the likes of Afreximbank, Kaspi.kz, Interswitch Ltd, Ferretti SpA and Congatec AG either pulling or delaying listings, citing difficult market conditions, not only in London but across Europe, as a reason for this."

Notwithstanding this decision, Minergy will pursue the AIM listing when overall conditions improve as the listing still holds many advantages, including an enhanced trading platform for shareholders, as well as access to a larger pool of funds for future mine developments and enhancements.

"We will continue to keep a close eye on the London market. We have already done a huge amount of work to position Minergy for the AIM listing, so once we find the right window of opportunity, we will be ready to list," said Mr. du Plessis.

On 7 November 2019 in an Extraordinary General Meeting ("EGM") a series of ordinary and special resolutions were passed by shareholders which ensures that the company has the necessary authorities in place to list on AIM. The results of the EGM are available on the Minergy website www.minergycoal.com or on the Botswana Stock Exchange website – www.bse.co.bw.

Coal Market Update

In the period from February 2019 to August 2019 the coal price decreased significantly from around \$90 per ton to \$57 per ton, a decline of 37%. Minergy had planned to begin marketing and

bedding down the customer base in February 2019, subject to all funding and regulatory requirements being in place as well as having access to an operational washing plant. Unfortunately, this was only possible in August 2019, by which time the coal price had deteriorated to the \$57 per ton level.

“This reduction in the coal price resulted in coal mines in South Africa saturating the southern African market, so hindering Minergy’s customer off-take programme as many targeted customers opted to remain with existing suppliers,” said Mr. du Plessis.

Previous statements from Minergy still hold true, i.e. that customers want a steady stream of good-quality coal. However, given the dire economic growth rate in South Africa, even these customers are now opting to take lower-priced inputs to make ends meet. Minergy believes this set-back is short term as the coal price has already rebounded, and is currently at approximately \$89 per ton. The medium-term sustainability of these improved pricing levels can only be confirmed over time.

“It will, however, take some time for the excess coal currently in the market to work its way through the system and the consequences of severe price movements take around six months to filter through, e.g. the decline commenced in March 2019 but excess coal in the regional market only materialised in September 2019.”

Mr. du Plessis noted that Minergy is operating the mine and wash plant in such a manner to ensure sufficient coal is mined and processed to honour current off-take agreements and supply all current customers with product.”

Minergy will moreover continue with the push to tie up additional off-take agreements and secure further customers across the southern African region as the market improves.

Production Target Update

On an extremely positive note, production targets relating to the share lock-up or escrow applicable to certain shareholders have been achieved, and as a result the share lock-up has been released.

“We are very pleased to have achieved this significant milestone,” concluded Mr. du Plessis.

Mokwena Morulane
Chairman, Minergy Limited
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