

ABRIDGED CIRCULAR TO SHAREHOLDERS



Incorporated in the Republic of Botswana
on 1 September 2016
(Company number: BW00001542791)
BSE Ordinary Share code: MIN
(“Minergy” or “the Company”)

DATE OF ISSUE: 5 NOVEMBER 2020

RELATING TO: ▶ Placing of new Ordinary Shares for cash to Selected and Qualifying Institutional Investors, to raise additional equity funding.

CAUTIONARY STATEMENT: This document is an Abridged version (“Abridged Document”) of the Disclosure Document of the Company published via X-News on 4 November 2020 (“Disclosure Document”), representing an overview and extracts therefrom. Terms in this Abridged Document, bear the same meanings as terms in the full Disclosure Document. This Abridged Document is not intended to be a substitute for the full Disclosure Document which is not a Prospectus and should be read in full and can be downloaded from the BSE or Company website.

BSE DISCLAIMER: The Botswana Stock Exchange has not verified the accuracy and truth of the contents of this Disclosure Document and the Botswana Stock Exchange accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from any decision taken based on the contents of the Disclosure Document.

INTENDED TIMETABLE FOR THE PROPOSED EQUITY FUNDING:

DESCRIPTION	DATE ⁽¹⁾ (2)
Circular dispatched to Shareholders	Thursday, 5 November 2020
Last date for lodgement of Forms of Proxy	17:00 on Tuesday, 1 December 2020
Extraordinary General Meeting	9:30 on Thursday, 8 December 2020
Publication of Extraordinary General Meeting announcement	Friday, 9 December 2020
Allot and upload shares on CSDB	TBA

Notes:

1. All times indicated above are local times in Botswana.
2. The dates and times indicated in the table above are subject to change. Any such changes will be published in the press, X News and the Company website.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given in paragraph 4.1 of this Circular collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other material facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts, and that the Circular contains all information required by law.

The Directors confirm that the Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and of the rights attaching to the Ordinary Shares to which the Circular relates.

1. RATIONALE FOR THE PROPOSAL

The rationale for the Proposals is to enable the Company to raise additional capital by way of the Placing, by issuing new Ordinary Shares to Selected and Qualifying Institutional Investors, primarily for the following purposes:

- ▶ Retirement of a portion of expensive portions of the Funding Facilities (~P63 million);
- ▶ Working capital to stabilise operations through the ramp-up phase into steady state production (~P15 million);
- ▶ Capital required to build a new shorter road to the Company's recently completed rail siding (~P27 million); and
- ▶ Capital required to secure additional water sources to support increased plant processing capacity (~P10 million).

2. DETAILS AND FINANCIAL EFFECTS OF PROPOSALS AND THE PLACING

1. At the Last Practicable Date, the Company had a Stated Capital of P174 071 068 and 469 975 134 Ordinary Shares in issue. The financial information has been prepared in line with the BSE Listings Requirements. The Stated Capital of the Company as disclosed in its Financial Statements show total Stated Capital of P8 508 043 lower than the Stated Capital in the Circular. The difference relates to share issuance costs of prior share issuances which in accordance with IFRS reduces the Stated Capital recorded in the Company's Financial Statements.
2. If all of the Placing Shares are purchased, then the stated capital of the Company will increase by P115 000 000 to a total of 289 071 068 and the number of Ordinary Shares in issue to will increased up to a maximum of 623 308 467.
3. The Placing Price is set at P0.75, representing a discount of approximately ten percent (10%) to the 30-day volume weighted average Ruling Price at the Last Practicable Date, of the Ordinary Shares of the Company as traded on the BSE. As required to be stated by the BSE Rules, the discount at which the Placing Shares may be issued is limited to 10% of the 30-day volume weighted average Ruling Price at the Last Practicable Date, of the Ordinary Shares of the Company as traded on the BSE.

3. FINANCIAL EFFECTS

1. The Placing will result in an increase in the number of Ordinary Shares of the Company in issue, as well as the Company's cash balances.
2. Shareholders are advised that the Placing will impact, in relation to the Ordinary Shares, on the earning per share, net asset value per share and tangible net assets per share of the Company. The financial effects of the Placing will depend on, inter alia, the number of Placing Shares purchased.
3. The pro forma financial information showing the effects of the Placing, and the assumptions in connection therewith are set out in Annexure 5 to this Circular.

4. Shareholders who do not participate in the Placing will continue to own the same number of Ordinary Shares which they owned prior to the Placing, but the percentage Shareholding in the Company that their Ordinary Shares represent will be diluted to a lower percentage.

4. ACTION TO BE TAKEN

If you are not a Selected and Qualifying Institutional Investors you are not required to take any further action.

If you are a Selected and Qualifying Institutional Investors you should read the Disclosure Document carefully and ensure that you seek any advice (from your accountant, broker, banker, CSDP, legal advisor, or other professional advisor) required or that you consider is required, and if you are satisfied that you wish to subscribe, request a subscription form from the Company.

If you are in doubt about what to do you should seek advice from you (from your accountant, broker, banker, CSDP, legal advisor, or other professional advisors).

5. RECOMMENDATION

The Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and accordingly recommend unanimously that Shareholders vote in favour of the Resolutions to be proposed at the EGM, as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 68 969 738 Ordinary Shares, representing approximately 15 per cent of the total voting rights of the Company, and also as other directors in the Group holding an additional 45 278 938 Ordinary Shares representing an additional approximately 10 per cent of the total voting rights intend to do.

SPONSORING BROKER



TRANSFER SECRETARY



REPORTING ACCOUNTANTS



LEGAL ADVISOR



Morné du Plessis
Chief Executive Officer

5 November 2020

Directors

Mokwena Morulane

(Independent Non-executive Chairman)

Leutlwtse Tumelo

(Non-executive Director)

André Bojé

(Non-executive Director, Strategic Consultant)

Claude de Bruin

(Non-executive Director)

Cross Kgosiidile

(Non-executive Director)

Morné du Plessis

(Chief Executive Officer)

Jean-Pierre van Staden

(Chief Financial Officer)

Company Secretary

Desert Secretarial Services
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Botswana

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Corpserve Botswana

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