



Minergy Limited
(Incorporated in accordance with the laws of Botswana)
(Company Number: 2016/18528)
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 publish a cautionary announcement as soon as it is 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% from the most recent financial results for the corresponding comparative period.

Minergy is currently finalising its results for the six months ended 31 December 2019 ("interim period"), which are expected to be released through the BSE during the week of 23 March 2020. The corresponding comparative period for this cautionary announcement is the six months ended 31 December 2018 ("previous interim period").

Shareholders are advised that the expenditure incurred during the interim period is different in nature and quantum to the previous interim period, which has a significant impact on the comparison. During the previous interim period Minergy was in the process of developing its Masama Coal project (the mine) and advancing it toward operational status. During the current interim period, Minergy moved into commissioning and production at the mine.

The reported net loss before tax for the previous interim period was P12.5 million. The Board of Minergy advises shareholders that the net loss before tax for the reporting period will be between 345% and 365% higher than the previous interim period. This equates to an additional net loss before tax of between P42.9 million and P45.5 million for the interim period ended 31 December 2019.

The reported headline loss per share ("HEPS") and loss per share ("LPS") calculated on losses after tax for the previous reporting year was 2.39 thebe. The Company's HEPS and LPS for the period under review is expected to increase by between 320% and 338%.

The group recorded its first revenue from sale of coal during the interim period.

The increase in loss before tax is attributable to:

- Below average selling prices as a result of coal market pressures as reported in the Minergy Market Update (December 2019) and concentrated product mix favouring finer and less economic offtake agreement products;

- cost of product produced exceeding lower average pricing during the interim period, mainly due to inefficiencies experienced at the partially completed coal beneficiation plant during the commissioning and latter ramp-up stages, specifically:
 - typical of ramp-up operations volumes produced and sold are below steady state breakeven volumes placing pressure on fixed cost recoveries; and
 - inconsistent washing plant performance and output, specifically related to excessive water usage and mobile crusher and screen availability and performance.
- additional material handling costs incurred due to the front- and back-ends of the plant not being completed;
- an increase in operational expenditures, specifically:
 - mine site overheads for site operations, which includes additional staff and general site costs; and
 - preparatory AIM listing and advisory costs incurred before the decision was taken to delay the process as previously reported.
- expensing of certain infrastructure costs such as maintenance of the public road providing access to the mine and initial construction costs for the new road ; and
- incurring of additional debt as previously reported with the consequence of increased finance and facility charges to fund the ramp-up phase as well as completion of the mine development.

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

Morné du Plessis
Chief Executive Officer
18 March 2020

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