minergy LIMITED

INTEGRATED ANNUAL REPORT 2018


minergy
COAL

About this report

This Minergy Limited ("Minergy") Integrated Annual Report aims to provide a balanced, understandable and complete view of our business by reporting on the financial performance and non-financial aspects of the Group.

As the Group was awarded a Mining License on 27 August 2018, post the financial year end, the financial information contained in this report is typical of an early stage development company.

The report covers the Masama Coal Project, the status of the project and future developments, stakeholder relations, a Competent Persons Report ("CPR"), the management of risk as well as the current status of coal markets regionally and internationally. It contains the consolidated annual financial statements of Minergy for the financial year from 1 July 2017 to 30 June 2018.

The Minergy Board confirms its responsibility for the integrity of the report, the content of which has been collectively assessed by the Directors, who believe that all material issues have been addressed. The annual financial statements have been audited by the independent auditor, Grant Thornton Botswana, in terms of the Botswana Companies Act, CAP 42:01, as amended ("the Companies Act"), as indicated in their report, but no other information contained in the Integrated Annual Report has been independently assured apart from the CPR. The financial statements were prepared under the supervision of the Chief Financial Officer ("CFO"), Morné du Plessis, CA(SA).

The 2018 Integrated Annual Report comprises:

- A review of the Group as pertains to the Masama Coal Project. Having received the Mining License, the report briefly covers plans in place to ensure the mine is operational by January 2019 with the first saleable coal produced the following month. The strategic positioning of Minergy based on regional and global demand for coal is also discussed.
- Social, environmental, governance, prospects and leadership of the Group.
- Annual financial statements prepared and presented in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the laws of Botswana.

The report is guided by:

- The King Code of Governance Principles for South Africa ("King IV")
- The Botswana Companies Act, CAP 42:01 as amended
- The Botswana Stock Exchange ("BSE") Listings Requirements

Minergy and the Masama Coal Project

Minergy is an emerging coal mining company committed to becoming the supplier of choice to all coal consumers across southern Africa and entering the seaborne thermal coal export market.

Our mission is to leverage the significant product and logistics cost advantage over other producers supplying the target market to secure short and longer-term coal sales.

WHY IS COAL IMPORTANT TO BOTSWANA?

- Botswana coal reserves estimated to be more than 200 billion tonnes
- Regional and international shortages
- Significant and regular price escalation — current regional pricing never seen before/ international price of seaborne thermal coal at levels last seen in 2007
- Botswana coal is high quality and easy to mine

MINERGY ASSESSMENT OF OPPORTUNITIES FOR BOTSWANA

- Botswana Rail ("BR") has committed to competitive rates, planning to sign an MOU with Transnet Freight Rail ("TFR") for the Lephalale rail link; 2 million ton annual capacity on current infrastructure
- TFR has committed to competitive rates to Richards Bay — 13 million ton capacity on the Lephalale line by end 2019, increasing coal line rail capacity from 81 to 100 million tonnes per annum

THE IMPORTANCE OF A VIBRANT COAL INDUSTRY

91 Mt/pa — RICHARDS BAY COAL TERMINAL (RBCT) CAPACITY

82 Mt/pa — TFR CAPACITY

75 Mt/pa — TOTAL COAL RAILED IN 2017 DUE TO COAL SHORTAGES

TOTAL COAL BOTSWANA COULD HAVE EXPORTED*:

7Mt

SEE RATIONALE ON PAGE 10

THESE EXPORTS COULD HAVE RESULTED IN:

>1 000 jobs generated

525m US$ revenue generated

12.6m US$ royalties generated

14m US$ taxes generated

* These estimates were made by Minergy using certain assumptions.

What Minergy wants to achieve

27 AUGUST 2018
GRANTED A MINING LICENSE

AS A BUSINESS

Be the supplier of choice to all coal consumers across southern Africa, as well as to the global seaborne thermal coal export market

EXTRACT
2.4 million tonnes of coal per annum

SELL
all extractable coal

AS A RESPONSIBLE CORPORATE

UPLIFT COMMUNITIES
in which we operate

EMPLOY AS MANY
local community members as possible

UPGRADE
healthcare facilities

SUPPORT
local schools

PROVIDE ELECTRICITY
where feasible

UPSKILL
the local community in certain tasks

ASSISTANCE
in ancillary business opportunities in surrounding villages, including: tuck shops, brick making, laundries, boarding facilities

PROSPECTS

AUGUST 2018 — JANUARY 2019

- Mine and washing plant development
- Completion of rail siding
- Diversion of access road to avoid driving directly through villages for safety purposes
- Commenced skills search and employment — 62 employees now on site, 57 of whom are Botswana citizens
- Mine construction in progress
- Social development programme in progress

JANUARY 2019

- Commission wash plant

FEBRUARY 2019

- First saleable coal available

QUARTER 2 2019

- Proposed listing on the London Stock Exchange via its Alternative Investment Market ("AIM")

01

Group overview

What we do

Minergy is the holding company of the Minergy Group and the development of the Masama Coal Project represents the first step in our strategy of becoming a mid-tier southern African coal mining company.

Minergy is a Botswana registered company listed on the main board of the BSE, with a proposed listing on AIM in London planned for the second quarter of 2019.

Minergy's 100% owned Masama Project, located in the Mmamabula Coalfield of Botswana, is the Group's cornerstone asset. The size and location of this shallow resource supports its competitive cost structure, which is underpinned by cost-effective opencast mining of high quality coal. The resource is near to existing rail, road and water infrastructure, and has significant distance advantages over existing coal suppliers to regional markets. The project further holds large tonnages of export quality coal, ideally suited for export to Africa, India, Asia and China should the economics be attractive for thermal seaborne coal.

Minergy's near-term focus is the development of the Masama Coal Mine within the scope of the Mining License located on the southwestern edge of the Mmamabula Coalfield in southern Botswana. Minergy's wholly-owned subsidiary Minergy Coal holds the Mining License (ML 2018/9L) and the Prospecting License for Coal and Coal-Bed Methane, where a 390Mt Coal Resource has been independently delineated in the Mining License area. The Mining License was granted on 27 August 2018, stating that Minergy can mine coal in the Mining License area for a period of 25 years.

Management has significant mine development and operational experience and a wide range of expertise underpinned by strategic and practical knowledge of coal and energy markets in the region and internationally. Complete corporate structures with a functioning Board, including local representation, executive management, and a local full-time Director are all in place.

Main shareholders in the Company as at 30 June 2018 are Energy Mineral Resources and Mining Ltd with 56.04% and Botswana Public Officers Pension Fund with 34.34%. (Please see detailed information under the heading "Shareholder analysis" on page 45 of this Integrated Annual Report.

Project location

high quality

390Mt

COAL RESOURCE
(A AND E SEAMS WEST BLOCK)

shallow

20m to 130m

SUB-CROP TO MAXIMUM DEPTH

approximately

100

YEARS LIFE OF MINE

up to

6m

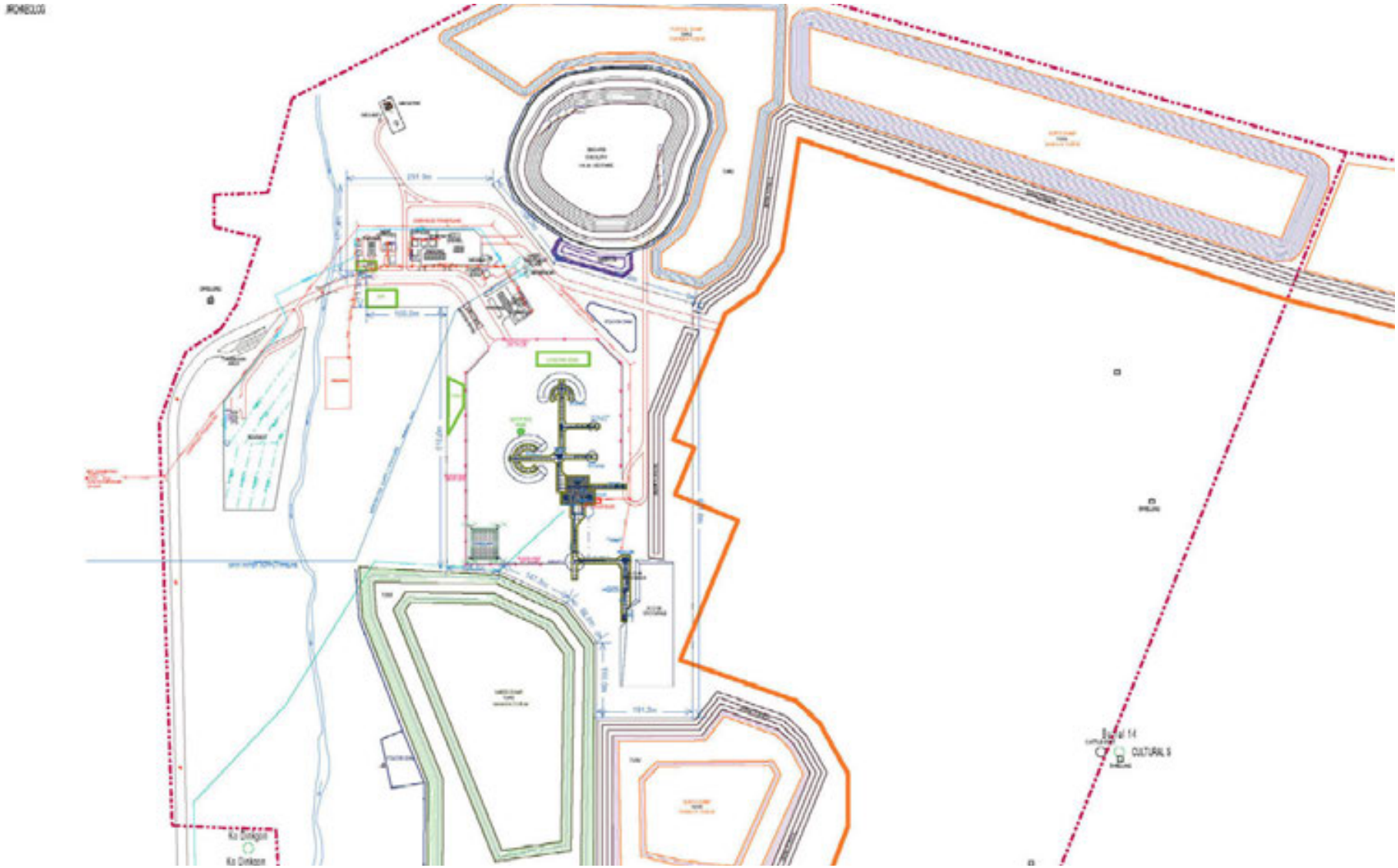
THICK COAL SEAMS

The Masama Coal Project can deliver a steady stream of coal product to the local, regional and international market places.

Potential of additional resources with further exploration

Simple structure with very few faults and no dolerite

Gently dipping coal seams (0.5° to 3.5°)



Layout of mine and wash plant

DIAGRAM 1 — MINE INFRASTRUCTURE LAYOUT

Diagram 1 shows the general layout of the mine infrastructure, including all the necessary compliance factors, including, but not limited to, access roads, a fenced-off mining area, hard and soft dumps, water reticulation dams, a centrally-located washing plant (see diagram 3 on page 7), offices, weighbridges and a nursery for the establishment of plant material for rehabilitation of the land.

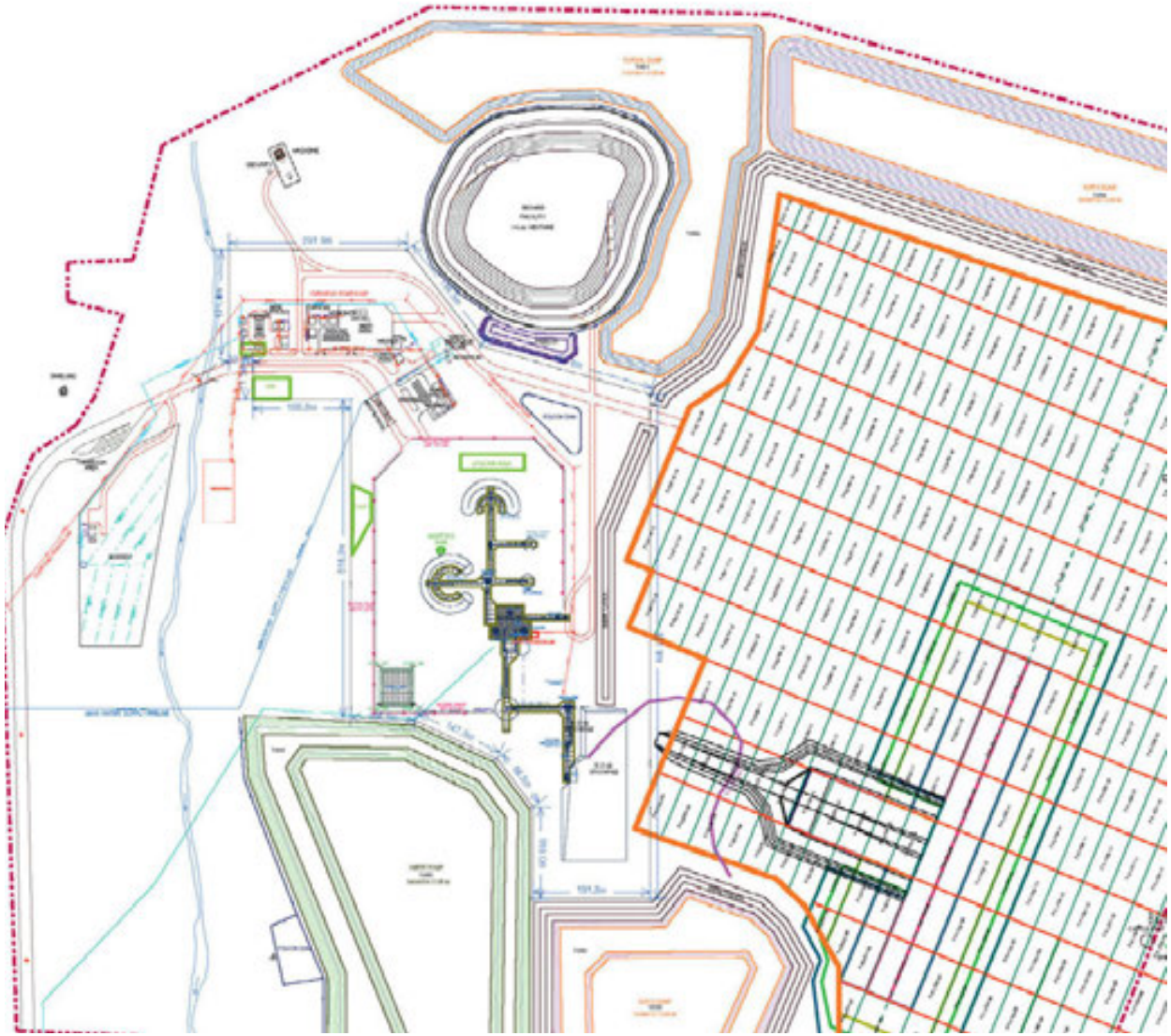


DIAGRAM 2 — MINE PLAN — FIRST FIVE YEARS

Diagram 2 shows the initial five-year block layout plan of the mining area, including the initial box cut and ramp area.

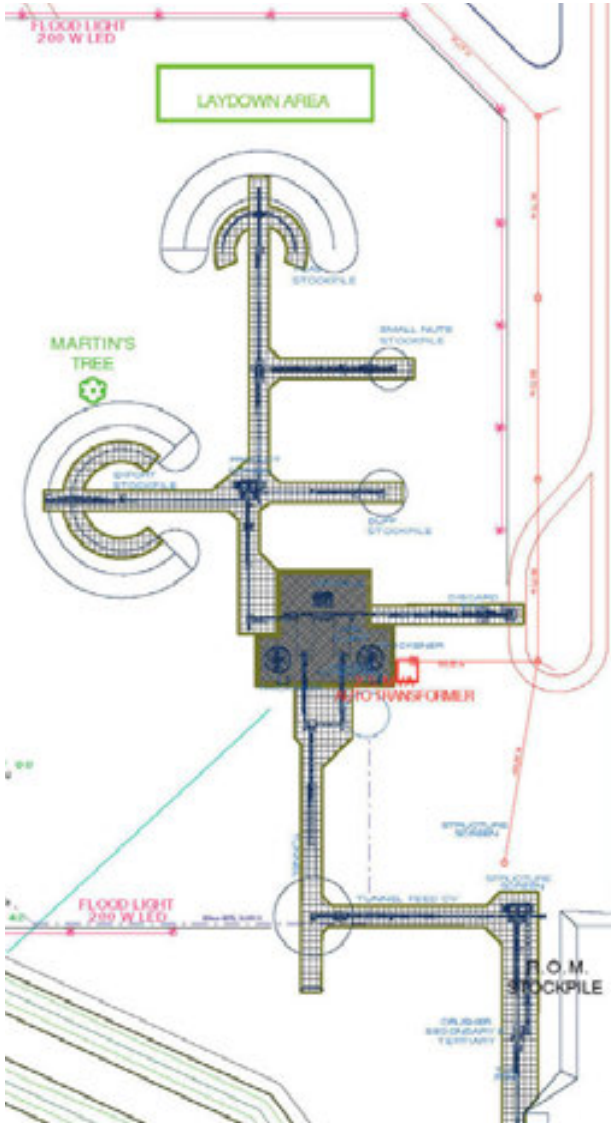


DIAGRAM 3 — MINE WASH PLANT LAYOUT

Diagram 3 shows the Minergy mine wash plant, situated in the middle of the mine infrastructure area, a crucial component of the success of the project. The plant will be constructed in such a way as to enable throughput to be increased or scaled down as the price and demand for coal dictates, all the while ensuring that efficiency through the plant is maintained.

Group structure

Minergy Limited

LISTED COMPANY

The Company owns MinSales (Pty) Ltd, a coal trading company registered in South Africa, which potentially will be responsible for coal sales and trading specifically for South African clients.

Minergy Coal (Pty) Ltd

BOTSWANA MINING

MinSales (Pty) Ltd

RSA MARKETING

Status and progress of the project timeline

2016

- Commenced pre-feasibility assessments of the project

JAN 2017 to MAY 2018

- Raised P70 million from institutional investors via private placement
- Listed on the BSE raising P2 million
- Submitted Environmental Impact Assessment ("EIA") for the granting of the Mining License
- Granted ministerial authorisation for road construction; access road maintenance and grading
- Completed exploration programme indicating improved results, in situ qualities, strip ratios and yields
- Finalised mine plans and infrastructure design
- Bolstered management team with engineering and marketing appointments
- Granted prospecting license ("PL") for Industrial Minerals covering new access roads
- Granted authority by BR to utilise a rail siding at Tshele Hills
- PL for coal and Coal Bed Methane ("CBM") renewed for 2 years until September 2019
- Established comprehensive operating structure, including a head office in Gaborone
- Updated the Competent Persons Report ("CPR")
- Awarded the mining contract to Jarcon, a JV between IPP (South Africa) and Giant Plant (Botswana)
- Awarded the Build, Own, Operate, Transfer ("BOOT") wash plant contract to Pentalin Processing (South Africa) through its Botswana subsidiary, Johdee Mineral Processing (Pty) Ltd

JUN to SEP 2018

- Raised an additional P27 million in cash from shareholders
- Received dispensation from the Department of Environmental Affairs ("DEA") to commence certain pre-construction work — clearing vegetation, and clearing and preparation of the box cut
- Opened localised offices in Medie and Lentsweletau
- Contracts awarded for: site and bush clearing, civil work, power reticulation, water and waste management, road construction, weighbridges
- EIA approval granted on 20 August 2018
- Environmental Impact Statement ("ESIA") approved by DEA
- Mining License awarded
- Commenced skills search and employment
- Mine construction in progress
- Social development programme in progress
- Advisors, brokers, accountants and lawyers appointed for proposed AIM listing

2019

January

- Commission wash plant

February

- First saleable coal available

Quarter 1

- Due to regulatory delays, rescheduled proposed AIM listing to first half of 2019
- Marketing roadshows
- Accounting and legal work commences for AIM listing

Quarter 2

- Complete all administrative requirements for AIM listing
- Final investor roadshow (May 2019)
- AIM listing

Overview of the coal sector

COAL IS A CRUCIAL SOURCE OF ENERGY

Despite negative sentiment, coal is here to stay for the foreseeable future. Renewable energy has been proven unreliable for base load electricity supply, leaving only the alternatives of nuclear, hydro and coal.

Nuclear is prohibitively capital intensive, hydro is hamstrung by the global water shortage which leaves coal-fired power generation as the only viable alternative. In addition, a large volume of coal continues to be used in numerous industrial processes other than power generation. Many of these processes are dependent on coal with no practical substitutes.

It is forecast that by 2030 the world will be short of 380 million tonnes of seaborne thermal coal due primarily to increased or at worst steady consumption, coupled with decreased production due to mines reaching end of life, lack of investment and production cutbacks in China.

While coal has also come under criticism for environmental reasons, the industry has acknowledged the impact on the environment and worked for decades on clean coal technology.

CARBON CAPTURE AND STORAGE ("CCS")

HIGH EFFICIENCY LOW EMISSION ("HELE")

Modern coal-fired power plants using these technologies have reduced emissions to levels comparable to gas-fired powered plants.

620m

AFRICANS RELY ON FIREWOOD, KEROSENE AND CHARCOAL FOR COOKING, HEATING AND LIGHTING

600 000

AFRICANS, MAINLY WOMEN AND CHILDREN, DIE PREMATURELY ANNUALLY DUE TO ILLNESSES CAUSED BY THIS

1 643
DEATHS PER DAY

THE CASE FOR COAL IN AFRICA

In the African context and as highlighted by Miriam Mannack in the article "Power for Progress", Africa urgently needs power.

2.5bn

AFRICA'S POPULATION IS EXPECTED TO DOUBLE BY 2050

250 000ha

ARE LOST ANNUALLY IN ZAMBIA ALONE, SOURCING FIREWOOD AND CHARCOAL HAS LED TO ALARMING DEFORESTATION

Off and on grid renewables have a role but cannot support base load requirements. Base load to be provided by coal as the cheapest form of energy requiring the lowest capital outlay.

During 2017, seven million tonnes of coal was exported from South Africa to the African continent. This is forecast to rise to 38 million tonnes by 2030 and Botswana has a significant role to play going forward by utilising the South Africa handling facilities, the most sophisticated in Africa.

THE GLOBAL COAL INDUSTRY AT A GLANCE

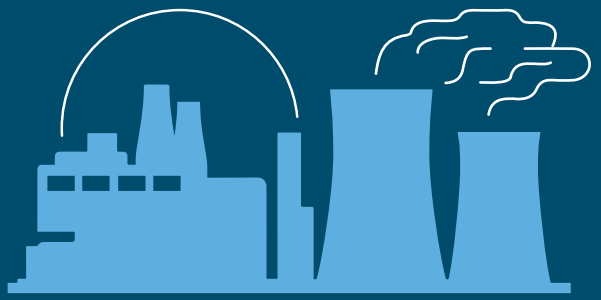
In the Coal 2017 Report, released in July 2018, the International Energy Agency ("IEA") forecasts that world coal demand will continue to rise, despite having halved its outlook for growth in India.

653 000MW

OF COAL POWER IS EITHER BEING PLANNED OR IS UNDER CONSTRUCTION GLOBALLY, WITHOUT OLDER PLANTS BEING DECOMMISSIONED, THUS EXPANDING THE WORLD'S COAL-FIRED CAPACITY BY

↑36%

SOURCE: *CarbonBrief* August 2018

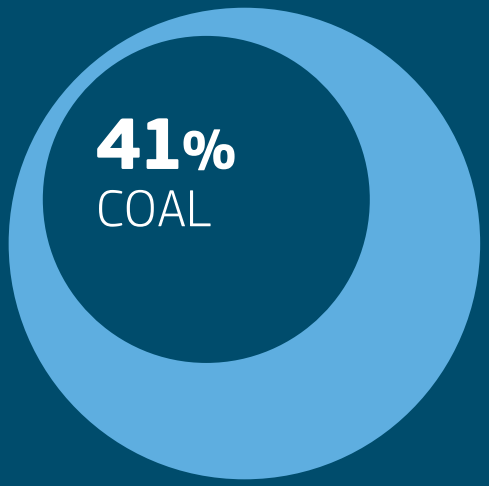


JAPAN ALONE INTENDS BUILDING 36 NEW COAL-POWER PLANTS

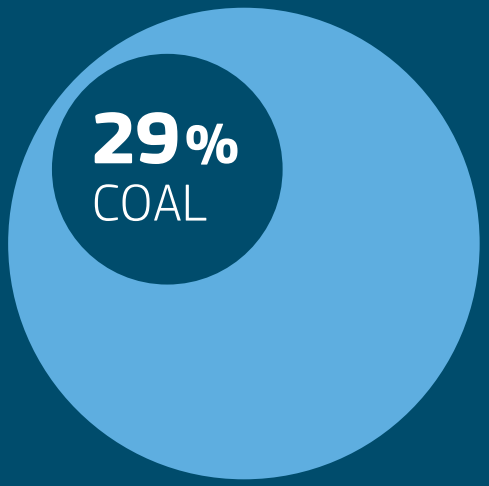
SOURCE: *Energy Advocate* May 2018

COAL WILL CONTINUE TO PLAY A MAJOR ROLE IN DELIVERING ENERGY ACCESS AND SECURITY LONG INTO THE FUTURE

COAL MAKES UP



GLOBAL ELECTRICITY GENERATION



PRIMARY ENERGY DEMAND

Investment in coal mining has diminished despite higher prices, according to the IEA Coal Report.

In 2017, global coal consumption grew by 1%, the first growth since 2013

SOURCE: *BP Statistical Review of World Energy* June 2018

↑37 coal producers' income was the highest in six years

SOURCE: *Bloomberg Intelligence Index*

Minergy is strategically placed with a quality product, an outstanding resource, capable and experienced management in an environment of rising coal prices — all underpinned by regional and international demand.

THE REGIONAL MARKET

There continues to be a high demand for coal in southern Africa for several reasons, including:

Local producers maximising exports

Over-capacity on export infrastructure

Minimal investment in coal projects

Political interference in mining in South Africa

Rhetoric on resource nationalisation in South Africa

There has also been significant and regular price escalation, with current pricing higher than previously seen before, even in the boom of 2007 when export coal reached USD 171/ton. There is thus a massive opportunity for Minergy to gain traction and market share.

GLOBAL SHORTAGE SET TO RISE SIGNIFICANTLY

NUMBERS QUOTED IN MILLION TONNES (Mt)

Coal supply	2014	2015	2016	**2017**	2020	2025	2030
Indonesia	440	378	370	**380**	390	330	280
Australia	198	200	200	**200**	210	220	220
Russia	97	102	108	**108**	105	125	150
Colombia	75	82	88	**90**	100	95	85
South Africa	71	75	73	**74**	80	80	80
USA	33	24	16	**14**	12	12	12
Other	30	26	35	**32**	35	27	31
Total supply	943	888	880	**898**	932	889	858
Total demand	944	887	889	**911**	960	1 069	1 241
Shortfall	–	–	–	**(13)**	(28)	(108)	(383)

Source: Noble Energy Research.

This global shortage bodes well for Minergy's strategy

BOTSWANA COAL RESERVES ESTIMATED TO BE IN EXCESS OF

200bn tonnes

- Regional and international shortages prevail
- International price of seaborne thermal coal at levels last seen in 2007
- Botswana coal is of a high quality and economical to mine — Botswana can be a low cost, high-quality coal producer
- International traders have turned their attention to coal from Botswana
- Eskom in South Africa is facing a coal cliff, with a lack of investment in cost plus mines and export being more attractive for current producers
- BR and TFR have committed to competitive rates and additional capacity — these are both key players that will determine the success of the local coal industry in the regional and international seaborne thermal coal market

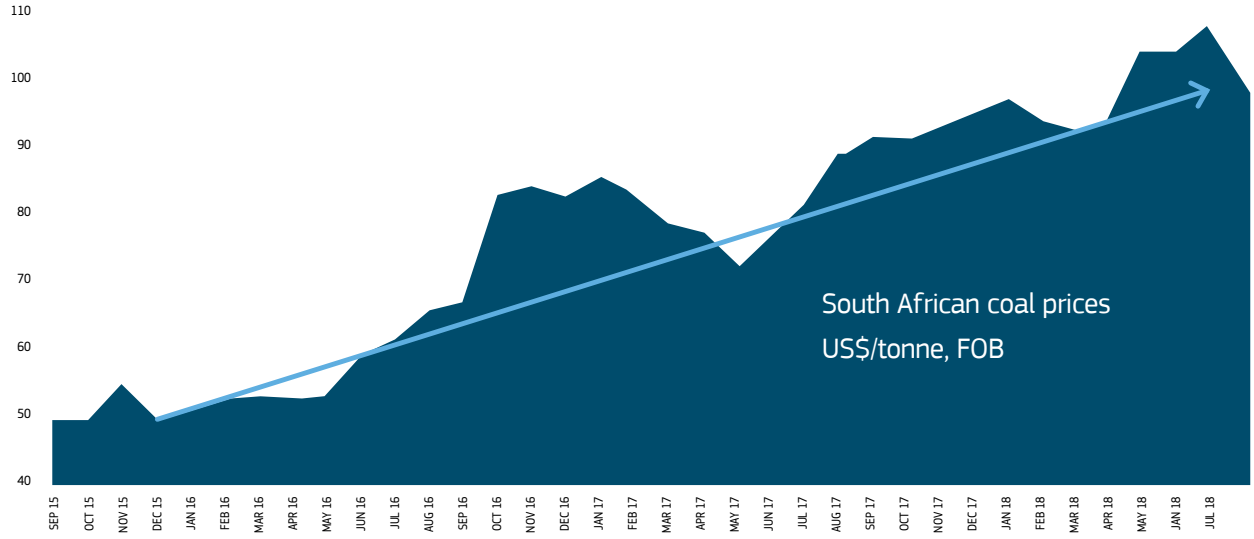
COAL PRODUCERS SHOULD WORK TOGETHER TO CREATE AN INDUSTRY

- This would create more value than individual mines
- Large multinationals will look to invest in a thriving industry not into exploration
- The industry could create in excess of 1 000 jobs

"Major mining houses are making record profits from their coal divisions"

Bloomberg, May 2018

COAL INDUSTRY IN TRANSITION



Management of risk

The Audit and Risk Committee has adopted a risk policy with the purpose of establishing the requirement for implementing and maintaining effective risk and compliance risk management throughout the Minergy group of companies.

An Enterprise Risk Management Framework is in the process of being developed in support of this policy to provide guidelines to the Minergy group of companies for a sound, consistent, transparent and efficient method of managing risk. Minergy envisages completing the Framework in the 2019 financial year, and will incorporate the current operational risks, which were not relevant prior to the Mining License being issued.

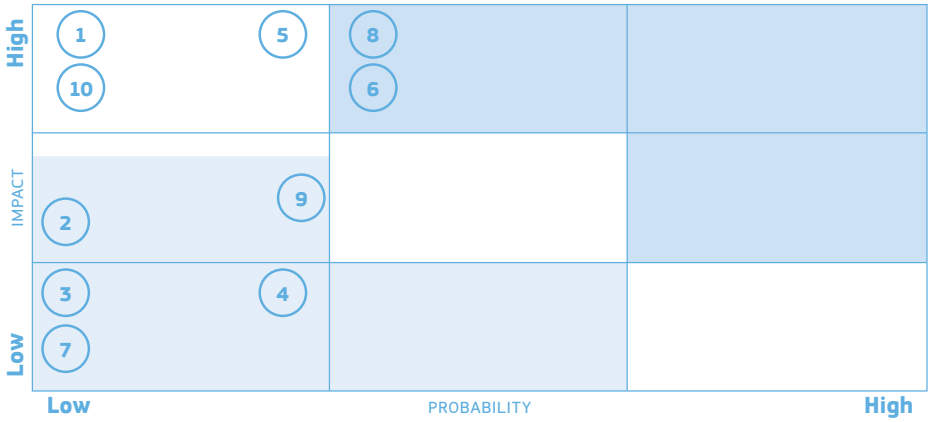
At this early stage, the following risks have been identified:

RISK MANAGEMENT

	IDENTIFIED RISK	KEY RESPONSE/MITIGATION	TYPE OF RISK
1.	**Loss or lack of key management skill for specialised project**	› The Remuneration and Nominations Committee evaluates succession planning, sources qualified staff and reviews incentives for retention. › 2017 Share Option Plan approved and implemented.	Strategic and operational
2.	**Macro-economic factors impacting the execution of the business plan**	› The Group believes that the demand for coal will remain at high levels, especially from Africa. › The Group's product is diversified to supply local/regional product (less price sensitive) and export product. › Location to regional market allows logistical competitive advantage.	Strategic and operational
3.	**Impact of environmental challenges on the sustainability of business model**	› Fully compliant EIA Report approved by DEA with assistance of professional advisors.	Compliance
4.	**Undesirable geo-political and social events**	› Botswana is ranked as one of the top investor-friendly countries in the world. › The Group has regular interaction with Government and has received support at all levels of Government.	Strategic
5.	**Not delivering on strategic growth objectives**	› Specific business plan in place to achieve milestones.	Operational
6.	**Lack of in-country logistics and infrastructure**	› In-country infrastructure such as rail, access roads and electricity required to support operations. › Government and quasi-government assistance required to support infrastructure projects.	Strategic and operational
7.	**Currency risk**	› Currency risk is limited to the current weaker South African Rand. › Investigating hedging instruments and formulating hedging strategy.	Financial

	IDENTIFIED RISK	KEY RESPONSE/MITIGATION	TYPE OF RISK
8.	**Insufficient capital and related funding to elevate the project to operational status and complete development**	› The Group was successful in raising P72 million for the initial phase of this greenfield project. › An additional P27 million was raised in January 2018. › Debt funding is currently being sourced for the completion of the project and is in an advanced stage. › Additional equity raise process in progress to supplement any shortfalls. › Processing plant is vendor-financed with agreements concluded.	Financial and operational
9.	**Sustained resources and quality of product**	› The CPR confirms 389 million tonnes of coal, which represents 100 years of life. › Extensive drilling programmes conducted.	Operational
10.	**Operational and capital cost control**	› Detailed budgeting process including all expenditure approved by the Board. › Delegation of Authority framework governs approval for all major expenditure and capital expenditures. › Reporting of expenditure against budget on regular basis and reporting to the Board and Executive Committee.	Financial

The impact of the risks on the risk matrix is as follows:



Stakeholder engagement

As promoted by King IV, inclusive stakeholder engagement is encouraged, whereby the Board considers the legitimate interests and expectations of stakeholders on the basis that is in the best interests of the Company, and not merely as an instrument to serve the interests of the shareholders.

Minergy has a Social and Ethics Committee that monitors and assists with stakeholder engagement. Stakeholders are also considered when assessing the materiality of issues.

We believe that open and transparent communication with stakeholders is important and uses many avenues to facilitate the engagement with its stakeholders on a regular and constructive manner.

Our stakeholders are defined as follows:

STAKEHOLDER GROUP

Government Ministries and Departments

Local communities

Shareholders, potential investors and media

Staff

Suppliers of products and services

Business partners

DETAILS	EXPECTATIONS OF MINERGY
› Discussions and meetings regularly take place with various Government Ministries and Departments in Botswana including with: Department of Mines; Department of Environmental Affairs; Ministry of Employment, Labour Productivity and Skills Development; Ministry of Environment, Natural Resource Conservation and Tourism; Ministry of Health and Wellness; Ministry of Mineral Resources, Green Technology and Energy Security; Ministry of Investment, Trade and Industry; Ministry of Transport and Communications; Ministry of Finance and Development Planning; Botswana Investment and Trade Centre; Land Boards; and Land Authorities; › partnering for training; › partnering to address specific issues; › participation in ad hoc discussions; and › written communications.	› Statutory and legal compliance; › local economic development; and › ease of conducting business.
› Minergy is engaged with local communities around the mining area; and › Chiefs and local representatives are regularly engaged with at the Kgotla (community council or traditional law court of a Botswana village).	› Employment and economic development; › cultural heritage sites, protecting biospheres and endangered species; and › socio-economic and related issues.
› Regular results and business update presentations; › 1:1 meetings; › project updates; › site visits; › outsourced Investor Relations function in place; › regular press releases; › Annual General Meeting; › Annual Integrated Report and published results; › feedback emails; › ad hoc telephonic dialogues; › company website; and › roadshows.	› Prudent capital allocation and utilisation of cash and working capital; › growth and sustained returns on investment; and › regular communication.
In the year under review only a small core staff component (less than 10 people) was employed. With the awarding of the Mining License (post the financial year end) staffing will be increased in line with skill requirements.	
Due to no mining operations taking place in the year under review, this section will be updated and expanded upon in the 2019 Integrated Annual Report.	
› Meetings; › face-to-face engagements; › telephonic conversations; › emails; › industry conferences; › training of local suppliers; and › other coal project developers.	› Clear understanding of Company strategies and priorities; › on-time payment; › growth opportunities; and › development of a coal mining sector in Botswana.

Board of directors

Complete corporate structures with a functioning Board, including local representation, executive management and an effective corporate governance and ethics structure are in place.

Both the Board and the executive management team has significant mine development and operating experience and a wide range of coal expertise underpinned by strategic and practical knowledge of coal and energy markets.

Andre Boje

CHIEF EXECUTIVE OFFICER

An accountant with more than two decades of experience in the South African coal industry, Andre founded focused coal trading company Chandler Coal (Pty) Ltd in 1997, following a successful executive management career in various industries. In 2005, the Company was listed on the Johannesburg Stock Exchange (JSE) as Wescoal Holdings Limited, enabling a transition from purely coal trading activities to a fully-fledged coal miner and trader. Wescoal, with three fully operational mines, is now one of the leading junior coal mining and trading companies in southern Africa. Andre was appointed to the Board of Directors of Minergy in January 2017 and as its Chief Executive Officer ("CEO") in February 2017.

Morné du Plessis

CHIEF FINANCIAL OFFICER

Morné, a qualified chartered accountant, who completed his articles with PricewaterhouseCoopers, has gained extensive experience in the mining industry in South Africa over the past decade or more. Former positions include having been CFO of several mining groups, including contract mining and beneficiation service provider Genet SA, junior coal miner Umcebo Mining Group, and JSE-listed junior coal miner Wescoal Holdings limited. He was appointed to the Board of Directors of Minergy in January 2017 and as its CFO in February 2017.

Mokwena Morulane

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Mokwena is a chartered accountant by training, and has over a decade's experience in Botswana's mining industry. He has held senior management positions in companies such as Botswana Oil Limited and Discovery Metals Limited and effective 10 October 2017 took on the role of Managing Director of Cresta Marakanelo Limited, a BSE listed hotel Group. Mokwena was appointed to the Minergy Board in January 2017.

Claude de Bruin

NON-EXECUTIVE DIRECTOR

A co-founding member of Minergy, Claude is a corporate lawyer and entrepreneur with over a decade and a half of experience gained across several jurisdictions, particularly in the natural resources and mining sector in Africa. He has held several senior management positions in both private and public companies and played a leading role in several significant equity raisings through private and public placements globally. In his present role as Non-executive Director, he is the chair of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee.

Leutlwetse Tumelo

NON-EXECUTIVE DIRECTOR

Leutlwetse is highly experienced in Botswana's capital markets, having worked with one of Botswana's leading broking firms for several years. Along with his directorships in Minergy, Minergy Coal, and Afinitas, he also holds non-executive directorships Tshukudu Metals, a junior exploration company that holds exploration rights in the Kgalagadi copper belt, Ethiopia Investments Limited, a permanent capital vehicle domiciled in Mauritius and focused on investing in Ethiopia, and EQOS Holding Co, a business process outsourcing company based in Addis Ababa. It is a subsidiary of Ethiopia Investments Limited.

Operational management

Martin Bartle

Martin has over 35 years of experience in the South African mining industry, having worked in management positions for Rand Mines, Exxaro, Anglo Coal, Homeland Energy, and most recently, as Managing Director of Wescoal Mining, a subsidiary of the JSE-listed mining company, Wescoal. Martin is the Director of Projects for Minergy Coal (Pty) Ltd. where he is also a member of the Board. He has extensive experience with coal mining Safety, Health, Environment and Quality ("SHEQ"), as well as regulatory compliance and management, risk management, human resource and personal management and optimisation, with significant experience in coal mine operations management.

John Astrup

John is a geologist with over two decades of experience in the mining industry, with focus on geological exploration programmes. He has held senior positions in both public and private companies, including Falconbridge Ventures of Africa (a subsidiary of Falconbridge Limited), Ni-Cu PGE Exploration, Harmony Gold Mining Company Limited ("Harmony"), Platmin (now Sedibelo Platinum), and the Council for Geoscience. Before co-founding Minergy in 2008 with Claude de Bruin, John was the Exploration Manager for Boynton Platinum (a subsidiary of Platmin Limited). Prior to his current role as Director and General Manager of Minergy Coal, John served as the Managing Director and Exploration Manager of Minergy Limited, responsible for the corporate and technical management of exploration programmes for base metals in Canada, uranium in Mauritania and coal, uranium and base metals in South Africa and Botswana. More latterly his focus has been the Masama Coal Project in Botswana, where he has been responsible for the corporate and technical management of exploration programmes and detailed technical and economic studies.

Dutch Botes

Dutch is a qualified mining, electrical and mechanical engineer with over 34 years of experience in coal mining at various South African companies such as BHP Billiton, Umcebo Mining and Wescoal. As CEO of Umcebo Mining he was responsible for bringing six new coal mines into production, prior to which he held senior positions at various BHP Billiton mines including Middleburg Mines, Khutala, Koornfontein and Delmas Collieries. He has vast experience in managing opencast as well as underground coal mining operations.

Gabotshwarege Tshekiso

A mechanical engineer having over three decades of experience in the mining industry under his belt, Gabotshwarege previously worked as a director at the Department of Mines responsible for Gaborone and Francistown offices. He was a member of the Technical Committee of the BCL Limited Board. Gabotshwarege holds a Master's degree in Mechanical Engineering.

Lynette Kruger

Lynette has 18 years of coal marketing experience in the southern African region at companies including Glencore and Shanduka Coal. She honed her experience in South Africa as well as having worked in a number of African countries and has a good grasp on the commodity itself, its market dynamics as well as the critical logistics and quality components of the product.

Herbert Kebafetotse

Herbert has been appointed as the Safety, Health and Environment ("SHE") Manager for Minergy. He has both extensive qualifications and experience in the field, having worked for a number of Botswana-based exploration and mining companies, including most recently Botswana Ash (Pty) Ltd, Khoemacau Copper Mining (Pty) Ltd, and Boteti Mining (Pty) Ltd in this capacity. Herbert is responsible for overseeing Minergy's SHE effectiveness, including the processes that ensure the preservation of lives, conservation of the environment and monitoring these to ensure compliance to legislative and procedural requirements. He also has a focus on aligning all Minergy's SHE processes and programmes with international best practice.

02

Leadership feedback

Mokwena Morulane
INDEPENDENT NON-EXECUTIVE CHAIRMAN

Chairman's report

"The Government of Botswana's approach to the monetisation of a coal reserve, as well as the drive towards diversifying the mining sector, with specific reference to coal, is to focus on the domestic use and export of coal, as well as the generation of electricity for domestic users."

Ministry of Mineral Resources, Green Technology and Energy Security

INTRODUCTION

It is my pleasure to introduce Minergy's second Integrated Annual Report. The year under review can best be described as a year of waiting in anticipation for the Mining License to be granted. The license was granted by the Ministry of Mineral Resources, Green Technology and Energy Security on 27 August 2018, and Minergy is now well-placed to carry out its listing pledge. This is of course to deliver high quality coal to the regional market and potentially to the export seaborne thermal coal market.

Our plan to build an opencast coal mine — the Masama Coal Project — with the potential to produce 2.4Mt/pa is on track, albeit it slightly delayed because of the above.

As indicated by the Honourable Minister of Finance and Economic Development Mr Kenneth O. Matambo earlier this year, Botswana's economy is projected to expand at a faster pace in 2019 as the mining sector benefits from a recovery in the global economy.

The government has also indicated its intention to support the local coal industry, with the Ministry of Resources, Green Technology and Energy Security indicating earlier this year that new coal export rules, as well as a specific focus by government on investment and infrastructure, will provide new life and growth ahead of this segment of the economy.

We are thus very excited at the prospect of being able to actively contribute, not only to the economy, but to the people of this country, by taking our rightful place as part of this new industry with the ability to diversify offshore income for Botswana.

The development of the Masama Coal Project will create significant local job and skills development opportunities. In addition, our listing on the BSE means that the people of Botswana will have another option into which to directly invest and participate in the future of our country's mineral wealth.

OUR COMMITMENT TO COMMUNITIES AND SOCIAL DEVELOPMENT

Our commitment to the communities around our operation was well documented in our 2017 Integrated Annual Report and elsewhere in this year's report. Our stated intention remains to uplift our communities by employing as many local members of the community as possible, to upgrade healthcare facilities, to support local schools, and to provide electrification where feasible.

It is also our wish to upskill our communities in other areas and assist ancillary small business in the surrounding villages — whether these be tuck shops, laundries or boarding facilities.

Full details of what we are doing in these areas can be found in the section "Sustainability at Minergy" on pages 40 and 41.

APPRECIATION

I once again wish to extent my sincere thanks to all our shareholders for their ongoing faith in us. Continued engagement and building good relationships with our key stakeholders, which include our communities and the Government of Botswana, remains a cornerstone of ours as we work together to pursue the creation of shared values and benefits.

What we have achieved this year would certainly not have been possible without the commitment and contributions of our management team, staff and external advisors. Andre Boje has, as always, provided excellent leadership as our CEO.

To my fellow Board members, your guidance and advice has once again been invaluable.

Now more than ever we are confident about the future of Minergy and its ability to create value for our shareholders and other stakeholders into the future. We are excited about the opportunities the development of the Masama Coal Project holds for Botswana.

Mokwena Morulane
Independent Non-executive Chairman

31 October 2018

Andre Boje
CHIEF EXECUTIVE OFFICER

Chief executive officer's report

No doubt, as mentioned by the Chairman in his report, the granting of a Mining License by the Ministry of Mineral Resources, Green Technology and Energy Security in August 2018 marked a significant milestone for us — the license was critical for Minergy to continue as a business.

OPERATIONAL OVERVIEW

We have since been able to break ground and appoint contractors, as well as to actively engage the local communities about job creation and upliftment programmes, including the school and the clinic in the village closest to the mine, Medie. This includes bringing electricity to the village.

The mining contract was awarded to Jarcon, a joint venture between IPP, a South African company, and Giant Plant, a Botswana-based company, while the BOOT contract for the washing plant was awarded to Pentalin Processing (South Africa) through its Botswana subsidiary Johdee Mineral Processing (Pty) Ltd. The contracts for the provision of site and bush clearing, civil works, power reticulation, water and waste management, road construction and weighbridges are in various stages of being awarded.

Minergy can also now follow our objective of listing on London's AIM in 2019.The granting of the license reduced the risk for any potential investors and provided the vital key to ensuring the viability of the project, which in turn substantially enhance Minergy's investment case. Unfortunately, due to the regulatory delays, we have had to reschedule the listing for the first half of 2019.

FINANCIAL REVIEW

Given we are still in the development and exploration phase, the results reflected expenditure and investment in capex typical of this stage. However, we have made substantial progress towards full operational status, and invested in infrastructure during the year, including offices in Medie and Lentsweletau in addition to our head office in Gaborone.

I am pleased to report such satisfactory progress during the year under review, bearing in mind that the period included a full 12 months, in contrast to the six months recorded in the Company's maiden results in 2017.

Expenditure related mainly to the holding company such as salaries, listing and statutory related costs, as well as salary and office costs of our subsidiary, Minergy Coal (Pty) Ltd. 2018 expenditure also included costs related to the AIM listing. A once-off IFRS 2 share-based payment expense of BWP10 million was included in the prior period's results.

The Group invested surplus funds into short-term South African Rand denominated investments, as well as local Pula investments. The former yielded higher returns than the equivalent Pula investment and as a result, the Group benefited from favourable exchange rates in late 2017 into early 2018. Interest earned for the period was a pleasing BWP1.6 million, which allowed for further preservation of the Group's cash and cash equivalents, which amounted to BWP55.9 million at the period end. Most of this will be utilised during the first half of the 2019 financial year on capitalised expenditure, specifically mine development.

An additional share issue, which was approved by shareholders at last year's Annual General meeting ("AGM"), helped raise additional capital of BWP26.9 million.

FUTURE PROSPECTS

Both Botswana and Minergy have a significant role to play in fulfilling the increased demand for coal, with four million tonnes of coal exported from South Africa to the African continent in 2016, which is forecast to rise to 38 million tonnes by 2030. The thermal coal price has also increased 33% over the past 18 months, making it one of the world's top five highest-performing commodities.

Investors looking to invest in coal have lots of opportunity now. The price of coal is still increasing, there is a deficit in supply and a strong demand, especially in the developing world, which is driving up the prices and keeping them high. In my experience, there's never been a better time to invest in coal.

We are confident that we will meet our first production milestone of January 2019 for the final commissioning of the mine, with the first saleable product available in February 2019.

APPRECIATION

Finally, I would like to thank our Chairman, Mokwena Morulane, and the Board for their commitment and support. I would also like to express my sincere appreciation for the resilience and commitment of our Directors, management team, and all those directly involved in the project, who never doubted the vision. I think you will all agree it is just so exciting to finally get onto site and see the mining activity taking place.

To our shareholders, advisers and other business partners, thank you for your ongoing support — we look forward to a bright future together.

Andre Boje
Chief Executive Officer

31 October 2018

25 year

MINING LICENSE GRANTED ON 27 AUGUST 2018

BWP55.9m

CASH AND CASH EQUIVALENTS AT END OF YEAR

BWP26.9m

ADDITIONAL CAPITAL RAISED IN SHARE ISSUE

33%

INCREASE IN THERMAL COAL PRICE SINCE 2016

03

Resource information

Mining license

Minergy was granted a Mining License by the Ministry of Mineral Resources, Green Technology and Energy Security in August 2018. This marked a significant milestone for the Company.

While the award was later than the initial projected timeline of late-2017 for the granting of the license as announced when Minergy listed, the license is a substantial step forward in terms of Minergy's intention of focusing on delivering high-quality coal to the regional market, including Botswana and South Africa, and entering the international seaborne thermal coal export market. The granting of the mining license followed the authorisation of the Environmental Impact Statement by the DEA in Botswana.

Following dispensation from the DEA, certain pre-construction work commenced on site at Masama, which will allow us to have the final mine commissioning in January 2019 and producing our first saleable coal the following month.

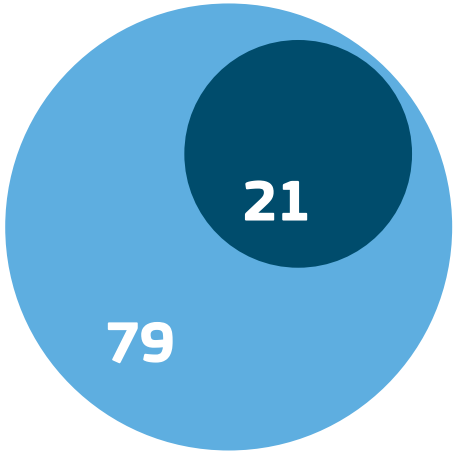
- » Mining License No. 2018/9L
- » Period of 25 years
- » Carry out mining operation within the Mining License area and in accordance with the approved programme of mining

Competent person's report

In 2017, GM Geotechnical Consultants CC ("GM Geotech") was commissioned to prepare an updated resource estimate and CPR on the Coal Resources of the West Block (Focus Area) of the Masama Coal Project in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves ("SAMREC") Code (2016 Edition).

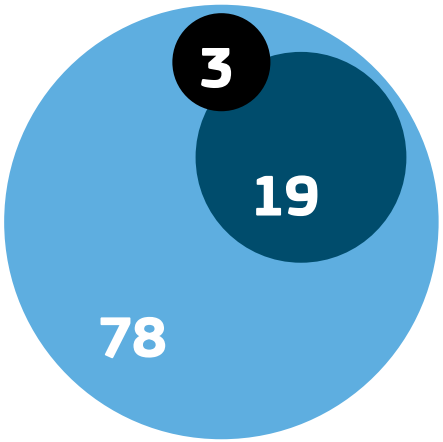
The full document, available on our website at **www.minergycoal.com**, details the estimate of the Coal Resources as at 29 September 2017. It incorporates all valid exploration and other relevant data available up to this date, viz historic Shell Coal Botswana (Pty) Ltd data, information collected by Minergy during an exploration and drilling programme conducted during 2012 and 2016, as well as the new information collected by Minergy during an exploration and drilling programme conducted during the second quarter of 2017.

RESOURCE COMPOSITION (%)



- Opencastable resource
- Underground minable resource

RESOURCE CLASSIFICATION (%)



- Inferred
- Indicated
- Measured

Diagrams related to the 390Mt resource.

Coal resource estimate

The Coal Resource Estimate was conducted in accordance with the SAMREC Code (2016 Edition) as well as considering the South African guide to the systematic evaluation of coal resources and coal reserves (SANS10320:2004).

As part of the resource estimation process all available geological and geophysical data were reviewed in detail and during classification of the resource consideration was given to the consistency of the coal seam thickness and coal quality over the West Block, as well as the larger Masama Coal Project prospecting license area.

MASAMA COAL RESOURCES, RAW COAL QUALITIES AND MODELLED THEORETICAL PRODUCT YIELDS AND QUALITIES AS AT 29 SEPTEMBER 2017[1]

						RAW COAL QUALITIES ON AN AIR DRIED BASIS						
Mining method	Resource classification	Seam	Geo-loss (%)	Mineable tonnes in situ (tonnes)	Seam thickness (m)	Raw RD (g/cm³)	Raw CV (MJ/kg)	Raw ash (%)	Raw inherent moisture (%)	Raw volatile content (%)	Raw fixed carbon (%)	Raw total sulphur (%)
OC[2]	Measured	A	8	12 706 952	4.80	1.51	22.5	19.1	5.73	25.5	49.7	2.10
	Indicated	A	12	47 649 094	5.02	1.57	22.3	19.6	5.69	25.1	49.6	1.75
	Indicated	E	12	18 486 934	1.55	1.55	21.6	24.3	4.83	25.9	45.0	2.26
	Inferred	AU	20	3 420 903	1.27	1.66	18.0	33.2	4.70	22.1	40.0	1.53
Opencastable resource			**12**	**82 263 884**								
UG[3]	Indicated	A	12	7 069 391	4.70	1.58	21.8	20.6	5.83	24.4	49.2	1.51
	Inferred	A	20	206 375 994	4.68	1.55	22.9	19.3	4.71	25.5	50.4	1.90
	Inferred	E	20	94 208 868	1.71	1.52	22.0	23.2	5.20	25.9	45.7	1.91
Underground mineable resource			**20**	**307 654 254**								
Total coal resource				**389 918 137**								

					PRODUCT COAL QUALITY AND THEORETICAL YIELDS							
Mining method	Resource classification	Seam	Geo-loss (%)	Mineable tonnes in situ (tonnes)	Product float RD (g/cm³)	Product CV (MJ/kg)	Product ash (%)	Product inherent moisture (%)	Product volatile content (%)	Product fixed carbon (%)	Product sulphur (%)	Product yield (%)
OC[2]	Measured	A	8	12 706 952	1.55	26.0	10.1	6.55	26.7	56.7	0.40	66.4
	Indicated	A	12	47 649 094	1.53	26.0	9.7	6.62	26.7	57.0	0.34	58.3
	Indicated	E	12	18 486 934	1.63	26.5	10.4	5.61	30.7	53.4	0.47	71.3
	Inferred	AU	20	3 420 903	1.72	21.0	24.4	5.44	24.6	45.6	1.00	66.0
UG[3]	Indicated	A	12	7 069 391	1.53	26.0	9.0	6.94	26.7	57.3	0.40	56.3
	Inferred	A	20	206 375 994	1.61	26.0	11.2	5.31	26.5	56.9	0.37	70.1
	Inferred	E	20	94 208 868	1.69	26.5	11.2	4.74	30.6	53.4	0.73	71.6

1 Due to the Mining License only being granted in August 2018, this CPR (as at 29 September 2017) remains relevant.

2 Opencast.

3 Underground.


JCB
80

04

Governance and sustainability

Corporate governance report

The Board ensures that the Group complies with all relevant laws, regulations and codes of good business practice.

Minergy Board of directors

- **Audit and risk committee**
- **Social and ethics committee***
- **Remuneration and nominations committee**

** Established in June 2018.*

Through delegation to the CEO and CFO, Minergy communicates with its shareholders and relevant internal and external stakeholders openly and promptly. Internal governance structures and roles are regularly reviewed and improved at Board and management levels. Minergy accepts its position as a responsible corporate citizen and will, wherever possible, contribute towards enhancing its role as such.

The Group endeavours to incorporate into its actions the best possible mutual interests of all stakeholders, including investors, employees, suppliers, customers, and the community in which it operates.

The Board has reviewed the information contained in the Integrated Annual Report and believes it would not be cost-effective to have independent assurance of the information contained therein apart from the annual financial statements.

COMMITMENT AND APPROACH TO CORPORATE GOVERNANCE

The Board is the focal point of the Company's corporate governance management system and remains ultimately responsible for its implementation and performance. In discharging this responsibility, the Board is guided by its charters and policies and further ensures that effective corporate governance is practised consistently throughout Minergy.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The Company adheres to the shared values of integrity, honesty and transparency. A set of formalised values will be developed and approved in the coming year. Minergy's corporate governance structures and policies are evaluated on an ongoing basis and are amended, as appropriate. The newly established Social and Ethics Committee will play an integral part in this process.

COMPLIANCE WITH KING IV

A gap analysis has been conducted and annual measurement against the principles of King IV will be undertaken to assess the Group's application of the recommended principles. The Board expects full reporting in terms of King IV only to be reflected in the 2020 Integrated Annual Report as the Group currently resembles a typical start-up exploration company. The Board is satisfied that the Group has complied with the majority of the principles of the King IV Code, where applicable to the Group's current status. A summary on the application of the King IV principles and explanations is contained in this Integrated Annual Report.

BOARD OF DIRECTORS

The Group's Board comprises three Non-executive Directors and two Executive Directors. (Refer to pages 18 and 19 for details.) Two of the Directors are ordinarily resident in Botswana. The roles of the Chairman and the CEO are separate. The Chairman is an Independent Non-executive Director.

The Non-executive Directors are not directly involved in the day-to-day management of the Group's activities and are not full-time employees. The Non-executive Directors are individuals of high calibre and credibility and have the necessary skills and experience to bring judgement to bear, independently of management, on issues of strategy formulation, performance management, resources planning and allocation, transformation and employment equity, standards of conduct, and other important decisions.

The executive management is the responsibility of the CEO and the other Executive Directors. The Executive Directors are involved in the day-to-day management and operation of the Group's activities and are full-time employees.

The Board meets at least quarterly, with additional meetings convened if necessary. The Board is responsible for ensuring there is effective management and control of the Group and sets the strategic direction and policies. The Board approves all merger acquisitions and disposals, major capital expenditure, oversight of financial and administrative activities, and other matters that may materially impact the business of the Group. Directors are entitled to seek independent and professional advice relating to the affairs of the Group.

The Board and its committees are supplied with full and timely information which enables them to discharge their responsibilities and they have unrestricted access to all company information, records, documents and property. Non-executive Directors have access to all staff and may meet separately with the management of operating entities without the attendance of Executive Directors.

INDEPENDENCE OF DIRECTORS

The independence of Directors is overseen annually by the Board, following an analysis of the circumstances of Independent Non-executive Directors. As noted in this report, the Board of the Company consists of two Executive Directors and three Non-executive Directors, of which one is independent. The Remuneration and Nominations Committee and the Audit and Risk Committee consist of three Non-executive Directors, of which one is independent. Although King IV recommends that all members of committees of the Board should be independent, the Board is of the view that the composition of the committees is practical and appropriate for the early stage of the Group's development.

Mr Tumelo is a Non-executive Director of the Board, and a member of the Audit and Risk Committee and the Remuneration and Nominations Committee. He brings valuable expertise, experience and skills to the Company. His shareholding in the Company of less than half a percent is not considered sufficient to exercise undue influence on the affairs of the Company, and he does not provide any consulting services to the Group.

Mr de Bruin presently serves as a Non-executive Director of the Board, is a member of the Audit and Risk Committee, and is Chairman of the Remuneration and Nominations Committee. The Board believes that Mr de Bruin brings valuable legal and corporate expertise, experience and skills to the Company. Although his beneficial shareholding in the Group of just under 11% is not sufficient to exercise undue influence on the Company and represents one of many investments in his portfolio, considering his shareholding in conjunction with various consulting services that he renders to the Company he is not considered to be independent.

Mr Morulane serves as Chairman of the Board, Chairman of the Audit and Risk Committee, and is a member of the Remuneration and Nominations Committee. The Board believes that Mr Morulane brings valuable accounting and financial expertise, experience and skills to the Company. He does not hold any shares in the Company, and he is independent.

BOARD RESPONSIBILITY, ACCOUNTABILITY AND CONTROL

The Board retains full and effective control over the Group and monitors the executive management and decisions in the subsidiary companies. The Board assumes overall responsibility for the Group and its activities, including risk management and governance. The Board is also responsible for setting the direction of the Group through the establishment of strategic objectives and key policies.

The Board of Directors is responsible for the proper management and ultimate control of the Group. The Board is responsible for setting the strategic objectives, determining investment and performance criteria, and taking responsibility for the proper management and ethical behaviour of the business of the Group. There is a clear division of responsibility at Board level that ensures a balance of power and authority.

The Board has appointed three permanent sub-committees to assist in fulfilling its governance role: The Audit and Risk Committee, the Remuneration and Nominations Committee and the Social and Ethics Committee. A more detailed report from each of these committees is set out later in this section (on pages 34 to 38) other than for the newly established Social and Ethics Committee, the annual report of which will only be presented in the 2019 Integrated Report.

Practically, a decision was taken to assign the nomination responsibilities to the Remuneration Committee and have a single Remuneration and Nominations Committee. Similarly, risk responsibilities have been assigned to a combined Audit and Risk Committee.

The Board is satisfied that the Chairman of the Audit and Risk Committee, as an independent Non-executive Director and qualified chartered accountant, has the appropriate qualifications and skills to fulfil this role, and that the members of the committee collectively have the required knowledge and experience. The Board is also comfortable that the Chairman of the Board is also the Chairman of the Audit and Risk Committee.

This is a practical consideration given the Chairman's financial qualifications, independence as well as the smaller size of the Board.

The Board is further satisfied that the Chairman of the Remuneration and Nominations Committee, being a Non-executive Director of the Board and a qualified lawyer, is appropriate and has the required qualifications and skills to fulfil this role and that the members of the committee collectively have the required knowledge and experience.

The Board has ultimate responsibility for the internal financial controls and operating systems of the Group and for monitoring their effectiveness. These systems are designed to provide reasonable assurance against material misstatement and loss. Various policies and procedures exist to address conflicts of interest. These cover areas such as full disclosure of all the interests of Directors of the Company and strict approval requirements for the trading of the Company's shares.

The Directors are of the opinion that the internal accounting controls are adequate, so that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities. This opinion is based on the information and explanations given by management and the auditors, and on comments by the auditors and the results of their audit.

DIRECTORS' ATTENDANCE AT MEETINGS

NAME	28 NOV 2017	27 FEB 2018	5 JUN 2018	10 SEP 2018
Independent Non-executive Director				
Mokwena Morulane	✓	✓	✓	✓
Non-executive Directors				
Leutlwetse Tumelo	✓	✓	✓	✓
Claude de Bruin	✓	✓	✓	✓
Executive Directors				
Andre Boje	✓	✓	✓	✓
Morné du Plessis	✓	✓	✓	✓

EVALUATION OF THE BOARD

An evaluation of the Board, its committees and the individual members will be undertaken annually. Self-evaluation by way of questionnaires will be conducted regularly. However, during the first two years of a typical exploration company, evaluation is not deemed appropriate or practical.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Appointments of Directors are made by the Board as a whole, based on transparent and formal recommendations from the Remuneration and Nominations Committee.

At every AGM, subject to any contractual arrangements between Directors and the Company, at least one-third of the Directors shall retire from office by rotation. The Directors so to retire in each year shall be those who have been longest in office. Where any Director who had held office for a period of three years since his last election or appointment, shall in satisfaction of the aforementioned retire.

All Directors are subject to election by shareholders at the first opportunity after their initial appointment by the Board. New appointments and rotations are ratified by shareholders annually at the AGM.

There is no set retirement age for Executive and Non-executive Directors.

SHARE TRADING

A formal Share Trading Policy has been approved by the Board and has been implemented on adoption by the Remuneration and Nominations Committee, prohibiting dealing in the Company's shares by Directors, officers and other selected employees from the end of each reporting period to the date of announcement of the financial results or in any other period when Directors and senior management could be in possession of price sensitive information.

The Share Trading Policy includes various provisions that regulate the share dealings of Directors and ensures disclosures are made as required by the BSE Listings Requirements. No trading by Directors is authorised without prior clearance being received from the CEO. Should the CEO wish to trade in his shares, clearance must be obtained from the Board prior to any dealing. This policy is reviewed and updated from time to time to ensure that it is compliant with any changes in legislation and regulations.

SHAREHOLDER COMMUNICATION

All communication with investors and shareholders is conducted via the BSE's X-News service, including announcements relating to the dissemination of integrated annual reports, interim and final results, the AGM, and all other regulatory and other relevant information. Minergy has a comprehensive website which is regularly updated and accessed by interested parties, including existing and potential shareholders, analysts, researchers, customers and suppliers.

The Company holds regular meetings with analysts, institutional and other significant shareholders, primarily following the announcement of the full year and interim results. Shareholder communication is driven by the office of the CEO in conjunction with an appointed external Investor Relations consultancy.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Directors accept ultimate responsibility for the preparation of the financial statements and related financial information that fairly represents the state of affairs and the results of the Group.

The annual financial statements as set out in this report have been prepared in conformity with International Financial Reporting Standards and are based on appropriate accounting policies which have been consistently applied and are supported by reasonable and prudent judgements and estimates.

RISK MANAGEMENT

The Board has tasked the Audit and Risk Committee to establish a framework to review all strategic risks impacting the Group. The major risks facing the Group have been identified and, where feasible, mitigating strategies are implemented. The Risk Matrix can be found on page 15 of this integrated annual report.

COMPANY SECRETARY

The Group has appointed Desert Secretarial Services (Pty) Ltd as statutory company secretary with its main function being the maintenance of statutory records in accordance with legal and regulatory requirements.

Audit and risk committee report

The committee is pleased to present its report for the financial year ended 30 June 2018.

The Audit and Risk Committee has adopted formal terms of reference in the form of a charter, approved by the Board, setting out its duties and responsibilities as prescribed in the Companies Act and incorporating additional duties delegated to it by the Board. The committee has, in addition, approved a workplan encapsulating various tasks and functions for the ensuing financial year. The committee is in the process of reviewing the terms of reference with respect to the requirements of King IV.

RESPONSIBILITIES

In summary, the Audit and Risk Committee assists the Board in its responsibilities to cover the following:

- internal and external audit processes for the Group taking into account any significant risks;
- adequacy and functioning of the Group's internal controls;
- integrity of the financial reporting; and
- risk management and information technology.

Due to the current size and exploration status of the Group, the Board decided to combine the Audit and Risk Committees and attend to both audit and risk responsibilities in one committee.

MEMBERS OF THE COMMITTEE AND MEETING ATTENDANCE

NAME	28 NOV 2017	27 FEB 2018	5 JUN 2018
Chairman			
Mokwena Morulane	✓	✓	✓
Members			
Leutlwetse Tumelo	✓	✓	✓
Claude de Bruin	✓	✓	✓

The CEO and the CFO have a standing invitation to attend all the committee meetings. The external independent auditors have unrestricted access to the committee members and attend all the meetings.

ROLE OF THE AUDIT AND RISK COMMITTEE

The committee:

- Fulfils the duties that are delegated to it by the Board of the Company, in order for the Company and the Board to fulfil its duties in terms of the Companies Act and other applicable legislative requirements.
- Assists the Board in overseeing the quality and integrity of the Group's integrated reporting process, including the financial statements and sustainability reporting, and announcements in respect of the financial results.
- Ensures that an effective control environment in the Group is maintained.
- Provides the CFO and external auditors with unrestricted access to the committee and its Chairman as is required in relation to any matter falling within the ambit of the committee.
- Meets with the external auditors, senior managers and Executive Directors as the committee may elect.
- Meets confidentially with the external auditors without other executive Board members and the Company's CFO being present.
- Reviews and recommends to the Board the interim financial results and annual financial statements.
- Conducts annual reviews of the Audit and Risk Committee's work plan and terms of reference.
- Assesses the performance and effectiveness of the Audit and Risk Committee and its members on a regular basis.

EXECUTION OF FUNCTIONS

The committee is satisfied that, for the 2018 financial year, it has performed all the functions required to be performed by an Audit and Risk Committee as set out in the Companies Act and the committee's terms of reference as follows:

EXTERNAL AUDIT

The committee among other matters:

- recommended the appointment of Grant Thornton Botswana ("GT") as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ended 30 June 2018, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- nominated the external auditor for each material subsidiary company for appointment;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that their independence was not impaired;

- pre-approved permissible non-audit services performed by the external auditors including taxation services;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- approved non-audit services with GT in accordance with its policy;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the Company and its subsidiaries;
- considered whether any reportable irregularities were identified and reported by the external auditor to management; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

The committee is satisfied that GT is independent of the Group after taking the following factors into account:

- representations made by GT to the committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the Company;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditors' independence was not prejudiced as a result of any previous appointment as auditor; and
- the criteria specified for independence by the Botswana Accountancy Oversight Authority ("BAOA").

INTERNAL AUDIT

The Group has not appointed an internal audit function at this early stage of the Group's development.

INTERNAL CONTROLS

The committee reviewed the plans and work outputs of the external auditors and concluded that these were adequate to address all significant financial risks the business may face. As noted above, it also reviewed the reporting around the adequacy of the internal controls and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

SIGNIFICANT AREAS OF JUDGEMENT

In arriving at the figures disclosed in the financial statements there are certain areas where judgement is needed. These are outlined in Note 2 to the annual financial statements. The Audit and Risk Committee has assessed the quantum of the assets and liabilities on the statements of financial position and other items that require significant judgement.

RISK MANAGEMENT AND INFORMATION TECHNOLOGY ("IT") GOVERNANCE

The committee has requested the Group to establish policies on risk assessment and risk management, including fraud risks and IT risks as these pertain to financial reporting and the going concern assessment.

INTEGRATED ANNUAL REPORT

Following the review by the committee of the consolidated annual financial statements of Minergy for the year ended 30 June 2018, the committee is of the view that in all material aspects they comply with the relevant provisions of International Financial Reporting Standards and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended. The committee has also satisfied itself of the integrity of the Integrated Annual Report and the sustainability of information reported therein.

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT FOR APPROVAL BY THE BOARD

Having achieved its objectives, the committee has recommended the annual financial statements and the Integrated Annual Report for the year ended 30 June 2018 for approval to the Board. The Board has subsequently approved the report, which will be open for discussion at the forthcoming AGM.

Mokwena Morulane
Chairman of the Audit and Risk Committee

Remuneration and nominations committee report

The committee is pleased to present its report for the financial year ended 30 June 2018.

The Remuneration and Nominations Committee has adopted formal terms of reference in the form of a charter, which has been approved by the Board. The charter sets out the committee's duties and responsibilities as delegated to it by the Board of the Company, in order for the Company and the Board to fulfil its duties in terms of the Companies Act and other applicable legislative requirements, and incorporates additional duties delegated to it by the Board that the Board considers enhances its performance.

The committee will in the ensuing year update the terms of reference with respect to the requirements of King IV where applicable.

REMUNERATION PHILOSOPHY

The remuneration philosophy, approved by the Board, applies to all Group operations and is reflected in the Company's Remuneration Policy, which was adopted by the Board during the year. It is the Group's philosophy to:

- appropriately compensate employees for the services they provide the Company;
- attract and retain employees with skills required to effectively manage the operations and growth of the business; and
- motivate employees to perform in the best interests of the Company and its stakeholders.

PURPOSE OF THE COMMITTEE

The committee's role is to assist the Board to achieve its objective to ensure that:

a. the Company's remuneration policies, practices and procedures:

- are aligned with the Company's business strategy, overall objectives and market practice;
- motivates executives to pursue the Company's medium- to long-term growth;
- demonstrates a clear relationship between the Company's performance and performance of executives; and
- align the interests of executives with the creation of value for shareholders;

b. the Company has a Board of an effective composition, skills matrix, diversity, size and commitment to adequately discharge its responsibilities and duties.

Due to the current size and exploration and development status of the Group's projects, the Board decided to combine the Remuneration and Nominations Committees into one committee.

MEMBERS OF THE COMMITTEE AND MEETING ATTENDANCE

NAME	28 NOV 2017	5 JUN 2018
Chairman		
Claude de Bruin	✓	✓
Members		
Mokwena Morulane	✓	✓
Leutlwetse Tumelo	✓	✓

The CEO and the CFO have a standing invitation to attend all committee meetings.

REMUNERATION STRUCTURES

Currently, and during the project exploration and development phase of the Group, remuneration comprises fixed remuneration.

The Group is in the process of finalising various employee benefits and retirement funding options which will be implemented as soon as the Company becomes operational.

No fixed short-term incentives have been added to remuneration at this early stage, but the Group is investigating various models for implementation closer to production. At the end of a very busy 2017 calendar year, payment of half a 13th cheque requested by the CEO was recommended by the committee and approved by the Board for the financial year in order to motivate the team.

The committee has recommended, and the Board has approved, the 2017 Share Option Plan, which was ratified by shareholders at the AGM held on 7 December 2017. The objective of the Share Option Plan is to provide Minergy and its subsidiaries, present and future, with the means to encourage, attract, retain and motivate stakeholders, specifically with respect to the Masama Coal Project. The Share Option Plan will incentivise group team members and service providers through share options to purchase ordinary shares in Minergy's share capital, giving them an ongoing interest in Minergy.

The salient features of the approved Share Option Plan are:

- maximum shares subject to 2017 Share Option Plan may not exceed 50 000 000 shares;
- maximum number of ordinary shares which may be issued at any time to any one Service Provider or Insider may not exceed 10 000 000 shares;
- each option granted shall represent the right to purchase one Ordinary Share in the Company;
- the exercise price shall be P1 per share;
- options shall not have a term exceeding 10 years after allotment;
- options granted shall vest as follows:

i. 25% on granting of a Mining License to the Masama Coal Project before 30 September 2018 ("Tranche 1");
ii. 35% upon the Masama Coal Project reaching steady state production of 40 000 saleable tonnes of coal per month before 31 March 2019 ("Tranche 2"); and
iii. 40% upon there being three consecutive 6 monthly reporting periods of operating profits from Masama Coal Project before 31 December 2020 ("Tranche 3").

› options are exercisable within the following periods after having vested, in whole or in part and from time to time, by payment in full for the resultant ordinary shares purchased by the participant at the time of exercise:
i. Tranche 1 — 24 months after vesting;
ii. Tranche 2 — 18 months after vesting; and
iii. Tranche 3 — 12 months after vesting.

Subsequent to year end, the Mining License 2018/9L was awarded to the subsidiary, which implies that Tranche 1 of the Option Plan is effective.

A formal Share Trading Policy has been approved by the Board and has been implemented on adoption by the Remuneration and Nominations Committee. The Share Trading Policy includes various provisions that regulate the share dealings of Directors and ensures disclosures are made as required by the BSE Listings Requirements. The Share Trading Policy prohibits dealing in the Company's shares by Directors, officers and other selected employees from the end of each reporting period to the date of announcement of the financial results or in any other period when Directors and senior management could be in possession of price sensitive information. Prior clearance from the CEO is required prior to any share dealings by Directors and if the CEO wishes to trade in his shares, clearance must first be obtained from the Board.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Remuneration for Non-executive Directors for the year ended 30 June 2018, was as set out below:

Name	**2018 (Pula)**	2017 (Pula)
Mokwena Morulane	**107 760**	26 052
Leutlwetse Tumelo	**68 640**	18 486
Claude de Bruin	**78 720**	15 840

The general increase in remuneration for Non-executive Directors is purely a function of a full year of activity and attendances compared to limited meetings for the six months of the 2017 year.

In addition to the above sitting fees, Mr de Bruin was also paid P1 596 000 (2017: P230 000) with respect to consulting services to the Company.

Prescribed fees for the year paid was based on the following:

Name	**2018 (Pula)**	2017 (Pula)
Chairman of the Board	**12 840**	12 840
Board member	**6 240**	6 240
Chairman of a governance committee	**9 600**	9 600
Member of a governance committee	**6 240**	6 240

These fees were approved at the AGM held on 7 December 2017.

Recommended fees for the financial year 2018/19 to be presented at the 2018 AGM are as follows:

Name	**2018/19 (Pula)**
Chairman of the Board	**13 400**
Board member	**6 500**
Chairman of a governance committee	**10 000**
Member of a governance committee	**6 500**

The increase rates, if approved at the AGM, will only be effective from March 2019.

EXECUTIVE DIRECTORS' REMUNERATION

The remuneration for Executive Directors for the year ended 30 June 2018, as set out below:

Name	**2018 (Pula)**	2017 (Pula)
Andre Boje	**1 942 381**	650 000
Morné du Plessis	**1 792 967**	600 000
Claude de Bruin	**Nil**	360 000*

* *Before the Company listed on 27 April 2017, Mr de Bruin was employed as an Executive Director. After the Company listing with the Group in its current structure, by mutual agreement, he resigned as an Executive Director and was elected as a Non-executive Director, Chairman of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee.*

No benefits other than statutory benefits were paid during the financial year and the salaries represent a cash-based basic salary.

However, statutory severance benefits have been calculated and provided and included in remuneration for the reported financial year.

Claude de Bruin
Chairman of the Remuneration and Nominations Committee

Social and ethics committee report

The committee was only established and approved by the Board on 5 June 2018 and resultantly no report is presented with this Integrated Annual report.

MEMBERS OF THE COMMITTEE

NAME
Chairman
Leutlwetse Tumelo
Members
Mokwena Morulane
John Astrup

The objectives of the committee broadly will include:

- Social and economic development
- Good corporate citizenship
- The environment, health and public safety, including the impact of the Company's activities and of its products or services
- Consumer relationships, including the Company's policies and record relating to advertising, public relations and compliance with consumer protection laws
- Labour and employment matters
- Management of the ethics performance of the Group

Leutlwetse Tumelo
Chairman of the Social and Ethics Committee

King IV summary

PRINCIPLE	EXPLANATION
1. The governing body should lead ethically and effectively.	The Board of Directors of Minergy hold one another accountable for decision-making and ethical behaviour. The Chairman of the Board oversees this on an ongoing basis.
2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Minergy subscribes to ethical behaviour and encourages ethical standards. The newly established Social and Ethics Committee monitor and manage the ethics of the Group.
3. The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board has responsibility for monitoring the overall responsible corporate citizenship performance of the Group. Minergy is planning to support various initiatives within the planned mining and surrounding areas. The Social and Ethics Committee has been tasked with managing this important principle.
4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The Company's ability to create value in a sustainable manner is illustrated throughout its business model. The Audit and Risk Committee has been tasked to assist the Board with the governance of risk and to monitor risks and to ensure the implementation of various mitigating controls. This responsibility is contained in the Audit and Risk Committee terms of reference.
5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	The Group's Integrated Report provides an assessment of its performance, measured against its objectives.
6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The Board is the focal point and custodian of corporate governance within the Group. Further aspects of governance are addressed with greater impetus through the established Board sub-committees i.e. Audit and Risk, Remuneration and Nominations as well as Social and Ethics Committee.
7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The Board and its sub-committees will consider on an annual basis, its composition in terms of balance of skills, experience, diversity, independence and knowledge and whether this enables it to effectively discharge its role and responsibilities. The Board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities. Through annual self-assessment of the Board and its sub-committees, the knowledge and skills set will be evaluated and improved where required. Furthermore, where necessary the subject matter experts are available for matters requiring specialised guidance.

PRINCIPLE	EXPLANATION
8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	The Board and its sub-committees comply with the requirements in terms of King IV. There is a clear balance of power to ensure that no individual/s have undue decision-making powers. The Audit and Risk Committee is satisfied that the auditor is independent, and the audit firm has been appointed with the designated audit partner having oversight of the audit. The CFO oversees the finance function. An assessment of the effectiveness of the CFO's performance is conducted annually by the Audit and Risk Committee.
9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The Board and all sub-committees' terms of reference will include the onus of annual assessments. Assessments of the performance of the Board, its subcommittees will be conducted annually by way of internal evaluation processes.
10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	A detailed Delegation of Authority policy and framework indicate matters reserved for the Board and senior management. The Board is satisfied that the Group is appropriately resourced for the time being and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.
11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Audit and Risk Committee assists the Board with the governance of risk. The Board is aware of the importance of risk management as it is linked to the strategy, performance and sustainability of the Group. The Audit and Risk Committee has been tasked to implement processes by which the risks to the sustainability of the business are identified and managed within acceptable parameters. The Audit and Risk Committee delegates to management to continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are to be put in place to address these risks which are monitored on a continuous basis.
12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Board, together with the Audit and Risk Committee, will oversee the governance of information technology. The Board is aware of the importance of technology and information in relation to the Group's strategy.
13. The governing body should govern compliance with applicable laws and adopt, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.	The Board will through the Social and Ethics Committee, monitor compliance with the various regulations the Group is subject to. There are no material penalties, sanctions or fines for contraventions of, or non-compliance with, regulatory obligations.

PRINCIPLE	EXPLANATION
14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in short, medium and long term.	The Board, assisted by the Remuneration and Nominations Committee ensures that staff are remunerated fairly, responsibly, transparently and in line with industry standards so as to promote the creation of value in a sustainable manner. This responsibility is contained in the terms of reference of the Remuneration and Nominations Committee.
15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making. This responsibility is contained in the charter of the Audit and Risk Committee.
16. In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Various stakeholder groups have been identified and the Board balances their legitimate and reasonable needs, interests and expectations.
17. The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	N/A — Minergy is not an institutional investor.

Sustainability at Minergy

Minergy has a defined sustainability strategy, which has clear imperatives, goals, priority areas and targets to enable the Company to meet the respective legislative requirements in Botswana. Minergy's strategic framework focuses on the following elements below:

LABOUR

Since Minergy is still in the exploration stage and the mine only recently started developing, staff numbers remain low and are limited to a current complement of seven (2017: 6) in the head office structure. Post the financial year-end a SHE and Project Manager were appointed as the permanent staff members.

Our philosophy is to employ Botswana residents as far as this is possible. If skills are not available, then resources will be sought from outside of Botswana.

Minergy has a strong drive to transfer skills so that trained skills remain in Botswana. This will also apply to the contractors that Minergy appoints. Minergy plans to start production at the Masama Coal Project from the first quarter of 2019.

During the start-up phase, where the Company plans to produce 1.2 million tonnes of coal, we foresee that approximately 200 employees will be required. As production ramps up to 3.2 million tonnes, this will increase to around 300 – 400 employees. This reflects total mine employees and includes those employed directly by Minergy Coal, as well as employees appointed by contractors.

As at September 2018, 57 out of a total of 62 employees at the mine, are Botswana citizens.

Minergy opened a labour office in Lentsweletau in October 2018, whereby a skills audit of potential employees from the surrounding villages was conducted. As far as possible, employees will be recruited from within Botswana.

TRAINING

An integrated Human Resources Development Programme ("HRD") is being formulated that will seek to maximise the productive potential of people involved with the Masama Colliery operation, through:

- formulating and implementing a skills development plan;
- developing and implementing a career progression plan;
- formulating and implementing a mentorship plan; and
- developing and implementing internship and bursary plans.

Detailed plans are being compiled for the above-mentioned activities. A socio-economic and skills survey has also been completed in the region around the mine site to collect baseline information on the characteristics, profiles, and demographics of potential employees. This study will form the basis for the implementation of the HRD.

SAFETY, HEALTH AND ENVIRONMENT

Minergy has developed a SHEQ Management System, which details our management policies, processes and procedures. Our goal regarding safety once we are in the construction and operational stage is to:

Become a leader in workplace safety by creating a safe working environment for our employees which will result in eliminating injuries and fatalities.

In August 2018 a SHEQ Manager was appointed, who works out of the Medie regional office.

Safety

Health

Environment

Community

Our People

Governance

To date several health and safety briefings and training sessions have been undertaken. We have also reached out to the people in Lentsweletau and Medie to ensure that they are aware of safety issues and that Minergy cares for the health of the people, as well as the animals in and around the village areas.

Minergy is proud to report that there has been no reportable accidents or injuries resulting from activities during and post the financial year.

HEALTH

Minergy will strive to become a leader in the protection of our employees' health and the community's well-being.

There is currently a health post in Medie that Minergy would like to support to enable it to become a fully-fledged clinic. This will be hugely beneficial to the village as well as to the people we employ at the mine site.

One important aspect of improving the site is for the clinic to have access to power. We are therefore pleased to report that a plan has been approved by the Minergy Board of Directors and, in collaboration with Botswana Power Corporation, the school and clinic in Medie should have access to power by the end of 2018.

PROCUREMENT

Minergy will give preference to the maximum extent possible and consistent with safety, efficiency, service or product quality and price, to procure products and materials made in Botswana. Records of such will be kept and a monthly procurement report will be submitted to the Managing Director.

ETHICS

Minergy is committed to high standards of honesty, integrity, behaviour and ethics in dealing with all stakeholders. The Social and Ethics committee has overall responsibility for monitoring the application of best practice with regards to the Company's commitment to, governance of, and reporting on sustainable development performance.

SOCIAL RESPONSIBILITY

Minergy is a socially responsible company and will adhere to all compliance principles and guidelines. As such, Minergy has studies and guidelines in place for:

- **NOISE POLLUTION**
- **DUST** (AIR QUALITY)
- **WATER** (HYDRO CENSUS, GROUND AND SURFACE WATER BASELINE DATA AND MODELLING)
- **WASTE MANAGEMENT**
- **ARCHAEOLOGY**
- **FLORA AND FAUNA SURVEYS AND BIODIVERSITY MANAGEMENT PLANS**
- **SOCIAL IMPACT STUDIES ON THE NINE VILLAGES SURROUNDING THE PROJECT**
- **TRAFFIC MANAGEMENT**
- **SOILS BASELINE STUDY**
- **HEALTH AND SAFETY**

Corporate social investment and community development

Minergy has a Corporate Social Investment plan in place. This includes inter alia upgrading the clinic in Medie, aiding the school, as well as upgrading the roads used to access the mine.

MEDIE PRIMARY SCHOOL

During the year under review, Minergy's involvement at the school included financial assistance towards prizes for pupils in acknowledgement of outstanding achievements. Minergy further assisted with funds for educational material required by the teachers in the form of teaching aids.

Looking forward Minergy plans to be involved in assisting the school with remote satellite Wi-Fi for general communication and to enable teachers to download valuable teaching material. Minergy will also assist with educational tools such as iPads to enhance the learning experience.

ACCESS ROADS

Minergy has agreed to assist the Department of Roads to maintain the road between Lentsweletau and Medie. This includes assistance in grading of the gravel roads and ensuring suitable run-off areas for water. Since the roads are now in a good condition, travel time between the two towns is substantially reduced.

COMMUNITY RELATIONS

Community relations are critically important to Minergy. Much time is spent in consultation with community leaders, and management attends village meetings if invited.

RENTAL OF PROPERTIES

Minergy and mine contractors are renting properties in both villages from the Village District Committees. This includes both office space and accommodation. These rental properties have been refurbished and upgraded and this will enhance the community by way of the monthly rental income received, as well as by having assets that have been upgraded and are well-maintained.

UPGRADE OF MEDIE COMMUNITY HALL

Minergy has upgraded the community hall in the village which is now being used as a regional office for the Company.

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Shareholder information

Interaction with shareholders

Minergy maintains an open investor relations approach and dialogue with key financial audiences including institutional and private shareholders as well as analysts.

An Investor Relations consultancy has been appointed that disseminates information to the market, and shareholders are encouraged to contact Minergy management or the consultancy, Keyter Rech Investor Solutions, directly for additional information.

The Group adopts a proactive and open attitude to the timely dissemination of appropriate information to stakeholders and shareholders alike through print, electronic news releases, the Company's website and the statutory publication of the Group's financial performance through both the BSE and local Botswana newspapers.

Minergy has and will continue to host regular shareholder briefings in Botswana in which the results, developments, strategy, prospects and the operating environment are discussed. Site visits will be undertaken when the mine is operational. The website provides the latest and historical financial information, including the prospectus, as well as information on the management of the Group and the operations. Shareholders are encouraged to attend the AGM, notice of which is contained in this Integrated Annual Report, where shareholders will have the opportunity to put questions to the Board and management.

SHAREHOLDERS' DIARY

AGM	11 December 2018
Interim period-end	31 December 2018
Interim results	March 2019
Year-end	30 June 2019
Final results	September 2019

Shareholder analysis

as at 30 June 2018

Company	Minergy Limited
Register date	30 June 2018
Issued share capital	405 973 065

SHAREHOLDER SPREAD

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	261	59.73	113 970	0.03
1 001 – 10 000 shares	126	28.83	675 507	0.17
10 001 – 100 000 shares	31	7.09	997 284	0.25
100 001 – 1 000 000 shares	10	2.29	2 970 394	0.73
1 000 001 shares and over	9	2.06	401 215 910	98.83
Total	**437**	**100.00**	**405 973 065**	**100.00**

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Banks/brokers	2	0.46	149 772	0.04
Endowment funds	1	0.23	294 845	0.07
Managed funds	6	1.37	1 225 623	0.30
Other corporations	1	0.23	1 000	0.00
Private companies	5	1.14	227 607 077	56.06
Retail investors	411	94.05	31 612 368	7.79
Retirement funds	10	2.29	145 082 280	35.74
Trusts	1	0.23	100	0.00
Total	**437**	**100.00**	**405 973 065**	**100.00**

PUBLIC/NON-PUBLIC SHAREHOLDERS

Shareholder type	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	**5**	**1.14**	**257 501 000**	**63.43**
Directors and associates (direct)	4	0.92	30 001 000	7.39
Energy Mineral Resources & Mining Limited (BVI)	1	0.23	227 500 000	56.04
Directors and associates (indirect)			87 433 213	21.54
Others			140 066 787	34.50
Public shareholders	**432**	**98.86**	**148 472 065**	**36.57**
African Alliance Botswana Limited	1	0.23	75 000 000	18.47
Allan Gray Botswana (Pty) Ltd	1	0.23	64 418 014	15.87
Managed and retirement funds through fund managers	15	3.43	7 334 506	1.81
Individuals	415	94.97	1 719 549	0.42
Total	**437**	**100.00**	**405 973 065**	**100.00**

BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE

	Number of shares	% of issued capital
Energy Mineral Resources & Mining Limited (BVI)	227 500 000	56.04
Botswana Public Officers Pension Fund	139 418 010	34.34
Boje, AR	15 000 000	3.69
Total	**381 918 010**	**94.07**

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Group annual financial statements

Directors' responsibilities and approval

The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group and the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"). The external auditors are engaged to express an independent opinion on the annual financial statements.

The consolidated and separate financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group's cash flow forecast for the year end 30 June 2019 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Refer to the Directors' report for further detail.

The external auditors are responsible for the independently auditing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on pages 50 and 51.

The annual financial statements set out on pages 52 to 71, which have been prepared on the going concern basis, were approved by the Board of Directors on 10 September 2018 and were signed on its behalf by:

Andre Boje
Chief Executive Officer

Morné du Plessis
Chief Financial Officer

Directors' report

The Directors have pleasure in submitting their report on the consolidated annual financial statements for the year ended 30 June 2018.

NATURE OF BUSINESS

Minergy Limited ("Minergy" or "the Company") is an investment holding company. Its principal subsidiary holds Mining License 2018/9L (for coal and coal-bed methane) and is invested in the exploration, development, mining and trading of thermal coal. The Group is currently working towards the development of its only project, the Masama Coal Mine on the southern edge of the Mmamabula Coalfield in Botswana.

LISTING

The Company has been listed on the BSE Main Board since 27 April 2017. The abbreviated name under which the Company is listed on the BSE is "Minergy" and the Company's Clearing House Code is "MIN."

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated and company annual financial statements have been prepared in accordance with IFRS. The accounting policies have been applied consistently compared to the prior year.

Group attributable loss for the financial year ended 30 June 2018 was P9.818 million (2017: P19.566 million) representing a loss per share of 2.53 thebe (2017: 6.76 thebe). Headline loss per share was 2.53 thebe (2017: 6.76 thebe).

The Group raised P27 million via a specific issue of shares during the year. The cash was utilised to finance operational expenditures and further exploration and evaluation of the Masama Coal Project covered by the Prospecting Licence.

Full details of the financial position, results of operations and cash flows of the Group and company are set out in these consolidated annual financial statements.

STATED CAPITAL

The following changes were made to the stated capital and number of shares of the Company during the year:

- On 16 November 2017 the Company offered 66 666 667 shares for specific issue of new ordinary shares of the Company for cash, by way of an offer for subscription to selected and qualifying institutional investors, of which the Company issued 29 948 198 shares on 26 January 2018 increasing the stated capital to P114 224 865 before accounting for share issuance costs.

- A resolution was passed by shareholders in the AGM on 7 December 2017 to approve an increase in the stated capital of the Company by P50 000 000 and to issue up to 50 000 000 new ordinary shares upon the exercise of options under the Share Option Plan.

The Group and Company has capitalised P1.44 million of share issuance costs directly attributable to the raising and placing of funds. This has been set off against the stated capital raised in line with accepted accounting practice.

Refer to Note 10 of the annual financial statements for the movement in issued share capital.

At 30 June 2018 the number of ordinary shares in issue and the weighted average number of shares was 405 973 065 (2017: 376 024 876) and 388 742 595 (2017: 289 255 288), respectively.

SHARE OPTION PLAN

Shareholders approved the 2017 Share Option Plan on 7 December 2017 at the AGM.

The purpose of this 2017 Share Option Plan is to provide Minergy Limited and its subsidiaries, present and future (collectively "the Company"), with the means to encourage, attract, retain and motivate Service Providers and Insiders specifically in respect of the Masama Coal Project by granting such Service Providers and Insiders share options to purchase ordinary shares in Minergy's share capital thereby giving them an ongoing proprietary interest in Minergy.

Salient features of the Share Option Plan include:

- maximum share subject to 2017 Share Option Plan may not exceed 50 000 000 shares;
- maximum number of ordinary shares which may be issued at any time to any one Service Provider or Insider may not exceed 10 000 000 shares;
- each option granted shall represent the right to purchase one Ordinary Share in the Company;
- the exercise price shall be P1 per share;
- options shall not have a term exceeding ten years after allotment;
- options granted shall vest as follows:
  - (i) 25% on granting of a Mining License to the Masama Coal Project before 30 September 2018 ("Tranche 1");
  - (ii) 35% upon the Masama Coal Project reaching steady state production of 40 000 saleable tonnes of coal per month before 31 March 2019 ("Tranche 2"); and
  - (iii) 40% upon there being three consecutive 6 monthly reporting periods of operating profits from the Masama Coal Project before 31 December 2020 ("Tranche 3").
- options are exercisable within the following periods after having vested, in whole or in part and from time to time, by payment in full for the resultant ordinary shares purchased by the participant at the time of exercise:
  - (i) Tranche 1 — 24 months after vesting;
  - (ii) Tranche 2 — 18 months after vesting; and
  - (iii) Tranche 3 — 12 months after vesting.

Subsequent to year end, see item 10 in the Directors' report, the Mining License 2018/9L was awarded to the subsidiary, which implies that Tranche 1 of the option plan is effective.

DIRECTORATE

The Directors in office at the date of this report are as follows:

DIRECTORS	NATIONALITY	OFFICE	DESIGNATION
Mokwena Morulane	Botswana	Chairman	Independent non-executive
Andre Russel Boje	South Africa	Chief Executive Officer	Executive
Morné du Plessis	South Africa	Chief Financial Officer	Executive
Claude de Bruin	New Zealand		Non-executive
Leutlwetse Tumelo	Botswana		Non-executive

DIRECTORS' INTEREST IN SHARES

At 30 June 2018, the Directors of the Company during the year held direct and indirect interests in 69 384 265 of the Company's issued ordinary shares (2017: 65 425 013). Details of shares held per individual Director are listed below:

Shares	Direct beneficial	Indirect beneficial	Direct non– beneficial	Indirect non–beneficial	Total	%
2018						
Executive Directors						
Andre Boje	**15 000 000**	**—**	**—**	**—**	**15 000 000**	**3.69**
Morné du Plessis	**10 000 000**	**—**	**—**	**—**	**10 000 000**	**2.46**
	25 000 000	**—**	**—**	**—**	**25 000 000**	**6.16**
Non-executive Directors						
Claude de Bruin		**43 048 948**			**43 048 948**	**10.60**
Leutlwetse Tumelo		**1 335 317**			**1 335 317**	**0.33**
	—	**44 384 265**	**—**	**—**	**44 384 265**	**10.93**
Total Executive and Non-executive Directors' interest	**25 000 000**	**44 384 265**	**—**	**—**	**69 384 265**	**17.09**

Shares	Direct beneficial	Indirect beneficial	Direct non– beneficial	Indirect non–beneficial	Total	%
2017						
Executive Directors						
Andre Boje	**15 000 000**	–	–	–	15 000 000	3.99
Morné du Plessis	10 000 000	–	–	–	10 000 000	2.66
	25 000 000	–	–	–	25 000 000	6.65
Non-executive Directors						
Claude de Bruin		39 746 880			39 746 880	10.57
Leutlwetse Tumelo		678 133			678 133	0.18
	–	40 425 013	–	–	40 425 013	10.75
Total Executive and Non-executive Directors' interest	25 000 000	40 425 013	–	–	65 425 013	17.40

BORROWING POWERS

The Directors may raise or borrow for the purposes of the business of the Company and/or its subsidiaries, such sum or sums of money as in aggregate at any time do not exceed half of the fair market value of the assets of the Company, or such higher limit as the shareholders may, by Ordinary Resolution, in a General Meeting determine.

SPECIAL RESOLUTIONS

The following special resolutions were passed for the reporting period:

- increase in stated capital for the issue of shares in terms of the 2017 Share Option Plan
- the unissued shares in terms of the Share Option Plan be placed under the control of the Directors
- until the next AGM of the Company, shares representing up to 10% (in aggregate) of the issued ordinary shares of the Company for cash, are placed under the control of the Directors for issue and the stated capital of the Company will be increased by the equivalent Pula value.

EVENTS AFTER THE REPORTING PERIOD

The subsidiary, Minergy Coal (Pty) Ltd was granted a Mining License 2018/9L by the Ministry of Mineral Resources, Green Technology and Energy Security in Botswana on 27 August 2018 after it received authorisation of the Environmental Impact Statement ("EIS") by the DEA on 20 August 2018.

Other than the abovementioned the Directors are not aware of any material subsequent events as at the date of the report.

GOING CONCERN

The granting of the aforementioned mining license to Minergy Coal (Pty) Ltd substantially reduces the risk for any potential investors and provides the vital key to ensuring project viability, substantially underpinning the investment case.

The Group currently has sufficient cash resources to progress the evaluation and early development of its coal project in Botswana. However, as the Group does not generate any other operating cash flows, additional funding will be required to complete development activities and bring the project into production.

The Group's ability to continue as a going concern in the longer term is therefore dependent upon obtaining additional equity and/or debt financing. There is however no guarantee that further funding will be obtained on favourable terms or at all.

The Directors are of the opinion that the prospects of securing additional funding are positive and therefore the consolidated financial statements for the year ended 30 June 2018 have been prepared on a going concern basis.

AUDITORS

Grant Thornton Botswana has been appointed as auditors for the Company and its subsidiaries for 2018 financial year.

COMPANY SECRETARY

The company secretary is Desert Secretarial Services (Pty) Ltd.

Postal address	P O Box 211008 Bontleng, Gaborone Botswana
Business address	Deloitte House, Plot 64518 Fairgrounds Office Park Gaborone Botswana

DETAILS OF SUBSIDIARIES

Details of the Group's interests in its subsidiaries are set out in Note 6 of the consolidated annual financial statements.

Independent auditor's report

To the shareholders of Minergy Limited

OPINION

We have audited the consolidated and separate annual financial statements of Minergy Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 46 to 71, which comprise the consolidated and separate statement of financial position as at 30 June 2018, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements give a true and fair view of, the consolidated and separate financial position of Minergy Limited as at 30 June, 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated and separate annual financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these audit matters.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
Assessment for impairment indicators for the Group's capitalised mineral exploration asset and for the holding company's related investment in subsidiary. As at year end, 30 June 2018, the Company had an investment in subsidiary of P38.9 million, in its separate financial statements. As at year end, 30 June 2018, Minergy Coal (Proprietary) Limited was in the process of exploring and evaluating its coal project (also referred to as the Masama Project). The project was capitalised at P27.2 million as at year end in line with the Group's accounting policy and IFRS 6 Exploration for and evaluation of mineral resources. In assessing indicators of possible impairment for the Group's mineral exploration and evaluation asset and the Company's investment in subsidiary, the Group considered a number of factors as set out in Notes 5 and 6. The estimation of qualities and quantities of mineral reserves and estimated costs to develop and mine such reserves, contains a significant amount of uncertainty as significant judgement is required to determine whether impairment indicators exist, and the material impact that an impairment could have on the carrying value of the Group's mineral exploration and evaluation asset. The same applies to the assessment of the impairment of the investment in subsidiary of the Company. A high degree of estimation is required to determine the carrying value of the same.	We obtained and inspected the prospecting license (PL 278/2012) for the specified area and license term and noted that it was valid until 30 September 2019. Further, we obtained and inspected the Mining License (2018/9L) awarded subsequent to year end and we noted that the specified area was within the prospecting area. We obtained the Group's updated feasibility study and noted that it indicated positive results as supported by geological studies performed by qualified and competent persons qualified to sign off on mineral resource and reserve estimates. We assessed the independence and competency of the external experts utilised by management. We inspected independent market information, which indicated that the market capitalisation of Minergy Limited on the BSE exceeded the net asset value of the Group (including capitalised exploration and evaluation expenditure) and Company (including investment in subsidiary) at both 30 June 2018 and 3 September 2018. While conducting the abovementioned tests, nothing has come to our attention to indicate the possibility of impairment of the Company's the investment in subsidiary and the Group's exploration and evaluation asset.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiaries or business activities within the Group to express an opinion on the consolidated and separate annual financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

GRANT THORNTON

Chartered Accountants

Acumen Park, Plot 50370, Fairgrounds, Gaborone; PO Box 1157, Gaborone, Botswana

Certified Auditor: Mr Aswin Vaidyanathan: 19980110

Certified Auditor of Public Interest Entity

Certificate Number: CAP 0016 2018

Directors: Jayaraman Ramesh (Chairman), Kalyanaraman Vijay (Managing)*, Dinesh Mallan (Deputy Managing)*, Aswin Vaidyanathan*, Madhavan Venkatachary*, Narayanaswamy Narasimhan*, Anthony Quashie, Sunny Mulakulam* (* Indian)

ACN-123 License Number-Botswana Accountancy Oversight Authority registration number: FAP 005 2016 (Audit Firm of Public Interest Entity) Botswana Institute of Chartered Accountants Membership number: MeFBW11013 (Audit and Non-Audit)

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10 September 2018

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Statements of financial position

as at 30 June 2018

Figures in Pula	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
ASSETS					
Non-current assets					
Property, plant and equipment	4	**1 918 090**	654 915	**30 541**	27 076
Mineral exploration and evaluation expenditure	5	**27 272 920**	20 198 869	**—**	—
Investment in subsidiary	6	**—**	—	**38 922 533**	23 989 610
Deferred tax assets	7	**6 660 454**	—	**4 414 526**	—
		35 851 464	20 853 784	**43 367 600**	24 016 686
Current assets					
Trade and other receivables	8	**404 011**	486 066	**215 369**	85 437
Cash and cash equivalents	9	**55 891 338**	54 171 748	**55 877 208**	54 112 846
		56 295 349	54 657 814	**56 092 577**	54 198 283
Total assets		**92 146 813**	75 511 598	**99 460 177**	78 214 969
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	10	**109 779 735**	84 266 725	**109 779 735**	84 266 725
Accumulated loss		**(19 327 743)**	(9 509 378)	**(11 205 557)**	(6 477 379)
Share-based payment reserve	11	**—**	—	**—**	—
Equity attributable to owners of the parent		**90 451 992**	74 757 347	**98 574 178**	77 789 346
Total equity		**90 451 992**	74 757 347	**98 574 178**	77 789 346
Current liabilities					
Trade and other payables	12	**1 694 821**	754 251	**885 999**	425 623
		1 694 821	754 251	**885 999**	425 623
Total liabilities		**1 694 821**	754 251	**885 999**	425 623
Total equity and liabilities		**92 146 813**	75 511 598	**99 460 177**	78 214 969

Statements of comprehensive income

for the year ended 30 June 2018

Figures in Pula	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Revenue		**—**	—	**—**	—
Cost of sales		**—**	—	**—**	—
Gross profit		**—**	—	**—**	—
Other income	15	**—**	19 483	**—**	—
Operating expenses		**(18 077 019)**	(19 879 786)	**(10 740 904)**	(16 828 583)
Operating loss	16	**(18 077 019)**	(19 860 303)	**(10 740 904)**	(16 828 583)
Finance income	17	**1 598 248**	294 504	**1 598 248**	294 504
Finance costs	18	**(48)**	(323)	**(48)**	(44)
Loss before income tax		**(16 478 819)**	(19 566 122)	**(9 142 704)**	(16 534 123)
Income tax	19	**6 660 454**	—	**4 414 526**	—
Loss for the year		**(9 818 365)**	(19 566 122)	**(4 728 178)**	(16 534 123)
Other comprehensive income for the year		**—**	—	**—**	—
Total comprehensive loss for the year		**(9 818 365)**	(19 566 122)	**(4 728 178)**	(16 534 123)
Total comprehensive loss attributable to:					
Owners of the parent		**(9 818 365)**	(19 566 122)		
Non-controlling interest		**—**	—		
		(9 818 365)	(19 566 122)		
Loss per share (thebe)	20	**(2.53)**	(6.76)		
Diluted loss per share (thebe)	20	**(2.53)**	(6.76)		

Statements of changes in equity

for the year ended 30 June 2018

Figures in Pula	Stated capital	Accumulated loss	Share-based payment reserve	Total equity
GROUP				
Balance at 1 July 2016	15 263 287	—	—	15 263 287
Total comprehensive loss	—	(19 566 122)	—	(19 566 122)
Transactions — owners in their capacity as owners of equity				
Subscription for shares	72 008 200	—	—	72 008 200
Share issuance costs on subscription	(3 004 762)	—	—	(3 004 762)
Share-based payment expense	—	10 056 744	—	10 056 744
Balance at 1 July 2017	**84 266 725**	**(9 509 378)**	**—**	**74 757 347**
Total comprehensive loss	**—**	**(9 818 365)**	**—**	**(9 818 365)**
Transactions — owners in their capacity as owners of equity				
Subscription for shares	**26 953 378**	**—**	**—**	**26 953 378**
Share issuance costs on subscription	**(1 440 368)**	**—**	**—**	**(1 440 368)**
Share-based payment expense	**—**	**—**	**—**	**—**
Balance at 30 June 2018	**109 779 735**	**(19 327 743)**	**—**	**90 451 992**
	Note 10		Note 11	
COMPANY				
Balance at 1 July 2016	—	—	—	—
Total comprehensive loss	—	(16 534 123)	—	(16 534 123)
Transactions — owners in their capacity as owners of equity				
Subscription for shares	87 271 487	—	—	87 271 487
Share issuance costs on subscription	(3 004 762)	—	—	(3 004 762)
Share-based payment expense	—	10 056 744	—	10 056 744
Balance at 1 July 2017	**84 266 725**	**(6 477 379)**	**—**	**77 789 346**
Total comprehensive loss	**—**	**(4 728 178)**	**—**	**(4 728 178)**
Transactions — owners in their capacity as owners of equity				
Subscription for shares	**26 953 378**	**—**	**—**	**26 953 378**
Share issuance costs on subscription	**(1 440 368)**	**—**	**—**	**(1 440 368)**
Share-based payment expense	**—**	**—**	**—**	**—**
Balance at 30 June 2018	**109 779 735**	**(11 205 557)**	**—**	**98 574 178**
	Note 10		Note 11	

Statements of cash flows

for the year ended 30 June 2018

Figures in Pula	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Cash flows from operating activities					
Cash generated by operations	21	**(16 877 459)**	(9 497 648)	**(10 398 330)**	(6 428 306)
Finance costs paid	18	**(48)**	(323)	**(48)**	(44)
Net cash used in operating activities		**(16 877 507)**	(9 497 971)	**(10 398 378)**	(6 428 350)
Cash flows from investing activities					
Exploration and evaluation asset expenditure	5	**(7 074 051)**	(4 935 582)	**—**	—
Purchase of property, plant and equipment	4	**(1 440 111)**	(692 641)	**(15 595)**	(30 423)
Increase in investment in subsidiary		**—**	—	**(14 932 924)**	(8 726 323)
Finance income		**1 598 248**	294 504	**1 598 248**	294 504
Net cash utilised in investing activities		**(6 915 914)**	(5 333 719)	**(13 350 271)**	(8 462 242)
Cash flows from financing activities					
Proceeds from shares issued	10	**25 513 011**	69 003 438	**25 513 011**	69 003 438
Net cash from financing activities		**25 513 011**	69 003 438	**25 513 011**	69 003 438
Total cash movement for the period		**1 719 590**	54 171 748	**1 764 362**	54 112 846
Cash at the beginning of the period		**54 171 748**	—	**54 112 846**	—
Total cash at end of the period	9	**55 891 338**	54 171 748	**55 877 208**	54 112 846

Accounting policies

for the year ended 30 June 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The principal accounting policies applied in the presentation and in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The consolidated and separate financial statements of Minergy Limited at and for the year ended 30 June 2018 comprise those of the Company and its subsidiaries (together referred to as the Group). These have been prepared in accordance with IFRS and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") . The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and presentation currency

Functional and presentation currency items included in the consolidated and separate financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Botswana Pula, which is the Group and Company's functional and presentation currency.

(d) Going concern basis

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realisation of assets and satisfaction of liabilities in the normal course of business. The Group has focussed exclusively on its principal project in Botswana (The Masama Coal Project).

As at 30 June 2018, the Group has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses of P19 327 743, shareholders' equity of P90 451 992 and working capital of P54 600 528.

The Group currently has sufficient cash resources to progress the evaluation and early development of its coal project in Botswana; however, as the Group does not generate any other operating cash flows, additional funding will be required to complete development activities and bring the project into production.

The Group's ability to continue as a going concern in the longer term is therefore dependent upon obtaining additional equity and/or debt financing. There is, however, no guarantee that further funding will be obtained on favourable terms or at all. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern in the longer term.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Group be unable to continue as a going concern. Such adjustments could be material.

The award of the Mining License ML2018/9L to Minergy Coal (Pty) Ltd, as mentioned in the Directors' report, substantially reduces the risk for any potential investors and provides the vital key to ensuring project viability, substantially underpinning the investment case.

The Directors are of the opinion that the prospects of securing additional funding are positive and therefore the consolidated financial statements for the year ended 30 June 2018 have been prepared on a going concern basis.

1.1 CONSOLIDATION

The consolidated financial information includes the financial statements of the Group and its subsidiaries. All financial results are consolidated with similar items on a line by line basis.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to , variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

1.2 INVESTMENT IN SUBSIDIARIES

In the Company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary;
- any funds advanced to or repayments received from the subsidiary on loans granted to the subsidiary as funding for the subsidiary on terms that are not commercial in nature.

1.3 FOREIGN CURRENCY TRANSLATIONS

Items included in the financial statements of each of the Group's entities are measured using the functional currency of the entity.

Transactions in currencies other than the functional currency are initially recorded at the rates of exchange ruling on the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated to the functional currency at the rates prevailing on the reporting date.

Non-monetary items that are measured at fair value, as determined with reference to a foreign currency, are translated to the functional currency at the rates prevailing at the date of the valuation.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All exchange gains and losses are presented in the Statement of Comprehensive Income within operating expenses.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.4 EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Recognition and measurement

Exploration and Evaluation costs are those costs required to find a mineral property and determine technical feasibility and commercial viability. Exploration and Evaluation costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources are commercially viable.

Costs incurred before the Company has obtained the legal right to explore an area are expensed.

Exploration and Evaluation costs relating to the acquisition of, exploration for and development of mineral properties are capitalised and include, but are not restricted to: drilling, trenching, sampling, surveying and gathering exploration data; tunnelling and development, calculation and definition of mineral resource; test work on geology, metallurgy, mining and conducting geological, geophysical, engineering, environmental, marketing and financial studies.

Administration costs that do not relate directly to specific exploration and evaluation activity for capitalised projects are expensed as incurred.

Impairment

All capitalised Exploration and Evaluation expenditures are monitored for indications of impairment.

Indicators of impairment include, but are not limited to:

(a) the period for which the right to explore is less than one year;
(b) further exploration expenditures that are not anticipated;
(c) a decision to discontinue activities in a specific area; and
(d) the existence of sufficient data indicating that the carrying amount of an exploration and evaluation asset is unlikely to be recovered from the development or sale of the asset.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that Exploration and Evaluation assets are not expected to be recovered, they are charged to the consolidated Statement of Comprehensive Income.

Reclassification to property, plant and equipment

Capitalised Exploration and Evaluation costs for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an analysis, capitalised exploration costs are transferred to construction in progress/mine development costs within property, plant and equipment.

Demonstration of technical feasibility and commercial viability generally coincide with a board decision and approval to commence development and construction of a mine. This assessment also includes an assessment of initial development funding required as well as the availability of such funds. In addition, the assessment includes the estimation of projected future operating cash flows based on a detailed mine design plan supporting the extraction and production of established proven and probable reserves and an estimate of mineral resources expected to be converted into reserves in the future and includes initial construction and sustaining capital expenditures.

However, this determination may also be impacted by management's assessment of certain modifying factors including legal, environmental, social and governmental factors. All subsequent expenditures on the development, construction, installation or completion of infrastructure facilities are capitalised as part of mine development/construction in progress within property, plant and equipment.

1.5 PROPERTY, PLANT AND EQUIPMENT

An item of plant and equipment is recognised as an asset when:

- it is probable that the future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost.

Costs includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Plant and equipment is subsequently stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance is charged to the profit and loss account during the financial period in which they are incurred.

The depreciation charge for each year is recognised in profit and loss unless it is included in the carrying amount of another asset.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful lives as follows:

	Average useful life
Furniture and fittings	6 years
Motor vehicles	4 years
Computer equipment and software	3 years
Leasehold improvements	4 years

The residual value and useful life of each asset category are reviewed , and adjusted if appropriate at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/income" in the Statement of Comprehensive Income.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.6 FINANCIAL ASSETS

(a) Classification

The Group classifies its financial assets in the following categories:

› loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets , except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. See Note 13 for details about each type of financial asset.

(b) Recognition and derecognition

Financial assets are recognised on transaction date when the Group becomes a party to the contract and thus obtain rights to receive economic benefits.

Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

Financial assets are stated initially on transaction date at its fair value plus transaction costs that are directly attributable to the acquisition of the asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

(d) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("a loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of the impairment may include indicators that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

1.7 FINANCIAL LIABILITIES

(a) Classification

The Group classifies its financial liabilities in the following categories:

› trade and other payables

(b) Recognition and derecognition

Financial liabilities are recognised on transaction date when the Group becomes a party to the contract and thus has a contractual obligation.

Financial liabilities are derecognised when these contractual obligations are discharged, cancelled or expired.

(c) Measurement

Financial liabilities are stated initially on transaction date at its fair value including transaction costs directly attributable to the transaction.

Financial liabilities are subsequently carried at amortised cost using the effective interest method.

(d) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.8 TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less , they are classified as current assets. If not , they are presented as non-current assets.

Trade and receivables are classified as loans and receivables.

1.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.10 STATED CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.10 STATED CAPITAL AND EQUITY continued

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

1.11 SHARE-BASED PAYMENTS

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or service were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transaction the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably. The value is determined at grant date and not subsequently adjusted.

If the fair value of the goods and services received cannot be estimated reliably, their value and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period, or on a straight-line basis over the vesting period.

If the identifiable consideration received appears to be less than the fair value of the equity instruments granted, this indicates that unidentifiable goods or services has been (or will be) received. The unidentifiable goods or services received (or to be received) are measured as the difference between the fair value of the shares issued and the fair value of any identifiable goods or services received (or to be received).

1.12 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities.

Trade payables are initially recognised at fair value and, are subsequently measured at amortised cost, using the effective interest rate method.

1.13 TAXES

Income tax

Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred tax liabilities are not recognised if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value Added Tax ("VAT")

In terms of legislation the Company cannot register for VAT as the Company is not generating taxable supplies. Consequently any VAT incurred on a purchase of goods and services is not recoverable from the taxation authority. Therefore VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of VAT included.

Commitments and contingencies are disclosed inclusive of the amount of any VAT recoverable from, or payable to, the taxation authority.

Where VAT registration is allowed for subsidiary companies by tax authorities, VAT is not recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of VAT excluded.

1.14 EMPLOYEE BENEFITS

Short-term employee benefits

Remuneration of employees is charged to the income statement. Short-term employee benefits are those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the services have been rendered such as paid vacation leave and sick leave, bonuses and non monetary benefits such as medical aid. These costs are recognised in the period which the service is rendered and are not discounted.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as result of past performance.

Share-based payments

Share-based compensation benefits are provided to Group employees and selected service providers via the approved 2017 Share Option Plan. Information relating to these schemes is set out in Note 11.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.14 EMPLOYEE BENEFITS continued

Employee options

The fair value of options granted under the 2017 Share Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

1.15 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expected economic benefits to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbances is proposed relating to the granting of prospecting and/or mining rights. Such costs arising from prospecting activities and the decommissioning of plant and other site preparation work, discounted to their net present value are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises.

These costs are charged against profits over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

To date, the Group's advancements on its projects have not created any significant disturbance on the land that would yield a material liability.

1.16 FINANCE INCOME

Finance income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Finance income on impaired loans is recognised using the original effective interest rate.

1.17 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the chief executive officer.

There is only one segment relating to expenditure which is prospecting.

1.18 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the following:

- the profit/(loss) attributable to owners of the Company, excluding and costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1.19 COMPARATIVES

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRIC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) SIGNIFICANT ACCOUNTING JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation assets

The Group is in the process of exploring and evaluating its Masama Coal Project in Botswana. The recoverability of project expenditure capitalised as part of exploration and evaluation assets are dependent upon the successful future development of the project, the ability of the Group to obtain necessary financing to complete the development of the project and upon future production or proceeds from the disposition thereof.

Assumptions are used in estimating the Group's reserves and resources that might be extracted from the Group's properties. Judgement is applied in determining when an exploration and evaluation asset demonstrates technical feasibility and commercial viability and transitions to the development stage, requiring reclassification to construction in progress/mine development costs within property, plant and equipment.

Refer to notes 1.4 and 5 for additional information.

Depreciation

The depreciable amount of assets are allocated on a systematic basis over their useful lives. In determining the depreciable amount, management makes assumptions in respect to the residual value of assets based on the expected estimated amount that the entity would currently obtain from disposal of the asset, after deducting the estimated cost of disposal. If an asset is expected to be abandoned the residual value is estimated at zero. In determining the useful life of assets, management considers the expected usage of assets, expected physical wear and tear, legal or similar limits of assets such as mineral rights as well as obsolescence.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Group's ability to utilise the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialisation of mineral reserves. To the extent that management's assessment of the Group's ability to utilise future tax deductions changes, the Group would be required to recognise more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Environmental rehabilitation

The Group's policy with respect to provision for environmental rehabilitation is to record liabilities for statutory, legal, contractual or constructive obligations. To date, the Group's advancements on its projects have not created any significant disturbance on the land that would yield a material liability.

3. STANDARDS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

(A) NEW STANDARDS AND INTERPRETATIONS ADOPTED

The Group has applied the following IFRS and amendments effective for the first time for their annual reporting period commencing 1 July 2016:

NEW STANDARD/AMENDMENT	KEY REQUIREMENT	EFFECTIVE DATE
Amendments to IAS 1: Presentation of financial statements disclosure initiative	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The impact is not expected to be material.	1 January 2016

(B) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below (only changes applicable to the Group have been listed):

NEW STANDARD/AMENDMENT	KEY REQUIREMENT	EFFECTIVE DATE
Amendment to IAS 12: Income taxes Recognition of deferred tax assets for unrealised losses	The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets. The impact is not expected to be material.	Annual periods beginning on or after 1 January 2017
Amendment to IAS 7: Cash flow statements Statement of cash flows on disclosure initiative	In January 2016, the International Accounting Standards Board ("IASB") issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. The impact is not expected to be material.	Annual periods beginning on or after 1 January 2017
Amendments to IFRS 2: Share-based payments clarifying how to account for certain types of share-based payment transactions	This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The Group is currently assessing the impact of this amendment.	Annual periods beginning on or after 1 January 2018
IFRIC 23: Uncertainty over income tax treatments	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting. The Group is currently assessing the impact of this amendment.	Annual periods beginning on or after 1 January 2019

3. STANDARDS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE continued

NEW STANDARD/AMENDMENT	KEY REQUIREMENT	EFFECTIVE DATE
IFRS 9: **Financial Instruments (2009 and 2010)** › Financial liabilities › Derecognition of financial instruments › Financial assets › General hedge accounting	This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Although the standard does not currently impact the Group, its future impact is being assessed.	Annual periods beginning on or after 1 January 2018 (published July 2014)
IFRS 15: **Revenue from contracts with customers**	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. Although the standard does not currently impact the Group, its future impact is being assessed.	Annual periods beginning on or after 1 January 2018 (published May 2014)
Amendment to IFRS 15: **Revenue from contracts with customers**	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. Although the standard does not currently impact the Group, its future impact is being assessed.	Annual periods beginning on or after 1 January 2018 (published April 2016)
IFRS 16: **Leases**	This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases — Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. Although the standard does not currently impact the Group, its future impact is being assessed.	Annual periods beginning on or after 1 January 2019 — earlier application permitted if IFRS 15 is also applied (published January 2016)

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	2018			2017		
Figures in Pula	**Cost**	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	**148 171**	**(36 933)**	**111 238**	98 640	(4 410)	94 230
Computer software	**31 401**	**(9 045)**	**22 356**	15 806	(1 739)	14 067
Motor vehicles	**334 407**	**(104 502)**	**229 905**	334 407	(20 900)	313 507
Furniture and equipment	**359 653**	**(46 295)**	**313 358**	211 925	(8 848)	203 077
IT equipment	**135 018**	**(17 886)**	**117 132**	31 863	(1 829)	30 034
Capital work in progress	**1 124 101**	**—**	**1 124 101**	—	—	—
Total	**1 008 650**	**(214 661)**	**1 918 090**	692 641	(37 726)	654 915

Reconciliation of property, plant and equipment

Figures in Pula	Opening balance	Additions	Disposals	Depreciation	Total
2018					
Leasehold improvements	**94 230**	**49 531**	**—**	**(32 523)**	**111 238**
Computer software	**14 067**	**—**	**—**	**(4 824)**	**9 243**
Motor vehicles	**313 507**	**—**	**—**	**(83 602)**	**229 905**
Furniture and equipment	**203 077**	**147 729**	**—**	**(37 448)**	**313 358**
IT equipment	**30 034**	**118 750**	**—**	**(18 539)**	**130 245**
Capital work in progress	**—**	**1 124 101**	**—**	**—**	**1 124 101**
Total	**654 915**	**1 440 111**	**—**	**(176 936)**	**1 918 090**
2017					
Leasehold improvements	—	98 640	—	(4 410)	94 230
Computer software	—	15 806	—	(1 739)	14 067
Motor vehicles	—	334 407	—	(20 900)	313 507
Furniture and equipment	—	211 925	—	(8 848)	203 077
IT equipment	—	31 863	—	(1 829)	30 034
Total	—	692 641	—	(37 726)	654 915

COMPANY

	2018			2017		
Figures in Pula	**Cost**	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Computer software	**31 401**	**(9 045)**	**22 356**	15 806	(1 739)	14 067
IT equipment	**14 617**	**(6 432)**	**8 185**	14 617	(1 608)	13 009
Total	**46 018**	**(15 477)**	**30 541**	30 423	(3 347)	27 076

Reconciliation of property, plant and equipment

Figures in Pula	Opening balance	Additions	Disposals	Depreciation	Total
2018					
Computer software	**13 009**	**—**	**—**	**(4 824)**	**8 185**
IT equipment	**14 067**	**15 595**	**—**	**(7 306)**	**22 356**
Total	**27 076**	**15 595**	**—**	**(12 130)**	**30 541**
2017					
Computer software	—	14 617	—	(1 608)	13 009
IT equipment	—	15 806	—	(1 739)	14 067
Total	—	30 423	—	(3 347)	27 076

5. MINERAL EXPLORATION AND EVALUATION EXPENDITURE

Mineral exploration and evaluation expenditure is analysed as follows:

	GROUP		COMPANY	
Figures in Pula	**2018**	2017	**2018**	2017
Drilling and related expenditure	**7 340 305**	7 258 621	**—**	—
Geological and geophysical studies	**3 252 917**	3 085 178	**—**	—
Evaluation of technical and commercial viability	**12 178 769**	8 833 851	**—**	—
Miscellaneous project expenditure	**1 352 958**	1 021 219	**—**	—
Infrastructure development	**3 147 971**	—	**—**	—
	27 272 920	20 198 869	**—**	—

5. MINERAL EXPLORATION AND EVALUATION EXPENDITURE continued

IMPAIRMENT ASSESSMENT

In accordance with IFRS 6 (Exploration for and Evaluation of Mineral Resources), and in line with accounting policy 1.4, Capitalised Exploration and Evaluation Expenditure is assessed for impairment when facts or circumstances suggest that the carrying amount may exceed its recoverable amount. The factors listed below were considered and no impairment indicators were identified.

(a) The Company was granted a mining license 2018/9L by the Ministry of Mineral Resources, Green Technology and Energy Security in Botswana on 27 August 2018 after it received authorisation of the EIS by the DEA on 20 August 2018.

(b) Exploration for and evaluation of mineral resources in respect of the project area have produced positive results.

(c) A SAMVAL valuation report produced by an independent third party has confirmed that the project has significant value.

(d) No data exists to indicate that the carrying amount of the capitalised exploration and evaluation expenditure is not likely to be recovered in full from successful development or by sale.

Reconciliation of mineral exploration and evaluation expenditure

Figures in Pula	Opening balance	Additions	Disposals/ impairments	Total
2018				
Drilling and related expenditure	**7 258 621**	**81 684**	**—**	**7 340 305**
Geological and geophysical studies	**3 085 178**	**167 738**	**—**	**3 252 916**
Evaluation of technical and commercial viability	**8 833 851**	**3 344 919**	**—**	**12 178 770**
Miscellaneous project expenditure	**1 021 219**	**331 739**	**—**	**1 352 958**
Infrastructure development	**—**	**3 147 971**	**—**	**3 147 971**
	20 198 869	**7 074 051**	**—**	**27 272 920**
2017				
Drilling and related expenditure	3 179 574	4 079 047	—	7 258 621
Geological and geophysical studies	2 862 299	222 879	—	3 085 178
Evaluation of technical and commercial viability	8 340 778	493 073	—	8 833 851
Miscellaneous project expenditure	880 636	140 583	—	1 021 219
	15 263 287	4 935 582	—	20 198 869

6. INVESTMENT IN SUBSIDIARIES

COMPANY

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries:

Name of company	**% Holding 2018**	% Holding 2017	**Carrying amount 2018**	Carrying amount 2017
Minergy Coal (Pty) Ltd*	**100**	100	**38 922 533**	23 989 610
Minsales (Pty) Ltd**	**100**	100	**—**	—
			38 922 533	23 989 610

** Registered in Botswana — coal exploration, development, mining and trading.*

*** Registered in South Africa — dormant.*

Investments in subsidiaries are represented as follows:

Figures in Pula	Minergy Coal	Minsales	Carrying amount
2018			
Acquisition cost	**15 263 167**	**—**	**15 263 167**
Loan***	**23 659 366**	**—**	**23 659 366**
	38 922 533	**—**	**38 922 533**
2017			
Acquisition cost	15 263 167	—	15 263 167
Loan***	8 726 443	—	8 726 443
	23 989 610	—	23 989 610

**** The loan is interest free, has no fixed terms of repayment and has been subordinated in favour of third party creditors. For accounting purposes, the substance of the loan is deemed to be of an equity nature and is therefore included as part of the investment in subsidiary.*

During the 2017 financial year, an agreement (the "Sale and Purchase Agreement") for purchase and sale of all of the shares and claims, being funding advanced on loan account for the completion of various exploration activities at the Prospecting Licence ("the Claims") of the Minergy Coal (Pty) Ltd (which held the Prospecting Licence) was concluded between Minergy Limited, Minergy Coal (Pty) Ltd and Minergy Mineral Resources.

In terms of the Sale and Purchase Agreement, subject to certain resolutive conditions precedent which included the listing of Minergy Limited on the BSE, Minergy Limited issued 227 500 000 shares to Minergy Mineral Resources as purchase consideration for all of the shares and claims of Minergy Coal (Pty) Ltd.

Also during the 2017 financial year an agreement for the cession of the Claim (the "Cession") was concluded between Minergy Limited (BVI), being the owner of the Claims, its wholly-owned subsidiary Minergy Mineral Resources, Minergy Limited, and Minergy Coal (Pty) Ltd. In terms of the Cession, subject to various conditions precedent including the completion of the Listing of Minergy Limited on the BSE and the closing of the Sale Agreement, the Claims were ultimately ceded to Minergy Limited. The abovementioned transaction resulted in all of the shares and claims being owned by Minergy Limited.

6. INVESTMENT IN SUBSIDIARIES continued

The carrying value of the investment in subsidiaries has been assessed for possible indicators of impairment. Based on the current expectation that the Masama Coal Project will be developed in future (as also explained in Note 5) and given that the Group's market capitalisation significantly exceeded its net asset value at 30 June 2018, no indicators of impairment were identified.

7. DEFERRED TAX ASSETS

Deferred tax asset balance consist of:

	GROUP		COMPANY	
Figures in Pula	**2018**	2017	**2018**	2017
Accelerated capital allowances for tax purposes	**(6 113 459)**	–	**(2 140)**	–
Tax losses	**12 773 913**	–	**4 416 666**	–
Total deferred tax assets	**6 660 454**	–	**4 414 526**	–

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction and the law allows net settlement. Therefore, they have been offset in the statement of financial position.

	GROUP		COMPANY	
Figures in Pula	**2018**	2017	**2018**	2017
Comprising:				
Deferred tax assets	**8 355 107**	–	**(2 140)**	–
Deferred tax liabilities	**(1 694 653)**	–	**4 416 666**	–
	6 660 454	–	**4 414 526**	–
Reconciliation:				
Balance at beginning of year	**–**	–	**–**	–
Credited to the statement of comprehensive income	**6 660 454**	–	**4 414 526**	–
Balance at the end of the year	**6 660 454**	–	**4 414 526**	–

With the award of the subsidiary's Mining License subsequent to year end and that the subsidiary will be operational during the latter half of the 2019 financial year, the Group reviewed previously unrecognised tax losses and determined that it was now probable that taxable profits will be available against which the tax losses can be utilised. As a consequence, a net deferred tax asset of P6 660 453 was recognised for these losses.

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The Group is expected to generate taxable income from the latter half of the 2019 financial year.

The subsidiary losses can be carried forward indefinitely and have no expiry, while the holding company losses will expire in five years.

8. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
Figures in Pula	**2018**	2017	**2018**	2017
Deposits	**32 500**	31 000	**–**	–
VAT and other taxes	**154 400**	333 285	**46 305**	734
Sundry debtors	**28 356**	5 506	**28 356**	1 516
Prepayments	**188 755**	116 275	**140 708**	83 187
	404 011	486 066	**215 369**	85 437

There were no long outstanding third party trade receivables which required specific impairment as at year end as the Group is not trading and in the exploration and development phase of its project.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	GROUP		COMPANY	
Figures in Pula	**2018**	2017	**2018**	2017
Cash on hand	**–**	169	**–**	–
Bank balances	**10 891 338**	47 662 884	**10 877 208**	47 604 151
Short-term deposits	**45 000 000**	6 508 695	**45 000 000**	6 508 695
	55 891 338	54 171 748	**55 877 208**	54 112 846

The Company earns interest at rates of 0.75% on its surplus funds in Pula. The credit rating of the Company's banker is baa3, albeit that Botswana sovereign credit rating is A-. The Group and the Company have no overdraft facility.

The carrying amount of cash and cash equivalents is stated at cost, which approximates fair value.

10. STATED CAPITAL

Figures in Pula	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Number of shares issued				
Opening balance	**376 024 867**	227 500 000	**376 024 867**	–
Shares issued	**29 948 198**	148 524 867	**29 948 198**	376 024 867
Early investors	**–**	30 000 000	**–**	30 000 000
Sale and purchase agreement	**–**	–	**–**	227 500 000
Private placement	**29 948 198**	116 666 667	**29 948 198**	116 666 667
Rule 5.11 Placing	**–**	1 858 200	**–**	1 858 200
Closing balance	**405 973 065**	376 024 867	**405 973 065**	376 024 867
Value of shares issued				
Opening balance	**84 266 725**	15 263 287	**84 266 725**	–
Subscription for shares/shares issued	**26 953 378**	72 008 200	**26 953 378**	87 271 487
Early investors	**–**	150 000	**–**	150 000
Sale and purchase agreement	**–**	–	**–**	15 263 287
Private placement	**26 953 378**	70 000 000	**26 953 378**	70 000 000
Rule 5.11 Placing	**–**	1 858 200	**–**	1 858 200
Share issuance costs	**(1 440 368)**	(3 004 762)	**(1 440 368)**	(3 004 762)
Closing balance	**109 779 735**	84 266 725	**109 779 735**	84 266 725

The formation of the Minergy Limited Group had been accounted for using the predecessor method of accounting in preparation of the consolidated financial statements, which results in the shares issued as part of the Group restructure being accounted for as if it was in issue for the entire financial period. The unconsolidated 'Company' financial statements are prepared in line with the legal formation of the Company during the 2017 financial year.

The Group and company has capitalised share issuance costs directly attributable to the raising and placing of funds. This has been set off against the share capital raised in line with accepted accounting practice.

11. SHARE-BASED PAYMENT RESERVE

Figures in Pula	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Opening balance	**–**	–	**–**	–
Share-based payment expense	**–**	–	**–**	–
	–	–	**–**	–

Shareholders of the holding company approved the 2017 Share Option Plan on 7 December 2017 at the AGM.

The purpose of this 2017 Share Option Plan is to provide Minergy Ltd and its Subsidiaries, present and future (collectively "the Company"), with the means to encourage, attract, retain and motivate Service Providers and Insiders specifically in respect of the new Masama Coal Project by granting such Service Providers and Insiders share options to purchase ordinary shares in Minergy's share capital thereby giving them an ongoing proprietary interest in Minergy.

SALIENT FEATURES OF THE SHARE OPTION PLAN

- maximum share subject to 2017 Share Option Plan may not exceed 50 000 000 shares;
- maximum number of ordinary shares which may be issued at any time to any one Service Provider or Insider may not exceed 10 000 000 shares;
- each option granted shall represent the right to purchase one Ordinary Share in the Company;
- the exercise price shall be P1 per share;
- options shall not have a term exceeding ten years after allotment;
- options granted shall vest as follows:
  - (i) 25% on granting of a Mining License to the Masama Coal Project before 30 September 2018 ("Tranche 1");
  - (ii) 35% upon the Masama Coal Project reaching steady state production of 40 000 saleable tonnes of coal per month before 31 March 2019 ("Tranche 2"); and
  - (iii) 40% upon there being three consecutive 6 monthly reporting periods of operating profits from the Masama Coal Project before 31 December 2020 ("Tranche 3").
- options are exercisable within the following periods after having vested, in whole or in part and from time to time, by payment in full for the resultant ordinary shares purchased by the participant at the time of exercise:
  - (i) Tranche 1 – 24 months after vesting;
  - (ii) Tranche 2 – 18 months after vesting; and
  - (iii) Tranche 3 – 12 months after vesting.

Subsequent to the end of the financial year, the share options allocated in terms of the Share Option Plan could vest or be exercised in terms of Tranche 1 as the Mining License was awarded.

The assessed fair value at grant date of options granted during the year ended 30 June 2018 was insignificant per option. The fair value at grant date is independently determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer Group companies.

Management expects that the options will only be exercised at the end of their lifetime.

11. SHARE-BASED PAYMENT RESERVE continued

The model inputs for options granted during the year ended 30 June 2018 included:

(a) Options are granted to purchase shares for the consideration of an exercise price of P1 per share
(b) Grant date: 31 January 2018
(c) Expiry date: Tranche 1 by 30 September 2020, Tranche 2 by 31 March 2021, Tranche 3 by 31 December 2021
(d) Share price at 30 June 2018 : 85 thebe
(e) Price volatility of shares: 1.58%
(f) Expected dividend yield: 0.0%
(g) Risk-free rate: 4.45%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Service Providers and Insiders are obliged to make payment of the exercise price for the options exercised, whether in cash or using the cashless option. The share price at the close of the financial year was 85 thebe which is below the exercise price supporting the judgement and assessment that the value of share options are insignificant.

12. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
Figures in Pula	**2018**	2017	**2018**	2017
Trade payables	**193 135**	91 334	**131 042**	75 423
Accrued expenses	**195 614**	170 043	**111 058**	103 469
Other payables	**546 165**	338 768	**312 206**	181 718
Other taxes	**19 974**	30 009	**7 500**	—
Payroll accruals	**739 933**	124 096	**324 193**	65 013
	1 694 821	754 251	**885 999**	425 623

The fair value of these instruments approximates their carrying value, due to their short-term nature.

13. FINANCIAL ASSETS BY CATEGORY

GROUP

Figures in Pula	Loans and receivables	Non-financial assets	Total
2018			
Trade and other receivables	**60 856**	**343 155**	**404 011**
Cash and cash equivalents	**55 891 338**	**—**	**55 891 338**
	55 952 194	**343 155**	**56 295 349**
2017			
Trade and other receivables	31 000	455 066	486 066
Cash and cash equivalents	54 171 748	—	54 171 748
	54 202 748	455 066	54 657 814

COMPANY

Figures in Pula	Loans and receivables	Non-financial assets	Total
2018			
Trade and other receivables	**28 356**	**187 013**	**215 369**
Cash and cash equivalents	**55 877 208**	**—**	**55 877 208**
	55 905 564	**187 013**	**56 092 577**
2017			
Trade and other receivables	1 516	83 921	85 437
Cash and cash equivalents	54 112 846	—	54 112 846
	54 114 362	83 921	54 198 283

14. FINANCIAL LIABILITIES BY CATEGORY

GROUP

Figures in Pula	Financial liabilities at amortised cost	Non-financial liabilities	Total
2018			
Trade and other payables	**934 914**	**759 907**	**1 694 821**
	934 914	**759 907**	**1 694 821**
2017			
Trade and other payables	600 145	154 106	754 251
	600 145	154 106	754 251

COMPANY

Figures in Pula	Loans and receivables	Non-financial assets	Total
2018			
Trade and other payables	**554 306**	**331 693**	**885 999**
	554 306	**331 693**	**885 999**
2017			
Trade and other payables	360 610	65 013	425 623
	360 610	65 013	425 623

15. OTHER INCOME

Figures in Pula	GROUP **2018**	GROUP 2017	COMPANY **2018**	COMPANY 2017
Discount received	**—**	19 483	**—**	—
	—	19 483	**—**	—

16. OPERATING LOSS

Operating loss for the year is stated after accounting for the following:

Figures in Pula	GROUP **2018**	GROUP 2017	COMPANY **2018**	COMPANY 2017
Audit fees				
Current year fee	**261 597**	246 714	**166 597**	168 392
Under provision — prior year	**36 892**	—	**—**	—
Other services and expenses	**—**	66 574	**—**	—
	298 489	313 288	**166 597**	168 392
Depreciation	**176 936**	37 727	**12 130**	3 347
Operating lease charges				
Premises	**357 900**	114 260	**—**	—
Office equipment	**15 070**	—	**—**	—
	372 970	114 260	**—**	—
Employee costs	**1 396 120**	339 460	**—**	—
Directors' emoluments				
Executive Directors	**3 737 158**	1 609 819	**3 737 158**	1 609 819
Short-term employee benefits	**3 737 158**	1 609 819	**3 737 158**	1 609 819
Non-executive Directors	**255 120**	60 378	**255 120**	60 378
	3 992 278	1 670 197	**3 992 278**	1 670 197
IFRS 2 Share-based payment charge **	**—**	10 056 744	**—**	10 056 744
Corporate advisory expenses	**928 799**	—	**928 799**	—
(Profit)/loss on foreign exchange				
Realised	**(111 934)**	59 925	**(139 855)**	41 684
Unrealised	**(2 001)**	(862)	**1 213**	(862)
	(113 935)	59 063	**(138 642)**	40 822

*** During the 2017 year a share-based payment expense was recognised in respect of shares issued to early investors prior to the private placement and the BSE listing.*

The shares issued to and paid for by early investors vested immediately. The transaction was accounted for in line with accounting policy 1.12, resulting in the difference between the fair value of the shares issued and the cash received being recognised as a non-cash expense in the statement of comprehensive income.

The fair value of the shares as required to be calculated by the accounting policy 1.12, was derived from project valuations at the time. These valuations were adjusted for applicable minority and liquidity discounts.

17. FINANCE INCOME

Figures in Pula	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Bank balances and short-term deposits	**1 598 248**	294 504	**1 598 248**	294 504
	1 598 248	294 504	**1 598 248**	294 504

18. FINANCE COSTS

Figures in Pula	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Bank balances	**48**	323	**48**	44
	48	323	**48**	44

19. INCOME TAX

MAJOR COMPONENTS OF THE INCOME TAX

Figures in Pula	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Normal	**—**	—	**—**	—
Capital gains tax	**—**	—	**—**	—
Total current tax	**—**	—	**—**	—
Deferred				
Tax losses available for set off against future taxable income	**12 773 913**	—	**4 416 666**	—
Origination and reversal of temporary differences	**(6 113 459)**	—	**(2 140)**	—
Total deferred tax	**6 660 454**	—	**4 414 526**	—
Income tax recovery	**6 660 454**	—	**4 414 526**	—

RECONCILIATION OF THE TAX EXPENSE

The tax on the Group and the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows:

Figures in Pula	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Accounting loss before tax	**(16 478 819)**	(19 566 122)	**(9 142 704)**	(16 534 123)
Calculated tax at the applicable tax rate	**(3 625 340)**	(4 304 547)	**(2 011 395)**	(3 637 507)
Non-deductible expenses				
Share-based payment expense	**—**	2 212 484	**—**	2 212 484
Tax loss not recognised	**—**	2 092 063	**—**	1 425 023
Previously unrecognised tax losses utilised to record deferred tax recovery	**(3 035 114)**	—	**(2 403 131)**	—
	(6 660 454)	—	**(4 414 526)**	—

20. LOSS AND HEADLINE LOSS PER SHARE (THEBE)

Figures in Pula	GROUP 2018	GROUP 2017
Basic loss per share	**(2.53)**	(6.76)
Basic diluted loss per share	**(2.53)**	(6.76)
Headline loss per share	**(2.53)**	(6.76)
Diluted headline loss per share	**(2.53)**	(6.76)

RECONCILIATION OF LOSS USED IN CALCULATING LOSS PER SHARE AND HEADLINE LOSS PER SHARE

Figures in Pula	GROUP 2018	GROUP 2017
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share	**(9 818 365)**	(19 566 122)
Adjustments	**—**	—
Headline loss	**(9 818 365)**	(19 566 122)

20. LOSS AND HEADLINE LOSS PER SHARE (THEBE) continued

WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

Figures in Pula	GROUP 2018	GROUP 2017
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**388 742 595**	289 255 288
Adjusted for calculation of diluted earnings per share	**—**	—
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	**388 742 595**	289 255 288

In calculating the weighted number of shares used as the denominator, for the prior year, the shares issued i.t.o. the Sales and Purchase agreement for the Group restructure (Note 6) was deemed to have been in issue for the entire financial year and fully weighted in line with the application of predecessor accounting as described in note 10.

21. CASH GENERATED FROM OPERATIONS

Figures in Pula	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Loss before tax	**(16 478 819)**	(19 566 122)	**(9 142 704)**	(16 534 123)
Adjustments for:				
Depreciation	**176 936**	37 727	**12 130**	3 347
Unrealised gain on foreign exchange	**(2 001)**	(862)	**1 213**	(862)
Finance income	**(1 598 248)**	(294 504)	**(1 598 248)**	(294 504)
Finance costs	**48**	323	**48**	44
Share-based payment expense	**—**	10 056 744	**—**	10 056 744
Changes in working capital				
Trade and other receivables	**82 055**	(486 066)	**(129 932)**	(85 437)
Trade and other payables	**942 570**	755 112	**459 163**	426 485
	(16 877 459)	(9 497 648)	**(10 398 330)**	(6 428 306)

22. CAPITAL COMMITMENTS

Figures in Pula	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Authorised by Directors and contracted for	**70 351 016**	1 904 010	**—**	—
Authorised by Directors but not yet contracted for	**—**	—	**—**	—
	70 351 016	1 904 010		

This expenditure will be incurred in the ensuing year and will be financed from existing cash resources and vendor financing.

23. OPERATING LEASE COMMITMENTS

Figures in Pula	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Operating leases — as lessee (expense)				
Minimum lease payments due				
— within one year	**407 014**	378 900	**—**	—
— in second to fifth year inclusive	**321 914**	481 620	**—**	—
	728 927	860 520	**—**	—

Operating lease payments represents property rental payable by the Group for the head office and staff housing negotiated for a term of between two and three years.

24. RELATED PARTIES

RELATIONSHIPS

Subsidiaries	Minergy Coal (Pty) Ltd
	Minsales (Pty) Ltd
Members of key management	Refer Note 25

RELATED PARTY BALANCES

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Figures in Pula	COMPANY 2018	COMPANY 2017
(i) Trade and other payables		
Key management — claims payable	**48 145**	13 326

24. RELATED PARTIES continued

RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

	COMPANY	
Figures in Pula	**2018**	2017
(i) Compensation paid to Directors and other key management		
Short-term benefits	**3 737 158**	1 609 819
(ii) Consulting fees paid		
Non-executive Directors	**1 596 000**	1 185 279

25. DIRECTORS EMOLUMENTS

COMPANY

Figures in Pula	Salary	Benefits	Total
2018			
Executive			
Andre Boje (Chief Executive Officer)	**1 820 000**	**122 381**	**1 942 381**
Morné du Plessis (Chief Financial Officer)	**1 680 000**	**112 967**	**1 792 967**
	3 500 000	**235 348**	**3 735 348**

Benefits relate to statutory obliged severance benefits.

Figures in Pula	Sitting fees	Benefits	Total
2018			
Non-executive			
Mokwena Morulane (Chairman)	**107 760**	**—**	**107 760**
Leutlwetse Tumelo	**68 640**	**—**	**68 640**
Claude de Bruin	**78 720**	**—**	**78 720**
	255 120	**—**	**255 120**

Figures in Pula	Salary	Benefits	Total
2017			
Executive			
Andre Boje (Chief Executive Officer)	650 000	—	650 000
Morné du Plessis (Chief Financial Officer)	600 000	—	600 000
Claude de Bruin	359 819	—	359 819
	1 609 819	—	1 609 819

Claude de Bruin was made a non executive Director on listing in April 2017.

Figures in Pula	Sitting fees	Benefits	Total
2017			
Non-executive			
Mokwena Morulane (Chairman)	26 052	—	26 052
Leutlwetse Tumelo	18 486	—	18 486
Claude de Bruin	15 840	—	15 840
	60 378	—	60 378

26. SEGMENTAL REPORTING

The Group currently has one coal project in Botswana. In assessing potential operating segments, the Group has considered the information reviewed by the Chief Operating Decision Maker ("CODM"). The Group has identified the CFO as the CODM and is satisfied that the information as presented in the financial statements is the same as that assessed by the CODM for management reporting purposes.

27. SUBSEQUENT EVENTS

The subsidiary, Minergy Coal (Pty) Ltd was granted a Mining License by the Ministry of Mineral Resources, Green Technology and Energy Security in Botswana on 27 August 2018 after it received authorisation of the EIS by the DEA on 20 August 2018.

28. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out at Group level under policies approved by the Board of Directors. Group treasury identifies, evaluates and responds to financial risks in close co-operation of the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk and interest rate risk.

28. RISK MANAGEMENT continued

a) Market risk

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. As at year end the Group does not have material exposure to foreign currency risk.

Cash flow and fair value interest rate risk

The Company does not have any interest bearing borrowings and is therefore not exposed to cash flow and interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

Fluctuations in interest rate impact on the value of short-term cash investment giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. A 0.5% variation in interest rates on interest bearing investments would have resulted in a decrease/(increase) in finance income of P279 547 (2017: P270 859).

Price Risk

The Group's main activity is the exploration of coal. The Group is not currently directly exposed to commodity price risk.

b) Credit risk

Credit risk consists of cash and cash equivalents, deposits with banks, as well as with trade and other receivables. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Loans receivables consist mainly of Group loans. Management evaluates the credit risk relating to these companies on an ongoing basis by talking into account its financial position, past experience and other factors.

The amount that best represents the Group's maximum exposure to credit risk at 30 June 2018 is made up as follows:

	GROUP		COMPANY	
Figures in Pula	**2018**	2017	**2018**	2017
Cash and cash equivalents	**55 891 338**	54 171 748	**55 877 208**	54 112 846
Trade and other receivables	**28 356**	5 506	**28 356**	1 516
	55 919 694	54 177 254	**55 905 564**	54 114 362

The credit rating of the Group's banker is baa3, albeit that Botswana sovereign credit rating is A-.

No collateral is held for any of the above assets.

None of the above assets are past due or impaired.

c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities. The Group's risk to liquidity is a result of the funds available to cover future commitments and this is managed through an ongoing review of future commitments.

Cash flow forecasts are prepared and monitored.

The table below analyses the Group's and the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

GROUP

Figures in Pula	Less than 1 year	Between 2 and 5 years	Total
2018			
At 30 June 2018			
Trade and other payables	**934 914**	**—**	**934 914**
At 30 June 2017			
Trade and other payables	600 145	—	600 145

COMPANY

Figures in Pula	Less than 1 year	Between 2 and 5 years	Total
2018			
At 30 June 2018			
Trade and other payables	**554 306**	**—**	**554 306**
At 30 June 2017			
Trade and other payables	360 610	—	360 610

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group is not subject to any externally imposed capital requirements. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets.

The capital structure consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising stated capital disclosed in the statement of changes in equity.

Management continually monitors the level of equity and considers the entity to be adequately funded. As part of this review, management considers the cost of capital and the risks associated with each class of capital. No debt has been introduced in this early stage of the project development. The requirement for and quantum of debt will depend on operating and capital requirements of the project.

Notice of annual general meeting

Minergy Limited

(Incorporated in accordance with the laws of Botswana)

(Company number: CO 2016/18528)

www.minergycoal.com

("Minergy" or "the Group" or "the Company")

Notice is hereby given that the Annual General Meeting (the "Meeting" or the "AGM", unless referred to in full) of the shareholders of Minergy Ltd will be held at the Minergy Boardroom, Unit B3 and B4, Plot 43175, Phakalane, Gaborone, Botswana on Tuesday, 11 December 2018 at 8:30am, for the purpose of transacting the business and passing if deemed fit without or without amendment, the resolutions proposed.

AGENDA

Presentation of annual financial statements and report

The complete set of the consolidated audited annual financial statements (pages 46 to 71), together with the independent auditor's report (page 50) and report of the Audit and Risk Committee and the report of the Remuneration and Nominations Committee (pages 34 to 37), are contained in the Integrated Annual Report as indicated.

RESOLUTIONS

2018 financial statements

Ordinary resolution number 1

To receive, consider and adopt the audited financial statements for the year ended 30 June 2018.

Re-election of Directors of the Company

Ordinary resolution number 2

To re-elect, by way of a separate vote, Mr Leutlwetse Tumelo who retires in terms of clause 19.1.1 of the constitution, and who is eligible and offers himself for re-election.

Ordinary resolution number 3

To re-elect, by way of a separate vote, Mr Mokwena Morulane who retires in terms of clause 19.1.1 of the constitution, and who is eligible and offers himself for re-election.

Brief CVs in respect of each Director offering himself for re-election are contained in the Integrated Annual Report.

Re-election of members of the Audit and Risk Committee ("ARM") as well as Remuneration and Nominations Committee ("REMCO")

Ordinary resolution number 4

To re-elect Mr Mokwena Morulane as Chairman of ARM, member of REMCO.

Ordinary resolution number 5

To re-elect Mr Leutlwetse Tumelo as member of ARM, member of REMCO.

Ordinary resolution number 6

To re-elect Mr Claude de Bruin as member of ARM, Chairman of REMCO.

The members' appointment shall be effective from the conclusion of the AGM at which this resolution is passed until the conclusion of the next AGM of the Company. Brief CVs in respect of each member offering himself for re-election are contained in the Integrated Annual Report.

Appointment of auditors and remuneration of auditors

Ordinary resolution number 7

APPOINTMENT OF AUDITORS

To reappoint the Company's current auditors Grant Thornton (Botswana) upon the recommendation of the Audit and Risk Committee, as the independent registered auditors of the Company.

Ordinary resolution number 8

REMUNERATION OF AUDITORS

To authorise the Board to determine the remuneration of the external auditors and the auditors' terms of reference.

Remuneration of Non-executive Directors for 2018 and 2019

Ordinary resolution number 9

REMUNERATION OF NON-EXECUTIVE DIRECTORS FOR 2018

To approve remuneration of Non-executive Directors for the financial year ended 30 June 2018, in terms of Note 25 of the consolidated annual financial statements, as recommended by the Board and set out in the table below.

Non-executive remuneration for the financial year ended 30 June 2018:

Name	**2018 (Pula)**	2017 (Pula)
Mokwena Morulane	**107 760**	26 052
Leutlwetse Tumelo	**68 640**	18 486
Claude de Bruin	**78 720**	15 840

Ordinary resolution number 10

REMUNERATION OF NON-EXECUTIVE DIRECTORS FOR 2019

To approve remuneration of Non-executive Directors for the financial year ending 30 June 2019, as recommended by the Board and set out in the table below.

Non-executive remuneration for the financial year ended 30 June 2019:

Fees per meeting	**2019 (Pula)**	2018 (Pula)
Chairman of the Board	**13 400**	12 840
Non-executive Directors	**6 500**	6 240
Chairman of the Governance Committee	**10 000**	9 600
Governance Committee members	**6 500**	6 240

Approval of general authority to issue shares for cash

Special resolution number 1

Resolved that until the next AGM of the Company, shares representing up to 10% (in aggregate) of the issued ordinary shares of the Company for cash, are placed under the control of the Directors for issue and the stated capital of the Company will be increased by the Pula value equal to the subscription monies to be received for the new ordinary shares, subject to compliance with the BSE Requirements and Companies Act.

Approval to waive all rights and entitlements

Special resolution number 2

Resolved that in accordance with the BSE Listing Requirement 5.82 (e) the shareholders of the Company waive all rights and entitlements, including any pre-emptive rights, that they may have in respect of any and all shares issued pursuant to special resolution number 1 provided however that such waiver does not constitute a waiver by the shareholders of any rights and entitlements, including any pre-emptive rights, in respect of any other proposed issue of securities by the Company.

Amendment of the 2017 Share Option Plan

Special resolution number 3

Shareholders of the Company approved its 2017 Share Option Plan (the "Plan") at its last AGM, 7 December 2017. In terms of paragraph 8 (b) (i) of the Plan the first tranche of Options in terms thereof would vest if a Mining License for the Masama project was granted prior to 30 June 2018. Due to factors not within the control of the Company nor the Service Providers in terms of the Plan, the Mining License was not be granted prior to 30 June 2018, the result of which is that the options related to Tranche 1 would be lost, and not be available to incentivise the Company's management team, being the relevant Service Providers in terms of the Plan. To ensure that the Options related to Tranche 1 remain available to incentivise eligible Service Providers, the Board has in accordance with the rules of the Plan approved an extension until 30 September 2018 in order for Tranche 1 to vest.

Resolved to amend the Tranche 1 vesting period from 30 June 2018 to 30 September 2018.

GENERAL

To transact such other business as may be transacted at an AGM including the sanction or declaration of dividends if deemed necessary.

To take and respond to questions of shareholders in respect to the affairs, operation and management of the Company.

Proxies and representatives

A shareholder may exercise the right to vote either by being present in person or by duly appointed representative or by delivery of a duly completed proxy form.

A representative or proxy for a shareholder is entitled to attend and be heard at a meeting and to cast votes as if the representative or proxy were the shareholder. A representative or proxy need not be a holder of a security issued by the Company.

A representative must be in a possession of a resolution of the Board of the Company being represented, the trust or fund which is a shareholder which he/she represents, or mandate letter, a power of attorney from the principal which is a shareholder which he/she represents ("Appointment Documents").

Shareholders wishing to appoint a proxy must complete the proxy form enclosed to this notice.

If the proxy is signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) must accompany the proxy form.

The proxy form, and if a representative is being appointed or if the proxy form is signed under a power of attorney, the Appointment Documents must be deposited at the Transfer Secretary's office by hand at Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds, Gaborone, by post to PO Box 1583, AAD, Gaborone or by email to contactus@corpservebotswana.com not later than 48 hours before the meeting.

Voting

All voting shall be by poll, so that every holder of an ordinary share in the Company present in person or by representative or by proxy and voting has one vote in respect of every ordinary share held.

Shareholders present in person, or by representative or by proxy and voting, shall cast their votes by signifying individually their assent or dissent, or as applicable their abstention, as directed by the Chairman by a show of hands, or by ballot, and for those present by audio-visual means by voice.

The Chairman of the meeting may reject or, provided that the Chairman is satisfied as to the manner in which a shareholder wishes to vote, accept any form of proxy or evidence of authority to act as representative, in his absolute discretion, which is completed other than in accordance specified herein or the notes to the proxy form. Appointment Documents and any proxy form which is duly completed in accordance herewith and the notes to the proxy form shall be accepted.

By order of the Board

Morné du Plessis
Chief Financial Officer

Registered office
Unit B3 and B4, Plot 43175
Phakalane, Gaborone
Botswana

Form of proxy

I/we (full name in BLOCK LETTERS please):

of (address):

Telephone — work: ( )

Telephone — home: ( )

being a shareholder of Minergy and holder of ordinary shares, hereby appoint:

1. or failing him/her
2. or failing him/her
3. The Chairman of the AGM

as my/our proxy to act for me/us at the Meeting or any adjournment thereof for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions and/or abstain from voting as indicated in respect of each resolution to be considered at said Meeting.

Signed at on 2018.

Name (full name in BLOCK LETTERS please):

Signature:

Assisted by me:

Full names of signatory/ies if signing in a representative capacity (name in BLOCK LETTERS please):

	FOR	AGAINST	ABSTAIN
Ordinary resolution number 1: Audited Financial Statements			
Ordinary resolution number 2: Re-elect Mr Leutlwetse Tumelo: Board			
Ordinary resolution number 3: Re-elect Mr Mokwena Morulane: Board			
Ordinary resolution number 4: Re-elect Mr Mokwena Morulane: ARM and Remco			
Ordinary resolution number 5: Re-elect Mr Leutlwetse Tumelo: ARM and Remco			
Ordinary resolution number 6: Re-elect Mr Claude de Bruin: ARM and Remco			
Ordinary resolution number 7: Appointment of auditors			
Ordinary resolution number 8: Remuneration of auditors			
Ordinary resolution number 9: Approve remuneration of Non-executive Directors for 2018			
Ordinary resolution number 10: Approve remuneration of Non-executive Directors for 2019			
Special resolution number 1: General authority to issue shares for cash			
Special resolution number 2: Waive all rights and entitlements			
Special resolution number 3: Amendment of 2017 Share Option Plan			

Notes to the form of proxy

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the AGM", but any such deletion must be initialled by the shareholder concerned. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Minergy, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote at the Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the Minergy shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. The date must be filled in on this proxy form when it is signed.

4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the joint holder whose name appears first in the register will be accepted.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the AGM of Minergy shareholders.

6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Transfer Secretaries.

8. Forms of proxy must be received by the Transfer Secretary, office by hand at Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds, Gaborone, by post to PO Box 1583, AAD, Gaborone or by email to contactus@corpservebotswana.com at any time at least 48 hours before the start of the meeting.

9. If required, additional forms of proxy are available from the transfer secretaries.

Corporate and general information

CORPORATE INFORMATION

REGISTERED ADDRESS
Unit B3 and Unit B4
1st Floor
Plot 43175
Phakalane
Gaborone

POSTAL ADDRESS
PO Box AD 10 ABC
Phakalane
Gaborone

COMPANY SECRETARY
Desert Secretarial Services (Pty) Ltd
Telephone: +267 7329 7384

WEBSITE
www.minergycoal.com

TRANSFER SECRETARIES
Corpserve Botswana

DESIGNATED ADVISER
Exchange Sponsors South Africa

ATTORNEYS
Collins Newman & Co

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE
Botswana

NATURE OF THE BUSINESS
The Group is invested in the exploration, development, mining and trading of thermal coal.

DIRECTORS
M Morulane (appointed 25 January 2017)
L Tumelo (appointed 19 September 2016)
C de Bruin (appointed 3 October 2016)
A Boje (appointed 25 January 2017)
M du Plessis (appointed 25 January 2017)

REGISTERED OFFICE AND BUSINESS ADDRESS
Unit B3 and B4, 1st Floor, Plot 43175
Phakalane, Gaborone
Botswana

POSTAL ADDRESS
PO Box AD 10 ABC
Phakalane, Gaborone
Botswana

BANKERS
RMB Botswana

AUDITORS
Grant Thornton (Botswana)
Registered auditors

TRANSFER SECRETARY
Corpserve Botswana

REGISTRATION NUMBER
CO 2016/18528

LEVEL OF ASSURANCE
The financial statements have been audited in compliance with the applicable requirements of the Companies Act of Botswana.

PREPARER
The consolidated annual financial statements were independently compiled by Morné du Plessis CA(SA).

PUBLISHED
31 October 2018

SIGIL DESIGN BUREAU

minergy LIMITED

www.minergycoal.com

Unit B3 and Unit B4, 1st Floor, Plot 43175, Phakalane, Gaborone, Botswana
PO Box AD 10 ABC, Phakalane, Gaborone, Botswana