



INTEGRATED ANNUAL REPORT

2017

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## ABOUT THIS REPORT

This Minergy Ltd (“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.

The report covers the Masama Coal Project as it stands at the moment, stakeholder relations affecting the Group, as well as the status of the project and future developments of the coal project into a fully functioning coal mining operation. This document contains the consolidated annual financial statements of Minergy for the financial year from 1 July 2016 to 30 June 2017.

At the time of writing this Integrated Annual Report, Minergy had compiled all relevant information for the Environmental Impact Assessment (“EIA”) which will lay the foundation for the awarding of the mining licence. Further comments have been received on the Scoping Report and Terms of Reference, which are being addressed and submission of the EIA will follow.

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 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. The financial statements were prepared under the supervision of the Chief Financial Officer (“CFO”), Morné du Plessis, CA(SA).

### The 2017 Integrated Annual Report comprises:

- A review of the Group as pertains to the Masama Coal Project and developments of the Environmental Impact Assessment and the mining licence as well as the strategic positioning of Minergy based on regional and global demand for coal.
- 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; and
- The Botswana Stock Exchange (“BSE”) Listings Requirements.



# 1

## GROUP OVERVIEW

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- 6 Overview of the coal sector
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## WHAT WE DO

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

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. Following the successful listing on the Botswana Stock Exchange ("BSE") in April 2017, the proposal was to explore a listing on the JSE Securities Exchange ("JSE") and list during 2018. The Board has deemed it prudent to investigate the Australian Stock Exchange ("ASX") and the Alternative Investment Market ("AIM") of the London Stock Exchange in addition to the JSE. Shareholders will be advised on progress on this matter in due course.

The Masama Coal Project is situated in the Mmamabula Coalfield of Botswana, and 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.



## PROJECT LOCATION

High-quality 390 Mt Coal Resource  
(A and E Seams West block)

Shallow: Sub-crop ~20 metres to  
130 metres maximum

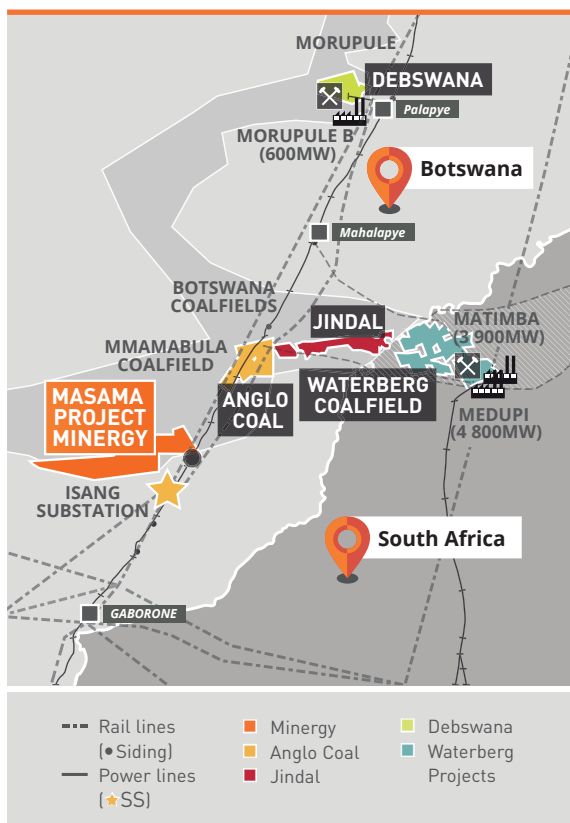
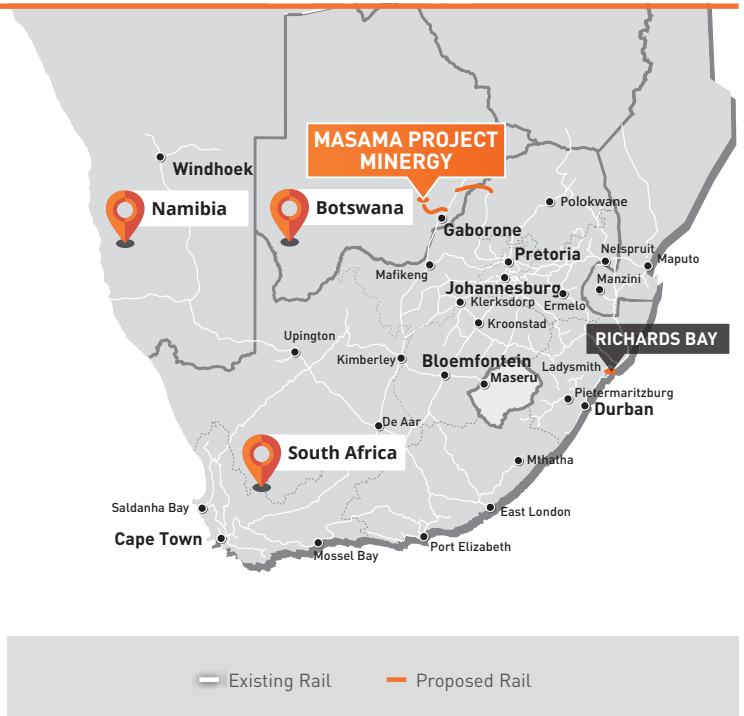
Simple structure (very few faults, no dolerite)

Potential of additional coal resources with  
further exploration

Gently dipping coal seams (0.5° to 3.5°)

Thick coal seams – up to 6 metres

Life of mine – approximately 100 years



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

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 27 June 2017 are Energy Mineral Resources and Mining Ltd with 60.5%, African Alliance Asset Management with 19.9% and Kgori Capital (previously Afena Capital) with 11.1%. (Please see detailed information under the heading "Shareholder analysis" on page 40 of this Integrated Annual Report.)


## GROUP STRUCTURE




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

Please see further information in the timeline on page 5 of this Integrated Annual Report.

# STATUS AND PROGRESS OF THE PROJECT TIMELINE

<div>  2017 </div>	
Date	Actions
January	<ul style="list-style-type: none"> <li>➤ Raised P70 million from institutional investors via private placement</li> </ul>
February	<ul style="list-style-type: none"> <li>➤ Commenced accelerated exploration programme</li> <li>➤ Updated SAMREC compliant CPR</li> <li>➤ Defined resource</li> <li>➤ Prepared mine plans</li> <li>➤ Identified infrastructure site</li> </ul>
April	<ul style="list-style-type: none"> <li>➤ Listed on the Botswana Stock Exchange</li> <li>➤ Established Botswana office in Phakalane</li> </ul>
May	<ul style="list-style-type: none"> <li>➤ Received non-binding term sheet for a 100% off-take agreement from an international and regional trading house</li> <li>➤ Granted ministerial authorisation for road construction</li> <li>➤ Submitted EIA scoping report</li> </ul>
June	<ul style="list-style-type: none"> <li>➤ Completed exploration programme resulting in improved results, in situ qualities, strip ratios and yields</li> <li>➤ Provisional mine plans</li> <li>➤ Provisional infrastructure design</li> </ul>
July	<ul style="list-style-type: none"> <li>➤ Issued request for information ("RFI") to identify qualified suppliers of the wash plant and a contract miner, two key components to a successful project</li> <li>➤ Identified three bidders for each component to tender</li> <li>➤ Granted prospecting licence ("PL") for Industrial Minerals covering new access roads</li> </ul>
August	<ul style="list-style-type: none"> <li>➤ Granted authority by Botswana Rail to develop a rail siding at Tshele Hills</li> </ul>
September	<ul style="list-style-type: none"> <li>➤ Received Scoping Report and Terms of Reference comments from the Department of Environmental Affairs ("DEA") and re-submitted Scoping Report</li> <li>➤ Mining licence application finalised and submitted to the Department of Mineral Resources for provisional review</li> <li>➤ Revised CPR completed and available on the website</li> </ul>
November	<ul style="list-style-type: none"> <li>➤ EIA finalised and submitted to the DEA</li> <li>➤ Award contracts for wash plant</li> </ul>
December	<ul style="list-style-type: none"> <li>➤ Receive EIA approval</li> </ul>

<div>  2018 </div>	
Quarter 1	<ul style="list-style-type: none"> <li>➤ Award mining contract</li> </ul>
April	<ul style="list-style-type: none"> <li>➤ Mining licence granted and secure short and long-term coal sales agreements</li> </ul>
May	<ul style="list-style-type: none"> <li>➤ Contractor site establishment</li> </ul>
July	<ul style="list-style-type: none"> <li>➤ Commence opening of box cut</li> <li>➤ List on second exchange JSE, ASX or AIM</li> </ul>
September	<ul style="list-style-type: none"> <li>➤ First saleable coal</li> </ul>

## OVERVIEW OF THE COAL SECTOR



Coal is a crucial source of energy.

Despite negative media coverage about its future, coal is here to stay for the foreseeable future. Renewable energy has been proven unreliable for base load electricity supply leaving only the alternatives nuclear, hydro and coal. Nuclear is prohibitively capital intensive, hydro is hamstrung by global water shortage which leaves coal fired power generation. 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 cut backs in China.

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

Approximately 620 million Africans rely on firewood, kerosene and charcoal for cooking, heating and lighting and the African Development Bank says that 600 000 Africans, mainly women and children, die prematurely every year due to illnesses caused by indoor air pollution. In addition, Africa's population is expected to double to 2.5 billion by 2050.

Besides this, the use of charcoal and firewood leads to alarming deforestation with Zambia, as an example, losing 250 000 to 300 000 hectares of forest annually. Furthermore, off and on-grid renewables have a role but cannot support base load requirements.

In 2016, four 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 African bulk handling facilities, the most sophisticated in Africa.

### COAL INDUSTRY



In the World Energy Outlook 2016 report, the International Energy Agency ("IEA") forecasts that coal will remain the largest single source of electricity generation through to 2040.



The World Coal Association sees coal playing a crucial role in meeting global energy demand.



Coal still makes up 41% of global electricity generation and 29% of primary energy demand.



Coal will continue to play a major role in delivering energy access and security long into the future.



**GLOBAL SHORTAGE SET TO RISE SIGNIFICANTLY (Numbers quoted in million tons (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	890	898	932	889	858
Total demand	944	887	889	911	960	1 069	1 241
Shortfall	-	-	-	(13)	(28)	(180)	(383)

Source: Noble Energy Research.

**THIS WORLD SHORTAGE BODES WELL FOR MINERGY'S STRATEGY**

- At current prices, certain high-cost coal producing countries will not be able to ramp-up production;
- Only the lowest cost producers with existing spare capacity can expand (southern Africa and Colombia);
- Greenfield projects will be needed from the middle of the next decade;
- Coal from Colombia and the USA will also be required to fulfil base requirements in Asia; and
- Russian coal is also important for the mix, but currency uncertainty will remain an issue.

## OVERVIEW OF THE COAL SECTOR (continued)

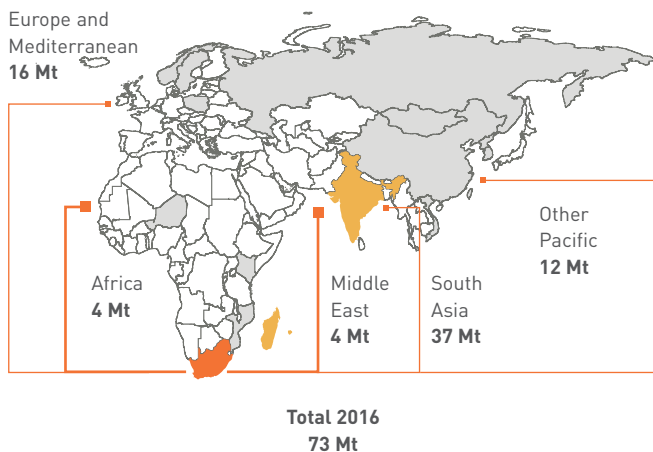
### REGIONAL MARKET

The regional market has seen a significant reduction of coal availability with prices rising significantly during 2016/2017. Contributing factors are:

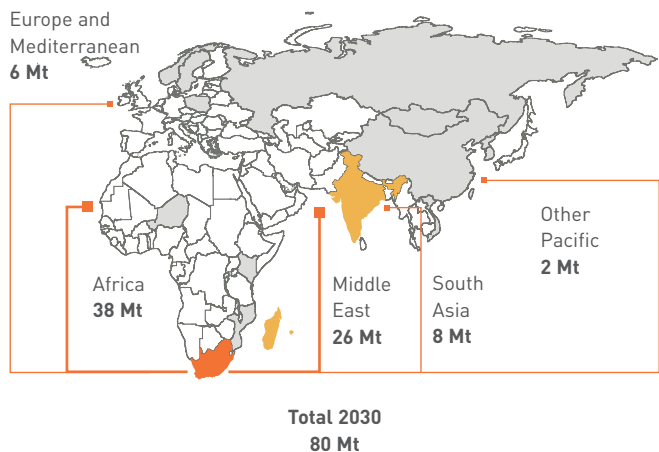
- The international coal market with Richards Bay Coal Terminal shareholders maximising export volumes;
- End of life of producing mines in South Africa generally, with no significant brownfields expansion or greenfield projects under way;
- Production cut back or closure of marginal mines in South Africa;
- A 1.8 million tonnes per annum increase in rail capacity from the South African Waterberg coalfields to Richards Bay Coal Terminal which is diverting more coal into the seaborne thermal coal market, and away from the regional market. This capacity is planned to be further increased by 4.2 million tonnes per annum;
- An increase in exports of more than seven million tonnes per annum from Richards Bay Coal Terminal is forecast by 2019 due to continued strength of international coal prices.

Aside from neighbouring South Africa, the opportunity to export into Africa is vast with studies indicating that in 2030, 80% of South African coal exports will go to Africa and the Middle East. In 2016, 50% of South African coal exports went to South Asia.

Scenario – 2016

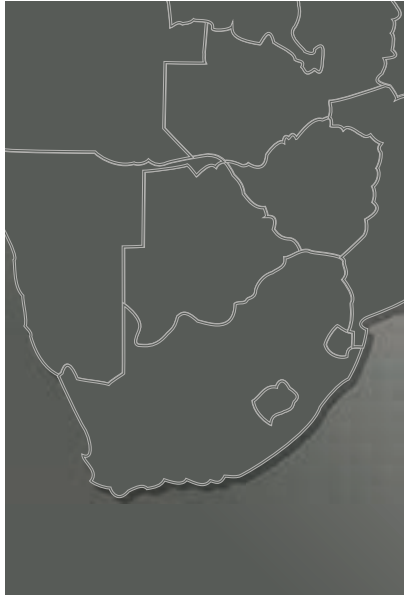


Scenario – 2030



The Botswana coal industry is ripe for development.

## VISION AND MISSION



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.



Minergy is competitively positioned to supply coal product to industrial customers and power utilities across southern Africa.



Our near-term focus is the development of the Masama Coal Mine within the area of the mining licence application located on the south-western edge of the Mmamabula Coalfield in southern Botswana. Minergy's wholly owned subsidiary, Minergy Coal, holds the prospecting licence for coal and coal-bed methane, where a 390 Mt Coal Resource has recently been independently delineated.



# 2

## RESOURCE INFORMATION

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- 11 Competent person's report
- 12 Coal resource estimate

## MINING LICENCE

In order to apply for a mining licence, Minergy had to undertake an Environmental Impact Assessment ("EIA"), which requires approval from the Department of Environmental Affairs in Botswana. The EIA which is compiled and ready for submission upon finalisation of the Scoping Report and Terms of Reference, was conducted by environmental consultants, Ecosurv, who have already commenced specialist studies for the Masama Coal Mine that formed part of the full EIA relating to the development of the mine.

The EIA process in Botswana is well defined through the Environmental Assessment Act, 2011, and includes a description of baseline environmental and socio-economic conditions, consultation with affected parties, specialist studies, assessment of impacts, mitigation of impacts, consideration of alternatives, as well as the development of an Environmental Management Plan.

The EIA included the assessment of impacts, assessment of alternatives, preparation of mitigations, preparation of management and monitoring plans and a first level closure plan. The expected timing of such a process, depending on integration of information from specialist studies and the duration of the review process by the Department of Environmental Affairs, is approximately 8 to 12 months.



The EIA process in Botswana is well defined through the Environmental Assessment Act, 2011.

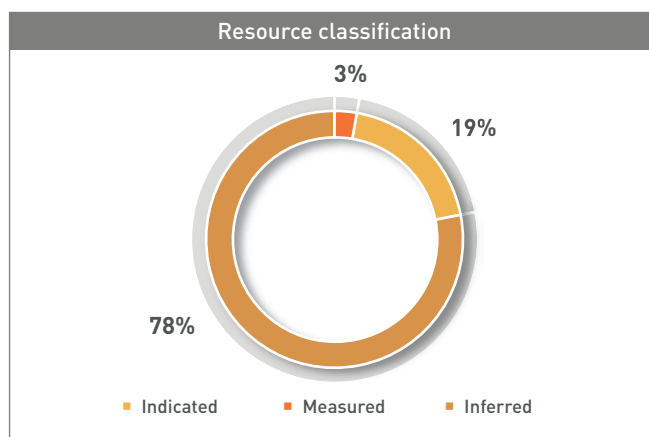
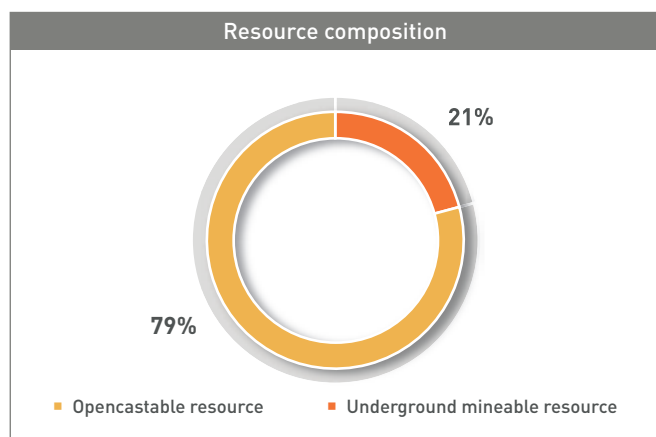
## COMPETENT PERSON'S REPORT



The Masama Coal Project represents an exciting opportunity for the development of a small to medium scale coal mine in Botswana.

In 2017, GM Geotechnical Consultants CC ("GM Geotech") was commissioned to prepare an updated resource estimate and Competent Person's Report on the Coal Resources of the West Block (Focus Area) of the Masama Coal Project in accordance with the SAMREC Code (2016 Edition).

The full document which is available on our website at [www.minergycoal.com](http://www.minergycoal.com), details the estimate of the Coal Resources as at 29 September 2017 and 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.



Diagrams related to the 390 Mt resource.

# COAL RESOURCE ESTIMATE

The Coal Resource estimate was conducted in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves ("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 licence area.

## Masama coal resources, raw coal qualities and modelled theoretical product yields and qualities as at 29 September 2017

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/cm <sup>3</sup> )	Raw CV (MJ/kg)	Raw ash (%)	Raw inherent moisture (%)	Raw volatile content (%)	Raw fixed carbon (%)	Raw total sulphur (%)
OC <sup>1</sup>	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
<b>Opencastable resource</b>			<b>12</b>	<b>82 263 884</b>								
UG <sup>2</sup>	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
<b>Underground mineable resource</b>			<b>20</b>	<b>307 654 254</b>								
<b>Total coal resource</b>				<b>389 918 137</b>								

Product coal quality and theoretical yields												
Mining method	Resource classification	Seam	Geo-loss (%)	Mineable tonnes in situ (tonnes)	Product float RD (g/cm <sup>3</sup> )	Product CV (MJ/kg)	Product ash (%)	Product inherent moisture (%)	Product volatile content (%)	Product fixed carbon (%)	Product sulphur (%)	Product yield (%)
OC <sup>1</sup>	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 <sup>2</sup>	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. Opencast.

2. Underground.



# 3

## LEADERSHIP AND FEEDBACK

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## BOARD OF DIRECTORS



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.

### MINERGY BOARD OF DIRECTORS



Audit and Risk Committee

Report on page 31.



Social and Ethics Committee

To be established.



Remuneration and  
Nominations Committee

Report on page 33.

## BOARD OF DIRECTORS (continued)



**Mokwena Morulane**

**Non-Executive Chairman  
Minergy Ltd**  
*B.Acc (Hons), ACCA, CIS, MDP*



**Andre Boje**

**CEO and Director  
Minergy Ltd**  
*CTA*



**Morné du Plessis**

**CFO and Director  
Minergy Ltd**  
*CA(SA); MBA*



**Claude de Bruin**

**Non-Executive Director  
Minergy Ltd**  
*LLB; BMS. (Fin)*



**Leutlwetse Tumelo**

**Non-Executive Director  
Minergy Ltd**  
*B.Acc*

## KEY MANAGEMENT



**John Astrup**

**Director and General Manager  
Minergy Coal (Pty) Ltd**  
*BSc (Hons) Geology; MSc*



**Gabotshwarege Tshenkiso**

**Project Manager  
Minergy Coal (Pty) Ltd**  
*MME*



**Martin Bartle**

**Managing Director  
Projects Minergy Coal (Pty) Ltd**

**Mokwena Morulane**

A chartered accountant with an MDP from the University of Stellenbosch. A decade's experience in Botswana's mining industry with senior management positions in companies such as Botswana Oil Ltd and Discovery Metals Ltd and effective 10 October 2017 took on the role of Managing Director of Cresta Marakanelo Ltd, a BSE listed hotel group. Mokwena was appointed to the Minergy board in January 2017.

**Andre Boje**

An accountant with over two decades of experience in the coal industry, Andre founded 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 JSE as Wescoal Holdings Ltd, and is now one of the leading junior coal mining and trading companies in southern Africa. Andre was appointed to the Board of Minergy in January 2017 and as CEO in February 2017.

**Morné du Plessis**

A chartered accountant with an MBA from Heriott Watt University, Morné has extensive experience in the mining industry having been CFO of several groups, including contract mining and beneficiation service provider Genet SA, junior coal miner Umcebo Mining Group, and JSE-listed junior coal miner Wescoal Holdings Ltd. Morné was appointed to the Board of Directors of Minergy in January 2017 and as its CFO in February 2017.

**John Astrup**

John is a geologist with more than two decades of experience in the mining industry, with senior management positions in both public and private companies. He is registered with SACNASP and is a member of the GSSA. John previously held positions with Falconbridge, Harmony, Platmin (now Sedibelo Platinum), and the Council for Geoscience. He is a co-founding member of Minergy.

**Gabotshwarege Tshenkiso**

A mechanical engineer with more than three decades of experience in the mining industry. He 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 Ltd Board. Gabotshwarege holds a Master's degree in Mechanical Engineering.

**Claude de Bruin**

A lawyer and entrepreneur with well over a decade of experience in the international mining industry focusing on Africa, Claude has held senior management positions with private and public companies, including Platmin (now Sedibelo Platinum). He has played leading roles in significant equity raisings through private and public placements globally and stock exchange listings in several jurisdictions. He is a co-founding member of Minergy.

**Leutlwetse Tumelo**

Leutlwetse received his accounting qualifications from the University of Botswana and the Association of Chartered Certified Accountants. He is experienced in Botswana's capital markets, having worked with one of Botswana's leading broking firms.

**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 group company of JSE-listed Wescoal. Martin is the Managing and Project Director 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 regulatory compliance and management, risk management, human resource and personal management and optimisation, with significant experience in coal mine operations management.



## CHAIRMAN'S REPORT



Mokwena Morulane

Chairman



Minergy will focus on delivering high-quality coal to the regional market, including Botswana and South Africa, and potentially the export market.

### INTRODUCTION

The 2017 financial year has truly been a significant year of milestones for Minergy Ltd. We successfully listed the shares of Minergy on the main board of the Botswana Stock Exchange ("BSE"), raising BWP72 million. The shares were listed to raise development funding for the Company's wholly owned subsidiary, Minergy Coal (Pty) Ltd, which owns the Masama Coal Resource, located in the south-western corner of Botswana's Mmamabula coalfield.

Minergy plans to build an opencast coal mine with the potential to produce 2,4 Mtpa within 16 to 18 months of the BSE listing. The Company will focus on delivering high-quality coal to the

regional market, including Botswana and South Africa, and potentially the export market. Minergy will be the second producer of coal in Botswana, and is committed to being on the forefront of developing a vibrant coal industry in the country.

### INTENTION

The Masama Coal Resource is near to existing rail, road and water infrastructure, and has significant distance advantages over existing competing suppliers to regional customers. With a resource of 390 Mt of high-quality coal covering 120 km<sup>2</sup>, this



The Masama Coal Resource can be mined at low cost and low risk, it offers investors the potential of attractive returns and future expansion opportunities in foreign-based earnings.

project offers great potential for the southern African region and possibly the export market. The size of the resource also supports scalable production, presenting an opportunity to provide export coal to traders who supply India, China, and other areas of Asia, as well as Europe, should international coal prices remain at current levels.

We believe that coal will remain the dominant energy resource for the foreseeable future. Coal will continue to play a major role in delivering energy access and security for a long time to come. The International Energy Agency forecasts that coal will remain the largest single source of electricity generation until 2040. Coal still makes up 41% of global electricity generation and 29% of primary energy demand.

Minergy's low-cost competitive advantage is cemented through coal seams which are shallow, with extraction through the opencast method at low strip ratios. We expect that all Environmental Impact Assessments, feasibility studies and the approval of our mining licence will be in place in 2018, with mine development expected to take place during the same year. Notwithstanding Minergy's business plan to sell 1.2 Mt of coal into the regional market, Minergy will together with government and other industry players, look to address the logistical challenges facing the coal industry in Botswana.

Against this background, given the fact that the Masama Coal Resource can be mined at low cost and low risk, it offers investors the potential of attractive returns and future expansion opportunities in foreign-based earnings.

The listing of Minergy and the development of the Masama Coal Resource hold significant benefits for Botswana. The Company is

set to attract specialised skills in coal mining and trading. It is to be expected that over time these skills will be transferred to local managers. The development of the Masama Coal Resource will also create significant local job opportunities and skills development. In addition, the 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.

#### APPRECIATION

Finally, I wish to extend my gratitude to all our shareholders for their continued support and to all our stakeholders. Continued engagement and building good relationships with our host communities and the Botswana Government remain a top priority as we pursue the creation of shared values and benefits.

What we have achieved this year would not have been possible without the commitment and contributions of our management team, staff and external advisors. Andre Boje continues to provide excellent leadership as our CEO. I also wish to express my sincere gratitude to my fellow Board members for their invaluable guidance and advice.

We remain confident about the future of Minergy and its ability to create value for our shareholders and other stakeholders into the future.

**Mokwena Morulane**  
Non-Executive Chairman

31 October 2017

## CHIEF EXECUTIVE OFFICER'S REPORT



**Andre Boje**

**Chief Executive Officer and Director**



There has been extensive engagement with the various government departments and the response has been most encouraging leading us to believe that the mining licence should be granted by Q2 2018.

### OPERATIONAL OVERVIEW

Much work has and continues to be done since project inception. First and foremost, focus has shifted to coal production for supply to the regional and export markets away from coal for power generation. We believe the narrative around South Africa requiring imported power will not come to fruition in the foreseeable future, if at all. This is borne out by South Africa recently announcing a surplus of 9 000 MW capacity and that it has signed take-off agreements with Botswana and other SADC countries. To this end, a highly experienced team was brought on board to accelerate the process of refining and better understanding the

Masama resource. A total of 74 diamond core boreholes and 22 reverse circulation boreholes have been drilled totalling 5 570 metres over an area of ~147 square kilometres.

From this a revised competent persons report ("CPR") was finalised, mine plans are in place, markets have been identified and off-take agreements are being discussed. Shareholders were advised of the revised CPR dated September 2017 which can be found on the Minergy website.

The various requirements and obligations relating to the submission of a mining licence application were completed and



will be submitted in early November 2017. There has been extensive engagement with the various government departments and the response has been most encouraging leading us to believe that the mining licence should be granted by April 2018.

Without capital partners a project of this nature will not get off the ground. The Company embarked on a capital raising exercise in Q1 2017 and raised just over P70 million via a private placement prior to a listing on the Botswana Stock Exchange. The major investors are committed and supportive of the project going forward.

During July 2017, the Company embarked on a process of identifying interested parties to supply and operate the processing plant and a contract miner. Round one was completed during August 2017 and prospective tenderers were short listed to participate in round two. The process is expected to be complete during October 2017 and the Company will announce the successful bidders thereafter.

## FINANCIAL REVIEW

The condensed consolidated reviewed results for the financial year ended 30 June 2017 ("the results") are representative and typical of a newly listed exploration group transitioning into its development phase. The Group raised P72 million via a private and public placement 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. To this end the Group expended P5.6 million on increasing the existing capitalised exploration and evaluation expenditure assets with most of the spend on drilling and related activities.

This is the first year that the Group has expensed certain operating expenditures. These mostly relate to operating expenditures incurred at the holding company level which acts as an investment and holding company and sources funding for the Group. The Group also accounted for a once-off non-cash share-based payment expense in line with the requirements of IFRS 2. The operational entity, Minergy Coal (Pty) Ltd, incurs typical exploration and evaluation expenditures including salary costs. All qualifying expenditure is capitalised to the project asset.

The Group has capitalised P3 million of preliminary and 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.

## INDUSTRY MATTERS

Notwithstanding steady negative media coverage about its future, coal is here to stay for the foreseeable future. Renewable energy

has been proven unreliable for base load electricity supply leaving only the alternatives nuclear, hydro and coal. Nuclear is prohibitively capital intensive, hydro is hamstrung by global water shortage which leaves coal fired power generation.

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 cut backs in China.

In the African context and as highlighted by Miriam Mannack in the article "Power for Progress", Africa urgently needs power. Approximately 620 million Africans rely on firewood, kerosene and charcoal for cooking, heating and lighting and the African Development Bank notes that 600 000 Africans, mainly women and children, die prematurely every year due to illnesses caused by indoor air pollution. In addition, Africa's population is expected to double to 2.5 billion by 2050.

Besides this, the use of charcoal and firewood leads to alarming deforestation with Zambia losing 250 000 to 300 000 hectares of forest annually. Furthermore, off and on grid renewables have a role but cannot support base load requirements.

In 2016, four 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 South African bulk handling facilities, the most sophisticated in Africa.

## FUTURE PROSPECTS

### Regional market

The demand for coal in the southern African region continues unabated with prices escalating on an ongoing basis. The July 2017 McCloskey Coal Report highlights that South African domestic prices are 51% higher than the same period in 2016 and there is strong demand from the cement, industrial and paper industries.

This situation is driven by demand exceeding supply as producers are focused on fulfilling their take or pay export agreements together with the lack of investment in new projects or expansion of existing production facilities. The climate of under-investment in South Africa is blamed partly on political interference in the mining sector and the rise of resource nationalisation.

## CHIEF EXECUTIVE OFFICERS REPORT *(continued)*

With the mining licence grant expected in April 2018 and the processes under way as outlined in the operational overview, the Company expects to be in production by August 2018 and would therefore be well positioned to take advantage of the southern African coal market. Initial production is planned for 1.2 million tonnes of saleable coal per annum ramping up when required, as the project will have a capacity of two million tonnes per annum from first commissioning.

### Export market

Whilst the initial project plan focused entirely on the 1.2 million tonnes to the regional market, attention must be paid to the export market as the API#4 index price for seaborne thermal coal has risen 80% since 2016 and currently trades at \$82 to \$90 per tonne. The international traders forecast that this trend could continue, albeit at a slower rate, due to production cut backs in China and delayed investment in greenfield coal projects. One must note the significant investment by large multinationals in coal projects in Australia which highlights their bullish view on coal going forward.

As outlined in the industry overview, Botswana has a significant role to play in the seaborne thermal coal market due to its large untapped coal resources and close proximity to the South African coal export infrastructure. Currently Richards Bay Coal Terminal ("RBCT") and Transnet Freight Rail ("TFR") together have a capacity of 84 million tonnes per annum. However, in 2016 only 72.6 million tonnes of coal was shipped through RBCT. Forecasts are for this number to remain steady leaving excess capacity of 11.4 million tonnes of coal per annum that Botswana is ideally suited to utilise.

Logistical challenges to exploit this opportunity need to be addressed and the Company has had extensive engagement with Botswana Rail ("BR") and TFR to address the issue of getting coal to port. The engagements have been extremely positive with an apparent will from all parties to resolve this which is expected to result in full utilisation of the project capacity.

### CORPORATE

Following the successful listing on the Botswana Stock Exchange ("BSE") in April 2017, the proposal was to explore a listing on the JSE Securities Exchange ("JSE") and list during 2018. The Board has deemed it prudent to investigate the Australian Stock Exchange ("ASX") and the London based Alternative Investment Market ("AIM") in addition to the JSE. Shareholders will be advised on progress on this matter in due course.

### APPRECIATION

I am grateful to the shareholders that had faith in our project and the team. We have the necessary spread of shareholders in place with large local investors as well as many private investors and the continued support of the original owners.

To the management team, thank you for the tremendous effort you have made to ensuring success and each milestone in place. We are exceptionally proud of the achievements and thank you for the continued effort to ensure the Environment Impact Assessment and the awarding of the mining licence process continues to run smoothly.

We extend our gratitude to the people of Botswana who have invested in the project, embraced our management team in the field and have supported our project in so many ways.

Finally, to my fellow Board members who have wisely guided decisions and discussions and ensured that the project is on track and on time, my appreciation is extended to you.

I look forward to the remainder of the calendar year and the coming year, where Minergy has exciting developments to put forward to shareholders.



**Andre Boje**  
*Chief Executive Officer*

31 October 2017

# 4

## MATERIAL ISSUES AND RISKS

21 Management of risk

### 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.

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

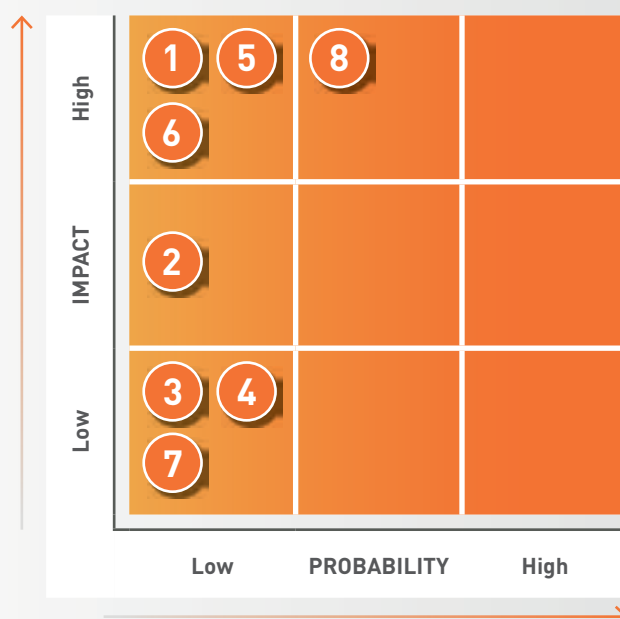
#### RISK MANAGEMENT

Identified risk	Key response/mitigation	Type of risk
1 <b>Loss or lack of key management skill for specialised project</b>	<ul style="list-style-type: none"> <li>Remuneration Committee evaluating succession planning, sourcing qualified staff and reviewing incentives for retention.</li> </ul>	Strategic and operational
2 <b>Macro-economic factors impacting the execution of the business plan</b>	<ul style="list-style-type: none"> <li>The Group believes that the demand for coal will remain at high levels, especially from Africa.</li> <li>The Group's product is diversified to supply local/regional markets (less price sensitive) and export product.</li> <li>Geographic location allows logistical competitive advantage.</li> </ul>	Strategic and operational
3 <b>Impact of environmental challenges on the sustainability of business model</b>	<ul style="list-style-type: none"> <li>Fully compliant Environmental Impact Assessment Report drafted with assistance of professional advisors.</li> <li>Group is committed to follow all regulatory processes.</li> </ul>	Compliance

## MATERIAL ISSUES AND RISKS (continued)

Identified risk	Key response/mitigation	Type of risk
<b>4</b> Undesirable geo-political and social events	<ul style="list-style-type: none"> <li>Botswana is ranked as one of the top investor friendly countries in the world and number one in Africa.</li> <li>The Group has regular interaction with government and feedback has been extremely positive and supportive.</li> </ul>	Strategic
<b>5</b> Not delivering on strategic growth objectives	<ul style="list-style-type: none"> <li>Specific business plan in place to monitor progress and achieve milestones.</li> <li>To date all milestones were achieved.</li> </ul>	Operational
<b>6</b> Regulatory approvals not being granted or delaying the project	<ul style="list-style-type: none"> <li>All regulatory processes followed.</li> <li>Consistent interaction with relevant government departments.</li> </ul>	Compliance
<b>7</b> Currency risk	<ul style="list-style-type: none"> <li>At this stage currency risk is limited to the current weaker South African Rand ("ZAR").</li> <li>Short-term ZAR investments in place for ZAR exposures.</li> </ul>	Financial
<b>8</b> Insufficient capital and related funding to elevate the project to operational status	<ul style="list-style-type: none"> <li>The Group was successful in raising P72 million for the initial phase of this greenfield project.</li> <li>Roadshows and interactions with existing and prospective shareholders scheduled for October 2017 to obtain additional funding.</li> <li>Initial interactions positive.</li> <li>Vendor financing proposals currently being reviewed for processing plant.</li> </ul>	Financial and operational

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





# 5

## SUSTAINABILITY

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## SUSTAINABILITY INFORMATION



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:

▼  
SAFETY

▼  
HEALTH

▼  
ENVIRONMENT

▼  
COMMUNITY

▼  
OUR PEOPLE

▼  
GOVERNANCE

## SUSTAINABILITY INFORMATION (continued)

### LABOUR

Since Minergy is in the pre-production stage and the mine is not yet in development, staff numbers are extremely low and limited to a current staff complement of six (6).

Minergy plans to commence with construction and production of its Masama Coal Project from the second quarter of 2018 or sooner depending on the granting of a mining licence. During the start-up phase, where the Company plans to produce 1.2 million tonnes of coal, it is foreseen that approximately 200 employees will be required and as production ramps up to 3.2 million tonnes, around 300 employees will be required. This reflects total mine employees and includes those employed directly by Minergy Coal as well as employees appointed by contractors such as the mining contractor and process plant contractor.

Minergy plans to open a labour office in October 2017 in Lentsweletau whereby a programme of identifying potential employees will commence. As far as possible, employees will be recruited from within Botswana.

### TRAINING

An integrated Human Resources Development Programme will be formulated and implemented that will seek to maximise the productive potential of people involved with the Masama Coal Mine 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 in the process of being compiled for the abovementioned activities, and will constitute Minergy's Human Resources Development Programme ("HRD"). A socio-economic and skills survey will be undertaken in the region around the mine site so as to collect baseline information on the characteristics, profiles, and demographics of potential employees.

This study will form the basis for the implementation of the Human Resources Development Programme.

### SAFETY

Minergy has developed a Safety, Health, Environment and Quality ("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.

### ENVIRONMENT

Minergy believes it is our duty and responsibility to minimise as far as possible our environmental impact and continually look for new ways to rehabilitate the environment in the vicinity of the mining operations. This is integral to our business strategy and operating methods. We strive towards an approach to the environment which entails leaving behind something better than that with which we started. Ensuring the land we leave behind is healthy.

### HEALTH

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

### PROCUREMENT

Minergy will give preference, to the maximum extent possible 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.

### 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 as well as upgrading the roads used to access the mine. An assessment of a power solution is being reviewed. Regardless of the power solution selected, Minergy plans to work with the Botswana Power Corporation to make power available to the village of Medie. This plan is still to be finalised and signed off by the Board.

Our philosophy is that, as far as possible, local Botswana residents are employed. If skills are not available, then resources will be sought from outside of Botswana.

Minergy has a strong drive to transfer skills as much as possible so that trained skills remain in Botswana. This will also apply to contractors that Minergy appoints.

### STAKEHOLDERS



## CORPORATE SOCIAL INVESTMENT AND COMMUNITY DEVELOPMENT (continued)

Stakeholder group	Details	Expectations of Minergy
<b>Government Ministries and Departments</b>	<ul style="list-style-type: none"> <li>Discussions and meetings regularly take place with various Government Ministries and Departments in Botswana including with:               <ul style="list-style-type: none"> <li>Department of Mines;</li> <li>Department of Environmental Affairs;</li> <li>Ministry of Employment, Labour Productivity and Skills Development;</li> <li>Ministry of Health and Wellness;</li> <li>Ministry of Mineral Resources, Green Technology and Energy Security;</li> <li>Ministry of Investment, Trade and Industry;</li> <li>Ministry of Transport and Communications;</li> <li>Ministry of Finance and Development Planning;</li> <li>Botswana Investment and Trade Centre;</li> <li>Land Boards; and</li> <li>Land Authorities;</li> </ul> </li> <li>Partnering for training;</li> <li>Partnering to address specific issues;</li> <li>Participation in ad hoc discussions; and</li> <li>Written communications.</li> </ul>	<ul style="list-style-type: none"> <li>Statutory and legal compliance;</li> <li>Local economic development; and</li> <li>Ease of conducting business.</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Minergy is engaged with local communities around the mining area; and</li> <li>Kgosi's and local representatives are regularly engaged with at the Kgotla.</li> </ul>	<ul style="list-style-type: none"> <li>Employment and economic development;</li> <li>Cultural heritage sites, protecting biospheres and endangered species; and</li> <li>Socio-economic and related issues.</li> </ul>
<b>Shareholders, potential investors and media</b>	<ul style="list-style-type: none"> <li>Regular results presentations;</li> <li>1:1 meetings;</li> <li>Project updates;</li> <li>Outsourced Investor Relations function in place;</li> <li>Regular press releases;</li> <li>Annual General Meeting;</li> <li>Annual Integrated Report and published results;</li> <li>Feedback emails;</li> <li>Ad hoc telephonic dialogues;</li> <li>Company website; and</li> <li>Roadshows.</li> </ul>	<ul style="list-style-type: none"> <li>Prudent capital allocation and utilisation of cash and working capital;</li> <li>Growth and sustained returns on investment; and</li> <li>Regular communication.</li> </ul>
<b>Staff</b>	Currently there is a small staff component (less than 10). This section will be updated and expanded upon in the 2018 Integrated Annual Report.	
<b>Suppliers of products and services</b>	Due to no mining operations taking place at the moment, this section will be updated and expanded upon in the 2018 Integrated Annual Report.	
<b>Business partners</b>	<ul style="list-style-type: none"> <li>Meetings;</li> <li>Face-to-face engagements;</li> <li>Telephonic conversations;</li> <li>Emails;</li> <li>Industry conferences;</li> <li>Training of local suppliers; and</li> <li>Other coal project developers.</li> </ul>	<ul style="list-style-type: none"> <li>Clear understanding of Company strategies and priorities;</li> <li>On-time payment;</li> <li>Growth opportunities; and</li> <li>Development of a coal mining sector in Botswana.</li> </ul>



# 6

## CORPORATE GOVERNANCE

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35	King IV summary

## CORPORATE GOVERNANCE REPORT



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

Through delegation to the Chief Executive Officer ("CEO") and Chief Financial Officer ("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.

### 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 2019 Integrated Annual Report as the Group currently

## CORPORATE GOVERNANCE REPORT (continued)

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 14 to 15 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 of the Board consist of three Non-Executive Directors, two of whom are also 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 Company of just over 11% is not sufficient to exercise undue influence on the Company and represents one of many investments in his portfolio, taking into account 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 independent 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 two permanent sub-committees to assist in fulfilling its governance role: The Audit and Risk Committee and the Remuneration and Nominations Committee. At this stage the Board has taken the decision not to appoint a Social and Ethics Committee given the start-up nature of the Company. A more detailed report from each of these committees is set out later in this section.

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 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	23 February 2017	27 June 2017	29 August 2017
<b>Independent Non-Executive Director</b>			
Mokwena Morulane	✓	✓	✓
<b>Non-Executive Directors</b>			
Leutlwetse Tumelo	✓	✓	✓
Claude de Bruin	✓	✓	✓
<b>Executive Directors</b>			
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. This is the first year of operation for the Group and evaluation at this time is not deemed appropriate or practical.

## CORPORATE GOVERNANCE REPORT (continued)

### 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 Annual General Meeting ("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 tabled for consideration by the Board and will be 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 of annual report, interim reports, 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 will be identified and, where feasible, mitigating strategies will be implemented. The Board expects more detailed disclosure to be presented in the Integrated Report for 2018.

### 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 2017.

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 is in the process of updating 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 size of the Group, the Board made a decision to combine the Audit and Risk Committees and attend to both audit and risk responsibilities in one committee.

## MEMBERS OF THE COMMITTEE

Name	Designation
Mokwena Morulane	Chairman
Leutlwetse Tumelo	Member
Claude de Bruin	Member

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 also attend all the meetings.

## MEETINGS AND ATTENDANCE

Name	28 August 2017
Mokwena Morulane	✓
Leutlwetse Tumelo	✓
Claude de Bruin	✓

## 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 fulfill 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, external auditors and the head of internal audit 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; and
- 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 2017 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:

- nominated PricewaterhouseCoopers ("PwC") as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ended 30 June 2017, 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 include 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;

## AUDIT AND RISK COMMITTEE REPORT *(continued)*

- approved non-audit services with PwC 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 PwC is independent of the Group after taking the following factors into account:

- representations made by PwC 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 2017, 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 2017 for approval to the Board. The Board has subsequently approved the reports, 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 2017.

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 fulfill 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 is in the process of updating the terms of reference with respect to the requirements of King IV.

## REMUNERATION PHILOSOPHY

The remuneration philosophy applies to all Group operations. 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:
  - (i) are aligned with the Company's business strategy, overall objectives and market practice;
  - (ii) motivates executives to pursue the Company's medium to long-term growth;
  - (iii) demonstrates a clear relationship between the Company's performance and performance of executives; and
  - (iv) 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 size of the Group, the Board made a decision to combine the Remuneration and Nominations Committees into one committee.

## MEMBERS OF THE COMMITTEE

Name	Designation
Claude de Bruin	Chairman
Leutlwetse Tumelo	Member
Mokwena Morulane	Member

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

## MEETINGS AND ATTENDANCE

Name	27 June 2017	28 August 2017
Claude de Bruin	✓	✓
Leutlwetse Tumelo	✓	✓
Mokwena Morulane	x	✓

## REMUNERATION STRUCTURES

Currently, and during this start-up phase of the Group, remuneration comprises fixed remuneration.

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

No short-term incentives have been added to remuneration at this early stage but the Group is investigating various models for implementation closer to production.

In addition, the committee is assessing the potential implementation of a share option plan to provide Minergy and its subsidiaries, present and future, with the means to encourage, attract, retain and motivate stakeholders, specifically with respect to the new Masama Coal Project. It is anticipated that the share option plan would 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.

As the Group does not award short-term incentives at this time it is envisaged that the share option plan will include a short-term component. More detail will be presented at the forthcoming AGM.



# REMUNERATION AND NOMINATIONS COMMITTEE REPORT *(continued)*

## NON-EXECUTIVE DIRECTORS' REMUNERATION

Remuneration for Non-Executive Directors for the year ended 30 June 2017, was as set out below:

Name	Pula
Mokwena Morulane	26 052
Leutlwetse Tumelo	18 486
Claude de Bruin	15 840

In addition to the above sitting fees, Mr de Bruin was also paid P230 000 with respect to consulting services to the Company.

No fees were paid to Non-Executive Directors in prior years as this is the Group's first year of reporting.

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

Position	Per meeting cost
Chairman of the Board	12 840
Board member	6 240
Chairman of a governance committee	9 600
Member of a governance committee	6 240

These fees will be presented at the forthcoming AGM for approval for the financial year 2017/18.

## EXECUTIVE DIRECTORS' REMUNERATION

The remuneration for Executive Directors for the year ended 30 June 2017, as set out below:

Name	Pula
Andre Boje	650 000
Morné du Plessis	600 000
Claude de Bruin	360 000*

\* Before the Company listed on 27 April 2017 Claude de Bruin was employed as an Executive Director. Subsequent to 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 were paid during the financial year and the salaries represent a cash-based basic salary.

No fees were paid to Executive Directors in prior years as this is the Group's first year of reporting.



**Claude de Bruin**

*Chairman of the Remuneration and Nominations Committee*

# KING IV SUMMARY

## KING IV APPLICATION REGISTER

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 establishment of a Social and Ethics Committee will be implemented once practical.
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.
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- and Remuneration and Nominations- Committees.
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.

## KING IV SUMMARY (continued)

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 complies 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 to be established 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 so as 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.



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## SHAREHOLDER INFORMATION

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## 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 is appointed which 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

	2017
AGM	7 December
Interim period-end	31 December
	2018
Interim results	March
Year-end	30 June
Final results	September

# SHAREHOLDER ANALYSIS

as at 27 June 2017

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000	261	60.56	115 923	0.03
1 001 – 10 000	131	30.40	688 867	0.19
10 001 – 100 000	30	6.96	1 063 087	0.28
100 001 – 1 000 000	2	0.46	541 726	0.14
Over 1 000 000	7	1.62	373 615 264	99.36
<b>Total</b>	<b>431</b>	<b>100</b>	<b>376 024 867</b>	<b>100</b>

Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Managed funds	3	0.70	111 549	0.03
Private companies	7	1.62	227 906 948	60.61
Retail shareholders	410	95.13	31 451 152	8.36
Retirement benefit funds	10	2.32	116 555 118	31.00
Trust	1	0.23	100	–
<b>Total</b>	<b>431</b>	<b>100</b>	<b>376 024 867</b>	<b>100</b>

Shareholder type	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
<b>Non-public shareholders</b>	<b>4</b>	<b>0.93</b>	<b>257 500 000</b>	<b>68.48</b>
Directors and associates (Direct)	3	0.70	30 000 000	7.98
Energy Mineral Resources and Mining Ltd	1	0.23	227 500 000	60.50
Directors and associates (Indirect)			44 384 265	11.80
Others			183 115 735	48.70
<b>Public shareholders</b>	<b>427</b>	<b>99.07</b>	<b>118 524 867</b>	<b>31.52</b>
Botswana Public Officers PF through fund managers	3	0.70	116 115 264	30.88
Management and retirement funds through fund managers	10	2.32	551 403	0.15
Members of the public	414	96.06	1 858 200	0.49
<b>Total</b>	<b>431</b>	<b>100.00</b>	<b>376 024 867</b>	<b>100.00</b>

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
African Alliance Asset Management	75 000 000	19.95
Kgori Capital	41 666 667	11.08
<b>Total</b>	<b>116 666 667</b>	<b>31.03</b>

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Energy Mineral Resources and Mining Ltd			227 500 000	60.50
Botswana Public Officers PF through fund and asset managers			116 144 783	30.88
Mr Andre Russell Boje			15 000 000	3.99
<b>Total</b>			<b>358 644 783</b>	<b>95.37</b>
<b>Total number of shareholdings</b>	<b>431</b>			
<b>Total number of shares in issue</b>			<b>376 024 867</b>	

#### NON-PUBLIC BREAKDOWN AS AT 30 JUNE 2017

Beneficial holders greater than 10%	Director/Independent	Count	Holding	%
Energy Mineral Resources and Mining Ltd		1	227 500 000	60.50
Less: Directors and associates (Indirect)			(44 384 265)	(11.80)
			<b>183 115 735</b>	<b>48.70</b>
<b>Directors and key personnel</b>				
Mr Andre Russell Boje	Executive Director	1	15 000 000	3.99
Mr Morné du Plessis	Executive Director	1	10 000 000	2.66
Mr Martin Bartle	Key personnel	1	5 000 000	1.33
Mr Claude de Bruin	Non-Executive Director	**	43 048 948	11.45
Mr Leutlwetse Tumelo	Non-Executive Director	**	1 335 317	0.36
		<b>3</b>	<b>74 384 265</b>	<b>19.78</b>
<b>Total non-public shareholding</b>		<b>4</b>	<b>257 500 000</b>	<b>68.48</b>

\*\* Counted with Energy Mineral Resources and Mining Ltd.



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## GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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## DIRECTORS' RESPONSIBILITY 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. 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 International Financial Reporting Standards ("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 to ensure 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 have reviewed the Group's cash flow forecast for the year-end 30 June 2018 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 independently auditing and reporting on the Group's consolidated financial statements. The consolidated financial statements have been examined by the Group's external auditors and their report is presented on page 47 to 51.

The consolidated financial statements set out on pages 52 to 81 which have been prepared on the going concern basis, were approved by the Board of Directors on 31 October 2017 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 2017.

## NATURE OF BUSINESS

Minergy Ltd ("Minergy" or "the Company") is an investment holding Company. Its principal subsidiary holds prospecting licence PL278/2012 (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 Botswana Stock Exchange ("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 International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

The Group's attributable loss for the financial year ended 30 June 2017 was P19.566 million (2016: P Nil) representing a loss per share of 6.76 thebe (2016: Nil thebe). The headline loss per share was 6.76 thebe (2016: Nil thebe).

The Company raised P72 million via a private and public placement of shares during the year. The cash was utilised to finance Group operational expenditures and further exploration and evaluation of the Masama Coal Project covered by the prospecting license.

This is the first year that the Group has expensed certain operating expenditures. These mostly relate to operating expenditures incurred by the Company, which acts as an investment and holding company and sources funding for the Group but also to the operational entity, Minergy Coal (Pty) Ltd, which incurs typical exploration and evaluation expenditures including salary costs. However, qualifying expenditure is capitalised to the project asset.

The formation of the Minergy Ltd Group (being the incorporation of Minergy Ltd and the acquisition of Minergy Coal (Pty) Ltd) was considered to be a group restructure. In substance, a group restructure results in the same controlling shareholders before and after the transaction. The Company accounted for the Group restructure using the predecessor method of accounting, under which the results of the entities or business forming part of the Group restructure are presented as if the Group had always existed.

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.

## SHARE CAPITAL

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

- The Company was incorporated with a stated capital of P120 divided into 120 ordinary shares;
- On 19 January 2017 the Company increased its stated capital to P150 120 and issued 30 000 000 shares to early investors;
- On 19 January 2017 the Company further increased its stated capital to P15 413 287 and issued 227 499 880 shares representing the shares to be issued in terms the Sale and Purchase Agreement;
- On 31 January 2017 the Company increased its stated capital to P85 413 287 and issued 116 666 667 shares pursuant to the private placement of shares; and
- On 31 January 2017 the Company offered 50 000 000 shares for allotment in terms of the BSE Listing, of which the Company issued 1 858 200 shares on 26 April 2017 in terms of rule 5.11 of the BSE Listings Requirements increasing the stated capital to P87 271 487.

The Group and Company has capitalised P3 million of 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.

Refer to Note 9 of the annual financial statements for the movement in issued share capital.

At 30 June 2017 the number of ordinary shares in issue and the weighted average number of shares was 376 024 876 (2016: Nil) and 289 255 288 (2016: Nil), respectively.

## DIRECTORATE

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

Directors	Nationality	Office	Designation	Changes
Mokwena Morulane	Botswana	Chairman	Independent Non-Executive	Appointed 25 January 2017
Andre Russel Boje	South Africa	CEO	Executive	Appointed 25 January 2017
Morné du Plessis	South Africa	CFO	Executive	Appointed 25 January 2017
Claude de Bruin	New Zealand		Non-Executive	Appointed 3 October 2016
Leutlwetse Tumelo	Botswana		Non-Executive	Appointed 19 September 2016

## DIRECTORS' INTEREST IN SHARES

At 30 June 2017, the Directors of the Company during the year held direct and indirect interests in **69 384 265** of the Company's issued ordinary shares (2016: Nil). Details of shares held per individual Director are listed below:

2017	Direct beneficial	Indirect beneficial	Direct non- beneficial	Indirect non- beneficial	Total	%
<b>Executive Directors</b>						
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
<b>Non-Executive Directors</b>						
Claude de Bruin	–	43 048 948	–	–	43 048 948	11.45
Leutlwetse Tumelo	–	1 335 317	–	–	1 335 317	0.36
	–	44 384 265	–	–	44 384 265	11.81
<b>Total Executive and Non-Executive Directors' interest</b>	<b>25 000 000</b>	<b>44 384 265</b>	<b>–</b>	<b>–</b>	<b>69 384 265</b>	<b>18.45</b>

## 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:

- The Company changed its name to Minergy (Pty) Ltd from Egapes (Pty) Ltd as approved by the Registrar of Companies, in accordance with section 31 of the Companies Act;
- The Company adopted its constitution and registered same with the Companies and Intellectual Property Authority;
- The Company converted from a private to a public company;
- The issue of shares as detailed on the previous page of this Directors' report; and
- The offer of 50 million shares at P1 for public placing under rule 11.5 of the BSE Listings Requirements.



# DIRECTORS' REPORT (continued)

## EVENTS AFTER THE REPORTING PERIOD

The Group submitted its prospecting licence PL278/2012 (for coal and coal-bed methane) for renewal at the end of June 2017 as required. The prospecting licence was due to expire by 30 September 2017. The Group has received confirmation from the Department of Mines that the prospecting licence has been renewed for a further two years.

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

## GOING CONCERN

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 2017 have been prepared on a going concern basis.

## AUDITORS

PricewaterhouseCoopers has been appointed as auditors for the Company and its subsidiaries for 2017.

## COMPANY SECRETARY

The Company Secretary is Desert Secretarial Services (Pty) Ltd.

### Postal address

PO 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.

## COMPARATIVES

Although the holding company was only incorporated during the financial year, comparatives are presented for the Group. Refer the application of predecessor accounting explained in review of financial results and activities of this Directors' report.

# INDEPENDENT AUDITOR'S REPORT

To the shareholders of Minergy Ltd

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### OUR OPINION

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Minergy Ltd ("the Company") and its subsidiaries (together "the Group") as at 30 June 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

Minergy Ltd's consolidated and separate financial statements set out on pages 52 to 81 comprise:

- the consolidated and separate statements of financial position as at 30 June 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with Botswana Institute of Chartered Accountants code of ethics ("BICA Code") and the ethical requirements that are relevant to our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B).

### Material uncertainty related to going concern

We draw attention to Note 1(d) to the consolidated and separate financial statements which describes events and conditions indicating a material uncertainty that may cast significant doubt about the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

# INDEPENDENT AUDITOR'S REPORT (continued)

## OUR AUDIT APPROACH

### Overview



#### Overall Group materiality

- Overall Group materiality: BWP755 000, which represents 1% of the Group's consolidated total assets at 30 June 2017.

#### Group audit scope

- We performed a full scope audit over all operating statutory entities of the Group.

#### Key audit matters

- Material uncertainty related to going concern;
- Assessment of impairment indicators for the Group's capitalised mineral exploration and evaluation expenditure (Masama Coal Project) as well as the Company's related investment in subsidiary; and
- IFRS 2 share-based payment charge.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<b>Overall Group materiality</b>	BWP755 000
<b>How we determined it</b>	1% of the Group's consolidated total assets as at 30 June 2017.
<b>Rationale for the materiality benchmark applied</b>	We chose consolidated total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users whilst the Group is in the exploration and evaluation phase of its business, and is a generally accepted benchmark. We chose 1%, which is consistent with quantitative materiality thresholds used for similar companies in this sector.

### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of two operating components in Botswana, the corporate head office (Minergy Ltd) and the exploration and evaluation project (Minergy Coal (Pty) Ltd). Full scope audits were performed at both of these components, as – based on materiality and risk – these could individually or in aggregate have a material impact on the consolidated financial statements.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Assessment of impairment indicators for the Group's capitalised mineral exploration and evaluation expenditure (Masama Coal Project) as well as for the Company's related investment in subsidiary.</i></b></p> <p>At 30 June 2017 the Company had an investment in subsidiary, Minergy Coal (Pty) Ltd, with a carrying value of BWP24 million in its separate financial statements (as set out in Note 6).</p> <p>At 30 June 2017 Minergy Coal (Pty) Ltd was in the process of exploring and evaluating its coal project in Botswana (referred to as the Masama Coal Project).</p> <p>Expenditure related to the acquisition, exploration and evaluation of this project have been capitalised in line with the Group's accounting policy (refer to Note 1.4) and amounted to BWP20.2 million at 30 June 2017. This capitalised exploration and evaluation expenditure constitutes the most significant asset of the Group as well as the subsidiary, Minergy Coal (Pty) Ltd.</p> <p>In assessing indicators of possible impairment for the Group's capitalised mineral exploration and evaluation expenditure and the Company's investment in subsidiary, the Group considered a number of factors as set out in Notes 5 and 6.</p> <p>By its nature, there are numerous uncertainties inherent in estimating qualities and quantities of mineral reserves and estimated costs to develop and mine such reserves. Due to the high level of judgement and estimation involved in determining whether impairment indicators exist, and the material impact that an impairment could have on the carrying value of the Group's capitalised mineral exploration and evaluation expenditure and on the carrying value of the Company's related investment in subsidiary, we considered this a matter of most significance to our audit of the separate and consolidated financial statements for the year ended 30 June 2017.</p>	<p>We evaluated the Group's assessment of impairment indicators, considering the factors per Notes 5 and 6, by performing the following procedures:</p> <ul style="list-style-type: none"> <li>(a) We inspected the prospecting licence for the specified area and licence term, noting that it was valid until 30 September 2017. We also inspected the subsequent renewal, extending the prospecting licence for a further two years to 30 September 2019;</li> <li>(b) We obtained the Group's budget for the 2018 financial year and determined that substantive expenditure on further exploration and evaluation activities is planned;</li> <li>(c) 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; and</li> <li>(d) We inspected the financial models included in the updated feasibility study, which did not indicate evidence that the carrying amount of the capitalised mineral exploration and evaluation expenditure will not be recovered in full from successful development or by sale.</li> </ul> <p>As part of our procedures in (c) above, we assessed the independence and competency of the external experts utilised by management by obtaining independence confirmations from the experts, as well as evidence relating to their qualifications and professional memberships.</p> <p>We inspected independent market information, which indicated that the market capitalisation of Minergy Ltd on the Botswana Stock Exchange exceeded the net asset value of the Group (including capitalised exploration and evaluation expenditure) and Company (including investment in subsidiary) at both 30 June 2017 and 20 October 2017.</p> <p>We found no material exceptions in these tests, which would have indicated that there were indicators of impairment of the Group's capitalised exploration and evaluation expenditure or Company's investment in subsidiary at 30 June 2017.</p>



## INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>IFRS 2 share-based payment charge</b></p> <p>During the year ended 30 June 2017, a share-based payment expense was recognised in respect of shares issued to early investors, prior to the listing of shares on the Botswana Stock Exchange.</p> <p>The transaction was accounted for in line with the Group's accounting policy for share-based payments (refer to Note 1.12).</p> <p>The share-based payment charge of BWP10.1 million was calculated as the difference between the fair value of the shares issued and the cash received (refer to Note 14).</p> <p>We considered this a matter of most significance to our audit as the determination of the fair value of the shares issued requires judgement and estimation, and may have a material impact on the Company's and Group's financial results.</p>	<p>We assessed the Group's calculation of the share-based payment charge as follows:</p> <ul style="list-style-type: none"> <li>■ We obtained a copy of the subscription agreement and inspected it to confirm the number of shares being subscribed for, the subscription price and subscription terms;</li> <li>■ We agreed the cash received for the shares to bank statements;</li> <li>■ We tested the Group's calculation of the fair value of the shares issued by: <ul style="list-style-type: none"> <li>- reperforming the calculation to confirm the mathematical accuracy thereof;</li> <li>- assessing the independence, competence and professional qualifications of management's internal and external experts involved in performing the calculation; and</li> <li>- independently assessing the appropriateness of the valuation methodology and whether the discount rates, including risk factors applied, fall within a reasonable range based on our knowledge and experience of similar transactions.</li> </ul> </li> <li>■ We recalculated the share-based payment charge as the difference between the calculated fair value of the shares issued and the related cash received and noted no material differences.</li> </ul>

### OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the statement of directors' responsibility and approval, the directors' report and the Integrated Annual Report, which we obtained prior to the date of this auditor's report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and the Company'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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 ISAs 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, 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 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 and the Company'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 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 entities or business activities within the Group to express an opinion on the consolidated 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.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Rudi Binedell**

*Practicing member*

*Membership number: 20040091*

31 October 2017

Gaborone

# STATEMENTS OF FINANCIAL POSITION

as at 30 June 2017

Figures in Pula	Notes	GROUP		COMPANY	
		2017	2016	2017	2016
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	654 915	–	27 076	–
Mineral exploration and evaluation expenditure	5	20 198 869	15 263 287	–	–
Investment in subsidiary	6	–	–	23 989 610	–
		20 853 784	15 263 287	24 016 686	–
<b>Current assets</b>					
Trade and other receivables	7	486 066	–	85 437	–
Cash and cash equivalents	8	54 171 748	–	54 112 846	–
		54 657 814	–	54 198 283	–
<b>Total assets</b>		75 511 598	15 263 287	78 214 969	–
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	9	84 266 725	15 263 287	84 266 725	–
Accumulated loss		(9 509 378)	–	(6 477 379)	–
<b>Equity attributable to owners of the parent</b>		74 757 347	15 263 287	77 789 346	–
<b>Total equity</b>		74 757 347	15 263 287	77 789 346	–
<b>Current liabilities</b>					
Trade and other payables	10	754 251	–	425 623	–
		754 251	–	425 623	–
<b>Total liabilities</b>		754 251	–	425 623	–
<b>Total equity and liabilities</b>		75 511 598	15 263 287	78 214 969	–

# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

Figures in Pula	Notes	GROUP		COMPANY	
		2017	2016	2017	2016
Revenue		-	-	-	-
Cost of sales		-	-	-	-
<b>Gross profit</b>		-	-	-	-
Other income	13	19 483	-	-	-
Operating expenses	14	(19 879 786)	-	(16 828 583)	-
<b>Operating loss</b>	14	(19 860 303)	-	(16 828 583)	-
Finance income	15	294 504	-	294 504	-
Finance costs	16	(323)	-	(44)	-
<b>Loss before income tax</b>		(19 566 122)	-	(16 534 123)	-
Income tax	17	-	-	-	-
<b>Loss for the year</b>		(19 566 122)	-	(16 534 123)	-
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive loss for the year</b>		(19 566 122)	-	(16 534 123)	-
<b>Total comprehensive loss attributable to:</b>					
Owners of the parent		(19 566 122)			
Non-controlling interest		-			
		(19 566 122)			
Loss per share (thebe)	18	(6.76)			
Diluted loss per share (thebe)		(6.76)			



# STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2017

Figures in Pula	Share capital	Accumulated loss	Total equity
<b>GROUP</b>			
<b>Balance at 1 July 2015</b>	11 568 051	–	11 568 051
Total comprehensive loss	–	–	–
<i>Transactions with owners in their capacity as owners of equity</i>			
Equity injected by shareholders during the year	3 695 236	–	3 695 236
<b>Balance at 1 July 2016</b>	<b>15 263 287</b>	<b>–</b>	<b>15 263 287</b>
Total comprehensive loss	–	(19 566 122)	(19 566 122)
<i>Transactions with owners in their capacity as owners of equity</i>			
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
<b>Balance at 30 June 2017</b>	<b>84 266 725</b>	<b>(9 509 378)</b>	<b>74 757 347</b>

Refer to Notes 1.6 and 9.

## COMPANY

<b>Balance at 1 July 2015</b>	–	–	–
Total comprehensive loss	–	–	–
<i>Transactions with owners in their capacity as owners of equity</i>			
Subscription for shares	–	–	–
<b>Balance at 1 July 2016</b>	<b>–</b>	<b>–</b>	<b>–</b>
Total comprehensive loss	–	(16 534 123)	(16 534 123)
<i>Transactions with owners in their capacity as owners of equity</i>			
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
<b>Balance at 30 June 2017</b>	<b>84 266 725</b>	<b>(6 477 379)</b>	<b>77 789 346</b>

Refer to Notes 1.6 and 9.

# STATEMENTS OF CASH FLOWS

for the year ended 30 June 2017

Figures in Pula	Notes	GROUP		COMPANY	
		2017	2016	2017	2016
<b>Cash flows from operating activities</b>					
Cash generated by operations	19	(9 497 649)	–	(6 428 306)	–
Finance costs paid	16	(323)	–	(44)	–
<b>Net cash used in from operating activities</b>		<b>(9 497 972)</b>	<b>–</b>	<b>(6 428 350)</b>	<b>–</b>
<b>Cash flows from investing activities</b>					
Exploration and evaluation asset expenditure	5	(4 935 702)	(3 695 236)	–	–
Purchase of property, plant and equipment		(692 641)	–	(30 423)	–
Increase in investment in subsidiary		–	–	(8 726 443)	–
Finance income		294 504	–	294 504	–
<b>Net cash utilised in investing activities</b>		<b>(5 333 839)</b>	<b>(3 695 236)</b>	<b>(8 462 362)</b>	<b>–</b>
<b>Cash flows from financing activities</b>					
Proceeds from shares issued	9	69 003 558	3 695 236	69 003 558	–
<b>Net cash from financing activities</b>		<b>69 003 558</b>	<b>3 695 236</b>	<b>69 003 558</b>	<b>–</b>
<b>Total cash movement for the period</b>		<b>54 171 748</b>	<b>–</b>	<b>54 112 846</b>	<b>–</b>
Cash at the beginning of the period		–	–	–	–
<b>Total cash at the end of the period</b>	8	<b>54 171 748</b>	<b>–</b>	<b>54 112 846</b>	<b>–</b>

# ACCOUNTING POLICIES

for the year ended 30 June 2017

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The principal accounting policies applied in the presentation and 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 Ltd at and for the year ended 30 June 2017 comprise those of the Company and its subsidiaries (together referred to as "the Group"). These have been prepared in accordance with International Financial Reporting Standards ("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 focused exclusively on its principal project in Botswana (the Masama Coal Project).

As at 30 June 2017, the Group has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses of P9 509 378, stockholders' equity of P74 757 347 and working capital of P53 903 563.

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 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 2017 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; and
- 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 remeasured. 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.

Foreign exchange gains and losses that relate to financial liabilities and cash and cash equivalents are presented in the statement of comprehensive income within "finance income and costs". All other exchange gains and losses are presented in the statement of comprehensive income within operating expenses.

## 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.

# ACCOUNTING POLICIES (continued)

for the year ended 30 June 2017

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

### 1.4 Exploration, evaluation and development expenditure (continued)

#### 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 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 include 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 asset's 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 are 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.

## 1.6 Minergy Group formation

The formation of the Minergy Ltd Group (being the incorporation of Minergy Ltd and the acquisition of Minergy Coal (Pty) Ltd from Minergy Mineral Resources, a wholly owned subsidiary of Minergy Ltd ("BVI") was considered to be a Group restructure for accounting purposes on consolidation.

In substance, a Group restructure results in the same controlling shareholders before and after the transaction. In the consolidated financial statements, the Group restructure has been accounted for using the predecessor method of accounting, under which the results of the entities forming part of the Group restructure are presented as if the Group had always existed.

This effectively results in the prior period capitalised exploration and evaluation expenditure of Minergy Coal (Pty) Ltd being presented as comparative information in the consolidated statement of financial position. No expenses are included in the consolidated statement of comprehensive income for the comparative period as only directly attributable and capitalisable project expenditure had been on-charged to Minergy Coal (Pty) Ltd in prior years.

## 1.7 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 11 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.

# ACCOUNTING POLICIES (continued)

for the year ended 30 June 2017

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

### 1.7 Financial assets (continued)

#### (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 indications 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.

### 1.8 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.

### 1.9 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.

### 1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand.

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

### 1.11 Share 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.

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.

### 1.12 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 transactions 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 have 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).

# ACCOUNTING POLICIES (continued)

for the year ended 30 June 2017

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

### 1.13 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.

### 1.14 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.

## 1.15 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 care. 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.

## 1.16 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 are 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.

## 1.17 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.



# ACCOUNTING POLICIES (continued)

for the year ended 30 June 2017

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

### 1.18 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 CEO.

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

### 1.19 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; and
- 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.

### 1.20 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 International Financial Reporting Interpretations Committee ("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 Company'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 amount depreciable of assets is 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 Company'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.

The Directors have not accounted for any deferred tax assets in the Company due to the uncertainty over the timing and extent of its utilisation at this stage.

#### **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 material.	1 January 2016

## ACCOUNTING POLICIES (continued)

for the year ended 30 June 2017

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

#### (a) New standards and interpretations adopted (continued)

New standard/ amendment	Key requirement	Effective date
Amendment to IAS 12 – Income taxes Recognition of deferred tax assets for unrealised losses	<p>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.</p> <p>The impact is not expected to be material.</p>	Annual periods beginning on or after 1 January 2017

#### (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 2017 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 on the next page (only changes applicable to the Group have been listed).

New standard/ amendment	Key requirement	Effective date
Amendment to IAS 7 – Cash flow statements, statement of cash flows on disclosure initiative	<p>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.</p> <p>The impact is not expected to be material.</p>	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	<p>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.</p> <p>The Group is currently assessing the impact of this amendment.</p>	Annual periods beginning on or after 1 January 2018

New standard/ amendment	Key requirement	Effective date
IFRIC 23 – Uncertainty over income tax treatments	<p>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.</p> <p>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.</p> <p>The Group is currently assessing the impact of this amendment.</p>	Annual periods beginning on or after 1 January 2019
IFRS 9 – Financial Instruments (2009 and 2010) <ul style="list-style-type: none"> <li>▪ Financial liabilities</li> <li>▪ Derecognition of financial instruments</li> <li>▪ Financial assets</li> <li>▪ General hedge accounting</li> </ul>	<p>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.</p> <p>Although the standard does not currently impact the Group, its future impact is being assessed.</p>	Annual periods beginning on or after 1 January 2018 (published July 2014)
IFRS 15 – Revenue from contracts with customers	<p>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.</p> <p>Although the standard does not currently impact the Group, its future impact is being assessed.</p>	Annual periods beginning on or after 1 January 2018 (published May 2014)

# ACCOUNTING POLICIES (continued)

for the year ended 30 June 2017

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

### (b) New standards and interpretations not yet adopted (continued)

New standard/ amendment	Key requirement	Effective date
Amendment to IFRS 15 – Revenue from contracts with customers	<p>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.</p> <p>Although the standard does not currently impact the Group, its future impact is being assessed.</p>	Annual periods beginning on or after 1 January 2018 (published April 2016)
IFRS 16 – Leases	<p>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.</p> <p>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.</p> <p>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.</p> <p>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”.</p> <p>Although the standard does not currently impact the Group, its future impact is being assessed.</p>	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied. (published January 2016)



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 30 June 2017

Figures in Pula	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
<b>4. PROPERTY, PLANT AND EQUIPMENT GROUP</b>						
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	–	–	–
<b>Total</b>	<b>692 641</b>	<b>(37 726)</b>	<b>654 915</b>	<b>–</b>	<b>–</b>	<b>–</b>

Figures in Pula	Opening balance	Additions	Disposals	Depreciation	Total
<b>Reconciliation of property, plant and equipment – 2017</b>					
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
<b>Total</b>	<b>–</b>	<b>692 641</b>	<b>–</b>	<b>(37 726)</b>	<b>654 915</b>
<b>Reconciliation of property, plant and equipment – 2016</b>					
Leasehold improvements	–	–	–	–	–
Computer software	–	–	–	–	–
Motor vehicles	–	–	–	–	–
Furniture and equipment	–	–	–	–	–
IT equipment	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

as at 30 June 2017

Figures in Pula	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
<b>4. PROPERTY, PLANT AND EQUIPMENT (continued)</b>						
<b>COMPANY</b>						
Computer software	15 806	(1 739)	14 067	–	–	–
IT equipment	14 617	(1 608)	13 009	–	–	–
<b>Total</b>	<b>30 423</b>	<b>(3 347)</b>	<b>27 076</b>	<b>–</b>	<b>–</b>	<b>–</b>

Figures in Pula	Opening balance	Additions	Disposals	Depreciation	Total
<b>Reconciliation of property, plant and equipment – 2017</b>					
Computer software	–	15 806	–	(1 739)	14 067
IT equipment	–	14 617	–	(1 608)	13 009
<b>Total</b>	<b>–</b>	<b>30 423</b>	<b>–</b>	<b>(3 347)</b>	<b>27 076</b>
<b>Reconciliation of property, plant and equipment – 2016</b>					
Computer software	–	–	–	–	–
IT equipment	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
<b>5. MINERAL EXPLORATION AND EVALUATION EXPENDITURE</b>				
Mineral exploration and evaluation expenditure is analysed as follows:				
Drilling and related expenditure	7 258 621	3 179 574	–	–
Geological and geophysical studies	3 085 178	2 862 299	–	–
Evaluation of technical and commercial viability	8 833 851	8 340 658	–	–
Miscellaneous project expenditure	1 021 219	880 636	–	–
<b>Total</b>	<b>20 198 869</b>	<b>15 263 167</b>	<b>–</b>	<b>–</b>

## 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.

## 5. MINERAL EXPLORATION AND EVALUATION EXPENDITURE (continued)

### Impairment assessment (continued)

- (a) The prospecting licence (PL278/2012) is valid until 30 September 2017 and can be renewed for an additional two years. The application for renewal was submitted at the end of June 2017 as required. The Group has subsequently received confirmation from the Department of Mines that the prospecting licence has been renewed for a further two years to 30 September 2019.
- (b) Exploration for and evaluation of mineral resources in respect of the project area covered by the prospecting licence (PL278/2012) have produced positive results and the Group has decided to continue such activities in the project area with an objective to completing its evaluation activities and commencing with development activities during the 2018 financial year. The Group plans to apply for a mining licence during the 2018 financial year.
- (c) No data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the capitalised exploration and evaluation expenditure is not likely to be recovered in full from successful development or by sale.

Figures in Pula	Opening balance	Additions	Disposals/ impairments	Total
<b>Reconciliation of mineral exploration and evaluation expenditure – 2017</b>				
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	8 340 658	493 193	–	8 833 851
Miscellaneous project expenditure	880 636	140 583	–	1 021 219
	15 263 167	4 935 702	–	20 198 869
<b>Reconciliation of mineral exploration and evaluation expenditure – 2016</b>				
Drilling and related expenditure	2 354 444	825 130	–	3 179 574
Geological and geophysical studies	2 360 712	501 587	–	2 862 299
Evaluation of technical and commercial viability	6 312 562	2 028 096	–	8 340 658
Miscellaneous project expenditure	540 213	340 423	–	880 636
	11 567 931	3 695 236	–	15 263 167

## 6. INVESTMENT IN SUBSIDIARIES

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

Name of company	Percentage holding		Carrying amount	
	2017	2016	2017	2016
Minergy Coal (Pty) Ltd <sup>#</sup>	100	–	23 989 610	–
Minsales (Pty) Ltd <sup>**</sup>	100	–	–	–
		–	23 989 610	–

<sup>#</sup> Registered in Botswana – coal exploration, development, mining and trading.

<sup>\*\*</sup> Registered in South Africa – dormant.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

as at 30 June 2017

## 6. INVESTMENT IN SUBSIDIARIES (continued)

Investments in subsidiaries are represented as follows:

Figures in Pula	Minergy Coal	Minsales	Carrying amount
<b>2017</b>			
Acquisition cost	15 263 167	–	15 263 167
Loan***	8 726 443	–	8 726 443
	<b>23 989 610</b>	<b>–</b>	<b>23 989 610</b>

\*\*\* 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.

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 Minergy Coal (Pty) Ltd (which holds the prospecting licence) was concluded between Minergy Ltd, Minergy Coal (Pty) Ltd and Minergy Mineral Resources.

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

An agreement for the cession of the Claim ("the Cession") was concluded between Minergy Ltd ("BVI"), being the owner of the Claims, its wholly owned subsidiary Minergy Mineral Resources, Minergy Ltd, and Minergy Coal (Pty) Ltd. In terms of the Cession, subject to various conditions precedent including the completion of the listing of Minergy Ltd on the BSE and the closing of the sale agreement, the claims were ultimately ceded to Minergy Ltd. The abovementioned transaction resulted in all of the shares and claims being owned by Minergy Ltd.

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 2017, no indicators of impairment were identified.

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
<b>7. TRADE AND OTHER RECEIVABLES</b>				
Deposits	31 000	–	–	–
VAT and other taxes	333 285	–	734	–
Sundry debtors	5 506	–	1 516	–
Prepayments	116 275	–	83 187	–
	<b>486 066</b>	<b>–</b>	<b>85 437</b>	<b>–</b>

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.

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
<b>8. CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents consist of:				
Cash on hand	169	–	–	–
Bank balances	47 662 884	–	47 604 151	–
Short-term deposits	6 508 695	–	6 508 695	–
	<b>54 171 748</b>	–	<b>54 112 846</b>	–

The Company earns interest at rates of 0.75% to 2% on its surplus funds in Pula. The credit rating of the Company's banker is baa3, albeit that Botswana's 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.

## 9. SHARE CAPITAL

The concept of authorised share was scrapped after the repealed Companies Act which came into effect after July 2007. Pursuant to section 47(1) of the Companies Act, all shares created or issued after the commencement of the Act shall be shares of no par value.

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
<b>Number of shares issued</b>				
Opening balance	227 500 000	172 423 692	–	–
Shares issued	148 524 867	55 076 308	376 024 867	–
<i>Holding company</i>	–	55 076 308	–	–
<i>Early investors</i>	30 000 000	–	30 000 000	–
<i>Sale and purchase agreement</i>	–	–	227 500 000	–
<i>Private placement</i>	116 666 667	–	116 666 667	–
<i>Rule 5.11 placing</i>	1 858 200	–	1 858 200	–
Closing balance	<b>376 024 867</b>	227 500 000	<b>376 024 867</b>	–
<b>Value of shares issued</b>				
Opening balance	15 263 287	11 568 051	–	–
Subscription for shares/shares issued	72 008 200	3 695 236	87 271 487	–
<i>Holding company</i>	–	3 695 236	–	–
<i>Early investors</i>	150 000	–	150 000	–
<i>Sale and purchase agreement</i>	–	–	15 263 287	–
<i>Private placement</i>	70 000 000	–	70 000 000	–
<i>Rule 5.11 placing</i>	1 858 200	–	1 858 200	–
Share issuance costs	(3 004 762)	–	(3 004 762)	–
Closing balance	<b>84 266 725</b>	15 263 287	<b>84 266 725</b>	–

As described in accounting policy 1.6, the formation of the Minergy Ltd Group has 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.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

as at 30 June 2017

## 9. SHARE CAPITAL (continued)

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.

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
<b>10. TRADE AND OTHER PAYABLES</b>				
Trade payables	91 334	–	75 423	–
Accrued expenses	170 043	–	103 469	–
Other payables	338 768	–	181 718	–
Other taxes	30 009	–	–	–
Payroll accruals	124 096	–	65 013	–
	754 251	–	425 623	–

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

Figures in Pula			
	Loans and receivables	Non-financial assets	Total
<b>11. FINANCIAL ASSETS BY CATEGORY</b>			
<b>GROUP</b>			
<b>2017</b>			
Trade and other receivables	36 506	449 560	486 066
Cash and cash equivalents	54 171 748	–	54 171 748
	54 208 254	449 560	54 657 814
<b>2016</b>			
Trade and other receivables	–	–	–
Cash and cash equivalents	–	–	–
	–	–	–
<b>COMPANY</b>			
<b>2017</b>			
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
<b>2016</b>			
Trade and other receivables	–	–	–
Cash and cash equivalents	–	–	–
	–	–	–

## Figures in Pula

## 12. FINANCIAL LIABILITIES BY CATEGORY

## GROUP

## 2017

Trade and other payables

Financial liabilities at amortised cost	Non-financial liabilities	Total
---	---------------------------	-------

600 145 154 106 754 251

600 145 154 106 754 251

## 2016

Trade and other payables

- - -

- - -

## COMPANY

## 2017

Trade and other payables

360 610 65 013 425 623

360 610 65 013 425 623

## 2016

Trade and other payables

- - -

- - -

## Figures in Pula

## GROUP

## COMPANY

## 2017

## 2016

## 2017

## 2016

## 13. OTHER INCOME

Discount received

19 483

-

-

-

19 483

-

-

-

## 14. OPERATING LOSS

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

Audit fees

Current year fee

Other services and expenses

246 714

-

168 392

-

66 574

-

-

-

313 288

-

168 392

-

Depreciation

37 727

-

3 347

-

Operating lease charges

Premises

114 260

-

-

-

114 260

-

-

-

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

as at 30 June 2017

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
<b>14. OPERATING LOSS (continued)</b>				
Employee costs	1 539 460	–	–	–
Directors' emoluments				
Executive Directors	1 609 819	–	1 609 819	–
Short-term employee benefits	1 609 819	–	1 609 819	–
Non-Executive Directors	60 378	–	60 378	–
	1 670 197	–	1 670 197	–
IFRS 2 Share-based payment charge**	10 056 744	–	10 056 744	–
Loss/(profit) on foreign exchange				
Realised	59 925	–	41 684	–
Unrealised	(862)	–	(862)	–
	59 063	–	40 822	–

\*\* During the year a share-based payment expense was recognised in respect of shares issued to early investors prior to the private placement or 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 issued was derived from project valuations based on discounted cash flow projections at the time, net of applicable risk premiums applicable to early stage projects.

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
<b>15. FINANCE INCOME</b>				
Bank balances and short-term deposits	294 504	–	294 504	–
	294 504	–	294 504	–
<b>16. FINANCE COSTS</b>				
Bank balances	323	–	44	–
	323	–	44	–
<b>17. INCOME TAX EXPENSE</b>				
<b>Major components of the income tax expense</b>				
<i>Normal</i>	–	–	–	–
<i>Capital gains tax</i>	–	–	–	–
<b>Total current tax</b>	–	–	–	–
<i>Deferred</i>				
Tax losses available for set off against future taxable income	–	–	–	–
Origination and reversal of temporary differences	–	–	–	–
<b>Total deferred tax</b>	–	–	–	–
<b>Income tax expense</b>	–	–	–	–

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
<b>17. INCOME TAX EXPENSE (continued)</b>				
<b>Reconciliation of the tax expense</b>				
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:				
<b>Accounting loss before tax</b>	(19 566 122)	–	(16 534 123)	–
Calculated tax at the applicable tax rate	(4 304 547)	–	(3 637 507)	–
<i>Non-deductible expenses</i>				
Share-based payment expense	2 212 484	–	2 212 484	–
Tax loss not recognised	2 092 063	–	1 425 023	–
	–	–	–	–

No provision has been made for taxation as the Group and the Company have no taxable income. The estimated tax losses available for the Group for set off against future taxable income is P29 792 144 (2016: P Nil). The estimated tax loss for the Company available for set off against future taxable income is P6 493 464 (2016: Nil).

No deferred tax asset has been recognised as there is no reasonable indication as to when the Group or the Company will become profitable or commence mining.

The deductible temporary differences do not expire under current legislation. The tax losses under Botswana tax legislation expire after five years.

Figures in Pula	2017
<b>18. LOSS AND HEADLINE LOSS PER SHARE (THEBE)</b>	
Basic loss per share	(6.76)
Basic diluted loss per share	(6.76)
Headline loss per share	(6.76)
Diluted headline loss per share	(6.76)
<i>Reconciliation of loss used in calculating loss per share and headline loss per share</i>	
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share	(19 566 122)
Adjustments	–
<b>Headline loss</b>	(19 566 122)
<i>Weighted average number of shares used as the denominator</i>	
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	289 255 288
Adjusted for calculation of diluted earnings per shares	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	
	289 255 288

In calculating the weighted number of shares used as the denominator, 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 accounting policy Note 1.6 as well as in Note 9.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

as at 30 June 2017

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
<b>19. CASH GENERATED FROM OPERATIONS</b>				
Loss before tax	(19 566 122)	-	(16 534 123)	-
<b>Adjustments for:</b>				
Depreciation	37 727	-	3 347	-
Unrealised gain on foreign exchange	(862)	-	(862)	-
Finance income	(294 504)	-	(294 504)	-
Finance costs	323	-	44	-
Share-based payment expense	10 056 744	-	10 056 744	-
<i>Changes in working capital</i>				
Trade and other receivables	(486 066)	-	(85 437)	-
Trade and other payables	755 112	-	426 485	-
	(9 497 649)	-	(6 428 306)	-
<b>20. CAPITAL COMMITMENTS</b>				
Authorised by Directors and contracted for	1 904 010	-	-	-
Authorised by Directors but not yet contracted for	-	-	-	-
	1 904 010	-	-	-
This expenditure will be incurred in the ensuing year and will be financed from existing cash resources.				
<b>21. OPERATING LEASE COMMITMENTS</b>				
Operating leases – as lessee (expense)				
Minimum lease payments due:				
▪ within one year	378 900	-	-	-
▪ in second to fifth year inclusive	481 620	-	-	-
	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.

Figures in Pula	COMPANY	
	2017	2016
<b>22. RELATED PARTIES</b>		
<b>Relationships</b>		
<i>Subsidiaries</i>		
Minergy Coal (Pty) Ltd and Minsales (Pty) Ltd		
<i>Members of key management (refer to Note 23)</i>		
Related-party balances		
<b>(i) Trade and other payables</b>		
Key management	13 326	-



Figures in Pula	COMPANY	
	2017	2016

## 22. RELATED PARTIES (continued)

The following transactions were carried out with related parties:

### Related-party transactions

#### (i) Compensation paid to Directors and other key management

Short-term benefits	1 609 819	–
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#### (ii) Consulting fees paid

Non-Executive Directors and key management	1 185 279	–
--	-----------	---

Figures in Pula	Salary	Benefits	Total
<b>2017</b>			
<b>Executive</b>			
Andre Boje (CEO)	650 000	–	650 000
Morné du Plessis (CFO)	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. No Directors' emoluments were paid out during the previous financial year.

Figures in Pula	Sitting fees	Benefits	Total
<b>Non-Executive</b>			
Mokwena Morulane (Chairman)	26 052	–	26 052
Leutlwetse Tumelo	18 486	–	18 486
Claude de Bruin	15 840	–	15 840
	60 378	–	60 378

No Non-Executive Director remuneration for attending meetings were paid in the previous financial year.

## 24. 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 CEO 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

as at 30 June 2017

## 25. 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 cooperation 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.

#### (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.

##### 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 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 P270 859 (2016: P Nil).

##### 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 counterparty.

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 2017 is made up as follows:

Figures in Pula	GROUP		COMPANY	
	2017	2016	2017	2016
Cash and cash equivalents	54 171 748	–	54 112 846	–
Trade and other receivables	486 066	–	85 437	–
	54 657 814	–	54 198 283	–

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

## 25. RISK MANAGEMENT (continued)

### Financial risk management (continued)

#### (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.

Figures in Pula	Less than 1 year	Between 2 and 5 years	Total
<b>GROUP</b>			
<b>At 30 June 2017</b>			
Trade and other payables	754 251	–	754 251
<b>At 30 June 2016</b>			
Trade and other payables	–	–	–
<b>COMPANY</b>			
<b>At 30 June 2017</b>			
Trade and other payables	425 623	–	425 623
<b>At 30 June 2016</b>			
Trade and other payables	–	–	–

#### 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 share 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 Ltd (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 first Annual General Meeting (the "Meeting" or the "AGM", unless referred to in full) of shareholders of Minergy Ltd will be held at the Minergy Boardroom, Unit B3 and B4, Plot 43175, Phakalane, Gaborone, Botswana on Thursday, 7 December 2017 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, together with the auditor's report and report of the Audit and Risk Committee and the report of the Remuneration and Nominations Committee, are contained in the Integrated Annual Report enclosed on pages 52 to 81, 47 to 51, 31 and 33 to 34.

## RESOLUTIONS

### 2017 FINANCIAL STATEMENTS

#### Ordinary resolution number 1

To receive, consider and adopt the audited financial statements for the year ended 30 June 2017.

### 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 annual general meeting at which this resolution is passed until the conclusion of the next annual general meeting 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 PricewaterhouseCoopers 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 2017 AND 2018

### Ordinary resolution number 9

#### Remuneration of Non-Executive Directors for 2017

To approve remuneration of Non-Executive Directors for the financial year ended 30 June 2017, in terms of Note 23 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 2017:

Total fees paid	Pula
Mokwena Morulane	26 052
Leutlwetse Tumelo	18 486
Claude de Bruin	15 840

### Ordinary resolution number 10

#### Remuneration of Non-Executive Directors for 2018

To approve remuneration of Non-Executive Directors for the financial year ending 30 June 2018, as recommended by the Board and set out in the table below.

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

Fees per meeting	Pula
Chairman of the Board	12 840
Non-Executive Directors	6 240
Chairman of Governance Committee	9 600
Governance committee members	6 240

#### Share option plan (presented in Annexure A hereto)

Details of the Share Option Plan are contained in Appendix A which can be found on page 86 of this Integrated Annual Report.

### Ordinary resolution number 11

#### Approval of 2017 Share Option Plan

Resolved that, subject to the passing of ordinary resolution number 12 and special resolutions numbers 1 and 2, the shareholders approve the terms of the 2017 Share Option Plan as set out in Appendix A to the Integrated Annual Report, on page 86 of this Integrated Annual Report.

### Ordinary resolution number 12

#### Approval of issue of ordinary shares in respect of Share Option Plan

Resolved that, subject to the passing of ordinary resolution number 11 and special resolutions numbers 1 and 2, the shareholders waive their pre-emptive rights as set out in clause 5.1 of the constitution and section 52 of the Companies Act to the issue of up to 50 000 000 (fifty million) new ordinary shares in respect of the 2017 Share Option Plan.



# NOTICE OF ANNUAL GENERAL MEETING (continued)

## Special resolution number 1

### Increase in stated capital

Resolved that, subject to the passing of ordinary resolutions numbers 11 and 12 and special resolution number 2, the Company increase its stated capital up to BWP137 271 487 for purposes of the 2017 Share Option Plan.

## Special resolution number 2

### Approval of specific issue of shares for 2017 Share Option Plan

Resolved that, subject to the passing of ordinary resolutions numbers 11 and 12 and Special resolution number 1, representing 11.7% of the issued shares of the Company on a fully diluted basis, being 50 000 000 (fifty million) new ordinary shares, for the purpose of the 2017 Share Option Plan, with waiver by shareholders of their rights to be offered such shares, be approved, and accordingly that 50 000 000 (fifty million) ordinary shares be placed under the control of the Directors for the purpose of issue in terms of the 2017 Share Option Plan.

## APPROVAL OF GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

### Special resolution number 3

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, provided that at the time of the issue the shareholders waive their rights to be offered such shares and there is compliance with the BSE Requirements and Companies Act.

## GENERAL

**To transact such other business as may be transacted at an AGM.**

**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](mailto: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

## APPENDIX A – CIRCULAR

### THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take in relation to this circular, please consult your accountant, broker, banker, central securities depository participant, legal advisor or other professional advisor immediately.

If you have disposed all of your shares in Minergy, this circular should be sent to the agent through whom you have disposed of such shares, for onward delivery to the purchaser of those shares.

#### Minergy Ltd

(Incorporated in the Republic of Botswana on 1 September 2016)

(Company number: 2016/18528)

BSE ordinary share Code: MIN

("Minergy" or "the Company")

### CIRCULAR TO SHAREHOLDERS IN RESPECT OF SPECIAL BUSINESS PROPOSED FOR THE AGM OF 7 DECEMBER 2017

The defined terms used in this circular are as defined in the 2017 Share Option Plan of the Company annexed hereto.

#### Relating to:

- an explanation and motivation for the proposed ordinary and special resolutions and the implications thereof to enable shareholders to make an informed decision on whether they should vote in favour of the requisite resolutions necessary to give effect to the 2017 Share Option Plan ("Share Option Plan" or the "Plan"); and
- the proposed resolutions.

#### Background:

The Company intends to adopt the Share Option Plan for Service Providers and Insiders of the Company and its Subsidiaries.

The purpose of the Share Option Plan is to encourage, attract, retain and motivate Participants in the Plan, being Service Providers and Insiders in respect of the new Masama Coal Project by granting such service providers and Insiders options to purchase ordinary shares in Minergy's capital, thereby giving them an ongoing proprietary interest in Minergy.

#### Salient terms of the Share Option Plan:

The aggregate number of Ordinary Shares that may be issued pursuant to options granted under the Share Option Plan together with any other securities based compensation arrangement of Minergy, shall not exceed 50 000 000 (fifty million) Ordinary Shares, representing 11.7 % of the fully diluted share capital of Minergy the date that the Plan is adopted.

Unless otherwise agreed by the Directors with the approval of shareholders by resolution in accordance with Minergy's constitution, the maximum number of Ordinary Shares which may be issued at any time to any one Service Provider or Insider under the Share Option Plan, together with any other security based compensation arrangements of Minergy, shall not exceed 10 000 000 (ten million) Ordinary Shares, representing a fixed maximum percentage of 2.1% of the fully diluted share capital of Minergy at the date that the Plan is adopted.

The option exercise price per Ordinary Share that is the subject of any option under the Share Option Plan shall be BWP1.00 per share, representing the last price at which Ordinary Shares in the share capital of the Company was issued.

Payment of the exercise price for options that are being exercised, whether in cash or other means (which shall not include by means of any loan from the Company) in accordance with the Share Option Plan shall be made any time after the vesting dates of each respective Tranches of options set out in paragraphs 8(b) i, ii and iii, of the Share Option Plan, but prior to the end of each of the respective periods stipulated in paragraphs 8(c) i, ii and iii of the Share Option Plan.

The option exercise price per Ordinary Share that is the subject of any option under this 2017 Share Option Plan shall be BWP1.00 per share.

The options are not to have a term exceeding 10 (ten) years after allotment.

In the event of the death of a Participant during the term of the Participant's option, the option granted to the Participant shall only become exercisable within the period of one year following the Participant's death, by the Participant's representative, and in no event after the expiry of that period. Before expiry of an option in this instance, the Board shall notify the Participant's representative in writing of such expiry no less than twenty (20) days prior to its expiry.

If any Participant shall cease to be a Service Provider or Insider of, or to, the Company, for any reason, other than for cause or death, the option granted to him or her or it shall become exercisable thirty (30) days from the date he or she or it ceases to be a Service Provider or Insider or the date of his or her termination of employment as an officer, director or employee, and in no event after the expiry of such period of. Before expiry of an option in this instance, the Board shall notify the former Participant in writing of such expiry no less than five (5) days prior to its expiry.

In the event of termination for cause, the options of the Participant not exercised at such time shall immediately be cancelled on the date of termination and be of no further force or effect whatsoever.

No option granted will be transferable or assignable otherwise than:

- by will or by the laws of intestate succession or similar laws in the jurisdiction where the Participant resides, and such option shall be exercisable, during a Participant's lifetime, only by the Participant; or
- to a Participant's retirement savings plan or retirement income fund or similar ("RSP") in the relevant jurisdiction where the Participant resides, provided that the Participant is, during the Participant's lifetime, the sole beneficiary of the RSP; or
- to any other person provided (i) notice of such assignment or transfer is provided in writing to Minergy prior to the assignment or transfer, and (ii) the transferee exercises the options subject to such assignment or transfer within five (5) business days of completion of the assignment or transfer.

All ordinary shares allocated to participants will rank *pari passu* in all respects with the existing ordinary shares of Minergy.

- The terms of the Share Option Plan may not be altered unless prior approval of the Shareholders of Minergy in a general meeting has been obtained.

Other than in the case of a restructuring of Minergy, if Minergy is put into liquidation, any option not yet been exercised at such time shall lapse from the date of liquidation and all rights of the Participant as set out in the Share Option Plan shall simultaneously terminate from the date of liquidation.

**The following are required to approve the Share Option Plan:**

- the shareholders of the Company; and
- the Botswana Stock Exchange.

**Proposed resolutions:**

The Directors propose and recommend the passing at the AGM of the Company scheduled for 7 December 2017 the following special and ordinary resolutions with or without amendment as the shareholders see fit:

**As special resolutions:**

- the issue and placing under the control of the Directors of 50 000 000 (fifty million) new ordinary shares, for the purpose of the Share Option Plan for allotment to be appropriately issued upon the exercise of the options, be approved; and
- the Company increase its stated capital of BWP87 271 487 up to BWP137 271 487, being the Pula value equal to the value of the currently issued shares plus the new shares issued for purposes of the Share Option Plan.

**As ordinary resolutions:**

- the shareholders approve the terms of the Share Option Plan; and
- the shareholders waive their pre-emptive rights as set out in clause 5.1 of the Constitution and section 52 of the Companies Act to the issue of 50 000 000 (fifty million) new ordinary shares in respect of the Share Option Plan.

Signed for and on behalf of the Company.



**Morné du Plessis**  
Chief Financial Officer

1 November 2017

# 2017 SHARE OPTION PLAN

## 1. PURPOSE

The purpose of this 2017 Share Option Plan is to provide Minergy Ltd ("Minergy") 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 ("Ordinary Shares") in Minergy's share capital thereby giving them an ongoing proprietary interest in Minergy.

## 2. DEFINITIONS

Unless otherwise defined herein, the following terms have the following meanings:

**"Act"** means the Companies Act of Botswana (Cap 42:01) as amended or replaced.

**"Associate"** has the meaning given to it in the Stock Exchange Listings Requirements in relation to a company.

**"Board"** means the board of directors of Minergy, and, where applicable, includes a committee of the board of directors authorised to administer the 2017 Share Option Plan.

**"CSDB"** means the Central Securities Depository Company of Botswana operated by the Central Securities Depository of Botswana (Pty) Ltd under the auspices of the Stock Exchange.

**"Effective Date"** means the date referred to in paragraph 21 herein.

**"Fair Value per Ordinary Share for Designated Ordinary Shares"** means the value obtained by calculating the VWAP of the Ordinary Shares on the Stock Exchange during the five trading days immediately preceding the day of termination provided for in paragraph 8(e).

**"Insider"** means all directors, key management personnel, employees and nominated consultants of the Company and their related parties, other than a person who falls within that definition solely by virtue of being a director or senior officer of a subsidiary, and includes an Associate of an insider.

**"RSP"** means a retirement income fund or a retirement savings plan or similar, in the relevant jurisdiction where the Participant resides.

**"Service Provider"** means officers, directors, employees and consultants of, or to, the Company, present and future, provided that a consultant shall only be a service provider where such person provides services for an initial, renewable or extended period of 12 (twelve) months or more.

**"Stock Exchange"** means the Botswana Stock Exchange, or any other stock exchange on which Minergy's shares may be listed.

**"Subsidiary"** has the meaning given to such term in the Act, and any instrument in amendment thereto or replacement thereof.

**"VWAP"** means the volume weighted average trading price of the Ordinary Shares, calculated by dividing the total value by the total volume of securities traded for the relevant period.

## 3. ADMINISTRATION

- (a) The 2017 Share Option Plan shall be administered by the Board.
- (b) The interpretation, construction and application of the 2017 Share Option Plan shall be made by the Board and shall be final and binding on all holders of options granted under the 2017 Share Option Plan and all persons eligible to participate under the provisions of the 2017 Share Option Plan.
- (c) No member of the Board shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the 2017 Share Option Plan or any options granted under it.

#### 4. SHARES SUBJECT TO THE PLAN

- (a) Subject to adjustment under the provisions of paragraph 15 hereof, the aggregate number of Ordinary Shares that may be issued pursuant to options granted under this 2017 Share Option Plan together with any other securities based compensation arrangement of Minergy, shall not exceed 50 000 000 (fifty million) Ordinary Shares, representing 11.7 % of the fully diluted share capital of Minergy on the date that the 2017 Share Option Plan was adopted.
- (b) The Board shall issue a sufficient number of Ordinary Shares for the purpose of this 2017 Share Option Plan pursuant to paragraph 4(a) above, which shares will be placed under the control of the directors of Minergy for allotment and to be appropriately issued upon the exercise of the options.
- (c) All options shall be allotted by no later than 31 January 2018.

#### 5. LIMITS WITH RESPECT TO INSIDERS AND SERVICE PROVIDERS

Unless otherwise agreed by the Directors with the approval of shareholders by resolution in accordance with the provisions of Minergy's constitution, the maximum number of Ordinary Shares which may be issued at any time to any one Service Provider or Insider under the 2017 Share Option Plan, together with any other security based compensation arrangements of Minergy, shall not exceed 10 000 000 (ten million) Ordinary Shares, representing a fixed maximum percentage of 2.1% of the fully diluted share capital of Minergy at the date Effective Date.

#### 6. ELIGIBILITY AND GRANT OF OPTIONS

- (a) Options of shares are to be granted and allotted shall be offered ("Offer") only to Service Providers and Insiders of, or to, the Company, or to Associates controlled by a Service Provider or Insider, or to an RSP established by a Service Provider or Insider (collectively, "Participants"), and provided that in each case, the Service Provider or Insider is a Service Provider or Insider of, or to, the Company at the time of the grant.
- (b) Subject to the foregoing, the Board shall have full and final authority to determine the Participants who are to be granted options under the 2017 Share Option Plan and the number of Ordinary Shares the subject of each grant of options to a Participant. Subject to paragraph 15(a), options granted under the 2017 Share Option Plan shall be for the purchase of Ordinary Shares only, and for no other security.
- (c) Each option granted shall represent the right to purchase one Ordinary Share in the Company.
- (d) Notwithstanding any options allotted and granted to any Participant in terms of the 2017 Share Option Plan and in particular notwithstanding paragraphs 6 (c) above, the Company shall retain such rights over such number of options only, granted to the Participant, including the right to exercise options, and the right to deal in the resultant Ordinary Shares, as may be required for the Company to extinguish such tax liability due with respect to the grant, vesting or lifting of any other restrictions that result in a tax liability to the Company with respect to any or all of such options granted, or with respect to the exercise of any or all of such options granted to the Participant, and any options the subject of this paragraph that might be exercised by the Company, and the sale of any resultant shares the subject of this paragraph.
- (e) The rights of the Company described in paragraph 6 (d) shall be limited and be subordinate to the rights of the Participants to whom the options was granted to it, and the resultant shares the Participant has the right to upon exercise, to the extent of any tax liability of the Participant with respect to the same.
- (f) The terms of any options to which the Company retains rights in terms of paragraph 6 (d) above, shall be the same as are applicable to the Participant in terms of the 2017 Share Option Plan, including the price thereof and the methods of payment therefore.
- (g) Any voting rights, rights to dividends or other economic benefits of shares resulting from the exercise of any options, other than proceeds from the sale of resultant shares from the exercise of options by the Company in terms of paragraphs 6(d), (e) and (f) above, shall remain vested in the Participant until such time that such resultant shares are disposed of by the Company.



## 2017 SHARE OPTION PLAN (continued)

- (h) Minergy may only grant options under this 2017 Share Option Plan pursuant to resolutions of the Board.
- (i) In determining options to be granted and allotted to Participants, the Board shall give due consideration to the value of each such Participant's present and potential contribution to the success of the Company.
- (j) The Board shall procure such approvals as may be required, including regulatory approvals and Stock Exchange approvals, and shall complete and file, in accordance with applicable law, or shall cause to be completed and filed, all notices, reports, filings or other documentation required by applicable law, regulatory requirement or Stock Exchange rule, in connection with a grant and allotment of options or an issuance or purchase of Ordinary Shares thereunder.
- (k) Upon receipt of an Offer, a Participant may, within the period specified in the Offer, accept the whole or any lesser number of shares in respect of which options are offered, and by acceptance agrees to be bound by the terms of the 2017 Share Option Plan, upon which the options shall be allotted and granted to the Participant.

### 7. PRICE

The option exercise price per Ordinary Share that is the subject of any option under this 2017 Share Option Plan shall be BWP1.00 per share, representing the last price at which Ordinary Shares in the share capital of the Company was issued.

Payment of the exercise price for options that are being exercised, whether in cash or other means (which shall not include by means of any loan from the Company) in accordance with this 2017 Share Option Plan shall be made any time after the vesting dates of each respective Tranches of options set out in paragraphs 8(b) i, ii and iii, below, but prior to the end of each of the respective periods stipulated in paragraphs 8(c) i, ii and iii below.

### 8. PERIOD OF OPTION, RIGHTS TO EXERCISE AND CASHLESS EXERCISE

- (a) Options shall not have a term exceeding ten years after allotment.
- (b) Options granted shall vest as follows:
  - (i) 25% on granting of a mining license to the Masama Coal Project before 30 June 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").
- (c) Subject to the provisions of paragraph 8 (d), and more generally sections 8, 9 and 10, 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.
- (d) **Cashless Exercise.** A Participant, rather than exercise options which he or she is entitled to exercise under paragraph 8(c) and paragraph 14, may elect to terminate any such options, in whole or in part, and, in lieu of receiving Ordinary Shares to which the terminated options relate (the "Designated Ordinary Shares"), to receive that number of Ordinary Shares, disregarding fractions, which, has a total value equal to the number of (x) Designated Ordinary Shares multiplied by (y) the difference between the Fair Value per Ordinary Share for Designated Ordinary Shares and the exercise price per Ordinary Share of the Designated Ordinary Shares.
- (e) Except as provided in paragraph 9 below, no option which is held by a Participant may be exercised unless the Participant is then a Service Provider or Insider of, or to, the Company, and in the case of an employee, the employee has been continually employed by the Company since the date of the grant of the option, but provided that an authorised absence of leave shall not be considered an interruption of employment for purposes of the 2017 Share Option Plan.

## 9. TERMINATION OF EMPLOYMENT OR DEATH OF A SERVICE PROVIDER OR INSIDER

- (a) Death of Participant. In the event of the death of a Participant during the term of the Participant's option, the option granted to the Participant shall only become exercisable within the period of one year following the Participant's death, by the Participant's representative, and in no event after the expiry of that period. Before expiry of an option under this paragraph 9(a), the Board shall notify the Participant's representative in writing of such expiry no less than twenty (20) days prior to its expiry.
- (b) Termination of Employment or Office. Subject to the discretion of the Board to determine otherwise, and this paragraph 9, if any Participant shall cease to be a Service Provider or Insider of, or to, the Company, for any reason, other than for cause or death, the option granted to him or her or it shall become exercisable thirty (30) days from the date he or she or it ceases to be a Service Provider or Insider or the date of his or her termination of employment as an officer, director or employee, and in no event after the expiry of such period. Before expiry of an option under paragraph 9(a), the Board shall notify the former Participant in writing of such expiry no less than five (5) days prior to its expiry.
- (c) In the event of termination for cause, the options of the Participant not exercised at such time shall immediately be cancelled on the date of termination and be of no further force or effect whatsoever.
- (d) For the purposes of this paragraph 9 "termination for cause" shall mean in the case of an Insider, termination of his or her or its contract with the Company due to breach of contract, non-performance or any other reason in terms of which the Company is entitled to summarily dismiss the Insider or terminate the contract. In the case of a Service Provider it shall mean non-performance of any obligation or breach of contract in terms of which the Company is entitled to terminate the contract.

## 10. EXTENSION OF OPTION

In addition to the provisions of paragraph 9, the Board may extend the period of time within which an option held by a deceased Participant may be exercised or within which an option may be exercised by a Participant who has ceased to be a Service Provider or Insider of, or to, the Company, but such an extension shall not be granted beyond the original expiry date of the option. Any extensions of options granted under the 2017 Share Option Plan are subject to any applicable regulatory or Stock Exchange approvals required at such time.

## 11. NON-TRANSFERABILITY OF OPTION

Subject to applicable law, no option granted under the 2017 Share Option Plan shall be assignable or transferable otherwise than:

- (a) By will or by the laws of intestate succession or similar laws in the jurisdiction where the Participant resides, and such option shall be exercisable, during a Participant's lifetime, only by the Participant (subject to paragraph 9(a)); or
- (b) To a Participant's RSP, provided that the Participant is, during the Participant's lifetime, the sole beneficiary of the RSP; or
- (c) To any other person provided (i) notice of such assignment or transfer is provided in writing to Minergy prior to the assignment or transfer, and (ii) the transferee exercises the options subject to such assignment or transfer within five (5) business days of completion of the assignment or transfer.

## 12. AMENDMENT AND TERMINATION OF THE PLAN

- (a) Subject to paragraph 12(b), the Board may at any time, and from time to time, amend any provision or terminate the 2017 Share Option Plan, subject to any regulatory or Stock Exchange requirement at the time of such amendment or termination.
- (b) Notwithstanding paragraph 12(a) the Board shall not amend paragraph 4(a), paragraph 5, paragraph 7, or this paragraph 12, without first having obtained the approval of a majority of the holders of Ordinary Shares by ordinary resolution.
- (c) Any amendment or termination shall not alter the terms or conditions of any option or impair any right of any option holder pursuant to any option granted prior to such amendment or termination.
- (d) Notwithstanding the foregoing, the 2017 Share Option Plan will automatically terminate when, and if, any of the authorisations required to authorise the 2017 Share Option Plan shall cease.

## 2017 SHARE OPTION PLAN (continued)

### 13. EVIDENCE OF OPTIONS

Following the grant and allotment to a Participant of an option in accordance with the 2017 Share Option Plan, Minergy shall forward to such Participant, a Notice of Grant (the "Notice") in such form as is duly approved by the Board of Minergy, which Notice shall evidence the grant of the option under the 2017 Share Option Plan. Minergy shall also forward to the Participant, in addition to the Notice, a copy of this 2017 Share Option Plan (on the first grant and allotment of an option to the Participant) and any other documentation that may be required by applicable law, Stock Exchange or regulatory requirements.

### 14. EXERCISE OF OPTION

- (a) An option may be exercised from time to time by delivering to Minergy at its head or registered office, a written notice of exercise specifying the number of Ordinary Shares with respect to which the option is being exercised and accompanied by payment for the full amount of the purchase price of the Ordinary Shares then being purchased or a written notice specifying that the Participant wishes to utilise the cashless exercise option of paragraph 8(e) and the number of Ordinary Shares with respect to which such cashless exercise option is being exercised, provided that options in respect of not less than 500 000 shares has to be exercised by a Participant at any one time.
- (b) Upon compliance with paragraph 14(a) above, an authorised officer shall direct the transfer agent to issue to the Participant such number of Ordinary Shares purchased under the 2017 Share Option Plan less such number of options to which paragraphs 6(d), (e) and (f) apply.
- (c) Upon receipt of a notification of an authorised officer directing the issue of Ordinary Shares purchased under the 2017 Share Option Plan, the transfer agent of Minergy is authorised and directed to credit the Participant's CSDB account with the number of Ordinary Shares purchased and debit Minergy's CSDB account with the number of Ordinary shares to be transferred to the Participant following such purchase.
- (d) The Participant is responsible for opening his or her own account with the CSDB through a stock broker.
- (e) Notwithstanding paragraph 6(h), Minergy shall not, upon the exercise or cashless exercise of any option, be required to allot any Ordinary Shares prior to (a) the admission of such Ordinary Shares to listing on any Stock Exchange on which the Ordinary Shares may then be listed, and (b) the completion of such registration or other qualification of such Ordinary Shares under any law, rules or regulation as Minergy shall determine to be necessary or advisable.

### 15. ADJUSTMENTS IN SHARES SUBJECT TO THE PLAN

- (a) Subject to this paragraph 15, the aggregate number and kind of shares or other securities available or issuable under the 2017 Share Option Plan shall be appropriately and equitably adjusted in the event of an arrangement, reorganisation, recapitalisation, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares or other securities of Minergy. The options granted under the 2017 Share Option Plan may contain such provisions as the Board may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change.
- (b) If at any time when an option granted under this 2017 Share Option Plan remains unexercised with respect to any Ordinary Shares and:
  - (i) a *bona fide* offer to purchase all of the issued Ordinary Shares of Minergy is made by a third party; or
  - (ii) Minergy proposes to sell all or substantially all of its assets and undertaking, or to merge, amalgamate or be absorbed by or into any other company (save and except for a subsidiary) under any circumstances which involve or may involve or require the liquidation of Minergy, a distribution of its assets among its shareholders, or the termination of the corporate existence of Minergy.

Minergy shall use its best efforts to bring such offer or proposal to the attention of the Participants as soon as practicable and (a) an option granted under this 2017 Share Option Plan may be exercised (whether or not such option has vested), as to all or

any of the optioned Ordinary Shares in respect of which such option has not previously been exercised, by the optionee at any time up to and including (but not after) a date thirty (30) days following the date of the completion of such sale or prior to the close of business on the expiry date of the option, whichever is the earlier; and (b) Minergy may, by Board resolution, require the acceleration of the time for the exercise of the said option and of the time for the fulfillment of any conditions or restrictions on such exercise and such changes shall be final and binding on all options granted to Participants under the 2017 Share Option Plan.

#### **16. RIGHTS PRIOR TO EXERCISE**

A Participant shall have no rights whatsoever as a shareholder in respect of any Ordinary Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Ordinary Shares in respect of which the Participant shall have exercised the option to purchase hereunder and which the Participant shall have actually taken up and paid for in full.

#### **17. RIGHTS UPON LIQUIDATION**

Other than in the case of a restructuring of Minergy, if Minergy is put into liquidation, any option not yet been exercised at such time shall lapse from the date of liquidation and all rights of the Participant as set out in this 2017 Share Option Plan shall simultaneously terminate from the date of liquidation.

#### **18. RIGHTS OF PARTICIPANTS IN RESPECT OF SHARES**

All Ordinary Shares allotted to Participants will rank pari passu in all respects with the existing Ordinary Shares of Minergy.

#### **19. NO CONTINUED SERVICE**

The granting of an option to a Service Provider or Insider under the 2017 Share Option Plan shall not impose upon the Company any obligation whatsoever to retain the Service Provider or Insider as a Service Provider or Insider of the Company.

#### **20. GOVERNING LAW**

This 2017 Share Option Plan shall be construed in accordance with and be governed by the laws of Botswana.

#### **21. EXPIRY OF OPTION**

On the expiry date of any option granted under the 2017 Share Option Plan, and subject to any extension of such expiry date permitted in accordance with the 2017 Share Option Plan, such option shall forthwith expire and terminate and be of no further force or effect whatsoever, or as to the Ordinary Shares in respect of which the option has not been exercised.

#### **22. EFFECTIVE DATE**

The 2017 Share Option Plan becomes effective immediately on the date of its approval by the shareholders of Minergy.

[illegible]

# FORM OF PROXY



I/We

(Full name in BLOCK LETTERS please)

of

(address)

Telephone (work)

Telephone (home)

(area code and number)

(area code and number)

being a shareholder of Minergy and holder of

number 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 and at 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 the said meeting.

	For	Against	Abstain
<b>Ordinary resolution number 1:</b> (Financial Statements)			
<b>Ordinary resolution number 2:</b> (Tumelo: Board)			
<b>Ordinary resolution number 3:</b> (Morulane: Board)			
<b>Ordinary resolution number 4:</b> (Morulane: ARM and Remco)			
<b>Ordinary resolution number 5:</b> (Tumelo: ARM and Remco)			
<b>Ordinary resolution number 6:</b> (de Bruin: ARM and Remco)			
<b>Ordinary resolution number 7:</b> (appointment of auditors)			
<b>Ordinary resolution number 8:</b> (Remuneration of auditors)			
<b>Ordinary resolution number 9:</b> (Director remunerations 2017)			
<b>Ordinary resolution number 10:</b> (Director remunerations 2018)			
<b>Ordinary resolution number 11:</b> (Approval 2017 Share Option Plan)			
<b>Ordinary resolution number 12:</b> (Issue of shares in respect of 2017 Share Option Plan)			
<b>Special resolution number 1:</b> (Increase in stated capital for the purposes of the 2017 Share Option Plan)			
<b>Special resolution number 2:</b> (Approval of the specific issue of shares, and waiver by shareholders of rights to shares in respect of 2017 Share Option Plan)			
<b>Special resolution number 3:</b> (General authority to issue shares for cash)			

Signed at on 2017

Name

(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)



# 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](mailto:contactus@corpservebotswana.com) at any time at least 48 before the start of the meeting.
9. If required, additional forms of proxy are available from the transfer secretaries.

## 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](http://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

PricewaterhouseCoopers (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 2017



[www.minergycoal.com](http://www.minergycoal.com)

Unit B3 and Unit B4, 1st Floor, Plot 43175, Phakalane, Gaborone, Botswana  
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