



Financial results and business update

for the year ended 30 June 2017

September 2017

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Notes:



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Operational Overview

*Minergy will be the first BSE
listed coal producer*

Notes:

Project - Introduction



- Minergy owns 100% of a 347 Mt⁽¹⁾ Masama Coal Project in Botswana, 50 km north of Gaborone, with good working infrastructure into regional markets
- Potential for >2Bt⁽²⁾ tonnes with further exploration
- Minergy plans to build a 2.4 Mtpa ROM opencast coal mine within 16 - 18 months of BSE listing focusing on delivering coal to the regional market including Botswana and South Africa (North West and Northern Cape provinces)
- Potential to expand coal supply for the seaborne export market



1. 347 Million tonne SAMREC Code 2016, including 60Mt in Indicated Category
2. 2.8 Billion tonne Inferred Resource (JORC 2012 Code) delineated by Coffey Mining in 2013 over broader project area

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Notes:

Project Milestones



- January 2017
 - Raised P70 million from institutional investors via private placement
- February 2017
 - Commenced accelerated exploration program
 - Updated SAMREC compliant CPR
 - Defined resource
 - Prepared mine plans
 - Identified infrastructure site
- April 2017
 - Listed on the Botswana Stock Exchange
 - Established Botswana office in Phakalane

Notes:

Project Milestones

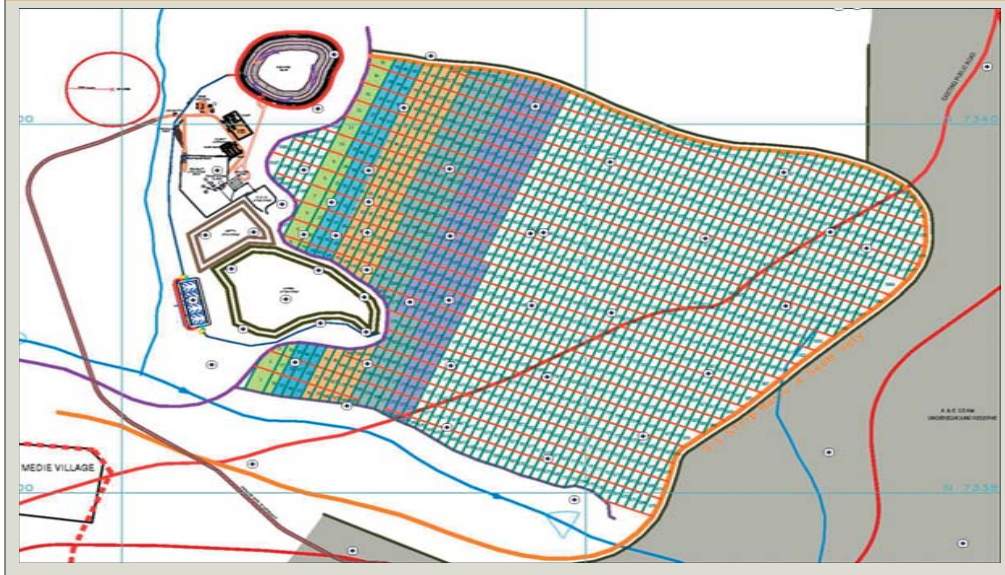


- May 2017
 - Received non-binding term sheet for a 100% off-take agreement from an international and regional trading house
 - Granted ministerial authorisation for road construction
 - Submitted Environmental Impact Assessment (EIA) scoping report
- June 2017
 - Completed exploration program resulting in improved results, in situ qualities, strip ratios and yields
 - Provisional mine plans
 - Provisional infrastructure design

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Notes:

Project – Mine Plan and boreholes



Notes:

Project Milestones



- July 2017
 - Issued request for information (RFI) to identify qualified suppliers of the wash plant and a contract miner
 - Two key components to a successful project
 - Identified 3 for each component to tender which will close on 29 September 2017
 - Granted prospecting license (PL) for Industrial Minerals covering new access roads
- August 2017
 - Granted authority by Botswana Rail to develop a rail siding at Tshele Hills

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Notes:

Ongoing Action Plans



- September 2017
 - Finalise and submit EIA to the Department of Environmental Affairs (DEA)
 - Finalise and submit mining licence application to the Department of Mineral Resources
- October 2017
 - Award contracts for wash plant and mining
 - Revised CPR completed and posted on the website
- December 2017
 - Receive EIA approval

Notes:

Project Deadlines



- Q2 2018
 - Mining License awarded and off-take agreements finalised
- May 2018
 - Contractor site establishment
- July 2018
 - Commence opening of box cut
 - List on second exchange JSE/ASX/AIM
- September 2018
 - First saleable coal

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Notes:

Mining License Application



- Mining licence application in progress
 - EIA Process initiated - 12 months to complete (Jan to Dec 2017)
 - Additional drilling completed
 - Measured resource, additional Indicated resources and sub-outcrop definition
 - Feasibility study in progress
 - Geology, mining and processing, product handling, transport and marketing, detailed financial modelling
 - Engaging with government departments and local authorities
 - Ministries, Department of Mines, DEA, Department of Roads, Botswana Railways, BPC, DWA, District Councils, Land Boards, Traditional Leaders
 - Commercial
 - Supply agreements, logistics agreements, coal sales agreements

Mining licence expected to be granted by Q2 2018

Notes:

Project - Coal Resource



| 2016 RESOURCES+ | | | | Raw Coal Qualities (Air Dried) | | | | | |
|-----------------------------|------------------------------|------------------|------------------------|--------------------------------|--------------|-------------|------------|-------------|-------------|
| SEAM | AREA | CLASSIFICATION | MTIS (Mt) ¹ | RD | C.V. (MJ/kg) | ASH (%) | IM (%) | V.M. (%) | TS (%) |
| A Seam | Opencast (Section A) | Indicated | 25.15 | 1.49 | 22.62 | 18.6 | 6.3 | 25.5 | 1.65 |
| A Seam | Opencast (Section B) | Indicated | 36.54 | 1.53 | 21.57 | 19.5 | 6.7 | 24.1 | 1.63 |
| Total A Seam | Opencast (A+B) | Indicated | 61.69 | 1.51 | 22.00 | 19.1 | 6.5 | 24.7 | 1.64 |
| A Seam | Opencast (Section A) | Inferred | 9.52 | 1.54 | 21.18 | 23.5 | 5.3 | 24.6 | 2.74 |
| Total A Seam | Opencast (A) | Inferred | 9.52 | 1.54 | 21.18 | 23.5 | 5.3 | 24.6 | 2.74 |
| A Seam | Underground (Section A) | Inferred | 166.62 | 1.51 | 22.34 | 20.6 | 5.3 | 24.6 | 2.11 |
| A Seam | Underground (Section B) | Inferred | 15.56 | 1.60 | 18.82 | 28.3 | 5.3 | 22.9 | 0.84 |
| E Seam | Underground (Sections A & B) | Inferred | 93.71 | 1.51 | 21.59 | 25.3 | 4.7 | 25.3 | 1.44 |
| Total A & E Seam | Total Underground | Inferred | 275.89 | 1.51 | 21.89 | 22.6 | 5.1 | 24.7 | 1.81 |
| TOTAL RESOURCE | | | 347.10 | 1.51 | 21.89 | 22.0 | 5.4 | 24.7 | 1.81 |

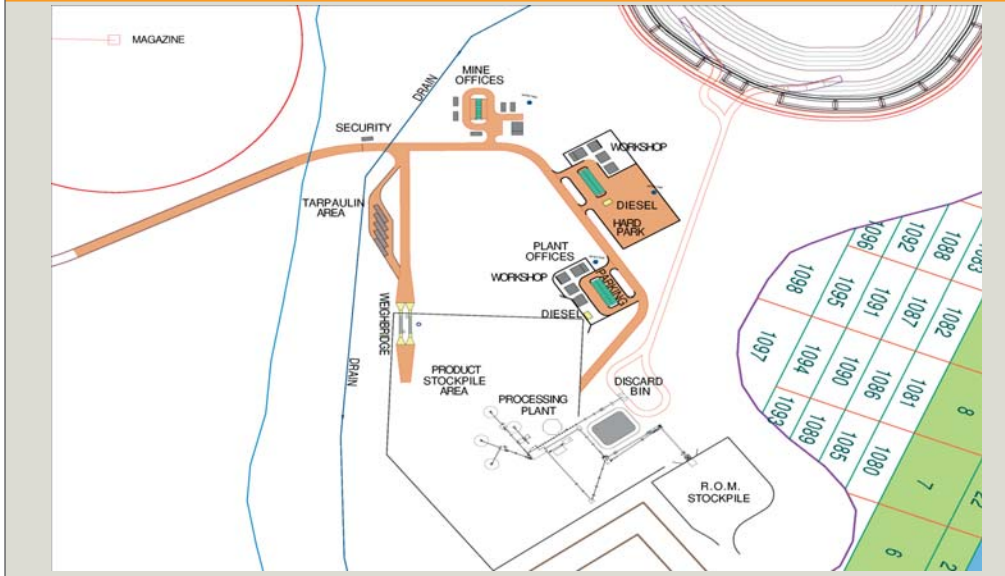
¹ MTIS – Mineable Tonnes In Situ, Geological Loss of 30% applied and underground areas adjusted for minimum mining height of 1.5m

This Resource estimation has been prepared by Prof D.S. "Faan" Coetzee in accordance with the SAMREC Code (2016 Edition)

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Notes:

Project – Infrastructure Plan



Notes:



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Financial Results

*Typical of an early stage
exploration company*

Notes:

Statement of Comprehensive Income



| Group | 30 June 2017 (Pula) |
|--------------------------------|------------------------|
| Other income | 19 683 |
| Operating expenses | (19 879 987) |
| Operating loss | (19 860 304) |
| Finance income | 294 504 |
| Finance costs | (324) |
| Loss before income tax | (19 566 124) |
| Income tax | - |
| Total loss for the year | (19 566 124) |

Notes:

- Share based payment expense of P10 million
- Capitalization of share issuance costs

Notes:

Statement of Financial Position



| Group | 2017 (Pula) | 2016 (Pula) |
|-------------------------------------|-------------------|-------------------|
| Assets | | |
| Non-current assets | | |
| Exploration and evaluation assets | 20 853 784 | 15 263 287 |
| Current assets | | |
| Trade and other receivables | 486 066 | - |
| Cash and cash equivalents | 54 171 748 | - |
| Total assets | 75 511 598 | 15 263 287 |
| Equity and liabilities | | |
| Capital and reserves | | |
| Ordinary shares | 84 266 725 | 15 263 287 |
| Accumulated loss | (9 509 380) | - |
| Total equity | 74 757 345 | 15 263 287 |
| Trade and other payables | 754 253 | - |
| Total equity and liabilities | 75 511 598 | 15 263 287 |

Notes:

- Share Subscriptions of P72 million
- Capitalisation of P3 million of expenses related to BSE listing
- Additional Capital Expenditure incurred

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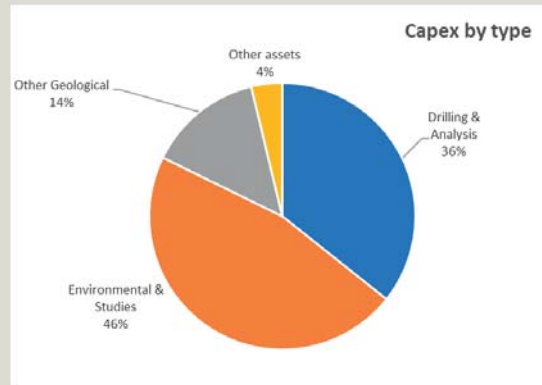
Notes:

Statement of Financial Position



Notes:

- Capex spend of P5.6 million
 - 76% of spend on drilling and resource definition



Notes:

Statement of Cash Flows



| Group | 2017 (Pula) | 2016 (Pula) |
|--|--------------------|--------------------|
| Cash flows from operating activities | | |
| Cash utilised in operations | (9 497 646) | - |
| Interest paid | (324) | - |
| Net cash used in operating activities | (9 497 970) | - |
| Cash flows from investing activities | | |
| Exploration and evaluation asset expenditure | (5 628 223) | (3 695 236) |
| Interest income | 294 504 | - |
| Net cash utilised in investing activities | (5 333 719) | (3 695 236) |
| Cash flows from financing activities | | |
| Subscription for shares | 69 003 437 | 3 695 236 |
| Net cash from financing activities | 69 003 437 | 3 695 236 |
| Total cash movement for the period | 54 171 748 | - |
| Cash at the beginning of the period | - | - |
| Total cash at the end of the period | 54 171 748 | - |

Notes:

- Cash subscriptions received P72 million net of share issuance cost of P3 million
- Outflows of operating expenses P9.5 million
- Capex of P5.6 million
- Closing balance at 30 June 2017 P54 million

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Notes:



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Industry Overview

Coal is a crucial source of energy

Notes:

Coal Industry – Media



- *COAL INDUSTRY FEELS THE HEAT AS WORLD TURNS TO CLEANER FUEL – The Times (UK) 14 June 2017*
 - Article quotes Spencer Dale of BP who writes that global coal usage fell STEEPLY in 2016 and to quote him, steeply = 1,7%
- *RENEWABLE ENERGY ECLIPSING COAL – Mining Weekly 13 June 2017*
 - Quotes Fieldstone presentation at the Botswana Resources conference
 - “...which could present a blow to Botswana, which has been pinning its hopes on coal replacing the static diamond industry as its new platform for economic growth”
- *GLENCORE DOUBLES DOWN ON COAL AS MINING RIVALS HEAD FOR THE EXIT – Mining Weekly 12 June 2017*
 - Details \$3.5 billion bid for Rio Tinto’s Australian coal assets
 - Defined as “geniuses or investing in stranded assets”

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Notes:

- *WORLD COAL ASSOCIATION (WCA) – 14 June 2017*

Even in its latest forecast, BP admits that China will remain the world's largest market for coal, accounting for nearly half of global coal consumption in 2035. India is also the largest growth market, with its share of world coal demand doubling from around 10% in 2015 to 20% in 2035."

"Writing off coal today is premature and ignores many trends that will influence global coal demand over the coming years. For instance the role of Southeast Asia is often ignored, as our recent report shows."

- **NO MENTION OF AFRICA – Ignore it at your peril**

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

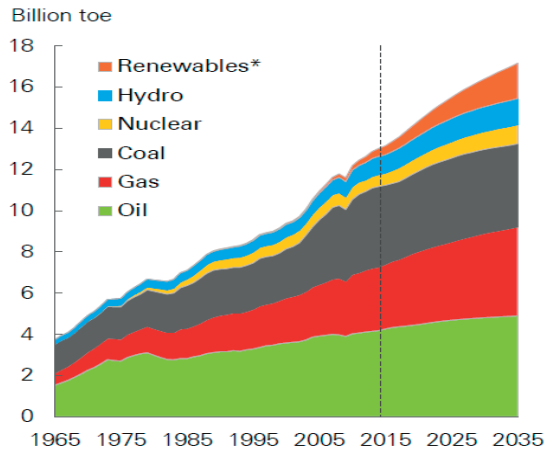
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Notes:

Coal Industry



Primary energy consumption by fuel



SOURCE: XMP CONSULTING

- The transition in the fuel mix continues with non-fossil fuels accounting for half of energy growth
- Even so, oil, gas and coal remain the dominant sources of energy powering the world economy
- Will account for more than 75% of total energy supplies in 2035 (down from 85% in 2015)

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Notes:

Coal Industry



| 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 |
| US | 33 | 24 | 16 | 14 | 12 | 12 | 12 |
| Other | 30 | 26 | 35 | 32 | 35 | 27 | 31 |
| Total supply | 943 | 888 | 890 | 885 | 932 | 889 | 858 |
| Total Demand | 944 | 887 | 889 | 911 | 960 | 1,069 | 1,241 |
| Balance | 0 | 0 | 0 | -13 | -28 | -180 | -383 |

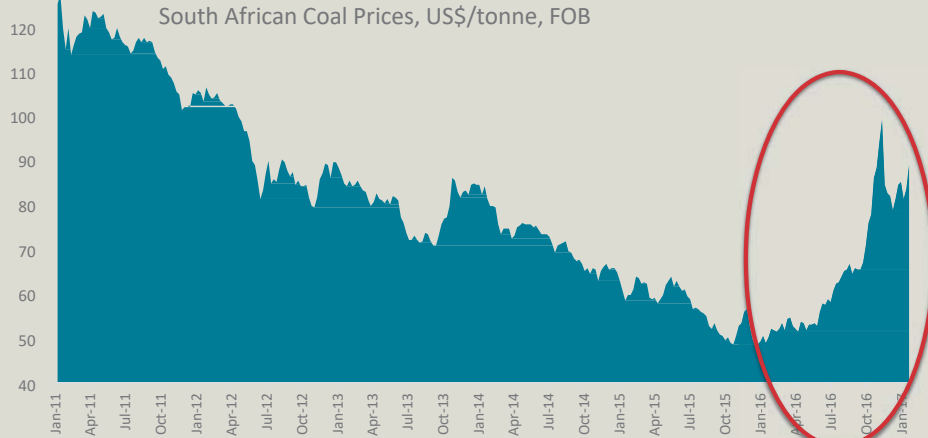
- At current prices, Indonesia and Australia will not be able to ramp-up production
- Only the lowest cost producers with existing spare capacity can expand (Southern Africa and Colombia)
- Green field projects will be needed from the middle of the next decade
- Coal from Colombia and USA will also be required to fulfill base requirements in Asia
- Russian coal also important for the mix, but currency uncertainty will remain an issue

SOURCE: NOBLE ENERGY RESEARCH

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Notes:

Coal industry in Transition



Source: Reuters, Argus/McCloskey

Notes:

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The African Context

Largely ignored future market

Notes:

Africa Urgently Needs Power

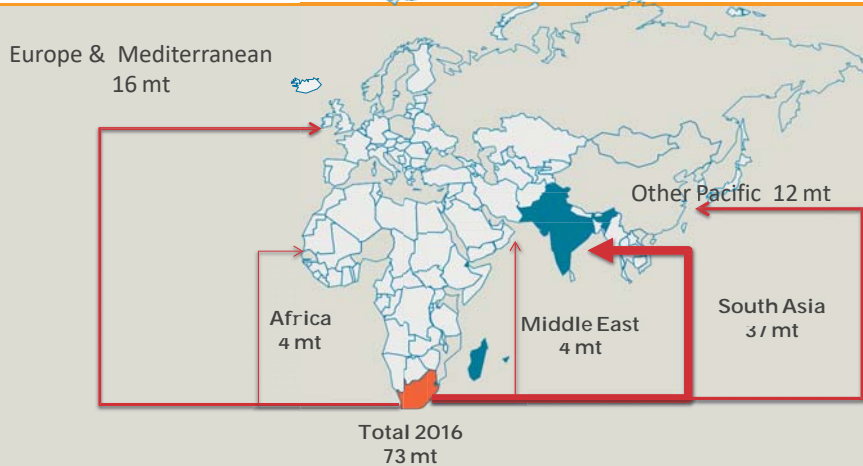


- ~620 million Africans rely on firewood, kerosene and charcoal for cooking, heating and lighting
- 600,000 Africans, mainly women and children, die prematurely annually due to illnesses caused by this, that is 1,643 deaths per day
- Alarming deforestation to source firewood and charcoal, Zambia alone loses 250,000 hectares annually
- Off and on grid renewables have a role but cannot support base load requirements
- Base load to be provided by coal as the cheapest form of energy requiring the lowest capital outlay

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Notes:

Export Market - 2016



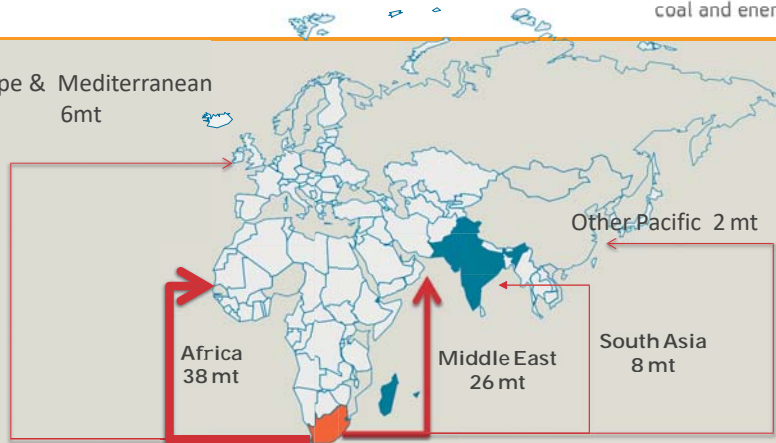
In 2016, 50% of South African Exports went to South Asia

Notes:

Export Market - Future



Europe & Mediterranean
6mt



Other Pacific 2 mt

Africa
38 mt

Middle East
26 mt

South Asia
8 mt

Total 2030
80 mt

*In 2030, 80% of South African coal exports
will go to Africa and the Middle East*

Notes:



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Botswana Coal Industry

Ripe for development

Notes:

Botswana Coal Industry



- Richards Bay Coal Terminal (RBCT) has a capacity of 91 mtpa
- Transnet Freight Rail (TFR) has capacity of 84mpta
- Only 72,6 mt exported in 2016 due to coal shortages
- Botswana could have exported 11,4 mt generating
 - Revenue of \$US615 million (BWP6,3 billion)
 - Royalties of \$US18,5 million (BWP188 million)
 - Taxes of \$US17 million (BWP173 million)

Notes:

Botswana Coal Industry



- Logistical infrastructure not suited to seaborne export initiatives at present
- Lack of investment in coal specific projects
 - Focus on power related projects despite the most profitable coal mines internationally do not have mine mouth power stations
 - Minimal coal specific skills
 - Perception that Botswana coal is uneconomical to export
- Limited access to capital
- A successful project(s) will bring new investment to the Botswana coal industry

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Notes:

Botswana Coal Industry - Logistics



- Government must drive investment in the logistical infrastructure
 - Positive commitment from government to address
- Focus on the shortest lead time to market otherwise Botswana will miss the opportunities
 - RSA has the most sophisticated bulk handling facilities in Africa, link into it.
 - Lephalale is 123km's from Botswana main line
 - Resgen common user line is 43 km's from Botswana main line
 - Trans-Kalahari rail too far in the future.
- Botswana Rail to provide cost competitive rail rates
 - BR working closely with industry to have a workable plan

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Notes:

Botswana Coal Industry - Economics



- Botswana coal more economical to mine than RSA
 - Lower strip ratios
 - Significantly cheaper diesel
- Government must consider tax relief to coal exporters as has been done with power producers
 - Lower tax rates of 15% on significant profits is better than 22% on nil
 - Increased diesel rebates for mining companies
 - No resistance to our proposals

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Notes:



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Prospects

*Minergy positioned to supply
quality coal across Southern Africa*

Notes:

Regional Markets



- High demand for coal in southern Africa
 - Producers maximising exports to fill their take or pay agreements
 - Over capacity on export infrastructure
 - Minimal investment in coal projects
 - Political interference in mining in RSA
 - Rhetoric on resource nationalisation in RSA
- Significant and regular price escalation
 - Current regional pricing never seen before, even in the boom of 2007 when export coal reached \$171/ton
- Massive opportunity for Minergy to gain traction and market share

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Notes:

The July 2017 UK based McCloskey Coal Report quotes under the heading

“SAF domestic coal market bullish”

“Spot prices of A grade pea coal in the South African domestic market are nearly 51% higher than the same period in 2016”

“Strong demand from cement, industrial firms and the paper industry, plus production issues at the mines is keeping the market tight”

“..there have been production issues at mines due to a lack of general investment in machinery, installations, and technology”

“The climate of under-investment is partly blamed on political interference in the mining sector and the rise of resource nationalism”

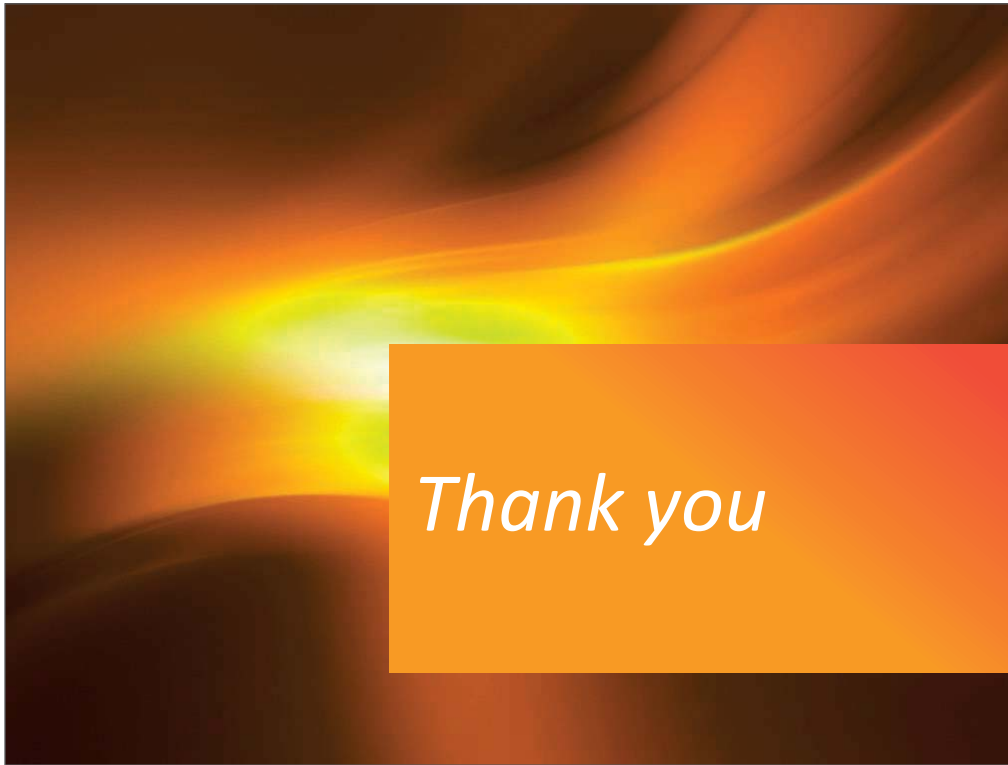
Coal Markets - International



- API#4 at RBCT increased from \$49 to > \$80 in 2016/2017 an increase of 67%
- Increase on the back of production cutbacks of 500 Mtpa in China
- Major producers focusing on returns at the expense of volume
- Increased demand in Asia
- Historically no greenfields projects on the drawing board
- Significant new investment in Australia by multi nationals
- International traders bullish on future pricing

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Notes:



Thank you

Notes:

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Annexures

Executive CV's and contacts

Notes:

Key Executives



Andre Boje, CTA - (CEO)

An accountant with more than two decades of experience in the South African coal industry. He founded South African focused coal trading company Chandler Coal in 1997. In 2005 after a period of exponential growth the company was listed on the JSE as Wescoal Holdings Limited, enabling a transition from purely coal trading activities to a fully-fledged coal miner and trader. Wescoal is now one of the leading junior coal mining and trading companies in Southern Africa. Andre was appointed in January 2016.

Gabotshwarege Tshekiso, MSc Mech Eng. – (Project Executive)

An engineer with 32 years experience in the Department of Mines of the Botswana government. He began his career as an assistant engineer in 1984 and progressed through the ranks culminating in his appointment as Director of Mines in 2010, a post he held until his retirement in 2016. Tshekiso was appointed in January 2017

Morne du Plessis, CA (SA); MBA - (CFO)

A chartered accountant with an MBA from Heriott Watt University Edinburgh, Scotland. Extensive experience in the mining industry having been Chief Financial Officer 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 limited. Morne was appointed in July 2016.

John Astrup, BSc. (Hons) Geology; MSc. - Exploration Geology - (GM)

A geologist (SACNASP and a member of the GSSA) with two decades of experience in the mining industry, with senior management positions in both public and private companies. Previously held positions with Falconbridge, Harmony, Council for Geoscience and Platmin (now Sedibelo Platinum). Minergy Co-Founder.

Martin Bartle, (Operations Manager)

A teacher with more than three decades of experience in the South African mining industry of which the last 16 years were coal focused. Martin has worked for Rand Mines, Exxaro, Anglo Coal and most recently as managing director of Wescoal Mining, a part of the Wescoal group.

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Notes: