



**CONDENSED GROUP  
AUDITED FINAL RESULTS  
FOR THE YEAR ENDED  
30 JUNE 2018**

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

**Minergy Limited**

(Incorporated in accordance with the laws of Botswana) (Company number: 2016/18528) ("Minergy" or "the Group" or "the Company")

## HIGHLIGHTS POST FINANCIAL YEAR-END

### ▷ GRANTING of a mining license

### ▷ COMMENCEMENT of mine establishment at the site outside Medie

## INTRODUCTION

Minergy is a coal mining and trading company committed to becoming the supplier of choice to industrial customers and power utilities across southern Africa.

## OPERATIONAL OVERVIEW

The most significant achievement, which came through post-the year-end is the granting of the mining license from the Ministry of Mineral Resources, Green Technology and Energy Security. This marks a significant milestone for the company as the license is critical for Minergy to continue as a business.

Minergy is now able to break ground and invite contractors to start work immediately as well as to actively engage the local communities about job creation and several upliftment programmes, including improving the school and the clinic in the village closest to the mine, Medie, as well as bringing in electricity.

The license enables Minergy to attain the full potential of the Masama Coal Project, alongside the commitment to development of the coal mining, marketing and logistics industry in Botswana.

With the award of the license and works now underway, Minergy is confident that its production milestone of January 2019 for the final commissioning of the mine will be met, with the first saleable product available in February 2019.

The mining contract has been awarded to Jarcon, a joint venture between IPP (a South African company) and Giant Plant, a Botswana company. The Build-Own-Operate-Transfer contract for the washing plant has been awarded to Pentalin Processing.

Minergy has furthermore opened local offices in the villages of Medie and Lentsweletau in addition to the head office in Gaborone.

This marks the beginnings of a resurgence in the Botswana coal industry.

## FINANCIAL OVERVIEW

For the reporting period Minergy remained in the development and exploration phase of its business plan albeit that significant progress has been made towards operational status. The results, therefore, reflect expenditure typical of this phase. The current financial year represents the first full 12 months recording period compared to the prior year which only reflected approximately 6 months. The comparative operating expenditure includes a once-off IFRS 2 share based payment expense of BWP10 million not applicable to the current results.

The nature of operating expenditures remains typical of an exploration company with holding company-specific head office expenditure such as salaries, listing and statutory related costs as well as salary and office costs of the subsidiary, Minergy Coal (Pty) Ltd. Costs in preparation for the prospective AIM Listing were incurred and included in the results.

The group invested surplus funds into short-term South African Rand ("ZAR") denominated investments, as well as local Pula investments. The ZAR instruments yielded higher returns than the equivalent Pula investment and the group benefited from favourable exchange rates during the latter part of 2017 and beginning of 2018. Interest earned for the period was a pleasing BWP1.6 million.

Evaluation and Exploration Assets, representing the Masama project, increased by BWP7.1 million, mostly relating to capitalised costs for Environmental Studies, a further geological review, road studies as well as the acquisition of certain of the surface rights within the infrastructure area.

Trade and other receivables includes mainly VAT receivables, prepayments and accruals for interest receivable. Trade and other payables comprises payroll accruals, including a provision for statutory severance benefits.

Cash and cash equivalents (including short term investments) amounted to BWP55.9 million at the period end. The majority of these balances will be utilised during the first half of the 2019 financial year on capitalised expenditure, specifically mine development.

On 7 January 2018, at an extraordinary general meeting, an additional issue of shares was approved by shareholders and from this, additional capital of BWP26,9 million was raised for the project.

## COAL INDUSTRY REVIEW

During the past 18 months, thermal coal prices increased by 33%, making it one of the world's top five highest-performing commodities. This bodes extremely well for Minergy Limited and encourages the project team to ensure the mine is operational in the time.

In 2016, four million tonnes of coal were exported from South Africa to the African continent, this is forecast to rise to 38 million tonnes by 2030. Botswana and Minergy both have a significant role to play in fulfilling that increase in demand. Investors looking to invest in coal have lots of opportunity at the moment; the price of coal is rising, there is a deficit in supply and a strong demand, especially in the developing world which is driving up the prices and keeping them high. In our experience, there's never been a better time to invest in coal.

## STRENGTHENING OF THE OPERATIONAL TEAM

During the year under review no changes took place within the executive or operational management team. The critical appointment of a Safety Health and Environment (SHE) Manager has been made.

## CHANGES TO THE BOARD OF DIRECTORS

During the year under review there were no changes to the board of directors as set out in the Integrated Annual Report for the year ended 30 June 2017. Details of the Board of Directors is available on the company web-site at [www.minergycoal.com](http://www.minergycoal.com).

## LOOKING FORWARD

The granting of the license to Minergy substantially reduces the risk for any potential investors. With Minergy set to undertake a secondary listing on AIM on the London Stock Exchange, this announcement provides the vital key to ensuring project viability, substantially underpinning the investment case. Unfortunately, due to the regulatory delays, listing on the London Stock Exchange has been rescheduled to the first half of 2019.

Contracts for the provision of site and bush clearing, civil works, power reticulation, water and waste management, road construction and weighbridges are in various stages of appointment.

By January 2019 management expect to commission the washing plant and by February the first saleable coal should reach the market.

## DIVIDEND

### Current year dividends

No dividends have been distributed to date as cash is utilized to ensure operations are in place.

### Future dividends

Dividends will only be payable once the Company is profitable and generates the required free cash flow. It is proposed that dividends will be declared annually based on the financial performance of the Company for the 12 months ended 30 June, on a two times cover (of headline earnings per share) basis, and paid on or about October of each year. The Board shall determine the specifics of the dividend policy of the Company from time to time.

## CONTINGENT LIABILITY

There are no contingent liabilities in the group.

## BASIS OF PREPARATION

The consolidated group financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and financial pronouncements as issued by the International Accounting Standards Board. The accounting policies applied in preparing the consolidated financial statements are in terms of IFRS and are consistent with prior periods.

The audited full year consolidated financial statements were prepared by the Chief Financial Officer, Morne Du Plessis (CA) SA and were approved by the Board of Directors on 10 September 2018.

## APPRECIATION

The Board would like to take this opportunity to thank the shareholders for their support of the project and the management team for their dedication to ensuring that we remain on track to have operations in place as soon as possible. This is paramount to ensuring that Minergy returns value to shareholders.

On behalf of the board

**Mokwena Morulane**  
Non-executive Chairman

**Andre Boje**  
Chief Executive Officer

10 September 2018

## FINANCIALS

The condensed group audited final results for the year ended 30 June 2018 ("the results") are presented below as:

### Statement of financial position

FIGURES IN BOTSWANA PULA	As at 30 Jun 2018 Audited	As at 30 Jun 2017 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1 918 090	654 915
Exploration and evaluation assets	27 272 920	20 198 869
Deferred tax asset	6 660 454	—
	<b>35 851 464</b>	<b>20 853 784</b>
<b>Current assets</b>		
Trade and other receivables	404 011	486 066
Cash and cash equivalents	55 891 338	54 171 748
	<b>56 295 349</b>	<b>54 657 814</b>
<b>Total assets</b>	<b>92 146 813</b>	<b>75 511 598</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Stated capital	109 779 735	84 266 725
Accumulated loss	(19 327 743)	(9 509 378)
<b>Equity attributable to owners of the parent</b>	<b>90 451 992</b>	<b>74 757 347</b>
<b>Total equity</b>	<b>90 451 992</b>	<b>74 757 347</b>
<b>Current liabilities</b>		
Trade and other payables	1 694 821	754 251
<b>Total liabilities</b>	<b>1 694 821</b>	<b>754 251</b>
<b>Total equity and liabilities</b>	<b>92 146 813</b>	<b>75 511 598</b>

## Statement of comprehensive income

	Full year 30 Jun 2018 Audited	Full year 30 Jun 2017 Audited
<b>FIGURES IN BOTSWANA PULA</b>		
Other income	—	19 483
Operating expenses	(18 077 019)	(19 879 786)
<b>Operating loss</b>	<b>(18 077 019)</b>	<b>(19 860 303)</b>
Finance income	1 598 248	294 504
Finance costs	(48)	(323)
Finance income — net	1 598 200	294 181
<b>Loss before income tax</b>	<b>(16 478 819)</b>	<b>(19 566 122)</b>
Income tax expense	6 660 454	—
<b>Total loss for the year</b>	<b>(9 818 365)</b>	<b>(19 566 122)</b>
Other comprehensive income for the year	—	—
<b>Total comprehensive loss for the year</b>	<b>(9 818 365)</b>	<b>(19 566 122)</b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the parent	(9 818 365)	(19 566 122)
Non-controlling interest	—	—
	<b>(9 818 365)</b>	<b>(19 566 122)</b>
Loss per share (thebe)	(2.53)	(6.76)
Headline loss per share (thebe)	(2.53)	(6.76)
Diluted headline loss per share (thebe)	(2.53)	(6.76)

## Statement of changes in equity

FIGURES IN BOTSWANA PULA	Stated capital	Accumulated loss	Total equity
<b>Balance at 1 July 2016</b>	15 263 287	—	15 263 287
Subscription for shares	72 008 200	—	72 008 200
Share issuance costs on subscription	(3 004 762)	—	(3 004 762)
Comprehensive loss	—	(19 566 122)	(19 566 122)
Share based payment expense	—	10 056 744	10 056 744
<b>Balance at 1 July 2017</b>	<b>84 266 725</b>	<b>(9 509 378)</b>	<b>74 757 347</b>
Subscription for shares	26 953 378	—	26 953 378
Share issuance costs on subscription	(1 440 368)	—	(1 440 368)
Comprehensive loss	—	(9 818 365)	(9 818 365)
<b>Balance at 30 June 2018</b>	<b>109 779 735</b>	<b>(19 327 743)</b>	<b>90 451 992</b>

## Statement of changes in cash flows

FIGURES IN BOTSWANA PULA	Full year 30 Jun 2018 Audited	Full year 30 Jun 2017 Audited
<b>Cash flows from operating activities</b>		
Cash generated from operations	(16 877 459)	(9 497 648)
Finance costs paid	(48)	(323)
<b>Net cash used in operating activities</b>	<b>(16 877 507)</b>	<b>(9 497 971)</b>
<b>Cash flows from investing activities</b>		
Exploration and evaluation asset expenditure	(7 074 051)	(4 935 582)
Purchase of property, plant and equipment	(1 440 111)	(692 641)
Finance income	1 598 248	294 504
<b>Net cash utilised in investing activities</b>	<b>(6 915 914)</b>	<b>(5 333 719)</b>
<b>Cash flows from financing activities</b>		
Proceeds from shares issued	25 513 011	69 003 438
<b>Net cash from financing activities</b>	<b>25 513 011</b>	<b>69 003 438</b>
<b>Total cash movement for the period</b>	<b>1 719 590</b>	<b>54 171 748</b>
Cash at the beginning of the period	54 171 748	—
<b>Total cash at end of the period</b>	<b>55 891 338</b>	<b>54 171 748</b>



## CORPORATE INFORMATION

**Non-executive Directors:**

M Morulane (Chairman)

C de Bruin

L Tumelo

**Executive Directors:**

A Boje (Chief Executive Officer)

M du Plessis (Chief Financial Officer)

**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:**

Office: +267 397 2891

Fax: +267 397 2893

**Website:**

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

**Transfer secretaries:**

Corpserve Botswana

**Designated adviser:**

Exchange Sponsors South Africa

**Attorneys:**

Armstrongs Attorneys

**Auditors:**

Grant Thornton Botswana

## DISCLAIMER

This announcement may contain certain forward-looking statements concerning Minergy's operations, business strategy, financial conditions, growth plans and expectations. These statements include, without limitation, those concerning the economic outlook, business climate and changes in the market. Such views involve both known and unknown risks, assumptions, uncertainties and important factors that could materially influence the actual performance of the Group. No assurance can be given that these will prove to be correct and no representation or warranty, expressed or implied, is given as to the accuracy or completeness of such views contained in this announcement.



