

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations set out on page 3 of this Circular apply, *mutatis mutandis*, to the paragraphs below.

The Botswana Stock Exchange has not verified the accuracy and truth of the contents of the document submitted to it and the Botswana Stock Exchange accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from the decision taken based on the contents of the Circular.

If you are in any doubt as to what action you should take in relation to this Circular, please consult your accountant, broker, banker, CSDP, legal advisor or other professional advisor immediately. This document is issued in compliance with the provisions of the Listings Requirements, to the Shareholders of Minergy, for the purposes of explaining an intended specific issue of new ordinary shares for cash comprising a private placement by way of an Offer for Subscription to Selected and Qualifying Institutional Investors.

Action required:

1. 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.
2. Attached to this Circular is the Notice convening the Extraordinary General Meeting of Shareholders of Minergy ("EGM"), to be held at the Minergy Boardroom, Unit B3 & B4, Plot 43175, Phakalane, Gaborone, Botswana on Tuesday, 11 December 2018, and the relevant Form of Proxy. Shareholders who are unable to attend the EGM should complete the attached Form of Proxy and return it to the Transfer Secretary, to Corpserve Botswana, if by hand to Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds, Gaborone, if by post to PO Box 1583, AAD, Gaborone, or if by email to contactus@corpservebotswana.com, as to be received by no later than 17:00 on Friday, 7 December 2018. Submission of a proxy will not preclude Shareholders from attending and voting in person at the EGM, should they so desire.



MINERGY LIMITED

(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 OF MINERGY LIMITED

Relating to:

- an intended specific issue of new Ordinary Shares of the Company for cash, by way of an Offer for Subscription to Selected and Qualifying Institutional Investors;
- including a Notice for an Extraordinary General Meeting; and
- including a Form of Proxy.

Sponsoring Broker



Transfer Secretary



Legal Advisor



Independent Professional Expert



Reporting Accountants



Corporate Finance Advisor



Date of issue 12 November 2018

CORPORATE INFORMATION

Directors

Mokwena Morulane (*Independent Non-executive Chairman*)
Claude de Bruin (*Non-executive Director*)
Leutlwetse Tumelo (*Non-executive Director*)
Andre Boje (*Chief Executive Officer*)
Morné du Plessis (*Chief Financial Officer*)

Company Secretary

Desert Secretarial Services Proprietary Limited
Deloitte House, Plot 64518
Fairgrounds Office Park
PO Box 211008
Bontleng, Gaborone
Botswana

Transfer Secretaries

Corpserve Botswana
Unit 206, Second Floor
Plot 64516, Showgrounds Close,
Fairgrounds, Gaborone, Botswana

Legal Advisor

Armstrongs Attorneys
2nd Floor, Acacia House, Plot 74538
Cnr Khama Crescent Ext & PG Matante Road
New CBD
Gaborone, Botswana
(PO Box 1368, Gaborone, Botswana)

Receiving Bank

RMB Botswana (a division of First National Bank of Botswana)
Plot 54362, First Place, CBD
Gaborone, Botswana
(PO Box 1552 Gaborone, Botswana)

Website:

www.minergycoal.com

Registered office

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

Corporate Finance Advisor

Exchange Sponsors (2008) Proprietary Limited
44A Boundary Road
Inanda, Sandton
Republic of South Africa

Sponsoring Broker

Imara Capital Securities
2nd Floor, Morojwa Mews
Unit 6, Plot 74770, Western Commercial Road
CBD, Gaborone, Botswana

Reporting Accountants

Grant Thornton Botswana
Acumen Park, Plot 50370, Fairgrounds, Gaborone, Botswana
(PO Box 1157, Gaborone, Botswana)

Independent Professional Expert

Grant Thornton Botswana
Acumen Park, Plot 50370, Fairgrounds, Gaborone, Botswana
(PO Box 1157, Gaborone, Botswana)

TABLE OF CONTENTS

The definitions and interpretations set out on page 3 of this Circular apply, *mutatis mutandis*, to the following table of contents:

	<i>Page</i>
CORPORATE INFORMATION	Inside front cover
SALIENT DATES AND TIMES FOR THE PROPOSED SPECIFIC ISSUE OF SHARES	2
DEFINITIONS AND INTERPRETATIONS	3
PART A: SPECIFIC ISSUE OF NEW SHARES	5
PART B: OTHER INFORMATION	12
ANNEXURE 1: NOTICE OF EXTRAORDINARY GENERAL MEETING	14
ANNEXURE 2: FORM OF PROXY	15
ANNEXURE 3: TRADING HISTORY OF THE SHARES	17
ANNEXURE 4: INDEPENDENT EXPERT'S FAIR AND REASONABLE OPINION	19
ANNEXURE 5: REPORTING ACCOUNTANTS REPORT	23
ANNEXURE 6: <i>PRO FORMA</i> FINANCIAL INFORMATION	25

SALIENT DATES AND TIMES FOR THE PROPOSED SPECIFIC ISSUE OF SHARES

Description	Date
First submission of Circular to BSE	Friday, 26 October 2018
Formal approval from BSE	Thursday, 15 November 2018
Circular dispatched to Shareholders	Monday, 19 November 2018
Extraordinary General Meeting	Tuesday, 11 December 2018
Publication of Extraordinary General Meeting announcement	Wednesday, 12 December 2018
Allot and upload shares on CSDB	Tuesday, 18 December 2018
Listing of new shares	Friday, 21 December 2018

Notes:

1. All times indicated above are local times in Botswana.
2. The dates and times indicated in the table above are subject to change. Any such changes will be published in the press.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context indicates a contrary intention, the words in the first column shall have the meanings assigned to them in these columns; the singular includes the plural and *vice versa*; an expression which denotes one gender includes the other gender; a natural person includes a juristic person and *vice versa* and cognate expressions shall bear correspondent meanings.

“Act”	means the Botswana Companies Act 2003 (CAP. 42:01) as amended, or any law which may replace it in part or wholly;
“the Board” or “Directors”	means the board of directors of Minergy, as set out in paragraph 4.1 this Circular;
“Botswana”	means the Republic of Botswana;
“BSE”	means the Botswana Stock Exchange established in terms of the Botswana Stock Exchange Act;
“Business Day”	means any day other than a Saturday, Sunday, or official public holiday in Botswana;
“Circular”	means this circular dated Monday, 12 November 2018 including annexures hereto;
“Constitution”	means the Constitution of Minergy adopted by special resolution on 10 February 2017;
“Corporate Finance Advisor”	means Exchange Sponsors (2008) Proprietary Limited (registration number 2008/019553/07), a private company registered and incorporated under the laws of South Africa and registered with the Johannesburg Stock Exchange as a sponsor;
“CSDB”	means the Central Securities Depository of Botswana (Proprietary) Limited, which company operates the central securities depository for Botswana, under the auspices of the BSE;
“CSDP”	means a Central Securities Depository Participant accepted as a participant in terms of the rules of the Botswana Stock Exchange and the CSDB;
“EGM”	means the extraordinary general meeting of Shareholders, which will be held at the Minergy Boardroom, Unit B3 & B4, Plot 43175, Phakalane, Gaborone, Botswana on Tuesday, 11 December 2018 at 09:30;
“Form of Proxy”	means the Shareholder form of proxy in respect of the EGM, incorporated into this Circular as Annexure 2 ;
“Issued Shares”	means the number of Ordinary Shares in issue at the Last Practicable Date, being 405 973 064;
“Independent Professional Expert”	means Grant Thornton Botswana for the purposed of the Offer for Subscription, and who are the authors of the fair and reasonableness opinion in Annexure 4 of this Circular;
“Last Practicable Date”	means Monday, 12 November 2018, being the last practicable date prior to the finalisation of this Circular;
“Legal Advisors”	means Armstrongs Attorneys, a firm of attorneys, notaries, and conveyancers, practising in Botswana;
“Listings Requirements”	means the listings requirements of the BSE;
“Masama Coal Project”	means the coal mine situated on the southern edge of the Mmamabula Coalfield in Botswana;

“Minergy” or “the Company”	means Minergy Limited, a public limited liability company listed on the BSE which is duly incorporated in Botswana in terms of the Act, and registered under company number CO.2016/18528;
“Minergy Coal”	means Minergy Coal (Pty) Limited, a limited liability company duly incorporated in Botswana in terms of the Act, and registered under company number CO.2012/9728, and which is a wholly owned subsidiary of Minergy;
“Notice”	means the notice convening the EGM, incorporated into this Circular as Annexure 1 ;
“Offer for Subscription”	means an offer for subscription by Minergy to Selected and Qualifying Institutional Investors of Subscription Shares to whom the offer will be specifically addressed and only be capable of acceptance by, subject to certain conditions;
“Ordinary Shares”	means the ordinary shares of no par value in the Stated Capital of the Company, being the only class of shares of the Company in issue as at the Last Practicable Date;
“Pricing Date”	means the date on which the price for Subscription Shares is determined by the Board of the Company;
“Pula” or “P” or “Thebe”	means the lawful currency of Botswana;
“Reporting Accountants”	means Grant Thornton Botswana, who are the Reporting Accountants for the proposed Offer for Subscription, whose report appears in Annexure 5 to this Circular;
“Selected and Qualifying Institutional Investors”	means investors qualifying in terms of section 297 (a) of the Act;
“Share”	means an ordinary share in the Stated Capital of Minergy;
“Shareholders”	means the holders of ordinary Shares in Minergy;
“Sponsoring Broker”	means Imara Capital Securities, a member of the BSE which is the Sponsoring Broker in respect of the Offer for Subscription;
“Stated Capital”	has the meaning ascribed to it in Section 5 of the Act and, in relation to the Company, is P109 779 735 as at the Last Practicable Date;
“Subscription Shares”	means the specific issue of up to 82 352 941 new Ordinary Shares by the Company that may be offered for subscription in terms of the Offer for Subscription representing up to a maximum of 10 % of the fully diluted share capital of the Company after the Transaction based on the sum of the Issued Shares and all of the Subscription Shares that could be issued in terms of the Transaction once completed;
“Transaction”	means the issue of Ordinary Shares for cash by way of an Offer for Subscription to Selected and Qualifying Institutional Investors;
“Transfer Secretary”	means Transaction Management Services (Pty) Limited T/A Corpserve Botswana; and
“VAT”	means value added tax.



MINERGY LIMITED

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

(Company number: 2016/18528)

BSE Ordinary Share code: MIN

("Minergy" or "the Company")

PART A: SPECIFIC ISSUE OF NEW SHARES

1. INTRODUCTION

Minergy, which listed on the BSE on 27 April 2017, is a coal mining and trading company committed to becoming the supplier of choice to industrial customers and power utilities across southern Africa. It is currently developing its Masama Coal Project on the southern edge of the Mmamabula Coal Field in Botswana. Minergy was recently granted its mining licence from the Ministry of Mineral Resources, Green Technology and Energy Security. It is expected that the first saleable product will be available in February 2019.

Minergy is the holding company of the Minergy Group. It has to date raised approximately P99 million via private and public placement of shares. The cash proceeds from these raisings is being utilised to finance the establishment of the Masama coal mine and mining infrastructure. Minergy intends to raise further capital by way of a specific issue of new shares for cash to Selected and Qualifying Institutional Investors in a private placement in order to complete the box cut.

2. RATIONALE FOR THE TRANSACTION

The rationale for the Offer for Subscription is to enable the Company to complete the box cut and mine development at the Masama Coal Project.

3. SALIENT TERMS AND FINANCIAL EFFECTS OF THE TRANSACTION

- 3.1 At the Last Practicable Date, the Company had a Stated Capital of P109 779 735 and 405 973 064 Ordinary Shares in issue. The financial information has been prepared in line with the BSE Listings Requirements.
- 3.2 If Shareholder approval is obtained for the resolutions proposed to be passed at the EGM, the Stated Capital of the Company will be P179 779 735 and the number of Ordinary Shares in issue will be 488 326 006.
- 3.3 On the basis that the Offer for Subscription is made in accordance with the provisions of Rule 5.80 of the Botswana Stock Exchange Listings Requirements (the "**Rule 5.80 Requirements**"), it is recorded that:
 - 3.3.1 that the Subscription Shares are Ordinary Shares, and therefore of a class of securities already in issue by Minergy;
 - 3.3.2 that the Subscription Shares are to be issued to Selected and Qualifying Institutional Investors in terms of the Offer for Subscription;
 - 3.3.3 the maximum number of Subscription Shares to be issued is 82 352 941 Ordinary Shares representing up to a maximum of 10% of the fully diluted share capital of the Company after the Transaction based on the sum of the Issued Shares and all of the Subscription Shares that could be issued in terms of the Transaction once completed;

- 3.3.4 the price of the Subscription Shares to be issued is P0.85 which is expected to exceed a discount of 10% of the weighted average traded price of the Ordinary Shares over the 30-day period prior to the Pricing Date and therefore the Company has obtained a fair and reasonable opinion by an independent professional expert included herein and marked as **Annexure 4**;
 - 3.3.5 the issue of Subscription Shares is subject to the grant of the approval of 75% majority votes of all Shareholders present or represented by proxy at the EGM. All Shareholders are entitled to vote excluding Minergy Mineral Resources as it holds 56.04% of the Shares in the Company and is therefore regarded as a "Controlling Shareholder" (as defined in the BSE Listings Requirements). Messrs Boje and du Plessis are entitled to vote as they are not regarded as "Members of the Public" (as defined in paragraph 4.18 of the BSE Listings Requirements) and they are not participating in the issue; and
 - 3.3.6 the issue of Subscription Shares is further subject to a waiver by Shareholders of their pre-emptive rights as set out in clause 5.1 of the Constitution and section 52 of the Companies Act in respect of the issue of 82 352 941 new Ordinary Shares pursuant to the Offer for Subscription.
- 3.4 The Offer for Subscription is subject to the approval of the BSE for a listing of the Subscription Shares.
 - 3.5 The grant of Shareholder approval will ensure compliance by the Company with its obligations under Rule 5.80 Requirements, the provisions of clause 5.1 of the Constitution and Section 52 of the Act.

Financial Effects

- 3.6 The Offer for Subscription will result in an increase in the number of Ordinary Shares of the Company in issue as well as cash balances.
- 3.7 Shareholders are advised that the Offer for Subscription will impact, in relation to the Ordinary Shares, on the earning per share, net asset value per share and tangible net assets per share of the Company. The financial effects of the Transaction will depend on, *inter alia*, the number of Subscription Shares and the Company's application of the net proceeds.
- 3.8 The *pro forma* financial information showing the effects of the Offer for Subscription, and the assumptions in connection therewith are set out in **Annexure 6** to this Circular.
- 3.9 Shareholders that do not participate in the Offer for Subscription will continue to own the same number of Ordinary Shares which they owned prior to the Transaction, but their percentage Shareholding in the Company will be diluted to a lower percentage.

4. INFORMATION ON DIRECTORS

4.1 Details of Directors

The names, residential address, occupation and nationalities of the directors are set out below:

Name	Nationality	Address	Other Directorships	Nature of business
André Bojé	South African	17 Dunkirk Road, Salt Rock, Umhlali Beach, 4391, South Africa	Minergy Limited (BW) Minsales (Pty) Limited, (SA)	Group holding company Coal trading company, a wholly-owned subsidiary of Minergy
Morné du Plessis	South African	11 Cambridge Gardens, Chaucer Street, Farrarmere, Benoni, 1501, South Africa	Minergy Limited (BW), Minergy Coal (Proprietary) Limited (BW), Minsales (Pty) Limited, (SA) Gallo Industrial Solutions (Pty) Limited, (SA),	Group holding company Holds the Prospecting Licence Coal trading company, wholly-owned subsidiary of Minergy Power tools trader
Claude de Bruin	New Zealander	PO Box 317, Varsity Lakes, Australia	Minergy Limited (BW), Minergy Botswana (Pty) Ltd (BW), Barkarama (Pty) Ltd (BW), Coalfields Botswana (Pty) Ltd (BW), Minergy Coal (Proprietary) Limited (BW), Minergy Limited (BVI), Zebra Investments Seven (Pty) Limited (NM) Minergy Aust (Pty) Ltd (AUS)	Group holding company Minerals exploration, currently not trading Administrative company Minerals exploration company Holds the Prospecting Licence Investment holding company Mineral exploration company Administrative company

Name	Nationality	Address	Other Directorships	Nature of business
Leutlwetse Tumelo	Motswana	Plot 39233, Mapoka Crescent, Block 6, Gaborone, Botswana	Minergy Limited (BW), Minergy Coal (Proprietary) Limited (BW), Minergy Botswana (Pty) Ltd, (BW) Barkarama (Pty) Ltd, (BW), Coalfields Botswana (Pty) Ltd, (BW), Afinitas Limited, (BW), Capital Conferences (Pty) Ltd, (BW), Capital Corporate Finance (Pty) Ltd, (BW), Mod Resources Botswana (Pty) Ltd, (BW), Tshukudu Metals (Pty) Ltd, (BW), Discovery Mines (Pty) Ltd, (BW), Horizon Capital (Pty) Ltd, (BW),	Group holding company Holds the Prospecting Licence Minerals exploration, currently not trading Administrative company Minerals exploration company Investment holding company Event management company Corporate finance advisory, currently not trading Mineral exploration company focused on copper Mineral exploration company focused on copper Mineral exploration company focused on copper Investment company
Mokwena Morulane	Motswana	PO Box 20694 Gaborone, Botswana	Makgabana Construction (Pty) Ltd (BW), Old Mutual Life Botswana (BW), Minergy Limited (BW), Cresta Marakanelo Limited	(Family business – Construction & Property Co.) Life insurance Group holding company Hospitality services

4.2 CVs of directors

4.2.1 MOKWENA MORULANE (BA Accounting (Hons), (45) – Independent Non-executive Chairman

Mokwena Morulane is a Motswana, who holds a BA Accounting Honours degree from the University of Bedfordshire, England. Mokwena did his articles with Deloitte & Touche in Gaborone. He is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of Botswana Institute of Chartered Accountants (BICA). He is also a member of the Chartered Secretaries of Southern Africa (CIS).

Mokwena has extensive experience in the resources sector. Until recently, he was Country Manager for Discovery Metals Ltd. (DML) an Australia Stock Exchange (ASX) listed entity involved in base metals and a director of DML subsidiaries in Botswana. Prior to joining

DML he was Financial Manager of Gem Diamonds Botswana, a junior diamond mining company which recently started diamond production in Central Botswana.

He started his career at BCL Ltd., a base metals company where he rose through the ranks to Group Financial Accountant. He also worked for the Botswana International Financial Services Centre (IFSC) as Corporate Affairs Executive.

Mokwena was appointed as the independent Non-executive Chairman of Minergy in January 2017.

On 9 October 2017, Mokwena was appointed Managing Director of Cresta Marakanelo Limited. He is responsible for implementing the growth and strategy of Cresta Marakanelo Limited which is a leading provider of hospitality services in Botswana and Southern Africa.

4.2.2 ANDRÉ BOJÉ (CTA) (61) – Chief Executive Officer

André Bojé is a South African citizen, who is 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 Proprietary Limited in 1997 following a successful executive management career in various industries. 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 Holdings Limited, with three fully operational mines, is now one of the leading junior coal mining and trading companies in southern Africa. André was appointed to the Board of Minergy on 25 January 2017 and was appointed as its Chief Executive Officer on 1 February 2017.

4.2.3 MORNÉ DU PLESSIS (CA – South Africa, MBA) (49) – Chief Financial Officer

A South African citizen, and 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. Morné was appointed to the Board of Minergy on 25 January 2017 and was appointed as its Chief Financial Officer on 1 February 2017. He was also appointed to the Board of Minergy Coal (Pty) Limited on 12 May 2017.

4.2.4 CLAUDE DE BRUIN (LLB; BMS. (Fin) (40) – Non-executive Director

Claude de Bruin is a New Zealand citizen, who is a lawyer and entrepreneur with more than a decade of experience in the international mining industry focusing on Africa. He is a Barrister of the High Court of New Zealand and member of the Auckland District Law Society and New Zealand Law Society. He has held senior management positions with several private and public companies including Platmin (now Sedibelo Platinum – previously listed on the TSX and the AIM Market of the London Stock Exchange), with leading roles in significant equity raisings through private and public placements and stock exchange listings in several jurisdictions.

Claude is a co-founding member of the Minergy Group of companies, alongside of John Astrup who is a geologist and a Director on the board of several companies in the Minergy group. Claudewas appointed to the Board of Minergy in September 2016.

4.2.5 LEUTLWETSE TUMELO (B.Acc) (36) – Non-executive Director

Leutlwetse Tumelo is a Motswana with experience in Botswana's capital markets, having worked with one of Botswana's leading broking firms. In November 2012 Mr Tumelo was appointed as a Director of Minergy Coal (Pty) Limited in November 2012, and was appointed to the Board of Minergy in September 2016.

4.3 CVs of executive management

4.3.1 MARTIN BARTLE (62) – Managing Director, Minergy Coal

Martin Bartle has 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.

4.3.2 JOHN ASTRUP (44) (BSc. (Hons) Geology; MSc. – Exploration Geology Director Manager Coal

John Astrup is a geologist (SACNASP and a member of the GSSA) with more than two decades of experience in the mining industry, having held senior management positions in both public and private companies. He previously held positions with Falconbridge, Harmony, Council for Geoscience and Platmin (now Sedibelo Platinum). John is a Co-founder of the Minergy Group alongside Claude de Bruin. John was appointed as a director of Minergy Coal (Pty) Limited on 7 November 2012.

4.3.3 DUTCH BOTES (66) – Project engineer

Dutch is a qualified mining, electrical and mechanical engineer with over 34 years of experience in coal mining at various South African companies such as BHP Billiton, Umcebo Mining and Wescoal. He has vast experience in managing opencast as well as underground coal mining operations.

4.3.4 LYNETTE KRUGER (47) – Marketing manager

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

4.3.5 GABOTSSHWAREGE TSHEKISO (61) – Project manager Minergy Coal

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

There will be no change in the remuneration receivable by any of the directors as a result of the Transaction.

4.4 Directors' interests in the Company

As at the date of this Circular the following directors have a direct or indirect interest in the Company:

Name	Shares in Minergy	Direct interest %	Indirect interest %
André Bojé	15 000 000	3.69	nil
Morne du Plessis	10 000 000	2.46	nil
Claude de Bruin	43 048 948 (**)	nil	10.60 (**)
Leutlwetse Tumelo	1 335 317 (**)	nil	0.33 (**)

** Shares held indirectly through Minergy Energy Minerals, and are subject to change.

The percentage shareholding in the Company will be diluted to the extent of Subscription Shares issued in terms of the Transaction, the subject of this Circular.

There has not been any sum paid or agreed to be paid within the three years preceding the date of this Circular to any of any of the directors or to any company in which anyone of them are beneficially interested, directly or indirectly or of which any director is a director, or to any partnership, syndicate or other association of which director is a member, in cash or securities or otherwise, by any person either to induce any director to become or to qualify such director as a director, or otherwise for services rendered by such director or the company, partnership, syndicate or other association in connection with the promotion or formation of the Company.

There will be no variation to the above as a consequence of the Transaction.

None of the directors had any beneficial interest, whether direct or indirect, in any transactions which are or were unusual in their nature or conditions or material to the business of the Company, and which were affected by the Company during the current or immediately preceding financial year, or during an earlier financial year and remain in any respect outstanding or under performed. The directors who hold Ordinary Shares in Minergy intend to vote in favour of the Transaction.

4.5 Prospects

The granting of a mining licence by the Ministry of Mineral Resources, Green Technology and Energy Security in August 2018 marked a significant milestone for Minergy – the licence was critical for Minergy to continue as a business.

Minergy has now moved out of the exploration phase of its business cycle and have since been able to break ground and appoint contractors, as well as to actively engage the local communities about job creation and upliftment programmes, including the school and the clinic in the village closest to the mine, Medie. This includes bringing electricity to the village.

The mining contract and the Build-Own-Operate-Transfer contract was awarded. In addition, the contracts for the provision of site and bush clearing, civil works, power reticulation, water and waste management, road construction and weighbridges are in various stages of being awarded.

Minergy can also now pursue the objective of listing on the United Kingdom's Alternative Investment Market (AIM) in 2019. The granting of the licence reduced the risk for any potential investors, and provided the vital key to ensuring the viability of the project, which in turn substantially enhances Minergy's investment case.

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 and encourages the project team to ensure the mine is operational in the time.

In 2016, 4 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.

4.6 Trading prices of Shares

Annexure 3 reflects the aggregate volumes traded and the highest and lowest prices traded in respect of Minergy Shares for various periods.

4.7 Major Shareholders

In so far as it is known to the Board, the following Shareholders held more than 5% of the issued Shares of Minergy as at the Last Practicable Date.

Name	Shareholding	Percentage
Minergy Mineral Resources	227 500 000	56.04
African Alliance	75 000 000	18.47
Alan Gray	67 418 014	16.61

Minergy Mineral Resources will not be voting due to the fact that they are a Controlling Shareholder (as defined in the BSE Listings Requirements). African Alliance will not be voting as they are participating in the Offer for Subscription.

4.8 Share issues over the last three years

The following shares have been issued over the last three years:

- On 19 January 2017, the Company increased its stated capital to P150 120 and issued 30 000 000 shares;
- On 19 January 2017, the Company increased its stated capital to P15 413 287 and issued 227 500 000 shares;
- On 31 January 2017, the Company increased its stated capital to P85 413 287 and issued 116 666 667 shares;
- On 31 January 2017, the Company increased its stated capital to P87 271 487 and issued 1 858 200 shares;
- On 26 January 2018, the Company increased its stated capital to P114 224 865 and issued 29 948 198 shares.

PART B: OTHER INFORMATION

5. FINANCIAL INFORMATION

The *Pro forma* Consolidated Financial Information is included in **Annexure 6** to this Circular.

6. LITIGATION

Minergy has not been involved in any legal proceedings during the 12 months preceding the date of this Circular which may have or have had a material effect on the financial position of the Company nor, so far as the directors are aware, any such proceedings pending or threatened against the Company.

7. EXPERT'S CONSENTS

The Corporate Finance Advisor, transfer secretaries, legal advisor, receiving bank, independent professional expert, independent accountants and the sponsoring broker have consented in writing to act in their capacities and to their names being stated in this Circular and have not withdrawn their consent prior to the publication of this Circular.

8. NO TAKEOVER

As at the Last Practicable Date, to the best of the knowledge and belief of the directors and the Controlling Shareholder, the Company is not the subject of an unexpected or unannounced takeover bid.

9. NO MATERIAL ADVERSE CHANGE

The directors advise that there has been no material adverse change to the Company's trading or financial position since the date of publication of its last audited financial results.

10. DOCUMENTS AVAILABLE FOR INSPECTION

- 10.1 Circular to shareholders;
- 10.2 the Constitution of the Company;
- 10.3 Advisors and experts consents;
- 10.4 Independent expert's fair and reasonable opinion;
- 10.5 Annual Consolidated Financial Statements for the year ended 30 June 2018; and
- 10.6 Directors' employment contracts.

11. COSTS

The following costs, expenses and provisions are expected or have been provided for in connection with the Transaction and will be settled out of the proceeds of the Transaction.

	Pula (excluding VAT)
One-off costs	
Corporate finance advisor	44 643
Legal Advisors	20 000
BSE listing and sustaining fees	17 647
Reporting accountants' fees	43 200
Fair and reasonable valuation	43 200
Transfer Secretaries	15 000
Printing, publication, distribution and advertising expenses	89 286
Other	27 025
Total	300 000

12. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors, whose names are given in paragraph 4.1 of this Circular collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts, and that the Circular contains all information required by law.

The directors confirm that the Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and of the rights attaching to the Shares to which the Circular relates.

13. **DIRECTORS' OPINION**

The directors of Minergy are of the opinion, after due and careful enquiry, that the Offer is fair and reasonable and in the interests of the Shareholders.

Signed by or on behalf of each of the directors of Minergy, in terms of a resolution to that effect passed by such directors.

Dated this Monday, 12 November 2018.

A handwritten signature in black ink, appearing to be 'N. Lane', written over a horizontal line.

Director



MINERGY LIMITED

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

(Company number: 2016/18528)

BSE Ordinary Share code: MIN

("Minergy" or "the Company")

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given of an extraordinary general meeting of Shareholders of Minergy Limited to be held at 09:30, on Tuesday, 11 December 2018 at the Minergy Boardroom, Unit B3 & B4, Plot 43175, Phakalane, Gaborone, for the following business:

To consider and if thought fit approve with or without amendment the following resolutions (it being recorded that the defined terms used herein shall have the same meaning as in the Circular to which this notice is attached) be passed:

as special resolutions:

1. that the specific issue of up to 82 352 941 new Ordinary Shares, for the purpose of the Offer for Subscription, be approved; and
2. that the Shareholders waive their pre-emptive rights as set out in clause 5.1 of the Constitution and section 5.2 of the Companies Act in respect of the issue of up to 82 352 941 new Ordinary Shares in respect of the Offer for Subscription; and

as ordinary resolution:

3. that the directors of the Company be authorised to take such steps and sign all such other documents as are necessary to give effect to the aforesaid resolution passed at this meeting.

A Shareholder entitled to attend and vote may complete the Form of Proxy enclosed as **Annexure 2** to the Circular or such other proxy as may be accepted in terms of paragraph 3 of the notes to the Form of Proxy, to appoint a proxy and/or representative to attend and vote for him/her on his/her behalf, and such proxy or representative need not also be a Shareholder of the Company. The instrument appointing such a proxy must be deposited with the Transfer Secretary, Corpserve Botswana, if by hand to Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds, Gaborone, if by post to PO Box 1583, AAD, Gaborone, or if by email to contactus@corpservebotswana.com, not less than 48 hours before the meeting.

By order of the Board

Minergy Limited

Unit B3 & B4, Plot 43175, Phakalane, Gaborone



MINERGY LIMITED

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

(Company number: 2016/18528)

BSE Ordinary Share code: MIN

("Minergy" or "the Company")

FORM OF PROXY

FOR USE BY SHAREHOLDERS AT THE EXTRAORDINARY GENERAL MEETING OF MINERGY TO BE HELD AT THE MINERGY BOARDROOM, UNIT B3 & B4, PLOT 43175, PHAKALANE, GABORONE, AT 09:30 AM ON TUESDAY, 11 DECEMBER 2018.

A Shareholder entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or more proxies and/or representatives to attend, speak and vote in his/her stead. A proxy or representative need not be a holder of Shares of the Company.

I/We (Full name in BLOCK LETTERS)

of (address)

Being the holder/s of Shares, hereby appoint:

1. _____ or failing him/her,

2. _____ or failing him/her,

3.

As my/our proxy and/or representative to attend, speak on my/our behalf at the EGM and at any adjournment thereof, and to vote or to abstain from voting on my/our behalf on the ordinary resolutions and special resolutions to be proposed at the EGM, as follows:

	For	Against	Abstain
Special Resolution 1			
Special Resolution 2			
Ordinary Resolution 2			

Please indicate with an "X" how you wish your votes to be cast. Unless otherwise directed, the proxy will vote or abstain as he thinks fit in respect of your entire holding.

Signed this _____ day of _____ 2018

Signature of Shareholder

In the case of a minor: assisted by:

[Insert name and signature]

In the case of a representative:

[Insert full name, capacity and signature]

Please read the notes on the reverse hereof.

NOTES:

1. 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.
2. 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.
3. 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 Form of Proxy. Any Form of Proxy which is duly completed in accordance herewith and the Notes to the Proxy Form shall be accepted.
4. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided in the overleaf. Should this space be left blank, the proxy will not be exercised. The person whose name appears first in the list of names which has not been deleted on the Form of Proxy and who is present at the EGM will be entitled to act as proxy to the exclusion of those whose names follow.
5. A Shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that Shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the EGM, as he/she thinks fit in respect of all the Shareholder's exercisable votes. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the Shareholder or by his/her proxy.
6. The proxy and/or representative shall have the power to attend at any adjournment of the meeting and to vote on any amendment to any of the resolutions which may be proposed at the meeting.
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 the transfer secretaries.
8. To be valid, the completed forms of proxy must be lodged with the Transfer Secretary of Minergy, Corpserve Botswana, if by hand to Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds, Gaborone, if by post to PO Box 1583, AAD, Gaborone, or if by email to contactus@corpservebotswana.com, to be received by them by not less than 48 hours before the meeting.
9. A copy of the power of attorney or other authority 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 Secretary or waived by the Chairman of the EGM.
10. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the EGM and speaking and voting in person there to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
11. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this Form of Proxy must be initialled by the signatory/ies.
12. A vote given in accordance this Form of Proxy shall be valid notwithstanding the previous legal incapacity of the principal or revocation of the Form of Proxy or the transfer of the Share in respect of which the vote is given, unless an intimation in writing of such legal incapacity or transfer shall have been lodged with the Transfer Secretary of Minergy, Corpserve Botswana, if by hand to Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds, Gaborone, if by post to PO Box 1583, AAD, Gaborone, or if by email to contactus@corpservebotswana.com, to be received by them by not less than 48 hours before the meeting.

TRADING HISTORY OF THE SHARES

Minergy Limited – Summary of trading – date of listing (27 April 2017) to Last Practicable Date

Month	Total number of trades	Aggregate volume traded for the month	Lowest price (BWP)	Highest price (BWP)
April 2017	2	10 000	1.00	1.05
May 2017	5	19 642	1.05	1.05
June 2017	3	9 410	1.05	1.05
July 2017	–	–	1.05	1.05
August 2017	–	–	1.05	1.05
September 2017	5	93 183	1.05	1.05
October 2017	3	10 254	1.05	1.05
November 2017	8	35 852	1.05	1.05
December 2017	1	449	1.05	1.05
January 2018	10	48 499	0.90	0.90
February 2018	2	2 652	0.90	0.90
March 2018	2	82 577	0.90	0.90
April 2018	7	1 524 219	0.85	0.85
May 2018	2	5 806	0.85	0.85
June 2018	–	–	–	–
July 2018	–	–	–	–
August 2018	2	21 747	0.85	0.85
September 2018	11	61 912	0.85	0.85
October 2018	23	53 896	1.06	1.06

Minergy Limited – Summary of trading – Quarterly over the last two years

	Aggregate volume traded for the month	Value (BWP)
September 2017	93 183	97 842
December 2017	11 569	14 988
March 2018	134 023	121 446
June 2018	1 530 025	1 300 549
September 2018	83 659	78 697

Minergy Limited – Summary of trading – Daily for 30 days ended 31 October 2018

Date	Total number of trades	Total volume traded	Lowest price BWP)	Highest price (BWP)
3 October 2018	–	–	–	–
4 October 2018	–	–	–	–
5 October 2018	–	–	–	–
8 October 2018	–	–	–	–
9 October 2018	–	–	–	–
10 October 2018	–	–	–	–
11 October 2018	8	26 670	1.06	1.06
12 October 2018	–	–	–	–
15 October 2018	–	–	–	–
16 October 2018	–	–	–	–
17 October 2018	–	–	–	–
18 October 2018	–	–	–	–
19 October 2018	–	–	–	–
22 October 2018	–	–	–	–
23 October 2018	–	–	–	–
24 October 2018	–	–	–	–
25 October 2018	7	21 991	1.06	1.06
26 October 2018	–	–	–	–
29 October 2018	–	–	–	–
30 October 2018	8	5 235	1.06	1.06
31 October 2018	–	–	–	–
1 November 2018	–	–	–	–
2 November 2018	–	–	–	–
5 November 2018	–	–	–	–
6 November 2018	–	–	–	–

INDEPENDENT EXPERT'S FAIR AND REASONABLE OPINION

The Board of Directors
Minergy Limited
Unit B3 & B4, 1st Floor, Plot 43175, Phakalane
PO Box AD 10 ABC
Phakalane
Botswana

9 November 2018

Dear Sir/Madam

Subject: Fair and Reasonable Opinion on the offer price for the issue of shares in Minergy Limited under Private Placement

Introduction

Minergy Limited (hereinafter referred to as "Minergy" or the Company) is a coal mining and trading company with strategic focus to supply high-quality thermal coal to regional and global industrial customers, viz.

- users of coal for energy in various regional production facilities such as cement and lime production, breweries, steel works, sugar and paper mills, the chemical industry and others;
- metallurgical industry producing ferrochrome, vanadium, manganese and other metallurgical products; and,
- export to Europe, Asia and Africa

The Group comprises three separate entities with Minergy Coal (Pty) Limited, handling mining operations in Botswana and Minsales (Pty) Limited being full-owned subsidiaries of Minergy.

The flagship asset of the Group is the Masama coal mine located in the south-western edge of the Mmamabula coalfield in Botswana – for which Minergy holds a tenement and is currently in the process of development of this opencast coal mine. Prior to the Company's listing on the Botswana Stock Exchange, a 389Mt Coal Resource (in accordance with the SAMREC CODE, 2016 Edition) was independently declared within the Focus Area of the greater area of the Prospecting Licence. Minergy Coal (Pty) Limited holds the Prospecting Licence and has completed drilling and exploration activities.

Post completion Feasibility Study of the Masama coal mine and authorisation of the Environmental Impact Statement by the Department of Environmental Affairs (DEA) of Botswana, Minergy was granted the mining licence for Masama coal mine on 27 August, 2018. As per company management, Minergy plans to commission the new mine in January 2019 and produce its first saleable coal the following month.

Background of transaction

During the financial year ended 30 June 2018, Minergy had planned to raise BWP60 million through private placement but managed to raise BWP26.95 million. At this point in 2017, the investors were of the opinion that the company needed to de-risk the undertaking before making further investment. This was at a point in time when Minergy was awaiting to be granted the mining licence.

Minergy utilised the raised capital towards power reticulation, surface rights and other capital expenditure and overheads as mine development was prohibited without the award of a mining licence. The Company reported a net cash position (cash and cash equivalents) of BWP55.9 million as of 30 June, 2018. Such cash resources are not adequate to meet expenditure towards mine development, mining infrastructure and other short-term requirements – totalling to approximately BWP200 million, as per directors' estimate. The Company should hold sufficient funds to support their operations up to the point where Minergy starts selling coal and generates positive operating cash flows. This is to avoid a capital crisis – where it is weakened to the point where it cannot sustain operations or keep projects moving to generate cashflow.

Minergy intends to raise an additional BWP70 million through Private Placement from selected institutional investor(s) – being African Alliance – with shares to be issued at 85 Thebe per share towards the planned development activities as follows:

Purpose (in BWP)	Proposed additional capital to be raised
Mining box cut	38 470 019
Mining site establishment	15 517 627
Wash plant (Civils)	15 676 354
Share issuance costs	336 000
Total	70 000 000

Source: Minergy

The mining licence awarded to Minergy has de-risked the project and this would give investors substantial comfort to have a greater appetite for making investment in the company.

This capital raise will accelerate the company to complete its planned activities towards mining box cut and mine development.

The directors of Minergy propose to issue these new shares at 85 Thebe per share (referred to as “offer price”) – subject to shareholders' approval of the terms for such issue of shares for cash (“Transaction”).

Scope

The abovementioned transaction is under the purview of Section 10 (Transactions with Related Parties) of the BSE Listings Requirements by virtue of the fact that African Alliance is a material shareholder having >10% shareholding in the Company.

The directors of the Company have appointed Grant Thornton to act as independent experts in assessing whether the offer price for the new share issue to its financiers – at a discount higher than 10% to the last 30 days' average listed price of 106 Thebe – are fair and reasonable.

Responsibility

Compliance with the BSE Listings Requirements is the responsibility of the Board of Directors of the Company. Our responsibility to determine whether the discount on new shares issuance by the Company to its financiers is fair and reasonable.

Definition of fair and reasonable

A transaction is deemed fair and reasonable to the shareholders if the benefits derived from the transaction will equal or exceed the related costs thereof. The assessment of fairness is primarily quantitative. In this case, fairness is determined by the long-term income generation of the Company from effective investment of additional capital raised in to development capex being greater than the impact of discount offered on the new shares. The assessment of reasonableness is qualitative. In this case, the transaction is deemed reasonable if the discount offered is in line with market standards on similar private placements.

Share price of Minergy

Minergy was listed on the main board of the Botswana Stock Exchange ("BSE") effective April, 2017. The Initial Public Offer (IPO) price of 100 Thebe per share was based on a pre-money valuation of BWP374 million – at a 43.5% discount to the Discounted Cash Flow (Income-based) valuation of Masama coal project based on forecast income per Masama Valuation report discounted using real rate of 8.85%.

The weighted average traded price of the Company's shares on the BSE over last 30-day is 106 Thebe. Post listing, the highest traded price is 106 Thebe and lowest is 90 Thebe.

Fair and reasonable opinion

As per agreed upon procedures, we have reviewed the reasoning provided by the directors for issuance of shares in Minergy to select institutional investor(s) such as African Alliance at a 19.8% discount to the weighted average traded price over last 30 days. This is as per Section 5.81 of BSE Listings Requirements – which requires a statement from an independent professional expert indicating whether or not the issue of existing class of shares at a discount exceeding 10% of the weighted average traded price of such shares over the 30 days prior to the date that the price of the issue is determined by the directors is fair and reasonable for its shareholders.

Key assumptions

As per Sections 4.18 & 4.19 of BSE Listings Requirements, African Alliance is treated as 'Public shareholder' – with shareholding of more than 10% of existing class of shares in Minergy. However, listed entities are allowed to make private placements with a public shareholder.

The offer price of 85 Thebe at a 19.8% discount to the weighted average traded price over last 30 days is considered fair given that:

- substantial amount of BWP70 million is being raised – on which discount would be normally between 10 – 20% of ruling price;
- BWP26.95 million was raised in previous financial year through Private Placement at 90 Thebe per share;
- very limited liquidity and trading in the share, only three trades in the last 30 days with low volume – less than 60 000 shares traded in total;
- although the Mining Licence has been issued, Masama coal mine is still in development phase and is yet to be operational; and
- BWP70 million is required to complete the mining box cut to bring the mine in production.

We have verified the key assumptions used by the directors to arrive at the discounted offer price for select Institutional Investor(s) such as African Alliance, as follows:

- Lack of access to funding is a key constraint for junior mining companies. Due to recent economic recession, uncertainty and market volatility, the capital markets have effectively become risk averse towards high-risk junior mining companies thus making it difficult to raise funds through traditional sources (viz., other institutional and/or retail investors). A recent survey conducted by Grant Thornton indicates that 'Ability to raise capital' is considered 4th important driver of mining growth after 'Strong cost controls', 'Improving global economic conditions' and 'Highly effective management practices'; and, ahead of 'Increased prices for flagship commodity'.
- Based on the consolidated results of Minergy for the year ended 30 June 2018, the net worth of the Company is BWP90.45 million and the Net Asset Value per share ("NAV") is 22 Thebe. Due to the lack of excess uncommitted financial resources with Minergy, we believe the offer price of 85 Thebe per share vis-a-vis NAV of 22 Thebe per share is justified.

- Typically, private equity placements by listed companies are done at a substantial discount to the market price to reflect the illiquidity of such shares. On a global basis, the long-term median discount on typical private placements is 11.5% (Source: Global study on 'Private Equity Placements and the Illiquidity Discount' conducted in October, 2009). Since this study, weakening growth in emerging markets (especially China) and global oversupply halted the commodities super-cycle and impacted the sector strongly – till the rebound in 2016. As per World Economic Outlook (July, 2018 version), the rebound in non-fuel commodity prices experienced in 2016 and early-2017 is expected to moderate in 2018-19. Viz., Non-fuel (Year-on-Year growth in 2017 = 6.8%; 2018 = 6.0%; 2019 = 0.5%). In this context, the 19.8% discount to last 30 days' weighted average traded price on the new issue of shares – appears fair and reasonable.

Based on the review, we are of the opinion that issue of new shares through a private placement of a class already in issue to select institutional investor(s) such as African Alliance at a discounted offer price of 85 Thebe per share is fair and reasonable.

Independence

We confirm that we are independent of the Company and that we have no financial or any other interest in the Transaction mentioned in the circular and this opinion.

Furthermore, we confirm that our professional fees are not contingent upon the success of the Transaction including the financing terms between the Company and African Alliance.

Caveats

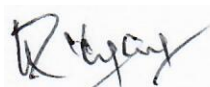
Our view is based on our review of the reasoning provided by the directors of Minergy in arriving at the discounted offer price of 85 Thebe per share. In arriving at this view, we have relied upon, and assumed to be true, accurate, complete and not misleading, the information, opinions and representation expressed by the directors of Minergy. Accordingly, Grant Thornton accepts no liability of whatever nature of any loss, damage or expense resulting directly or indirectly from the above view.

In connection with the preparation of our opinion expressed herein, we are not availed by the directors of Minergy of the intrinsic valuation of the shares conducted by a third-party or the directors.

As per Section 5.81 of BSE Listings Requirements, the issuance of shares at 85 Thebe per share to African Alliance to raise BWP70 million is dependent on the Transaction being approved by the Company's shareholders.

Should you need any further information relating to the above, please contact the undersigned.

Yours sincerely



Kalyanaraman Vijay
Managing Partner

REPORTING ACCOUNTANTS REPORT

The Board of Directors
Minergy Limited
Units B3 & B4, 1st Floor, Plot 43175
PO Box AD 10 ABC
Phakalane
Botswana

24 October 2018

Dear Sirs

Independent Reporting Accountant's Assurance Report on the Compilation of *Pro Forma* Financial Information Included in a Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Minergy Limited ("*the company*"). The *pro forma* financial information as set out in **Annexure 6** consists of statement of financial position and related notes and assumptions.

The *pro forma* financial information has been compiled on the basis of applicable criteria specified in the Botswana Stock Exchange (BSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the event or transaction described in Paragraph 1, 2 and 3, on the company's financial position as at 30 June 2018 as if the corporate event had taken place that date. As part of this process, information about the company's financial position has been extracted by the directors from the company's audited financial statements for the period ended 30 June 2018 which has been published.

Director's responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in BSE Listings Requirements and described in paragraph of the circular.

Reporting accountant's responsibilities

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis of the specified in BSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus which is applicable to this engagement*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the *pro forma* financial information on the basis of the BSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2018 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgement, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the BSE Listings Requirements and described in paragraphs 1,2 and 3 of the Circular.

A stylized handwritten signature in black ink, reading "GRANT THORNTON". The signature is written in a cursive, flowing style with a horizontal line underneath the name.

Chartered Accountants
Certified Auditor: Aswin Vaidyanathan
Membership Number: 19980110
Gaborone

PRO FORMA FINANCIAL INFORMATION

The *pro forma* consolidated Statement of Financial Position and *pro forma* Statement of Comprehensive income have been prepared using accounting policies that comply with International Financial Reporting standards and that are consistent with those applied in the audited consolidated financial statements of Minergy Limited for the year ended 30 June 2018.

The *pro forma* consolidated Statement of Financial Position and *pro forma* Statement of Comprehensive income have been prepared for illustrative purposes only and because of its nature may not fairly represent the consolidated Financial Position and results after the issue. The directors are responsible for the *pro forma* financial information.

The *pro forma* financial information has been prepared in line with the BSE Listings Requirements.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The *pro forma* consolidated Statement of Financial Position has been prepared to illustrate the impact of the issue on the audited consolidated Statement of financial Position of the Group as at 30 June 2018 as if the issue occurred on that date.

In Pula	30 June 18 Audited	Cash raised through Specific Issue (Note 1)	Preliminary expenses (Note 2)	30 June 18 <i>Pro forma</i> after Issue
ASSETS				
Non-current assets				
Property, plant and equipment	1 918 090			1 918 090
Exploration and evaluation assets	27 272 920			27 272 920
Deferred tax assets	6 660 454			6 660 454
	35 851 464			35 851 464
Current assets				
Trade and other receivables	404 011			404 011
Cash and cash equivalents	55 891 338	70 000 000	(336 000)	125 555 338
	56 295 349	70 000 000	(336 000)	125 959 349
Total assets	92 146 813	70 000 000	(336 000)	161 810 813
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary shares	109 779 735	70 000 000	(336 000)	179 443 735
Accumulated loss	(19 327 743)			(19 327 743)
Equity attributable to ordinary shareholders	90 451 992	70 000 000	(336 000)	160 115 992
Total equity	90 451 992	70 000 000	(336 000)	160 115 992
Current liabilities				
Trade and other payables	1 694 821			1 694 821
Total liabilities	1 694 821			1 694 821
Total equity and liabilities	92 146 813	70 000 000	(336 000)	161 810 813
Number of shares in issue	405 973 065	82 352 941		488 326 006
Net asset value per share (thebe)	22.28			32.79
Tangible net asset value per share (thebe)	22.28			32.79

Note 1

Assumes that all of the 82 352 941 shares for the Specific Issue were issued on 30 June 2018 at 85 Thebe each. The effect of this transaction increases the Group's cash and stated capital by **BWP70 000 000**.

Note 2

Assumes that all the preliminary expenses as listed in paragraph 11 of this Circular are directly related to the costs related to the placing and that it occurred on 30 June 2018. These costs reduce the Group's Cash and are capitalised against stated capital. It is assumed that VAT will not be claimed on these expenses and as such the full cost is accounted for.

There are no other post-balance sheet events which require adjustment to the *pro forma* financial information.

One-off costs (In Pula)

	Fees	Vat	Total (Pula)
Legal advisors	20 000	2 400	22 400
Corporate advisors	44 643	5 357	50 000
BSE listing and sustaining fees	17 647	2 118	19 765
Reporting accountants' fees	43 200	5 184	48 384
Fair and reasonable valuation	43 200	5 184	48 384
Transfer secretaries	15 000	1 800	16 800
Printing, publication, distribution and advertising expenses	89 286	10 714	100 000
Other	27 025	3 243	30 268
Total	300 000	36 000	336 000

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

None of the transactions presented affect the Statement of Comprehensive Income other than the calculation loss and diluted loss per share as presented below.

In Pula	30 June 18 Audited	Cash raised through Specific Issue (Note 1)	Preliminary expenses (Note 2)	30 June 18 Pro forma after Issue
Revenue	–			
Cost of sales	–	–	–	–
Gross profit	–			
Other income	–	–	–	
Operating expenses	(18 077 019)			(18 077 019)
Operating loss	(18 077 019)			(18 077 019)
Finance income	1 598 248			1 598 248
Finance costs	(48)			(48)
Finance costs – net	1 598 200			1 598 200
Loss before income tax	(16 478 819)			(16 478 819)
Income tax recovery	6 660 454			6 660 454
Total loss for the year	(9 818 365)			(9 818 365)
Other comprehensive income for the year	–			
Total comprehensive loss for the year	(9 818 365)			(9 818 365)
Weighted number of shares in issue	388 742 595	82 352 941		471 095 536
Loss per share (thebe)	(2.53)			(2.08)
Diluted loss per share (thebe)	(2.53)			(2.08)

Note 1

Assumes that all of the 82 352 941 shares for the Specific Issue were issued on 1 July 2017.

Note 2

Preliminary expenses have been capitalised against stated capital.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	GROUP	
Figures in Botswana Pula	2018	2017
ASSETS		
Non-current assets		
Property, plant and equipment		654 915
Exploration and evaluation assets	1 918 900	
Deferred tax assets	27 272 920	20 198 869
	6 660 454	
	35 851 464	20 853 784
Current assets		
Trade and other receivable	404 011	486 066
Cash and cash equivalents	55 891 338	54 171 748
	56 295 349	54 657 814
Total assets	92 146 813	75 511 598
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shares	109 779 735	84 266 725
Accumulated loss	(19 327 743)	(9 509 380)
Equity attributable to ordinary shareholders	90 451 992	74 757 345
Total equity	90 451 992	74 757 345
Current liabilities		
Trade and other payables	1 694 821	754 253
Total liabilities	1 694 821	754 253
Total equity and liabilities	92 146 813	75 511 598

The notes to the Consolidated Statement of Financial Position is not presented but is available on the Company's website www.minergycoal.com as part of the Integrated Annual Report.

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	GROUP	
Figures in Botswana Pula	2018	2017
Revenue		
Cost of sales		
Gross profit		
Other income	–	19 483
Operating expenses	(18 077 019)	(19 879 786)
Operating loss	(18 077 019)	(19 860 303)
Finance income	1 598 248	294 504
Finance costs	(48)	(323)
Finance costs – net	1 598 200	294 181
Loss before income tax	(16 478 819)	(19 566 122)
Income tax recovery	6 660 454	–
Total loss for the year	(9 818 365)	–
Other comprehensive income for the year	–	–
Total comprehensive loss for the year	(9 818 365)	(19 566 122)
Total comprehensive loss attributable to:		
Owners of the parent	(9 818 365)	(19 566 122)
Non-controlling interest	–	–
	(9 818 365)	(19 566 122)
Loss per share (thebe)	(2.53)	(6.76)
Diluted loss per share (thebe)	(2.53)	(6.76)

The notes to the Consolidated Statement of Comprehensive Income is not presented but is available on the Company's website www.minergycoal.com as part of the Integrated Annual Report.