

**THIS DISCLOSURE DOCUMENT IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF ANY PROSPECTIVE SELECTED AND QUALIFYING INSTITUTIONAL INVESTOR.**

**This pre-listing statement is not an invitation to the public to subscribe for securities and is not a Prospectus in any jurisdiction, but is issued in compliance with the Listings Requirements of the BSE, for the purpose of providing information to the public with regard to the Company.**

The definitions and interpretations set out on page 2 of this Disclosure Document apply to the paragraphs below.

**The Botswana Stock Exchange has not verified the accuracy and truth of the contents of this Disclosure Document and the Botswana Stock Exchange accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from any decision taken based on the contents of the Disclosure Document.**

**This document contains and sets out various forward-looking statements, cautions and risks, as more fully explained in the risk section (paragraph 17).** The forward-looking statements in this Disclosure Document are not "profit forecasts or estimates" within the meaning of the BSE Rules and accordingly no specific disclosures relating profit forecasts or estimates are made herein. Prospective Selected and Qualifying Institutional Investors are urged to closely examine their financial position and to make every effort to familiarise themselves with the implications and the consequences of the non-attainment of forward-looking statements. If you are in any doubt as to what action you should take in relation to this Disclosure Document, please consult your accountant, broker, banker, CSDP, legal advisor or other professional advisor immediately. This Disclosure Document is issued, in compliance with the provisions of the Listings Requirements, for the purposes of explaining a Placing of new Ordinary Shares by way of a Private Placement to Selected and Qualifying Institutional Investors pursuant to an existing authority granted by Shareholders for a general issue of shares for cash.

**THIS DISCLOSURE DOCUMENT RELATES TO:**

- › A Placing by way of Private Placement to Selected and Qualifying Institutional Investors of up to 64 662 936 (sixty-four million six hundred and sixty-two thousand nine hundred and thirty-six) new Ordinary Shares in the Company pursuant to a general issue of shares for cash as approved at the Company's AGM.
- › The Placing represents up to approximately 15% (fifteen percent) of the Existing Issued Shares of the Company, available for issue during the Placing Period.



**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")

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**Action required:**

1. If you are not a Selected and Qualifying Institutional Investors you are not required to take any further action.
2. If you are a Selected and Qualifying Institutional Investors you should read this document carefully and ensure that you seek any advice (from your accountant, broker, banker, CSDP, legal advisor, or other professional advisor) required or that you consider is required, and if you are satisfied that you wish to subscribe, request a subscription form from the Company.
3. If you are in doubt about what to do you should seek advice from your accountant, broker, banker, CSDP, legal advisor, or another professional advisor.

**SPONSORING BROKER**



**TRANSFER SECRETARY**



**REPORTING ACCOUNTANTS**



**LEGAL ADVISOR**



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## CORPORATE INFORMATION

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### Directors

Mokwena Morulane (Independent Non-executive Chairman)  
Morné du Plessis (Chief Executive Officer)  
André Bojé (Non-executive Director)  
Leutlwetse Tumelo (Non-executive Director)  
Claude de Bruin (Non-executive Director)

### 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 Adviser

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

### Registered office

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

### Sponsoring Broker

Imara Capital Securities  
Unit 1E, Ground Floor Peelo Place,  
Plot 54366 Western Commercial Rd,  
New CBD, Gaborone  
Botswana

### Reporting Accountants and Auditors

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

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## INTENDED TIMETABLE FOR THE PROPOSED PLACING <sup>(1)(2)</sup>

Description	Date
Publication on X-News and Abridged version in news paper	Friday, 17 January 2020
Allot and upload shares on CSDB	During the Placing Period as applicable
Listing of new shares	During the Placing Period as applicable

**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 and X-News.

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## DEFINITIONS AND INTERPRETATIONS

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In this Disclosure Document 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 the second column; 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.

<b>“Act”</b>	means the Botswana Companies Act 2003 (CAP. 42:01) as amended, or any law which may replace it in part or wholly;
<b>“AGM”</b>	means the annual general meeting of Shareholders, which was held at the Minergy Boardroom, Unit B3 & B4, Plot 43175, Phakalane, Gaborone, Botswana on 11 December 2019, at which Shareholders approved special resolutions 1 (general authority to issue shares for cash) and 2 (waiver of pre-emptive rights) proposed at the meeting, granting the Board the authority to issue Placing Shares pursuant to a general issue of share for cash;
<b>“2019 Annual Report”</b>	means the Integrated Annual Report of the Company for the 2019 financial year, dated 30 October 2019 enclosing the Notice of Meeting for the AGM,
<b>“BDC”</b>	means Botswana Development Corporation Limited;
<b>“the Board” or “Directors”</b>	means the board of directors of Minergy, as set out in paragraph 6.1 of this Disclosure Document;
<b>“Botswana”</b>	means the Republic of Botswana;
<b>“BSE”</b>	means the Botswana Stock Exchange established in terms of the Botswana Stock Exchange Act;
<b>“BSE Rules”</b>	BSE Equity Listing Requirements, as amended from time to time
<b>“Business Day”</b>	means any day other than a Saturday, Sunday, or official public holiday in Botswana;
<b>“cautions”</b>	has the meaning set out in paragraph 17 and its subclauses in this Disclosure Document, and any cautions specifically set out elsewhere in this Disclosure Document;
<b>“Constitution”</b>	means the current constitution of Minergy adopted by special resolution on 10 February 2017;
<b>“CSDB”</b>	means the Central Securities Depository of Botswana (Proprietary) Limited, which company operates the central securities depository for Botswana, under the auspices of the BSE;
<b>“CSDP”</b>	means a Central Securities Depository Participant accepted as a participant in terms of the rules of the Botswana Stock Exchange and the CSDB;
<b>“Disclosure Document”</b>	means this disclosure document including the annexures hereto, being a disclosure document, and more specifically a Pre-Listing Statement in accordance with the BSE Rules;
<b>“Existing Issued Shares”</b>	means the number of Ordinary Shares in issue at the Last Practicable Date, being 431,086,245 Ordinary Shares;
<b>“forward-looking statements”</b>	has the meaning set out in paragraph 17 and its sub paragraphs in this Disclosure Document, and includes cautions and risks, and any forward-looking statements specifically set out elsewhere in this Disclosure Document;

<b>“Funding Facilities”</b>	Funding facilities from BDC and MDCB which total P110million;
<b>“general authority”</b>	means the general authority for the Placing Shares pursuant to the general issue of shares for cash as approved at the AGM;
<b>“Last Practicable Date”</b>	means Tuesday, 31 December 2020, being the last practicable date prior to the finalisation of this Disclosure Document;
<b>“Legal Advisers”</b>	means Armstrongs Attorneys, a firm of attorneys, notaries, and conveyancers, practising in Botswana;
<b>“Listings Requirements”</b>	means the Equity Listing Requirements of the BSE as amended from time to time;
<b>“LOM”</b>	means life of mine
<b>“Masama Coal Project”</b>	means the coal mine situated on the southern edge of the Mmamabula Coalfield in Botswana;
<b>“MDCB”</b>	Minerals Development Company Botswana (Proprietary) Limited;
<b>“Minergy” or “the Company”</b>	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;
<b>“Minergy Coal”</b>	means Minergy Coal (Pty) Limited, a limited liability company duly incorporated in Botswana in terms of the Act, and registered under company number BW00000826365, and which is a wholly owned subsidiary of Minergy;
<b>“Minergy Group” or “Group”</b>	Minergy and its two subsidiaries, Minergy Coal and MinSales;
<b>“Mining Contractor”</b>	means Jarcon Opencast Mining Botswana (Pty) Ltd;
<b>“MinSales”</b>	MinSales (Pty) Ltd, a limited liability company duly incorporated in Botswana in terms of the Act, and registered under company number 2016 / 399165 / 07, and which is a wholly owned subsidiary of Minergy Limited and which is dormant;
<b>“Mt”</b>	means million tons;
<b>“Notice”</b>	means the notice announcing the AGM
<b>“NPV”</b>	means Net Present Value;
<b>“Ordinary Shares”</b>	means the ordinary shares in issue 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;
<b>“Placing”</b>	means, subject to the applicable conditions set out paragraph 3 and its sub paragraphs of this Disclosure Document, the proposed placing of the Placing Shares by way of Private Placement to Selected and Qualifying Institutional Investors, pursuant to the general authority;
<b>“Placing Period”</b>	means the 12-month period commencing 11 December 2019 and ending 11 December 2020;
<b>Placing Shares</b>	means up to 64 662 936 (sixty-four million six hundred and sixty-two thousand nine hundred and thirty-six) new Shares to be issued by way of Private Placement pursuant to the Placing, representing up to a maximum of approximately 15% of the Existing Issued Shares;
<b>“Placing Price”</b>	means the price per Placing Share purchased by, and to be issued to Selected and Qualifying Institutional Investors, where the maximum discount at which such Placing Shares may be issued is 10% of the weighted average ruling price of such Placing Shares measured over the

30 business days prior to the date that the price of such Placing Shares is agreed between the Company and the Selected and Qualifying Institutional Investor subscribing for the Placing Shares;

<b>“Prospectus”</b>	means any prospectus, admission document or placing memorandum or offer, or document similar in nature required with respect to an offer of securities of a company to the general public (“Public”) as set out in the Botswana Companies Act, or in terms of any securities regulatory regime, and which does not include this Disclosure Document or Pre-Listing Statement;
<b>“Private Placement”</b>	means, the offer and issuance of ordinary shares in a company to Selected and Qualifying Institutional Investors by way of private placement, and <u>not</u> pursuant to any offer to the public in any jurisdiction and with respect to which a Prospectus or similar document will be published in any jurisdiction or registered in any jurisdiction;
<b>“Pula” or “P” or “Thebe”</b>	means the lawful currency of Botswana;
<b>“Reporting Accountants”</b>	means Grant Thornton Botswana, who are the Reporting Accountants for the proposed Offer for Subscription, whose report appears in <b>Annexure 2</b> to this Disclosure Document;
<b>“Resolutions”</b>	means the resolutions set out in the Notice;
<b>“ruling price”</b>	means shall bear the definition of ruling price in the BSE Rules, being the Closing Price as defined in the BSE Trading Rules;
<b>“risks”</b>	has the meaning set out in paragraph 18 and its subclauses in this Disclosure Document
<b>“Selected and Qualifying Institutional Investors”</b>	means investors qualifying in terms of section 297 of the Act; or if from outside of Botswana investors who are in terms of securities regulations and legislation or related regulatory frameworks, exempt purchasers, being Accredited Investors, Qualified Investors or similar in the applicable jurisdiction, and who do not require any Prospectus or similar document or the registration of such a document to any securities regulatory authority. For avoidance of doubt, institutional investors, wealthy individual investors, trusts, or any other entity or holding, that meets the aforementioned criteria, are also Selected and Qualifying Institutional Investors.
<b>“Shareholders”</b>	means the holders of Ordinary Shares;
<b>“Share’ or “Shares”</b>	means an Ordinary Share, or a number of Ordinary Shares;
<b>“Sponsoring Broker”</b>	means Imara Capital Securities, a member of the BSE which is the Sponsoring Broker to the Company;
<b>“Stated Capital”</b>	has the meaning ascribed to it in Section 5 of the Act and, in relation to the Company, is P135,571,068 as at the Last Practicable Date; *
	<i>*It should be noted that the stated capital of the Company as disclosed in its Financial Statements of the Company generally published and annexed to this Disclosure Document show total stated capital which is P5,008,042 lower than the Stated Capital in this Disclosure Document. The difference relates to share issuance costs of prior share issuances which in accordance with IFRS 2 reduces the stated capital recorded in the Company’s Financial Statements.</i>
<b>“Transfer Secretary”</b>	means Transaction Management Services (Pty) Limited T/A Corpserve Botswana; and
<b>“VAT”</b>	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")

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### **PART A: THE PLACING**

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#### **1. INTRODUCTION**

Minergy, which listed on the main board of the BSE on 27 April 2017, is the 100% owner of Minergy Coal, a coal mining and trading company committed to becoming the supplier of choice to industrial customers and power utilities across southern Africa. Minergy is the holding company of the Minergy Group, which was granted a mining licence for its Masama Coal Project located on the southern edge of the Mmamabula Coal Field in Botswana.

It has to date raised more than P230 million via Private Placements and public offerings of Ordinary Shares, and through the Funding Facilities. The cash proceeds from these raisings and Funding Facilities were utilised for the establishment and development of the Masama coal mine, mining infrastructure, and related costs.

Following successful start-up of mining operations, the Company has exposed the first 340,000 tons of coal, which represents approximately 3 months' nameplate production. In doing so, the Company has removed over 2.5 million m<sup>3</sup> of overburden.

During September 2019 the Company recorded its first commercial sales and is in the ramp-up phase of its operations toward a nameplate mining target of 110,000 tons per month, which is expected to result in 70,000 – 80,000 tons of saleable coal per month.

Minergy had planned to begin marketing and bedding down its customer base in February 2019, subject to all funding and regulatory requirements being in place as well as having access to an operational washing plant. Unfortunately, this was only possible in August 2019, by which time the coal price had deteriorated to the \$57 per ton level. This reduction in the coal price resulted in coal mines in South Africa flooding the southern African market, so hindering Minergy's customer off-take programme as many targeted customers opted to remain with existing suppliers. Previous statements from Minergy still hold true, i.e. that customers want a steady stream of good-quality coal. However, given the dire economic growth rate in South Africa, even these customers are now opting to take lower-priced inputs to make ends meet. It will, however, take some time for the excess coal currently in the market to work its way through the system and the consequences of severe price movements take around 6 months to filter through e.g. the decline commenced in March 2019 but excess coal in the regional market only materialised in September 2019.

However, whilst coal prices decreased between February 2019 to August 2019 from around \$90 per ton to \$57 per ton, it has already rebounded, and is currently at approximately \$75 per ton.

Notwithstanding the coal price fluctuations during 2019, the Company signed its first long-term contract, to deliver 180,000 tons of coal per annum to a regional industrial customer, which represents approximately 15% of estimated nameplate annual saleable coal. This off-take contract is worth a minimum amount of P240 million to the Company, and discussions are underway with a number of other interested regional industrial customers, many of which have already tested samples of the Company's coal over the past few months, and the Company is confident of signing additional customer contracts.

Depending on the economics at the time, opportunities to significantly increase production include increased supply to industrial customers, export opportunities, or power generation. Increased production would require additional capex primarily to increase the capacity of the washing plant and plant infrastructure, and completion of an additional box cut.

No changes in the nature of the Company's business is currently contemplated. Details of the



Company's key management and staff is included in paragraph 6 and its sub-paragraphs herein.

The Company believes it is entering a period of significant growth that will benefit Botswana and its Shareholders.

This Disclosure Document explains the background to, and the rationale for Placing.

## **2. RATIONALE FOR THE PLACING**

The rationale for the Placing is to raise further capital by way of the Private Placement to Selected and Qualifying Institutional Investors primarily to be utilised as follows:

- working capital
- reducing debt

Funding is required to replace debt with cheaper equity, and for working capital to bridge the ramp up phase at the Company's mine into full production in a way that normalises contractor accounts relating primarily to extended payment terms afforded by the Mining Contractor to the Company, which progressed services according to schedule, but which occurred at faster rate than the rate of commissioning of the beneficiation plant.

## **3. DETAILS AND FINANCIAL EFFECTS OF PLACING**

- 3.1 At the Last Practicable Date, the Company had a Stated Capital of P135 571 068 and Existing Issued Shares was 431 086 245 Ordinary Shares. The financial information has been prepared in line with the BSE Listings Requirements.
- 3.2 If all of the Placing Shares are issued pursuant to the Placing, the Stated Capital of the Company will increase by an amount equal to the Placing Price multiplied by the total number of Placing Shares issued. If all of the Placing Shares are issued, the number of Ordinary Shares in issue will increase by up to a maximum of 64 662 936 to a total of 495 749 181.
- 3.3 On the basis that the Placing is made pursuant to the general authority granted for a general issue of shares for cash in accordance with section 3.4 (c) (iv) of the Listings Requirements, it is recorded that:

- 3.3.1 the Placing Shares are limited to Ordinary Shares, which is the only class of share in issue, and are therefore of a class of securities already in issue;
- 3.3.2 the Placing Shares will be issued to public shareholders in accordance with the applicable definition in the BSE Rules, and not to related parties as defined in the BSE Rules;
- 3.3.3 The Placing Shares, being the subject of a general issue for cash does not exceed 15% of the Company's listed equity securities (being all Existing Issued Shares) as at the date of the AGM, and:
- the authority is valid only for the period contemplated in section 3.4(c)(ii);
  - the calculation of the Company's listed equity securities is a factual assessment of the Company's listed equity securities as at the date of the notice of the AGM, excluding treasury shares (of which there are none);
  - the specific number of shares representing the number up to 15% of the Company's listed equity securities (being all Existing Issued Shares) as at the date of the AGM, comprising 64 662 936 new Ordinary Shares, was included as a number in the resolution seeking authority for the general issue of shares for cash;
  - any equity securities issued under the authority during the period contemplated in section 3.4(c)(ii) is deducted from such specific number of shares referred to above; and
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated in section 3.4(c)(ii), the existing general authority is to be adjusted accordingly to represent the same allocation ratio.
- 3.3.4 in accordance with the definitions in this Disclosure Document, the maximum discount at which Placing Shares may be issued is 10% of the weighted average ruling price of the Placing Share purchased measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the respective Placing Shares;
- 3.3.5 the general issue for cash and related waiver of pre-emptive rights by Shareholders was approved by way of special resolution at the AGM, by achieving a 75% majority of the votes cast;
- 3.3.6 the maximum number of Placing Shares to be issued is 64 662 936 Ordinary Shares, representing up to a maximum of approximately 15% of Existing Issued Shares of the Company.
- 3.4 As noted above, the Placing Price may not be discounted by more than 10% of the weighted average ruling price, being the price of the Ordinary Shares measured over the 30 business days prior to the date that the price of the purchase of Placing Shares is agreed between the Company and the Selected and Qualifying Institutional Investor subscribing for the Placing Shares.
- 3.5 the Placing is subject to the approval by the BSE for listing of the Placing Shares.
- 3.6 The passing of the required resolutions at the AGM by Shareholders as noted above, and the general authority from such resolutions ensured compliance by the Company with its obligations under Rule 3.4 (c) of the Listing Requirements, clause 5.1 of the Constitution and section 52 of the Act.
- 3.7 The Placing Shares will, rank pari passu in all respects with the Existing Issued Shares and will rank in full for dividends and other distributions declared, made or paid on Ordinary Shares.
- 3.8 The minimum number of Placing Shares that may be applied to be subscribed for or purchased by a Selected and Qualifying Institutional Investor is 5 (five) million Placing Shares.
- 3.9 The maximum number of Placing Shares that may be applied to be subscribed for or purchased by any Selected and Qualifying Institutional Investor is the total number of Placing Shares that will be offered under the Placing.
- 3.10 Only whole Placing Shares shall be available for purchase.
- 3.11 The subscription or application to subscribe for Placing Shares pursuant to the Placing is only being available to Selected and Qualifying Institutional Shareholders, on a Private Placement basis.
- 3.12 Notwithstanding anything else in this Disclosure Document, the Company reserves the right to accept or refuse any subscriptions or application to subscribe for Placing Shares, either in whole or in part, or to pro-rate, place, or allocate any or all subscriptions or applications(s) for Placing Shares in such manner as it may, at its sole and absolute discretion determine. The Placing is subject to rejection, acceptance or allotment by the Company in whole or in part, in such a manner as it may, at its sole and absolute discretion determine.

## Financial Effects

- 3.13 The Placing will result in an increase in the number of Ordinary Shares of the Company in issue, reduction of trade and other payables as well as an increase in cash balances, and/or the extinguishment of debt.
- 3.14 Shareholders are advised that the Placing 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 Placing will depend on, inter alia, the number of Placing Shares and the Company's application of the net proceeds.
- 3.15 Shareholders that do not participate in the Placing will continue to own the same number of Ordinary Shares which they owned prior to the Placing, but their percentage Shareholding in the Company will be diluted to a lower percentage.

## 4. HISTORICAL FINANCIAL INFORMATION

- 4.1 Historical Financial Information of the Company required to be included in this Disclosure Document, is incorporated by reference to the Audited Financial Statements of the Company published in its 2019 Integrated Annual Report, which was published on 6 November 2019. The Historical Financial Information can be downloaded from the Company's website at [www.minergycoal.com](http://www.minergycoal.com).
- 4.2 The Historical Financial Information of the Company is the responsibility of its Directors as stated therein.

## 5. ADDITIONAL FINANCIAL INFORMATION AND INFORMATION ON EVENTS OR OCCURRENCES SINCE THE PUBLICATION OF THE HISTORICAL FINANCIAL INFORMATION AS REQUIRED BY CHAPTER 4 OF THE BSE RULES

The following have occurred or became known subsequent to publication of the Historical Financial Information Incorporated by reference at paragraph 4 above.

- 5.1 Commissioned the beneficiation plant, producing saleable coal to the expected qualities.
- 5.2 The Group recorded its first commercial coal sales during September 2019.
- 5.3 Operations are in the ramp-up phase and working towards achieving its target of mining 110 000 tons per month to produce 70 000 to 80 000 tons of saleable coal.
- 5.4 The Group has concluded its first long-term customer contract, representing approximately 15% of estimated annual nameplate saleable coal.
- 5.5 The Placing described herein is being undertaken to satisfy its funding requirements described in paragraph 2 above.
- 5.6 The following information is set out in accordance with 4.2(i)(iv) and (v) of the BSE Rules, relating to borrowings by the Company's subsidiary Minergy Coal Pty Limited (the "Borrower"), being the Funding Facilities:

5.6.1 the names of the lenders are:

- BDC is the lender relating to the Bridging Facility Agreement described below
- MDCB is the lender relating to the Secured Debenture Facility described below

5.6.2 the nature and value of the security provided for the Funding Facilities are as follows:

- BDC Bridging Facility Agreement

The Company enter into a written "Bridging Facility Agreement" between the Borrower, Minergy Limited as guarantor ("Guarantor") and BDC as Lender in terms of which the BDC made available to the Borrower a bridging loan facility in an amount of up to BWP40million (the "Bridging Facility").

The Company guaranteed the obligations of the Borrower under the Bridging Facility (the "Guarantee") and entered into a written "Pledge of Shares and Cession" between the Company, the Borrower and the BDC in terms of which the Company pledges and cedes in securitatem debiti all of its right, title and interest in and to its shares and shareholder's loan account in the Borrower as security for its obligations

under the Guarantee.

- MDCB Secured Debenture Facility Agreement

The Borrower received an amount of P70million from MDCB pursuant to a Secured Debenture Facility Agreement, in terms of which the Borrower issued MDCB and MDCB purchased a redeemable debenture (“Debenture Agreement”) for a purchase price equal to the aggregate of outstanding amount.

A written “Guarantee” between the Company and MDCB was entered into in terms of which the Company guarantees the obligations of the Borrower under the Debenture Agreement (the “Guarantee”), and a written “Pledge of Shares and Cession” between the Company, the Borrower and MDCB in terms of which the Company pledges and cedes in securitatem debiti all of its right, title and interest in and to its shares and shareholder’s loan account in the Borrower as security for its obligations under the Guarantee.

In terms of the Debenture Agreement MDCB may convert the outstanding amount into an equity ownership in the Borrower of up to 24.9%.

5.6.3 interest and repayment terms of the Funding Facilities:

- The interest rate of the BDC Bridging Facility Agreement is 18%, which is capitalised at the end of each month and added to the outstanding amount;
- The interest rate of the MDCB Secured Debenture Facility Agreement is 15% nominal annual compounded annually.

5.6.4 Payments of the portion of the Funding Facilities relating to BDC, being a facility with a term of 12 months:

- The Company and BDC are working on a conversion of the Bridging Facility into a Long-Term Lending Facility which will have a term of more than 12 months. This conversion is expected to be completed in the coming months.

5.6.5 The Funding Facilities were agreed with BDC and MDCB so that the Group could establishment and development of the Masama coal mine, mining infrastructure, and related costs.

## 6. INFORMATION ON DIRECTORS

### 6.1 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
Mokwena Morulane	Motswana	P.O. Box 47499 Gaborone	Adoraim (Pty) Ltd (BW) Makgabana Construction (Pty) Ltd (BW) Minergy Limited (BW) Old Mutual Life Botswana (Pty) Ltd (BW) Catchoka (Pty) Ltd Cresta Marakanelo Limited (BW)	Investment Company (Family business — Construction & Property Co.) Group holding company Life insurance Investment Company Hospitality services
Morné du Plessis	South African (Botswana resident)	Plot 53652, Phakalane Golf Estate, Gaborone, Botswana	Minergy Limited (BW) Minergy Coal (Proprietary) Limited (BW) Minsales (Pty) Limited, (SA)	Group holding company Holds the Licence Coal trading company, wholly- owned subsidiary of Minergy
André Bojé	South African	17 Dunkirk Road, Salt Rock,	Minergy Limited (BW)	Group holding company

Name	Nationality	Address	Other Directorships	Nature of business
		Umhlali Beach, 4391, South Africa		
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) South-Co Limited (BVI) Energy Mineral Resources and Mining Limited (BVI) MEM SA (MU) MME SARL (MU)	Group holding company Minerals, not trading Administrative company, not trading Minerals, not trading Holds the Prospecting Licence Investment holding company, not trading Mineral, not trading Administrative company Administrative company, not trading Administrative company, not trading Minerals, not trading Mineral, not trading
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) Mod Resources Botswana (Pty) Ltd (BW) Tshukudu Metals (Pty) Ltd (BW) Horizon Capital (Pty) Ltd (BW)	Group holding company Holds the Prospecting Licence Minerals, not trading Administrative company, not trading Minerals, not trading Investment holding company Event management company Mineral exploration company focused on copper Mineral exploration company focused on copper Investment company

## 6.2 CVs of Directors

### 6.2.1 MOKWENA MORULANE (BA Accounting (Hons), (47) — 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

- 6.2.2 **MORNÉ DU PLESSIS (CA — South Africa, MBA) (50) — Chief Executive Officer**  
Morné is a South African citizen but is resident in Botswana and is a chartered accountant with an MBA from Heriot Watt University Edinburgh, Scotland. He has extensive experience in the mining industry including having been Chief Financial Officer (CFO) of several mining groups, such as domestic coal trader MacPhail, contract mining and beneficiation service provider Genet SA, junior coal miner Umcebo Mining Group, and JSE-listed junior coal miner Wescoal Holdings Limited. He was appointed to the Board of Directors of Minergy in January 2017 and as its CFO in February 2017. On 1 August 2019 he took over the reigns as Chief Executive Officer (CEO) of the group.
- 6.2.3 **ANDRÉ BOJÉ (CTA) (63) — Non-executive Director and strategic consultant**  
Andre has more than two decades of experience in the South African coal industry and founded focused coal trading company Chandler Coal (Pty) Ltd in 1997 following a successful executive management career in various industries. In 2005, the company was listed on the Johannesburg Stock Exchange (JSE) as Wescoal Holdings Limited, enabling a transition from purely coal trading activities to a fully-fledged coal miner and trader. Wescoal, with three fully operational mines, is now one of the leading junior coal mining and trading companies in southern Africa. Andre was appointed to Minergy in 2016 and led the group as the CEO until July 2019. He remains on the Board as a Non-executive Director and is involved with Minergy to assist with the AIM listing as well as with marketing and sales of coal.
- 6.2.4 **CLAUDE DE BRUIN (LLB; BMS. (Fin) (42) — Non-executive Director**  
Claude de Bruin is a New Zealand citizen, who is a lawyer and entrepreneur with more than a decade and a half 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 Minergy Coal (Pty) Ltd and MinSales (Pty) Limited. Claude was appointed to the Board of Minergy in September 2016.
- 6.2.5 **LEUTLWETSE TUMELO (B.Acc) (37) — Non-executive Director**  
Leutlwetse is the Executive Director of Afinitas Limited a pan African investment holding company. Afinitas is focused on developing a portfolio of world class Africa focused companies. As the Executive Director, Leutlwetse has overall responsibility for monitoring regulatory compliance of all the investee companies in the jurisdictions that they operate as well as ongoing compliance with the BSE Equity Listings Requirements. He is also responsible for providing support to the Board of Directors to effectively discharge its duties.  
Leutlwetse is also the Chairman of Tshukudu Metals Botswana, the operating subsidiary of ASX listed MOD Resources. Tshukudu is a copper exploration that is developing the T3 copper project about 75km north of Ghanzi.  
Leutlwetse is a Non-executive Director on Minergy Limited and its subsidiary, Minergy Coal. He is also the chairman of the Social and Ethics Committee in Minergy Limited.

### 6.3 CVs of Executive Management

- 6.3.1 **MORNÉ DU PLESSIS (CA — South Africa, MBA) (50) — Chief Executive Officer**  
Refer to 6.2.2 above
- 6.3.2 **JEAN-PIERRE VAN STADEN (CA — South Africa) (47) — Chief Financial Officer (effective 2 January 2020)**  
Jean-Pierre is a CA(SA) and Audit Partner at PricewaterhouseCoopers in South Africa since 2004. He has extensive auditing experience, having worked with listed multinational companies

operating across a variety of industries in Africa and internationally. Importantly he has extensive experience working with and providing services to junior and major mining and construction companies, industrial products companies, and private equity investment entities. He is a Johannesburg Stock Exchange (“JSE”) and Toronto Stock Exchange (“TSX”) accredited auditor and has extensive regulatory and stock exchange experience across several well recognised ‘mining’ stock exchanges, including the JSE, the TSX, the Alternative Investment Market (“AIM”) of the London Stock Exchange, and the main board of the London Stock Exchange (“LSE”).

- 6.3.3 **MARTIN BARTLE (66) — Managing Director, Minergy Coal**  
Martin has more than 40 years of experience, 30 years of which were in the South African coal mining industry having worked in management positions for Rand Mines, Eyesizwe Exxaro, Anglo Coal, Homeland Energy, and most recently as Managing Director of Wescoal Mining, a group company of JSE listed Wescoal. Martin is the Managing Director of Minergy Coal (Pty) Limited where he is also a member of the Board. He has extensive experience with coal mining Safety, Health, Environment and Quality regulatory compliance and management, Risk Management, Human Resource and Personal Management and Optimisation, with significant experience in coal mine operations management.
- 6.3.4 **JOHN ASTRUP (47) (BSc. (Hons) Geology; MSc. — Exploration Geology, Director and General Manager, Minergy Coal**  
John Astrup is a geologist (registered with 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.
- 6.3.5 **LYNETTE KRUGER (48) — Marketing Manager**  
Lynette has 20 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.
- 6.3.6 **GABOTSHWAREGE TSHEKISO (62) — Project Manager, Minergy Coal**  
A mechanical engineer having over three decades of experience in the mining industry under his belt, Gabotshwarege previously worked as a director at the Department of Mines responsible for Gaborone and Francistown offices. He was a member of the Technical Committee of the BCL Limited Board. He holds a Master’s degree in Mechanical Engineering.
- 6.3.7 **SIYANI MAKWAKWAGO (52) — General Manager Mining**  
Siyani holds professional qualifications which include a B.Bc Part 1 from the University of Botswana, a Bachelor of Engineering in Mining Engineering Degree from the Camborne School of Mine associated with the University of Exeter and a Diploma in Business Management from the Cambridge Tutorial College in the UK. As General Manager Mining Siyani oversees all mining activities at the Masama Coal Project. He has extensive mining experience having previously held executive posts at Debswana, BCL and Morupule Coal Mine.
- 6.3.8 **JULIUS AYO (38) — Financial Manager**  
Julius is an ACCA (Association of Certified Chartered Accountants) of Botswana and also holds a Bachelor of Accounting (BACC) from the University of Botswana. Within Minergy he is responsible for the full financial function within the subsidiary. He has over 15 years of experience, including six years in the mining sector, specifically at Gem Diamonds.

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

#### 6.4 **Qualification, Appointment and Remuneration of Directors**

- 6.4.1 The relevant provisions of the Constitution concerning the qualification, appointment and remuneration of the Directors are set out in Annexure 6 of this Prospectus.
- 6.4.2 The proposed and forecast aggregate remuneration and benefits to be collectively paid to the Non-executive Directors over with respect to their services as Non-executive Directors of the Company is P708 000 per annum. These total aggregate fees comprise a retainer fee of P25 000 and P17 000 for the Chairman and Non-executive Directors of the Board respectively, paid on a monthly basis.
- 6.4.3 Executive Directors do not receive Director fees or benefits. The proposed and forecast

aggregate remuneration and benefits to be paid to the Executive Directors with respect to their Employment contracts is P3 766 129.

Information relating to remuneration and any benefits payable to the Directors or any proposed Directors of the Company by any member of the group in respect of the current financial year under the arrangements in force at the date of the Disclosure Document are also described in the 2019 Annual Report which can be downloaded at [www.minergycoal.com](http://www.minergycoal.com).

## 6.5 Directors' interests in the Company

As at the date of this Disclosure Document the following Directors have a direct or indirect interest in the Company:

Name	Shares in Minergy	Direct interest %	Indirect interest %
Morné du Plessis	10 000 000	2.32	nil
André Bojé	15 000 000	3.48	nil
Claude de Bruin	42 634 421	9.89	nil
Leutlwetse Tumelo	1 305 621	0.30	nil

The percentage shareholding held in the Company will be diluted to the extent of the Placing Shares issued in terms of the Placing, the subject of this Disclosure Document.

Unless otherwise disclosed in this Disclosure Document or in the Company's Integrated 2019 Annual Report, there has not been any sum paid or agreed to be paid within the three years preceding the date of this Disclosure Document to any of any of the Directors or to any company in which any one 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 a 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.

None of the Directors or consultant 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, or at the Last Practicable Date.

## 7. PROSPECTS

The prospects of the Company are described in the Introduction of this Disclosure Document under paragraph 1.

## 8. Trading prices of Ordinary Shares

**Annexure 1** reflects the aggregate volumes traded and the highest and lowest prices traded in respect of Ordinary Shares for various periods.

## 9. 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
Allan Gray <sup>(1)</sup>	162 878 468	37.78

<sup>(1)</sup> For Botswana Public Officers Pension Fund

\* The Directors noted in the table in paragraph 6.4 and its footnotes, and Mr. John Astrup (40,278,938 Ordinary Shares constituting 9.34%) also hold greater than 5% of the Existing Issued Shares of Minergy at the Last Practicable Date.



#### 10. Ordinary Share issues over the last three years\*

The following Ordinary 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; and
- On 24 December 2018, the Company increased its stated capital to P135 571 068 and issued 25,113,180 shares.

*\* It should be noted that the stated capital of the Company as disclosed in its Financial Statements of the Company generally published and annexed to this Disclosure Document show total stated capital which is P5,008,042 lower than the Stated Capital in this Disclosure Document. The difference relates to share issuance costs of prior share issuances which in accordance with IFRS 2 reduces the stated capital recorded in the Company's Financial Statements.*

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## PART B: OTHER INFORMATION

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### 11. LITIGATION

Minergy has not been involved in any legal proceedings during the 12 months preceding the date of this Disclosure Document 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.

### 12. EXPERTS' CONSENTS

The transfer secretaries, legal adviser, independent accountants, receiving bank, and the sponsoring broker have consented in writing to act in their capacities and to their names being stated in this Disclosure Document and have not withdrawn their consent prior to the publication of this Disclosure Document.

### 13. NO TAKEOVER

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

### 14. 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.

### 15. DOCUMENTS AVAILABLE FOR INSPECTION

15.1 Disclosure Document;

15.2 the Constitution of the Company;

15.3 Advisers' and experts' consents;

15.4 Annual Consolidated Financial Statements for the year ended 30 June 2019.

### 16. COSTS AND COMMISSIONS

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

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<b>One-off costs</b>	<b>Pula</b>
Botswana Legal Advisors	35 000
BSE listing and sustaining fees	190 110
Transfer Secretaries	16,800
Publication, distribution and advertising expenses	50,400
Other	40 000
<b>Total</b>	<b>332 310</b>

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Capital Africa Limited will receive a commission of 5% on the value of any Placing Shares subscribed through them.

The Wrights Global Holdings will receive a commission of 5% on the value of any Placing Shares subscribed through them.

## 17. RISK FACTORS AND MITIGATION

This Disclosure Document contains and sets out various forward-looking statements, cautions and risks, as more fully explained below. As any forward-looking information is based on assumptions concerning future events, actual results may vary materially from such statements, estimates and forecasts presented. Consequently, no assurances are given on whether or not the estimates made herein will be achieved. Accordingly, prospective Selected and Qualifying Institutional Investors are urged to closely examine their financial position and to make every effort to familiarise themselves with the implications and the consequences of the non-attainment of objectives or targets or other similar future events or forecasts. Investors are urged to seek independent advice (accounting, broker, banker, CSDP, legal or other professionals) on these matters and the information and forward-looking statements herein. Investment is not advised for any person or entity dependent upon a guaranteed fixed return. A prospective purchaser of Placing Shares should be aware that there are various risks, including those described below, that could have a material adverse effect on, among other things, the operating results, earnings, profitability, properties, business, asset ownership, business prospects and condition (financial or otherwise) of the Company. These risk factors, together with all of the other information included in this Disclosure Document, including information contained in this section should be carefully reviewed and considered before a decision to purchase Placing Shares is made.

### 17.1 **The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management and outside contractors**

- 17.1.1 The success of the Company and its operations depends largely upon the expertise of the Directors and management and their ability to develop and operate the Group's intended business activities profitably. The loss of one or more of the Directors or management team members would have an adverse effect on the Company and its viability; whilst the Company has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of its business.
- 17.1.2 Investors must be willing to rely to a significant extent on Management's discretion and judgment, as well as the expertise and competence of outside contractors. Whilst it is the intent of the Company to put in place formal programs for succession of management and training of management, it does not currently fully have such programs in place. The loss of one or more of these key employees or contractors, if not replaced, could adversely affect the Company in several ways, including its ability to successfully develop the Project (or to develop it at all), to reach full production, to run it profitably, results of operations and financial condition.
- 17.1.3 The Company's Board regularly reviews the skills that are available within it in relation to the activities of the Company. Should there be a shortfall then the required expertise is acquired through the engagement of consultants or the employment of relevant individuals.

### 17.2 **The Company's mineral resources and reserves as applicable, are estimates only and there can be no assurance that these estimates are confirmed in future exploration or that mineral reserves suitable for extraction will be declared, or where declared that mining will ultimately prove such estimates to be correct**

- 17.2.1 There is no certainty that the mineral Resources, or any or existing or future mineral reserve, attributable to the prospecting licenses or mining licences held by the Group will be mined or realized, or if mined, profitably mined. Until a deposit is actually mined and processed the quantity of mineral resources, or any or existing or future mineral reserve, and/or coal qualities must be considered as estimates only. In addition, the quantity of mineral resources, and any or existing or future mineral reserve, will depend upon among other things on prevailing coal prices and currency exchange rates. Any material change in the quantity of mineral resources, or any or existing or future mineral reserve, or coal qualities, may affect the economic viability of the Company going forward. Any material reductions in the estimates of mineral resources, or existing or future mineral reserves, or the Group's ability to extract the ore, or material within which such mineral resources or reserves are hosted, could have a material adverse effect on the Group's future results of operation and financial condition.
- 17.2.2 Coal exploration projects may not be successful and are highly speculative in nature. Exploration for coal is highly speculative in nature and there is no guarantee of exploration success. The Group's exploration in Botswana involves many risks and success in exploration is dependent upon a number of factors including, but not limited to,

quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of, or the confirmation of a mineral reserve or mineral resource or result in the discovery of any mineral resource suitable for economic extraction.

17.2.3 Coal mining may not be successfully or profitable, and subject to many variables including exchange rates, prevailing coal prices, amongst other factors.

17.2.4 The Company's principal asset is underpinned by a Coal Resource which were declared in accordance with the SAMREC Code. The related CPR is on the Company's website at [www.minergycoal.com](http://www.minergycoal.com). A large Coal Resource (in accordance with the JORC Code – 2012 Edition) was previously independently declared over the area of the Prospecting Licence.

**17.3 Economic extraction of minerals from identified coal deposits may not be viable**

17.3.1 The economic viability of the coal deposit at Masama, or any part thereof, is dependent upon a number of factors, not all of which are within the control of the Company. These include deposit attributes such as size, coal quality and availability of and proximity to infrastructure, building materials, water or other resources that may be required, structural complexity including faulting and other geological structures, government regulation, the prevailing price for various coal products, prevailing currency exchange rates, land tenure and titles, availability of capital, coal prices and other factors. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not being able to economically extract minerals from any identified mineral resource or reserves at Masama.

**17.4 Coal price may change and may affect the production, profitability, financial position and financial condition of the Company**

17.4.1 Coal prices historically have fluctuated both within the regional market and also in the seaborne thermal coal market, and are affected by numerous external factors beyond the Company's control.

17.4.2 There are numerous factors outside of the Company's control that may affect the price of coal, including industrial and retail demand, the availability of substitute sources of energy for industrial uses, sales and purchases of coal, forward sales of coal by producers and speculators, levels of coal production, short-term changes in supply and demand because of speculative hedging activities, the strength of the U.S. Dollar (the currency in which the price of coal is generally quoted in the seaborne thermal coal market), the strength of the Botswana Pula against the South African Rand, and global or regional political or economic conditions or events, including economic conditions or events in major coal producing and consuming countries.

17.4.3 The profitability of any future coal mining operation will be directly related to the then prevailing price of coal. If coal prices decline for a substantial period below the cost of production at the proposed mines, it may not be economically feasible to start or maintain production at such mines. A decline in the prevailing price of coal may also require the Company to write-down its mineral resources or any mineral reserves, which would have a material and adverse effect on its earnings and profitability.

**17.5 The development of any mines by the Group, or the development of commercially viable mines, or the commercial viability operating mines, cannot be assured**

17.5.1 Coal development projects, such as the Masama, have no enduring operating history upon which to base estimates of future commercial viability. Estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and studies and assessments. This information is used to calculate estimates of the capital cost and operating costs based upon anticipated tonnage and coal qualities, and yields of coal to be mined and processed, the configuration of the coal resource/reserves, volumes of waste to be removed, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that the actual capital cost, operating costs and economic returns of any proposed mine may differ from those estimated and such differences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. There can be no assurance that the Group will be able to complete development of their mineral projects, or any of them, at all or on time or to budget due to, among other things, and in addition to those factors described above, changes in the

economics of the mineral projects, or the operation of the Mine at Masama and its profitability, delays in receiving required consents, permits and licenses (including mining licences, or environmental approvals), the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. As well, certain local inhabitants of lands upon which mining operations may occur or where expansions may be required, may be required to be re-located prior to the commencement of such mining operations, which may delay or increase the estimated costs associated with commencing any future mining operation. Should any of these events occur, it would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

**17.6 The Group's exploration activities and any existing or future mining operations are, and will be, subject to operational risks and hazards inherent to the mining industry**

17.6.1 The Group's exploration activities and any existing or future mining operations are, and will be, subject to risks and hazards inherent in the mining industry, including but not limited to, variations in coal qualities and yield, deposit size, and other geological problems, hydrological conditions, metallurgical and other processing problems, mechanical equipment performance problems, the unavailability of materials and equipment including fuel, labour force disruptions or disputes, disputes with contractors including mining contractors or plant operators, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, fuel (diesel and petroleum), power and water supply and adverse weather conditions. Should any of these risks and hazards affect any of the Group's exploration activities or existing or future mining operations, it may cause the cost of exploration or production to increase to a point where it would no longer be economic to carry out these activities which would have a material and adverse effect on the financial condition, results of operation, and cash flows of the Company.

**17.7 The Group has never been profitable, and there can be no assurance that the Company will ever be profitable**

17.7.1 The Group's operations at Masama, has only recently transitioned into production, have accordingly not been profitable during recent financial years, as would be expected of any company in that phase of the project lifecycle. The Company expects the Group to continue to not be profitable during the ramp up period of its mining operations at Masama and until it reaches full production of coal product. There can, however, be no guarantee that the Company will ever be profitable.

17.7.2 By their very nature, early stage investments bear the risk that the Company may have a higher chance of failure.

17.7.3 The Company currently has only recently started to generate revenues and there are currently no profits available for distribution to shareholders. The Company's strategy is to get into a full coal product production as soon as possible and to turn a profit.

**17.8 The Group has a short history of mining operations**

17.8.1 Whilst Management of the Company has been involved in several large-scale mine development projects and operating mines in Southern Africa, the Group itself has only recently commence mining operations at Masama.

17.8.2 The Company cannot give assurance that it will be able to successfully run its mining operations. Other factors mentioned in this risk section of the Disclosure Document may also prevent the Group from successfully operating a mine

**17.9 The Group's properties are subject to environmental risks**

17.9.1 Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. The Company cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results of operations.

**17.10 Further capital may be required**

17.10.1 The Company's intent is to utilise the funds received from the Placing in accordance with paragraph 2 (Rational for the Placing) above. The Company may need to raise further funds in the future relating to the Project, expansions of the Project, or to fund other opportunities including potential exploration activities in the broader area around Masama

on other prospecting licences held by the Group, or to fund unforeseen capital requirements, or to supplement the funds raised through the Placing for the Project or in order to develop or expand the Project. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for ordinary Shares at the same price as the Placing Price, or higher, or that such a fundraising will be available on terms that are acceptable to the Company. Shareholders may be materially diluted by any further issue of ordinary Shares by the Company.

17.10.2 In addition, the Company may incur major unanticipated liabilities or expenses. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on acceptable terms, if at all. Where the Company issues shares to raise funds in the future, if existing shareholders do not participate in such fund raisings, such issuance will result in such shareholders of the Company sustaining dilution to their relative proportion of the total issued ordinary shares and securities in the Company.

**17.11 There can be no assurance that an active and liquid trading market will develop for the shares in the Company on any securities exchange upon which the shares may be listed**

17.11.1 The Company's issued shares are listed on the Botswana Stock Exchange, which is considered to be a relatively illiquid exchange. There can be no assurance that an active and liquid trading market will develop for the shares of the Company on any securities exchange upon which the shares may be listed, the failure of which may have a material and adverse impact on the value of the shares, and the ability of a purchaser to dispose of the shares in a timely manner, or at all.

**17.12 There can be no guarantee that the plans of the Company for the Group, including the development or commercially viable development of any mines, or the profitable operation of mines, are realised within the time frames originally anticipated, or at all**

17.12.1 There can be no guarantee that the plans of the Company, for the Group including the development or commercially viable development or operation of any mines are realised within the time frames originally anticipated.

17.12.2 The shares in the Company carry significant risk; Management's ambitions for the Company may take a period of time to be realised which is longer than the period of time suitable in short-term investments. Investors may therefore not realise their original investment at all, or within the time frame they had originally anticipated. The Company is only targeting Selected and Qualifying Institutional Investors financially capable to assess the risks for themselves or those that have been advised of the long-term nature of the investment and understand and accept the risks.

17.12.3 The Company will use its management's expertise and experience to make decisions that it believes will add value to the Company and its shareholders

**17.13 Risk of changes in the regulatory and legal framework**

17.13.1 The Group's businesses may be adversely affected by the introduction of new legislation, amendments to existing legislation by the Botswana Government or the interpretation of those laws by the Botswana Government which could impact adversely on the assets, operations and ultimately the financial performance of the Company.

**17.14 Title to mineral rights could be challenged**

17.14.1 The Company owns or may acquire various licenses granted by Government. These licenses have limited life and will rely on Government approvals for renewal. No guarantee can be given that such renewals will be forthcoming.

**17.15 Currency Risk**

17.15.1 Currency fluctuations may affect the cash flow that the Group may realise from its future production. Fluctuations in exchange rates between currencies in which the Group operates in the future may cause fluctuations in its financial results. The Company actively manages its exposure to risk associated with currency fluctuations.

17.15.2 Currency fluctuations may affect the costs that the Group incurs. The large proportion of the Group's coal will be sold in South Africa based principally in South African Rand. However, a majority of the Group's expenses (including mining operational expenditure, drilling and other exploration costs, and development and contract miner costs) are incurred in Botswana Pula. The appreciation of the Botswana Pula against the South African Rand could materially and adversely affect the Company's profitability, results of operation and financial condition, and may limit the Group's ability to carry on its exploration or production activities.

17.15.3 With regards to export of the Group's coal products into the seaborne thermal coal market, coal is sold in this market throughout the world based principally on a United States Dollar price. However, as noted above, a majority of the Group's expenses (including drilling and other exploration costs, and development and contract miner costs) are incurred in Botswana Pula. The appreciation of the Botswana Pula against the United States Dollar could materially and adversely affect the Group's profitability, results of operation and financial condition, and may limit the Company's ability to carry on its exploration or any production activities.

**17.16 The Company's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable**

17.16.1 The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. The Company currently has limited operational insurance or sovereign risk coverage but may increase or insure certain of its risks in the future. As a result, there is no insurance to cover machinery breakdown or consequent loss of income, or consequential damages which may arise from future operations. As well, insurance does not cover, among other things, theft, fire, wilful damage, sabotage or political risk. No coverage is currently carried for environmental liabilities.

**17.17 The Group's current and proposed exploration and mining activities are situated entirely in a single country**

17.17.1 The Group is conducting its exploration and development and mining activities entirely in Botswana. The Company believes that the Government of Botswana supports the development of natural resources. There is no assurance that future political and economic conditions in Botswana will not result in the Government of Botswana adopting different policies in respect to the ownership, exploration, development or mining of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and mineral concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the Group's ability to undertake exploration and development and mining activities in respect of future properties as well as its ability to continue to explore and develop or undertake mining operations at those properties in respect of which it has obtained mineral exploration licence or mining licences to date.

17.17.2 The Company is subject to political, economic and other uncertainties, including, but not limited to, changes in policies or the personnel administering them, terrorism, nationalisation, expropriation of property export quotas, royalty and tax increases and other risks arising, as well as risks of loss due to civil strife, acts of war (whether declared or not), guerrilla activities and insurrection.

17.17.3 The Company believes that Botswana represents a relatively low risk operating environment, both from a geopolitical and the operational perspective, however, such circumstances present a significant factor in the Directors' ability to carry out their duties effectively, and any change in such circumstance may have a detrimental effect on such abilities and the Company.

**17.18 Future coal products are likely to be predominantly sold into the coal market of a single country**

17.18.1 The Group's future coal products are likely to be predominantly sold into the South African coal market. The Company believes that the Government of South Africa supports cross border trade within the Southern African Development Community, in particular with Botswana, however, there is no assurance that future political and economic conditions in South Africa will not result in the Government of South Africa adopting different policies respecting the importation of coal or related products from Botswana. Any such changes in policy may result in changes in laws affecting the ability of the Group to sell its coal to South African customers.

**17.19 Government regulations may have an adverse effect on the Group's exploration activities, development projects and future mining operations**

17.19.1 The Group's exploration activities, development projects and any future mining operations are subject to laws and regulations in Botswana governing the acquisition and retention of title to mineral rights, mine development or operation, health and worker safety, employment standards, waste disposal, protection of the environment, and protection of endangered and protected species and other matters. It is possible that future changes in

applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits or licences and agreements applicable to the Company or its projects, which could have a material and adverse impact on the Group's current exploration activities, planned development projects or existing or future mining operations, including by requiring the Group to cease, materially delay or restrict exploration, development or mining operations.

17.19.2 Where required, obtaining necessary permits to conduct exploration or mining operations can be a complex and time-consuming process and the Company cannot assure whether any necessary permits or licences will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits or licences and complying with these permits or licences and applicable laws and regulations could stop, delay or restrict the Group from proceeding with exploration activities or with development or future mining operations. Any failure to comply with applicable laws and regulations or permits or licences, even if inadvertent, could result in interruption or restriction of exploration activities, development or mining operations or fines, penalties or other liabilities.

#### **17.20 The operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company**

17.20.1 The operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards, technical failures, labour disputes, disputes with contractors including mining contractors or coal wash plant operators, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, explosions and acts of God. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims. The Company intends to insure itself as its operations reach the appropriate stage.

17.20.2 The occurrence of any of these hazards can delay activities of the Group and may result in liability. The Group may become subject to pollution or other hazards against which the Company has not insured or cannot insure, including those in respect of past activities for which it was not responsible. The environmental impact assessment being carried out by the Company will enable the Company to actively minimise its effect on the environment and exposure to potential pollution.

### **18. EXTRACTS OF PROVISIONS FROM THE CONSTITUTION**

#### **18.1 A summary of the provisions of the Constitution relating to the following is provided in Annexure 2 hereto unless explained below:**

18.1.1 there are no provisions in the Company's Constitution that provides them with any power enabling a Director to vote on a proposal, arrangement or contract in which he is significantly interested;

18.1.2 extracts of the provision of the Constitution relating to any powers enabling the directors to vote on remuneration (including Pension or other benefits) to themselves or any members of their body and any other provision as to the remuneration of the directors is set out at Annexure 2;

18.1.3 extracts of the extracts of the provisions of in the Constitution relating to borrowing powers exercisable by the directors and how such borrowing powers can be varied are set out at Annexure 2;

18.1.4 extracts of the provisions in Constitution relating to the Company's dividend policy are set out in Annexure 2;

18.1.5 there are no provisions in the Constitution relating to retirement or non-retirement of directors under an age limit;

18.1.6 there are no provisions in the Constitution requiring any directors' qualification shares.



## 19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given in paragraph 6.1 of this Disclosure Document 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 material 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 Disclosure Document contains all information required by law.

The Directors confirm that the Disclosure Document 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 Ordinary Shares to which the Disclosure Document relates.

## 20. ACTION TO BE TAKEN

If you are not a Selected and Qualifying Institutional Investors you are not required to take any further action.

If you are a Selected and Qualifying Institutional Investors you should read this document carefully and ensure that you seek any advice (from your accountant, broker, banker, CSDP, legal advisor, or other professional advisor) required or that you consider is required, and if you are satisfied that you wish to subscribe, request a subscription form from the Company.

If you are in doubt about what to do you should seek advice from you (from your accountant, broker, banker, CSDP, legal advisor, or other professional advisors).

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 Friday, 17 January 2020.



**Director, Morné du Plessis, Chief Executive Officer**

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**TRADING HISTORY OF THE ORDINARY SHARES**


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


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<b>Month</b>	<b>Total number of trades</b>	<b>Aggregate volume traded for the month</b>	<b>Lowest price (BWP)</b>	<b>Highest price (BWP)</b>
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
November 2018	11	94 399	1.06	1.06
December 2018	4	57 614	1.06	1.06
January 2019	9	22 852	1.06	1.06
February 2019	4	24 443	1.06	1.06
March 2019	2	10 000	1.06	1.06
April 2019	12	133 520	1.06	1.06
May 2019	9	86 899	1.06	1.06
June 2019	2	2 456	1.05	1.06
July 2019	4	53 004	1.05	1.05
August 2019	11	163 171	1.05	1.10
September 2019	7	142 404	1.10	1.10
October 2019	1	200	1.10	1.10
November 2019	11	108 627	1.10	1.10
December 2019	6	4 389	1.10	1.10

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

	<b>Aggregate volume traded for the month</b>	<b>Value (BWP)</b>
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
December 2018	205 909	218 264
March 2019	57 295	60 733
June 2019	222 875	236 237
September 2019	350 581	381 022
December 2019	4 389	4 828

**Minergy Limited – Summary of trading – Daily for 30 days ended 31 December 2019**

<b>Date</b>	<b>Total number of trades</b>	<b>Total volume traded</b>	<b>Lowest price BWP)</b>	<b>Highest price (BWP)</b>
1 December 2019	-	-	1.10	1.10
2 December 2019	2	1 929	1.10	1.10
3 December 2019	-	-	1.10	1.10
4 December 2019	-	-	1.10	1.10
5 December 2019	1	1 500	1.10	1.10
6 December 2019	-	-	1.10	1.10
7 December 2019	-	-	1.10	1.10
8 December 2019	-	-	1.10	1.10
9 December 2019	-	-	1.10	1.10
10 December 2019	-	-	1.10	1.10
11 December 2019	-	-	1.10	1.10
12 December 2019	-	-	1.10	1.10
13 December 2019	-	-	1.10	1.10
14 December 2019	-	-	1.10	1.10
15 December 2019	-	-	1.10	1.10
16 December 2019	-	-	1.10	1.10
17 December 2019	-	-	1.10	1.10
18 December 2019	-	-	1.10	1.10
19 December 2019	-	-	1.10	1.10
20 December 2019	-	-	1.10	1.10
21 December 2019	-	-	1.10	1.10
22 December 2019	-	-	1.10	1.10
23 December 2019	-	-	1.10	1.10
24 December 2019	-	-	1.10	1.10
25 December 2019	-	-	1.10	1.10
26 December 2019	-	-	1.10	1.10
27 December 2019	3	960	1.10	1.10
28 December 2019	-	-	1.10	1.10
29 December 2019	-	-	1.10	1.10
30 December 2019	-	-	1.10	1.10
31 December 2019	-	-	1.10	1.10

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## EXTRACTS OF THE CONSTITUTION IN RESPECT OF THE DIRECTORS

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### 1. NO QUALIFICATION FOR DIRECTORS

There is no qualification in respect of the holding of securities issued by the Company, for Directors.

### 2. DIRECTORS' REMUNERATION

- (a) Authorization. The Board may, exercise the power conferred by the Act to authorise remuneration and other benefits to and for Directors.
- (b) Expenses. Each Director is entitled to be paid for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Company's business. If any Director shall be required to perform extra services, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of Directors.
- (c) Special remuneration. Without limiting a above, but subject to any applicable Listings Requirements relating to transactions with related parties, the Board may authorize special remuneration to any Director who is or has been engaged by the Company or a Subsidiary to carry out any work or perform any services which is not in the capacity of a director of the Company or a Subsidiary.
- (d) Payments to Directors upon cessation of office. The Company may make a payment to a Director or former Director, or his or her dependents, by way of a lump sum or pension, upon or in connection with retirement from office of that Director, only if: (a) the total payment (or the base for the pension) does not exceed ten percent of the total remuneration of the Director in his or her normal capacity as a Director of the Company; and
- (e) (b) the payment is authorized by an Ordinary Resolution of shareholders of the Company. Nothing in this clause affects any amount paid to an executive Director upon or in connection with the termination of his or her employment with the Company, or the payment of any amount attributable to the contribution (or any related normal subsidy) made by a Director to the Company's superannuation scheme.

### 3. BORROWING POWERS OF DIRECTORS

- (a) Power to borrow. The Directors may raise or borrow for the purposes of the business of the Company and/or its subsidiaries, such sum or sums of money as in aggregate at any time do not exceed half of the fair market value of the assets of the Company, or such higher limit as the Security holders may, by Ordinary Resolution, in a General Meeting determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, or by the issue, at such price as they may think fit, of Securities in the Company, or as permitted by law securities in its subsidiaries, either charged upon the whole or any part of the property and assets of the Company or not so charged, or in such other way as the Directors may think expedient.
- (b) Register of borrowings. The Directors shall cause a proper register to be kept in accordance with the provisions of the Act of all mortgages and charges specifically affecting the property of the Company, and they shall cause to be entered in such register in respect of each mortgage or charge a short description of the property mortgaged or charged, the amount of charge created, the name of mortgagee or person entitled to such charge and such further particulars as the provisions of the Act requires.
- (c) Indemnity. If any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the

- (d) Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

#### 4. DIVIDENDS

- (a) the Board shall determine the dividend policy of the Company from time to time. In the event that a dividend is declared prior to the publication of annual accounts, the dividend notice given to Shareholders of Securities will contain a statement of the ascertained or estimated combined net trading profits of the Company and also the particulars of any amounts appropriated from reserves, capital profits, accumulated profits of past years, or other special source to provide wholly or partly for dividend
- (b) The Board shall determine the amount of dividend to be declared. The holders of Securities may in a general meeting declare a dividend provided that the amount thereof shall not exceed the amount recommended by the Board.
- (c) Method of payment. Any dividend, interest or other money payable to a holder of Securities may be paid by electronic funds transfer to the designated bank account of or cheque sent through the post to the registered address of the holder or in any other manner determined by the Board and directed by the person entitled to the payment. In the case of joint holders, cheques may be sent to the registered address of the person first named on the register.
- (d) Currency of payment. The Board may, in its discretion, differentiate between holders of Securities as to the currency in which dividends interest are to be paid. In exercising that discretion, the Board may have regard to the registered address of such holder, the register on which a holder's Securities are registered or any other matter the Board considers appropriate. In any case where a dividend or interest is to be paid in a currency other than Botswana currency, the amount payable will be converted from Botswana currency in a manner, at a time and at an exchange rate determined by the Board, however such currency conversion shall be completed at a rate which is market related for the relevant currency pair to which it relates.
- (e) Deductions. The Board may deduct from dividends or interest payable to any holder of the Securities in respect of such Securities any: (a) amounts the Company may be called upon to pay under any legislation in respect of the specific Securities; and (b) any amount due by the holder of the Securities, to the Company.
- (f) Entitlement date. Dividends, interest and other distributions or payments to holders of Securities of the Company will be payable to the persons who are registered as holders of those Securities as at a date at least 14 days subsequent to the date of the declaration or date of the confirmation of the dividend and/or interest or distribution or payment, whichever is the later. The register of securities shall be closed for a period of 5 days from that date to enable payment of dividend.
- (g) Unclaimed dividends. Dividends, interests or other distribution unclaimed for three years after due date for payment, may become the property of the Company and used for the benefit of the Company. Other monies due to holders of Securities shall be held in trust by the Company, until lawfully claimed by the holder, or in the absence of the claim, until any claim by a holder in respect thereof shall by operation of law, be deemed to have prescribe.