

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations set out on page 5 of this Circular apply to the paragraphs below.

The Botswana Stock Exchange has not verified the accuracy and truth of the contents of this Circular 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 Circular.

If you are in any doubt as to what action you should take in relation to this Circular or the Proposals, you should consult your accountant, broker, banker, Central Securities Depository Participant ("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 providing Shareholders with the background to, and reasons for the Company's Proposals set out in this Circular, being the proposed capital raising by way of Placing of Shares to Selected and Qualifying Institutional Investors, and approval of a potential Category 1 Conversion.

Action required:

1. If you have disposed of all your Ordinary Shares in Minergy, this Circular should be sent to the agent through whom you have disposed of such Ordinary Shares, for onward delivery to the purchaser of those Ordinary Shares.
2. Attached to this Circular is the Notice convening the Extraordinary General Meeting ("EGM") of Shareholders of Minergy, to be held electronically via Microsoft Teams webinar in order to adhere to COVID-19 social distancing and gathering confines, on Thursday, 18 February 2021, at 10.00am Botswana time, 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, Corpserve Botswana, if by hand to Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds, Gaborone, or if by post to PO Box 1583, AAD, Gaborone, or if by email to contactus@corpservebotswana.com, so as to be received by them not less than 48 hours, i.e. 10:00am on Tuesday, 16 February 2021 before the meeting. 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: BW00001542791)

BSE Ordinary Share code: MIN

("Minergy" or "the Company")

CIRCULAR TO SHAREHOLDERS OF MINERGY LIMITED

Relating to:

- › Placing of new Ordinary Shares for cash to Selected and Qualifying Institutional Investors, to raise additional equity funding.
- › Approval by Shareholders of a potential Category 1 Conversion as set out in this Circular.
- › Related Notice for an EGM and Form of Proxy attached as Annexure 1 and 2 to this Circular.

SPONSORING BROKER



TRANSFER SECRETARY



REPORTING ACCOUNTANTS



LEGAL ADVISOR



Date of issue: Tuesday, 19 January 2021

CORPORATE INFORMATION

Directors

Mokwena Morulane (Independent Non-executive Chairman)

Leutlwetse Tumelo (Non-executive Director)

André Bojé (Non-executive Director, Strategic Consultant)

Claude de Bruin (Non-executive Director)

Cross Kgosidiile (Non-executive Director)

Morné du Plessis (Chief Executive Officer)

Jean-Pierre van Staden (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

Akheel Jinabhai & Associates

in association with McKee Commercial Law

Capricorn House, Left Wing, Ground Floor

Plot 74768, CBD, Gaborone, Botswana

PO Box 20575, Gaborone, Botswana

Website

www.minergycoal.com

Registered office

1st Floor

Unit B3 and unit B4

Plot 43175

Phakalane, Gaborone

Botswana

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

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INTENDED DATES AND TIMES RELATING TO THE PROPOSALS

DESCRIPTION	DATE ⁽¹⁾ (2)
Circular dispatched to Shareholders	Tuesday, 19 January 2021
Last date for lodgement of Forms of Proxy	10:00am on Tuesday, 16 February 2021
Extraordinary General Meeting	10:00am on Thursday, 18 February 2021
Publication of EGM results announcement	Friday, 19 February 2021

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, X News and the Company website.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context specifically 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.

“Act”	means the Botswana Companies Act 2003 (CAP. 42:01) as amended, or any law which may replace it in part or wholly
“All Facilities”	has the same meaning as Total Facilities
“BDC”	means Botswana Development Corporation Limited
“the Board” or “Directors”	means the board of directors of Minergy, as set out in paragraph 4.1 of 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
“Category 1 Transaction”	means a Category 1 Transaction as defined in Section 6 of the Listing Requirements
“Category 1 Conversion”	means Debenture Conversions that individually or collectively in terms of the Listing Requirements constitute a Category 1 Transaction
“CHPP”	means Coal Handling and Processing Plant
“Circular”	means this circular including the annexures hereto
“Constitution”	means the current constitution of Minergy adopted by special resolution on 10 February 2017
“Conversion Right”	means, subject to the terms of the Debenture Agreement, MDCB’s right, to in full or in part, complete a Debenture Conversion that results in an Equity Interest at any time prior to 28 February 2026, where any Category 1 Conversion is subject to Shareholder approval, as is sought in Resolution 3 of this Circular
“CPR”	means the Competent Persons Report entitled “Independent CPR on the Masama Coal Mine”, compiled by Pivot Mining Consultants (Pty) Ltd, and with an effective date of 31 October 2019, which can be downloaded from the Company’s website
“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 electronically via Microsoft Teams, on Thursday, 18 February 2021 at 10.00am Botswana time
“Equity Interest”	means the ordinary shares and any related loan account in the Subsidiary acquired by MDCB as a result of a Debenture Conversion
“Existing Issued Shares”	means the number of Ordinary Shares in issue at the Last Practicable Date, being 469 975 134 Ordinary Shares
“Debenture”	means the secured, redeemable, convertible interest-bearing debenture issued by the Subsidiary and purchased by MDCB pursuant to the Debenture Agreement, in the amount equal to the Debenture Consideration
“Debenture Agreement”	means a debenture agreement entitled the “Further Amended and Restated Secured Debenture Facility Agreement, entered into on 2 December 2020 between the Company, the Subsidiary, and MDCB
“Debenture Consideration”	means a principal amount of P235 million plus aggregate capitalised interest fees and costs, and accrued but unpaid interest related thereto, the subject of the Debenture, where the total principal amount of P235 million consists of the Initial Facilities (P110 million), and the Further Facilities (P125 million)
“Debenture Conversion”	a conversion of all or part of the outstanding Debenture Consideration under the Debenture into an Equity Interest in the Subsidiary
“Funding Facilities”	means funding facilities from MDCB, which totals a principal amount of P235million, of which P62.5 million relates to the Further Facility 2 and is subject to Shareholder approval as set out in this Circular
“Further Facilities”	means funding facilities from MDCB consisting of the Further Facility 1 and the Further Facility 2, which together total a principal amount of P125 million
“the Further Facility 1”	means a facility with a principal amount of P62.5 million that is made available by MDCB to the Subsidiary in terms of the Debenture Agreement, the drawing down of which in terms of the Debenture Agreement is not subject to any Shareholder approval, and which has accordingly so been drawn down
“the Further Facility 2”	means a facility with a principal amount of P62.5 million made available by MDCB to the Subsidiary in terms of Debenture Agreement, the drawing down of which is in terms of the Debenture Agreement is subject to Shareholders passing Resolution 3 at the EGM

“Form of Proxy”	means the Shareholder form of proxy in respect of the EGM, incorporated into this Circular as Annexure 2
“Group”	means Minergy and its two subsidiaries, Minergy Coal and MinSales
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board (IASB)
“Initial Facilities”	means funding facilities totaling a principal amount of P110 million, previously advanced to the Subsidiary by MDCB in terms of Secured Debenture Facility Agreements dated 08 August 2019 and amended and restated on 18 March 2020
“Last Practicable Date”	means Monday, 31 December 2020, being the last practicable date prior to the finalisation of this Circular
“Legal Advisors”	means Akheel Jinabhai & Associates in association with McKee Commercial Law, a law firm practising in Botswana
“Listings Requirements”	means the Equity Listing Requirements of the BSE as amended from time to time
“LOM”	means life of mine
“Masama”	has the same meaning as Masama Coal Mine
“Masama Coal Mine”	means the coal mining project located on the southern edge of the Mmamabula Coalfield in Botswana, being undertaken by the Group under and in accordance with the terms and conditions of the Mining Licence held by the Subsidiary, and which consists of the current MCP Phase 1, and the planned MCP Phase 2
“MCP Phase 1”	means the construction and completion in accordance with the Debenture Agreement of the Existing Infrastructure, being the existing box cut, cyclone wash plant and related infrastructure at the Masama Coal Mine, having, or intended to have a run of mine name plate and head-feed capacity of 125 000 tonnes of coal per month, delivered to, processed by and evacuated from the said cyclone plant
“MCP Phase 2”	means the design, construction and completion of New Infrastructure, being the proposed additional box cut, cyclone wash plant and related infrastructure proposed for the Masama Coal Mine, and which is intended to have a run of mine name plate and head-feed capacity of 125 000 tonnes of coal per month (bringing the total run of mine and head-feed name plate capacity of the Project to 250 000 tonnes per month) delivered to, processed by, and evacuated from the said cyclone plant
“MDCB”	Minerals Development Company Botswana (Proprietary) Limited
“MDCB consent”	means confirmation by MDCB that the conditions under the Debenture Agreement for repayment prior to 28 February 2026 of any outstanding amounts of the principal of the Funding Facilities are met, which conditions includes that after any such early repayments sufficient funds remain available to implement and complete MCP Phase 1, and also the scoping and planning and design work for MCP Phase 2 in accordance with the Debenture Agreement
“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 BW00001542791
“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 BW00000826365, and which is a wholly owned subsidiary of Minergy, and is also referred to in this Circular as the Subsidiary
“Minergy Group”	means Minergy and its two subsidiaries, Minergy Coal and MinSales
“Mining Licence” or “ML”	means Mining Licence ML 2018/9L, which has a term of 25 years and is held by Minergy Coal
“MinSales”	means MinSales (Pty) Ltd, a dormant limited liability company duly incorporated in South Africa in terms of the South African Companies Act 2008, and registered under company number 2016/399165/07, and which is a wholly owned subsidiary of Minergy Limited
“Mt”	means million tonnes
“Notice”	means the notice convening the EGM, incorporated into this Circular as Annexure 1
“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
“Placing”	means the proposed placing of the Placing Shares to Selected and Qualifying Institutional Investors
“Placing Shares”	means up to 195 312 500 new Ordinary Shares to be issued pursuant to the Placing
“Pricing Date”	means the date upon which the Placing Price was approved by the Board of the Company
“Placing Price”	means P0.64, representing a discount of approximately twenty percent to the 30-day volume weighted average Ruling Price at the Last Practicable Date, of the Ordinary Shares of the Company as traded on the BSE, being the price at which Placing Shares shall be issued to Selected and Qualifying Institutional Investors pursuant to the Placing
“Proposals”	means the Placing, and Category 1 Conversion, the subject of the Resolutions, and details of which are set out in this Circular
“Prospecting Licence” or “PL”	means Prospecting Licence PL278/2012 held by Minergy Coal
“Pula” or “P” or “Thebe”	means the lawful currency of Botswana
“Reporting Accountants”	means Grant Thornton Botswana, the Reporting Accountants for the proposed Placing, whose report appears in Annexure 4 to this Circular
“Record Date”	means 48 hours prior to the EGM

“Resolutions”	means the resolutions set out in the Notice
“ROM”	means run of mine
“Ruling Price”	means the definition of Ruling Price set out in the Listing Requirements
“Selected and Qualifying Institutional Investors”	means investors qualifying in terms of section 297 of the Act
“Shareholders”	means the holders of Ordinary Shares
“Sponsoring Broker”	means Imara Capital Securities, a member of the BSE which is the Sponsoring Broker in respect of the Proposals
“Stated Capital”	<p>has the meaning ascribed to it in Section 5 of the Act and, in relation to the Company is P174 071 068* as at the Last Practicable Date</p> <p><i>* It should be noted that the stated capital of the Company as disclosed in its Financial Statements of the Company generally published and available to be downloaded from the Company’s website (www.minerycoal.com) show total stated capital which is P8 508 043 lower than the Stated Capital in this Circular. The difference relates to share issuance costs of prior share issuances which in accordance with IFRS reduces the stated capital recorded in the Company’s Financial Statements.</i></p>
“the Subsidiary”	means Minergy Coal as defined in this Circular
“Total Facilities”	means funding facilities from BDC and MDCB which total a principal amount of P315 million, of which P62.5 million remains undrawn and relates to the Further Facility 2 and is subject to Shareholder approval in terms of Resolution 3 as set out in this Circular
“Transfer Secretary”	means Transaction Management Services (Pty) Limited T/A Corpserve Botswana
“VAT”	means value added tax



MINERGY LIMITED

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

(Company number: BW00001542791)

BSE Ordinary Share code: MIN

("Minergy" or "the Company")

PART A: THE PROPOSALS

1. INTRODUCTION

Minergy, which listed on the main board of 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. Minergy is the holding company of the Minergy Group, through which the Mining Licence for its Masama Coal Mine is held. The Masama Coal Mine is located on the southern edge of the Mmamabula Coal Field in Botswana, approximately 60km north east from the capital city Gaborone.

The Company has to date accessed approximately P418 million from net equity raised and the drawn down components of All Facilities. The cash proceeds from these raisings and facilities were utilised for establishment of the Masama Coal Mine, and its mining infrastructure and related costs.

After start-up of mining operations during mid-2019, the Group successfully transitioned through mine development into commissioning, ramping up production and coal sales at the mine. Stage 1 of the CHPP was commissioned during early August 2019, and the Group recorded its first revenue and sales volumes gradually increased in line with ramp-up operations between October 2019 and March 2020. The Group secured a three-year contractual offtake for some of its product worth a minimum of P240 million, and various discussions are underway with a number of other regional customers, many of whom are already purchasing coal from the Subsidiary for their operations. The Group was awarded a short-term tender from the Namibian power utility during the latter part of 2020 and completed delivery. The Subsidiary tendered during late 2019 to supply coal to Eskom's Tutuka power station in South Africa. During October 2020 Minergy was informed that it had been shortlisted for potential supply into this contract. A further due diligence process is currently in progress.

COVID-19 lockdowns impacted the Group from late March 2020, although sales volumes showed a slow recovery from June 2020 as customers (most of whom are based in South Africa) started to return to operations following the lifting of certain of the COVID-19 lockdown restrictions applicable in South Africa.

Despite border restrictions between South Africa and Botswana (a minimum of fifteen weeks), Minergy sold ~198 000 tonnes for the financial year ending 30 June 2020, its first year of operations. Stage 2 of the CHPP was recently completed, and is expected to present significant efficiencies, improved product particle distribution, cost savings, elimination of double handling of material, and stability in supply. Stage 2 of the CHPP represents the replacement of the temporary mobile crushing solution with a customised rigid or permanently installed crushing segment. Water management infrastructure, such as a filter press and dewatering circuits, representing Stage 3 of the CHPP, is scheduled for completion by the end of December 2020, all of which will enable efficient water usage, recovery and control.

Further recoveries in sales volumes were seen during the second half of 2020, with sales volumes up to the end of December 2020 are expected to reach double the sales volumes for the same period in 2019. The Group has a saleable product target of 80 000 tonnes of coal per month, assuming that the market has sufficiently recovered from the impact of the COVID-19 pandemic. Several opportunities to significantly increase production are being assessed going forward. Depending on the economics at the time, the Group has an objective to double production capacity through MCP Phase 2, which would enable it to access a range of opportunities, including 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.

The Company has an outstanding safety record, with zero COVID-19 cases reported, zero injuries on the mine and more than 850 days (by 31 December 2020) without lost time due to injury. A COVID-19 action plan is in place and thoroughly implemented.

The Masama Coal Mine is sustainable with a Coal Resource of 390Mt, comprising Opencastable and Underground Mineable Resources in the Measured, Indicated and Inferred Resource categories. The Coal Resource estimate was conducted in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves Code (SAMREC 2016) and has an effective date of 31 October 2019, as reported in the CPR, which can be found on the Company's website.

Approximately 86Mt of the Resource is considered opencastable, giving an estimated LOM of 22 years. The remaining approximately 304Mt is considered mineable by underground mining methods and could significantly extend the LOM. Prior to the Opencastable Resource being exhausted, a detailed assessment of underground mining is planned. In addition, there are also plans to conduct further exploration on the area covered by the Prospecting Licence held by the Subsidiary, which is contiguous to the area covering the Mining Licence, and currently covers at 243km².

As reported in the Company's CPR, its estimated opencast mine ROM Coal Reserve is 74Mt (as received basis) and the Saleable Coal Reserve of ~44Mt (air dried basis). The ROM Coal Reserve has been depleted by 685 829 tonnes of coal treated as at 30 November 2020. The Saleable Coal Reserve has been depleted by 354 969 tonnes of coal sold as at 30 November 2020.

The regional industrial coal market, excluding power generation and synthetic fuels, has an annual demand of 34Mt, of which the relevant market that the Group is targeting is approximately 18Mt per annum. This market includes industries such as cement, steel and other industries. Although this market, like all markets, was impacted by the COVID-19 pandemic, the outlook remains favourable in the medium to longer term and the Group is well placed with several natural competitive advantages including proximity to customer, consistency of supply and quality of product, to benefit from opportunities in this market.

Developing a coal sector in Botswana will make a positive contribution to diversifying the Botswana economy and supplementing the diminishing coal supply in South Africa as its mines approach end-of-life.

Botswana has a significant role to play going forward by utilising South African coal handling facilities, the most sophisticated in Africa. Developing a vibrant coal sector in Botswana underpinned by a massive, and in some cases, a very high-quality coal resource, presents the nation with the rare opportunity to broaden its export income by targeting regional, and also international destinations such as India, Pakistan and even China. More detailed analysis of the regional and international coal market and pricing expectations was set out in the Company's recently published 2020 Integrated Annual Report, which can be downloaded from its website (www.minergycoal.com).

As described in more detail in this Circular, MDCB identified Minergy's Masama Coal Mine as an attractive investment for its mining and minerals investment portfolio. The investment has potential to achieve MDCB's objectives including monetisation of Botswana's coal, generation of attractive commercial returns, and development of the Botswana coal industry for its shareholder, while also contributing broader benefits such as job creation and diversification of the economy. MDCB has significant funding available to the Subsidiary and as set out in this Circular expects Shareholders to participate in the Placing.

The Proposals set out in this Circular presents Botswana, the Company, and its Shareholders with the benefits of reaching targeted production capacity, and becoming profitable in the near term, through significant positive impact on operations, and importantly, within the window of opportunity currently presented in the regional coal market. Furthermore, conversely, if the Proposals are not supported, not only would these significant benefits not materialise, it would also put significant strain on the Group's cash flow and its ability to become profitable in the near term. It also means that MDCB may have no option but to exercise a larger portion of its Conversion Rights than it is desirous of, or than the Group is desirous of. Supporting the Proposals presents an opportunity to mitigate the need for some of the Funding Facilities and accordingly maximises the Company's ownership in the Subsidiary. Whilst the COVID-19 pandemic has presented significant challenges to the Company, it is presented with an opportunity for significant growth, which it believes will benefit Botswana and its Shareholders. Accordingly, this Circular explains the background to, and the reasons for the Proposals, and why the Board considers the Proposals to be in the best interests of the Company and its Shareholders.

The Directors unanimously recommend that you vote in favour of the Resolutions proposed for the EGM, as they intend to do in respect of the 68 969 738 Ordinary Shares they hold directly or indirectly, representing approximately 15 per cent of the total voting rights of the Company, and also as other directors in the Group holding an additional 45 278 938 Ordinary Shares representing an additional approximately 10 per cent of the total voting rights intend to do.

2. RATIONALE FOR THE PROPOSALS

2.1 Intended purpose of the Proposals is primarily:

- 2.1.1 to enable the Company to access further approved funding to be applied in accordance with paragraph 2.2.1 below, by raising additional equity capital through a Placing of Placement Shares to Selected and Qualifying Institutional Investors; and
- 2.1.2 to enable the Company near term access to an approved Further Facility 2 to be applied in accordance with paragraph 2.2.2 below, through the approval by Shareholders of Category 1 Conversions.

2.2 Application of Funds

- 2.2.1 To the extent the Placing is subscribed for in full, the Placing represents potential replacement funds for items relating to Further Facility 2 as set out below, so that the Further Facility 2 may not be required. Placing proceeds (P125 million) is planned to be applied as follows:
 - › Capital Expenditure of ~P60 million, mainly including the construction of a new road, civil construction work for the final product screening and handling section of the CHPP (also referred to as Stage 4 of the CHPP), and additional confirmatory drilling and of evaluation studies;
 - › Working capital requirements and payment of overdue creditors (~P42 million); and
 - › Any residual balance will, with MDCB consent, be applied toward early redemption payments toward Funding Facilities.
- 2.2.2 Further Facility 2 (P62.5 million) funds, to the extent that the Placing is not subscribed for in full, or is not available in the near term, are planned to be applied as follows:
 - › Capital expenditure of ~P40 million, mainly including the construction of a new road and civil construction work for the final product screening and handling section of the CHPP (also referred to as Stage 4 of the CHPP); and
 - › Working capital requirements and payment of overdue creditors (~P22.5 million).

The above items are critical in ensuring that the Group reaches steady state (full production) for assumed MCP Phase 1 beneficiation capacity of 125 000 ROM tonnes per month.

- 2.2.3 For completeness, Further Facility 1 (P62.5 million) funds is in terms of the Debenture Agreement required to be applied as follows:
 - › settlement of overdue royalties due to the Botswana Government in respect of the Mining Licence;
 - › funding of the appointment of specifically technically required staff;
 - › settlement of amounts owing to third-party creditors in respect of Project capital costs;
 - › settlement of amounts owing to other third-party creditors involved with the Project;
 - › funding of working capital requirements.

2.3 Rationale for the Proposals

- 2.3.1 The Group's objective is to reach targeted production capacity, and therefore positive cashflow and profitable trading as quickly as possible, and within the window of opportunity presented in the regional coal market.
- 2.3.2 In order to achieve this objective, additional expenditure as described in paragraph 2.2 above is required to enable significant operational benefits, including the following:
- › shorter distances to the market from the completion of road infrastructure, which would also bypass villages and significantly reduce traffic through nearby local communities, with its related environmental and safety benefits;
 - › settlement of amounts owing to third-party creditors in respect of project capital and operating costs releasing full deployment of required equipment to achieve targeted capacities;
 - › completing Stage 4 of CHPP (Rigid Screening and Stock Handling section) civils work enabling construction and commissioning by end of April 2021;
 - › ensuring consistent supply of product into target markets, enabling further market penetration; and
 - › completion of further confirmatory drilling and feasibility studies for future mine expansions.
- 2.3.3 The Placing and the Further Facility 2 constitute the potential sources of funds currently available to the Group to implement its above noted operational plans;
- 2.3.4 If the Placing is subscribed for in full and proceeds are received quickly, certain capital items, in particular the new road noted above, would not necessarily need to be paid for with the Further Facility 2. However, it may be that the Further Facility 2 presents the Subsidiary with quicker access to funds than the Placing, in which case it could potentially reach targeted production capacity, and therefore positive cashflow and profitable trading more quickly than if funds from the Placing is relied upon. Having the ability to access the Further Facility 2 may be necessary to achieve the aforementioned if less funds become available from the Placing than planned.
- 2.3.5 The additional P62.5 million of funds from the Further Facility 2 would likely become available more quickly than funds from the Placing, because it would effectively become available immediately upon Resolution 3 being passed by Shareholders and it has also already been approved by the MDCB approval processes subject to the passing of Resolution 3.
- 2.3.6 The benefits of quicker access to funds are accordingly considered to potentially have significant positive impacts on operations, and are expected to translate into significant value to Shareholders.
- 2.3.7 If Further Facility 2 is drawn down, as is set out below, some of the proceeds from the Placing is expected to be used to, with MDCB consent, repay some of the Funding Facilities early, which will limit the quantum of any Equity Interest in the Subsidiary, so that that value remains with Shareholders.
- 2.3.8 Conversely, if the Category 1 Conversion or the Placing is not approved and unsuccessful, it should be noted that not only would these significant benefits not materialise, it would also further put significant strain on the Group's cash flow and its ability to become profitable in the near term.
- 2.3.9 It should be noted that any amount available for early redemption payments towards the Funding Facilities, has the added benefit in terms of the Debenture Agreement, of being kept by MDCB in a Project Expansion Reserve Account, which would become available for a planned MCP Phase 2, in terms of which production would be doubled. As noted above, Shareholders are again reminded that if the Placing is subscribed for in full, the Group would not necessarily need to utilise the Further Facility 2.

3. DETAILS AND FINANCIAL EFFECTS OF PROPOSALS AND THE PLACING

3.1 The Placing

- 3.1.1 At the Last Practicable Date, the Company had a Stated Capital of P174 071 069 and 469 975 134 Ordinary Shares in issue. The financial information has been prepared in line with the BSE Listings Requirements. It should be noted that the Stated Capital of the Company as disclosed in its Financial Statements of the Company generally published and available on the Company's website (www.minergycoal.com) show total Stated Capital, which is P8 508 043 lower than the Stated Capital in this Circular. The difference relates to share issuance costs of prior share issuances which in accordance with IFRS reduces the Stated Capital recorded in the Company's Financial Statements.
- 3.1.2 If Shareholder approval is obtained for the relevant Resolutions relating to the Placing proposed to be passed at the EGM, the Stated Capital of the Company will increase by an amount equal to the Placing Price multiplied by the total number of Placing Shares purchased. If all of the Placing Shares are purchased, then the stated capital of the Company will increase by P125 000 000 to a total of P299 071 069 and the number of Ordinary Shares in issue will increased up to a maximum of 665 287 634.
- 3.1.3 On the basis that the Placing is made in accordance with the provisions of Rule 3.4 (c) (iii) of the Listings Requirements, it is recorded that:
- i. the Placing Shares are Ordinary Shares, and therefore of a class of securities already in issue by Minergy;
 - ii. the Placing Shares are to be issued to Selected and Qualifying Institutional Investors;
 - iii. the Placing Shares will not be issued to persons or entities deemed to be non-public shareholders under the Listing Requirements;
 - iv. the maximum number of Placing Shares that could be issued pursuant to the Placing is 195 312 500 Ordinary Shares;
 - v. the Placing Price is set at P0.64 (64 Thebe), which is approximately equivalent to the volume weighted average pricing at which the various tranches of the Funding Facilities could be converted into an Equity Interest by MDCB, and which represents a discount of approximately twenty percent (20%) to the 30-day volume weighted average Ruling Price at the Last Practicable Date, of the Ordinary Shares of the Company as traded on the BSE;

- vi. the Placing is conditional upon, inter alia, Shareholder approval by way of a special resolution (75% majority of votes cast), which will be sought at the EGM of the Company to be held on Thursday, 18 February 2021, at 10:00am, notice of which is set out in the Notice, at Annexure 1. All Shareholders are entitled to vote including any related party that does not participate in the Placing (i.e., including the Directors and those shareholders listed in paragraph 4 and its sub-paragraphs); and
 - vii. the issue of Placing Shares is also 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, by way of a special resolution in respect of the issue of the Placing Shares. The Placing is also subject to the approval of the BSE for a listing of the Placing Shares.
- 3.1.4 The grant of the Shareholders' approvals will ensure 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.
 - 3.1.5 Placing Shares issued 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.
 - 3.1.6 Shareholders are also being asked to approve the Proposals in order to authorise the Directors to take any other relevant steps to implement the Placing, and any Category 1 Conversion, should it be required.

3.2 Financial Effects of the Placing

- 3.2.1 The Placing will result in an increase in the number of Ordinary Shares of the Company in issue, as well as an increase in the Company's cash balances and a decrease in debt (to the extent that funds are applied toward early redemption of Funding Facilities).
- 3.2.2 Shareholders are advised that the Placing will impact, in relation to the Ordinary Shares, on the earnings 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 purchased.
- 3.2.3 As described above at paragraph 2.3.7 and related paragraphs, and as set out in more detail below, the Placing will also have the effect of reducing the potential Equity Interest of MDCB in the Subsidiary to the extent that proceeds received from the Placing are utilised to repay Funding Facilities.
- 3.2.4 The pro-forma financial information showing the effects of the Placing (and of Category 1 Conversions), and the assumptions in connection therewith are set out in Annexure 5 to this Circular.
- 3.2.5 Shareholders who do not participate in the Placing will continue to own the same number of Ordinary Shares, which they owned prior to the Placing, but the percentage Shareholding in the Company that their Ordinary Shares represent will be diluted to a lower percentage.

3.3 Background and MDCB's Investment Rationale

- 3.3.1 MDCB identified Minergy's Masama Coal Mine as an attractive investment for its mining and minerals investment portfolio. The investment has the potential to achieve MDCB's objectives including monetisation of Botswana's coal, generation of attractive commercial returns and development of the Botswana coal industry for its shareholder while also contributing broader benefits such as job creation and diversification of the economy. A comprehensive due diligence was completed by MDCB and its advisors in early 2019 and the project was evaluated and found to be robust and viable if appropriately funded. Subsequent reviews have highlighted developmental and operational risks, which was mostly driven by lack of funding and COVID-19, but the project is still seen to be profitable and achieve approved investment mandates if the ongoing development funding issue is resolved.
- 3.3.2 Based on these findings, MDCB invested the Initial Facilities in August 2019 and March of 2020. In terms of MDCB's investment mandate, it typically invests in the equity of a licence holder as opposed to being a debt provider.
- 3.3.3 MDCB was made aware of funding shortages at Minergy arising from the impacts of COVID-19 related lockdowns and the lack of commercial funding and/or Shareholder funding during this time.
- 3.3.4 Being aware of the impacts of COVID-19, the impacts of Brexit on a second international listing, recent shareholders changes, and market sentiment relating to these continuing issues, MDCB has observed that equity raised from Shareholders had declined subsequent to the Company's BSE listing.
- 3.3.5 To date, in the absence of further funding from Shareholders, MDCB has taken significant development and operational risk to sustain the Masama Coal Mine, and being significantly invested, has approved additional funding as it is imperative that the project does not lose critical momentum gained.
- 3.3.6 MDCB is desirous to achieve its investment mandate by converting its Conversion Rights, but to do so within the parameters of its initial mandate. The original investment process did not envisage additional funding from MDCB beyond the Initial Facilities and related conversions into equity ownership in the Subsidiary. MDCB is of the view that the additional developmental and operational risks resulting from funding shortages that have arisen in the past 9 months, including the lack of additional funding from Shareholders and other funders, justifies the investment protections in the form of Conversion Rights, and the level of interest rate agreed for the Further Facilities.
- 3.3.7 It is not MDCB's intention to limit Minergy shareholder participation, but would expect Shareholders to participate in the Placing to ensure the continuation of this project.
- 3.3.8 MDCB does not envisage exercising its Conversion Rights within the short term but reserves all its rights to do so.
- 3.3.9 In the absence of additional funding by Shareholders and other investors, the project cannot be left unsupported without funding, and MDCB has the right, subject to Shareholder approval to protect its interest even to the degree of control if necessary. Again, MDCB accordingly urges Minergy Shareholder participation in the Placing before such a decision is reached by MDCB.

- 3.3.10 MDCB also is conscious of the fact that large shareholder blocks may impede future international listings and further fund raises, and therefore will consider selling down any holding identified as excessive for international listing purposes for a consideration to be agreed, so that such a listing could be successfully concluded in the interest of both MDCB and Minergy Shareholders.
- 3.3.11 An overview of the Funding Facilities, the Debenture Conversion and the related approval of Category 1 Conversions is set out further below.

3.4 The Funding Facilities, Debenture Conversion, and Approval of Category 1 Conversions

- 3.4.1 The Debenture Agreement was recently entered into between the Company, MDCB, and the Subsidiary, being the owner and operator of the Masama Coal Mine in Botswana, and a wholly owned subsidiary of the Company.
- 3.4.2 MDCB is a Botswana government owned development entity, that invests in, and develops business in Botswana, which in terms of the Debenture Agreement may advance up to an additional P125 million (the "Further Facilities") to the Subsidiary in two tranches of P62.5 million each, being the "Further Facility 1" and the "Further Facility 2", where the Further Facility 2 is subject to certain Shareholder approvals as set out in this Circular.
- 3.4.3 The MDCB has advanced Further Facility 1 to the Subsidiary, and has previously also advanced two funding tranches totaling P110 million to the Subsidiary, being the Initial Facilities.
- 3.4.4 The base interest rate on the Initial Facilities and Further Facilities is 15%, and any outstanding amounts under the Funding Facilities are to be repaid to MDCB by 28 February 2026, with all interest being capitalized until 31 March 2021.
- 3.4.5 In terms of the Debenture Agreement, MDCB has a right (not an obligation), if it chooses to, to complete a Debenture Conversion, of all or part of the total outstanding Funding Facilities advanced to the Subsidiary, into an Equity Interest in the Subsidiary, provided it does not constitute a Category 1 Transaction pursuant to the BSE Equity Listing Requirements.
- 3.4.6 Section 6 of the Listing Requirements sets out various requirements relating to transactions by issuers that fall within certain transaction size bands relative to the size of issuer when measured in terms of market capitalisation (Category 1, 2, or 3, where Category 1 is the largest).
- 3.4.7 The requirements are designed to ensure that shareholders are kept informed of transactions that may have a material impact on a company, and in the case of larger transactions that fall within the criteria of a Category 1 Transaction, gives shareholders an opportunity to vote on the matter.
- 3.4.8 Broadly speaking, Category 1 Transaction criteria generally encapsulates larger transactions that potentially materially impacts an issuer, or in general terms may represent 40% or more of its market capitalisation. Whether a Debenture Conversion results in a Category 1 Transaction may amongst others therefore depend on the market capitalisation of the Company at the time.
- 3.4.9 It should be noted that the Debenture Agreement limits the Equity Interest that could result from a Debenture Conversion without Shareholder approval to a level that does not constitute a Category 1 Transaction.
- 3.4.10 As noted above, the Conversion Right is also limited to such an extent that it does not result in an Equity Interest of greater than 35% prior to 30 April 2021. This allows the Company an opportunity to limit the quantum of any Equity Interest, by raising equity funding through the Placing so that either the Further Facility 2 is not required, or so that portions of the Funding Facilities can with MDCB consent be repaid earlier, as is allowed at any other time prior to the redemption date at 26 February 2026.
- 3.4.11 The Debenture Agreement further includes a pledge by MDCB to sell down any Equity Interest to the extent required if it impedes any future international listing of the Company.
- 3.4.12 It is further important to note that the Debenture Conversion in no way relates to the issued share capital of the Company, and pertains specifically to an Equity Interest in the Subsidiary.
- 3.4.13 On the basis of above noted Category 1 Transaction requirements, and in terms of the Debenture Agreement, Category 1 Conversions are subject to Shareholder approval, and furthermore a draw down of Further Facility 2 by the Subsidiary is also specifically subject to the condition that a Category 1 Conversion is approved by Shareholders. Accordingly, the Company has issued this Circular to shareholders in compliance with 6.12(a) (ii) of the BSE Listing Requirements setting out information with respect to the potential impacts of any Debenture Conversion, to obtain Shareholder approval of the Resolutions, where any Category 1 Conversion and also the drawdown of Further Facility 2 remains conditional upon such Resolutions being passed.
- 3.4.14 MDCB does not envisage exercising its Conversion Rights within the short term but reserves all its rights to do so. As noted above, it is not MDCB's intention to limit Minergy shareholder participation, but would expect Shareholders to participate in the Placing to ensure the continuation of the Masama Coal Mine.
- 3.4.15 The objective is to raise sufficient equity capital through the Placing, in the near term, so that the Further Facility 2 may not be required, or alternatively so that portions of the Funding Facilities could, with MDCB consent, be paid back early in order to limit the Equity Interest.
- 3.4.16 As set out above under paragraph 2, the rationale for seeking Shareholder approval for Category 1 Conversions, is to ensure ready access to additional near-term cash so that the Company can as soon as possible reach targeted production, generate positive cashflow, and become profitable. Funding Facility 2 would be available immediately upon approval of Category 1 Conversions, which would occur before any proceeds from the Placing is received, and therefore represents the surest way to ensure the Company can apply funds to its operations as envisaged in paragraph 2 of the Circular.
- 3.4.17 The significant benefits of this approach are elaborated on further in paragraph 2 above, and the detrimental impacts of not being successful in regard to the same are similarly set out in the same paragraphs.
- 3.4.18 The planned application of funds of the Further Facility 1 is also set out in paragraph 2 above for information purposes.

3.4.19 The following additional information, and the information presented in the *pro forma* financials at Annexure 5 of the Circular, not already presented above is disclosed in satisfaction of the requirements in section 6 of the Listing Requirements, and in particular with respect to sections 6.12 (b), and by incorporation as required therein, sections 6.8 and 6.9. Information required to be disclosed pursuant to section 6.13 is also disclosed in this section or in *pro forma* financials at Annexure 5.

- i. There are no service contracts relating to Directors proposed to be appointed to the Company in connection with the Debenture Agreement, the Funding Facilities, the Conversion Rights, or any Category 1 Conversion. However, it should be noted that MDCB has the right in terms of the Debenture Agreement to appoint three directors to the Board of the Subsidiary during such time that there are amounts outstanding thereunder that is more than the Initial Facilities, and thereafter two directors if the amounts outstanding thereunder is less than the amount of the Initial Facilities.
- ii. The Equity Interest, should the Debenture Conversion occur, constitute ordinary shares in the Subsidiary to be issued to MDCB and related pro-rata loan accounts.
- iii. The purpose of the Circular includes providing information to Shareholders with respect to the Proposals, and more specifically with respect to the Debenture, the Further Facilities, the Conversion Rights, the Further Facility 2, and Category 1 Conversions, and the Placing, where it should be noted that the Further Facility 2 and Category 1 Conversions are conditional on the approval of Shareholders as set out in Resolution 3.
- iv. In the opinion of the Directors' approval of Category 1 Conversions as set out in this Circular are in the best interest of the Company and the Group.
- v. As also recommended above and below in this Circular, the Directors therefore recommend that Shareholders should vote "For" the Resolutions in the Notice, including Resolution 3 to approve the Category 1 Conversions, as well as Resolutions 1, 2, and 3 relating to the Placing, and also Resolution 4 to enable implementation of the same, and all of the Directors who hold Shares in the Company intend to vote all of their Shares so held in favour of ("For") all proposed Resolutions, as stated below in this Circular.
- vi. As noted above, Category 1 Conversions are conditional upon Shareholder approval being obtained pursuant to Resolution 3 in the Notice.
- vii. A summary of relevant financial information relating to the Debenture Agreement, the Further Facility 2, and Debenture Conversions, is set out in this Circular, which includes *pro forma* financials set out at Annexure 5, and the Directors confirm that they consider that the value to the Company justifies the price paid.
- viii. This Circular is available in English only.
- ix. The prospects of the Group are outlined in the Introduction of this Circular, and in the opinion of the Directors of the Company the working capital available to the Group will be sufficient for the Group's present requirements, that is, for at least the next twelve months from the date of issue of this Circular. It is noted that the Group working capital statement and information on Group prospects is stated on the basis of all those entities within the Group and on the basis that Placing and Debenture Conversions occurred in accordance with the *pro forma* financials as presented in Annexure 5 to this Circular.
- x. Major interests in securities and Directors' interests in securities of the Company are set out in section 4 of this Circular, both with respect to the share capital existing at the date of this Circular and also with respect to the share capital as enlarged by shares issued pursuant to the Placing, where listing would be sought for the Placing Shares issued as a result of the Placing.

3.5 Financial Effects of Category 1 Conversions

- 3.5.1 The maximum Equity Interest in the Subsidiary that could result from a Debenture Conversion, without Shareholder approval in terms of Resolution 3, is such Equity Interest that does not result in its categorisation as a Category 1 Transaction.
- 3.5.2 If Resolution 3 is passed by Shareholders, a Category 1 Conversion will have been approved, the result of which will be that the Company is able to satisfy the related condition precedent to Funding Facility 2 that such approval is first granted, so that it may draw down on that facility if required.
- 3.5.3 The expected financial effects of approval of the Proposals, including the Placing and the Category 1 Conversion are set out in the *pro forma* financials as presented in Annexure 5 to this Circular.
- 3.5.4 Shareholders are reminded that the Equity Interest that could result from Conversion Rights being exercised has by agreement been limited to 35% up to the end of April 2021 to enable Shareholders to participate in the Placing and as such, depending on the quantum of the proceeds from the Placing, as indicated in this Circular, it is planned that some of the funds from the Placing is used to pay back a portion of the Funding Facilities prior to any Debenture Conversion, and /or, to utilise the proceeds from the Placing as a way to replace the need to draw down on Further Facility 2 whilst at the same time supporting the future growth of the Group as described in this Circular.
- 3.5.5 As described above in this Circular, being able to access Further Facility 2 in the near term, is expected to enable the Group, to reach targeted production more quickly, and thereby generate positive cashflow and become profitable in the near term, whilst still being able to reduce the potential the Equity Interest that could result, by utilising funds received from the Placing. It is therefore considered in the interest of Shareholders to approve Category 1 Conversions.
- 3.5.6 The impact of approval/non-approval of the proposed Resolutions are further analysed below:
 - A. Approval of Placing, and Category 1 Conversions:
 - › Access to funding that enables the Group's objective to reach targeted production capacity, and therefore positive cashflow and profitable trading as quickly as possible, and within the window of opportunity presented in the regional coal market.
 - › In order to achieve this objective additional capital expenditure as described in 2.2.1 above is required so that significant operational benefits can be accessed, including the benefits described in 2.3.2 above.

- › MDCB will have Category 1 Conversion Rights
- B. Approval of Category 1 Conversion (thereby satisfying the conditions of Further Facility 2), but no approval of the Placing:
 - › Access to funding that partially enables the Group's objectives as described above.
 - › Shortfall in funding as Further Facility 2 does not provide sufficient funding to fully achieve the Group's objectives as described above.
 - › Partial realisation of objectives places significant risk on the Group's ability to reach profitable operations.
 - › Significant risk that debt will not be serviced and covenants are breached.
- C. Approval of Placing, but no approval of Category 1 Conversion (and therefore conditions of Further Facility 2 not satisfied):
 - › Potential delay in access to funding, with a resultant delay in ramp-up to full production and additional working capital shortfalls that will add to funding requirements.
 - › Potential shortfall in funding requirements if full Placing is not achieved, which will place increase the risk of not achieving the Group's objective as described above.
- D. No approval of Placing and Category 1 Conversion (and therefore conditions of Further Facility 2 not satisfied):
 - › No access to further funding, placing significant risk on ability of group to reach profitable operations.
 - › Risk of impacting the going concern status of the Group.
 - › Inability to service debt, resulting in a breach of covenants and possible foreclosure by Funders under security documents.

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	DIRECTORSHIPS IN LAST FIVE YEARS (CURRENT/PREVIOUS)	NATURE OF BUSINESS
Mokwena Morulane	Motswana	P.O. Box 47499 Gaborone	Adoraim (Pty) Ltd (BW)	Investment Company
			Makgabana Construction (Pty) Ltd (BW)	(Family business — Construction & Property Co.)
			Minergy Limited (BW)	Group holding company
			Old Mutual Life Botswana (Pty) Ltd (BW)	Life insurance
			Catchoka (Pty) Ltd	Investment Company
			Cresta Marakanelo Limited (BW)	Hospitality services
Morné du Plessis	South African	Plot 53652 Phakalane Golf Estate Phakalane Gaborone Botswana	Minergy Limited (BW)	Group holding company
			Minergy Coal (Proprietary) Limited (BW)	Holds the Mining Licence
			Minsales (Pty) Limited, (SA)	Coal trading company, wholly-owned subsidiary of Minergy
			Gallo Industrial Solutions (Pty) Ltd, (SA) (retired)	Power Tools
Claude de Bruin	New Zealander	PO Box 317, Varsity Lakes, Australia	Minergy Limited (BW)	Group holding company
			Minergy Botswana (Pty) Ltd (BW)	De-registered/Not trading
			Barkarama (Pty) Ltd (BW)	De-registered/Not trading
			Coalfields Botswana (Pty) Ltd (BW)	De-registered/Not trading
			Minergy Coal (Proprietary) Limited (BW)	Holds the Mining Licence
			Minergy Limited (BVI)	De-registered/Not trading
			Zebra Investments Seven (Pty) Limited (NM)	De-registered/Not trading
			Minergy Aust (Pty) Ltd (AUS)	De-registered/Not trading
			South-Co Limited (BVI)	De-registered/Not trading
			Energy Mineral Resources and Mining Limited (BVI)	De-registered/Not trading
			MEM SA (MU)	De-registered/Not trading
MME SARL (MU)	De-registered/Not trading			

NAME	NATIONALITY	ADDRESS	DIRECTORSHIPS IN LAST FIVE YEARS (CURRENT/PREVIOUS)	NATURE OF BUSINESS
Leutlwetse Tumelo	Motswana	Plot 39233, Mapoka Crescent, Block 6, Gaborone, Botswana	Minergy Limited (BW)	Group holding company
			Minergy Coal (Proprietary) Limited (BW)	Holds the Mining Licence
			Minergy Botswana (Pty) Ltd (BW)	De-registered/Not trading
			Barkarama (Pty) Ltd (BW)	De-registered/Not trading
			Coalfields Botswana (Pty) Ltd (BW)	De-registered/Not trading
			Afinitas Limited (BW)	Investment holding company
			Capital Conferences (Pty) Ltd (BW)	Event management company
			Mod Resources Botswana (Pty) Ltd (BW)	Mineral exploration company (copper)
			Tshukudu Metals (Pty) Ltd (BW)	Mineral exploration company (copper)
Jean-Pierre van Staden	South African	25 Nakuru Road Sunninghill Gauteng South Africa	Horizon Capital (Pty) Ltd (BW)	Investment company
			Minergy Limited (BW)	Group holding company
			Minergy Coal (Proprietary) Limited (BW)	Holds the Mining Licence
			Stalker Properties (Pty) Ltd (SA)	Property Investment
			Ecubo Stand509 (Pty) Ltd (SA)	Property Investment
			San Lameer Villa 139-11 (Pty) Ltd (SA)	Property Investment
			VSR Ventures (Pty) Ltd (SA)	Dormant
			PricewaterhouseCoopers Inc (retired)	Audit, Tax, Advisory
			Ecubo One (Pty) Ltd (retired)	Property Investment
André Bojé	South African	17 Dunkirk Road, Salt Rock, Umhlabi Beach, 4391, South Africa	Minergy Limited (BW)	Group holding company
			Minsales (Pty) Limited, (SA) (retired)	Coal trading company, wholly-owned subsidiary of Minergy
Cross Kgosiile		Plot 55499 Segodi Park Phakalane	Empor 3000 (Pty) Ltd (BW)	Investment
			Amarile Trends (Pty) Ltd (BW)	Consultancy
			Didikadike Wealth Management (Pty) Ltd (BW)	Investment Management
			Prime Time Property (BW)	Property Fund
			ABM University (BW)	Tertiary Education
			Botswana Development Corporation Limited (BW)	Development Finance Institution
			Minergy Limited (BW)	Group holding company
			Minergy Coal (Proprietary) Limited (BW)	Holds the Mining Licence

4.2 CVs of Directors

4.2.1 MOKWENA MORULANE (BA Accounting (Hons), (49) — 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. He was previously 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 **MORNÉ DU PLESSIS** (CA — South Africa, MBA) (51) — Chief Executive Officer

Morné is a South African citizen, and chartered accountant with an MBA from Heriott Watt University Edinburgh, Scotland. He has extensive experience in the mining industry including having been Chief Financial Officer (CFO) of several South African 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 reins as Chief Executive Officer (CEO) of the Group.

4.2.3 **CLAUDE DE BRUIN** (LLB; BMS. (Fin) (43) — Non-executive Director

Claude 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 several companies in the Minergy Group. Claude was appointed to the Board of Minergy in September 2016.

4.2.4 **LEUTLWETSE TUMELO** (B.Acc) (41) — 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.

4.2.5 **JEAN-PIERRE VAN STADEN** (CA — South Africa) (48) — Chief Financial Officer (effective 2 January 2020)

Jean-Pierre is a CA(SA) who was an Audit Partner at PricewaterhouseCoopers in South Africa from 2004 to 2019, prior to joining Minergy as CFO in January 2020. 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 including companies listed on stock exchanges such as the JSE, TSX, ASX, AIM and LSE.

4.2.6 **ANDRÉ BOJÉ** (CTA) (64) — Non-executive Director and Strategic Consultant

André 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. André was appointed to Minergy in 2016 and led the Group as the CEO until August 2019. He remains on the Board as a Non-executive Director, and continues to be involved with Minergy to assist with a planned second listing on an internationally recognised stock exchange, as well as with marketing and sales of coal.

4.2.7 **CROSS KGOSIDIILE** (MBA, BCom — Accounting) (51) — Non-executive Director

Post the year-end Cross Kgosiidile joined the board as a Non-Executive Director, effective 29 July 2020. He is an experienced company executive and board member, with more than two decades of experience across a range of sectors. Presently he is the Managing Director of the Botswana Development Corporation. He has held senior positions and been Chief Executive Officer (“CEO”) of a range of well-known organisations in Botswana including Air Botswana, Botswana Motor Vehicle Accident Fund (CEO), and Botswana Power Corporation (CEO). His board and committee experience also spans well known Botswana companies and organisations including the Botswana Motor Vehicle Accident Fund, Botswana Building Society, Botswana Railways, KYS Investments, Botswana Stock Exchange listed Prime Time Property Holdings, JTTM Property Holdings, and Stanbic Bank Botswana.

4.3 **CVs of Executive Management**

4.3.1 **MARTIN BARTLE** (67) — 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 Holdings Limited. 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.

4.3.2 **JOHN ASTRUP** (48) (BSc. (Hons) Geology; MSc. — Exploration Geology, Director, 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.

4.3.3 LYNETTE KRUGER (49) — 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.

4.3.4 GABOTSHWAREGE TSHEKISO (63) — 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.

4.3.5 BONKIE BAELETSE (49) — Corporate Services Manager

Having joined Minergy almost three years ago, Bonkie — whose current role encompasses a number of critical functions, including Community Relations, Public Relations, Government Liaison, Human Resources, Logistics and Security — has over nine years of experience gained in the local mining sector. She previously worked for Boteti Mining (Karowe Diamond Mine) and Debswana (Orapa Letlhakane Mines), and also served as the Senior Anti-Corruption Officer on the Directorate on Corruption and Economic Crime. Bonkie has a Post Graduate Diploma in Education and a Bachelor of Arts in Humanities from the University of Botswana.

4.3.6 SIYANI MAKWAKWAGO (53) — General Manager Mining

Siyani holds professional qualifications which include a B.Sc. 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 Mine. He has extensive mining experience having previously held executive posts at Debswana, BCL and Morupule Coal Mine.

4.3.7 JULIUS AYO (39) — Financial Manager

Julius is an ACCA (Association of Certified Chartered Accountant) 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.

4.3.8 HERBERT KEBAFETOTSE (46) — BA, Post Graduate Diploma in Education — Manager (Environmental Science) Safety, Health and Environment

Herbert has both extensive qualifications and experience in the field, having worked for a number of Botswana-based exploration and mining companies, including most recently Botswana Ash (Pty) Ltd, Khoemacau Copper Mining (Pty) Ltd, and Boteti Mining (Pty) Ltd in this capacity. Herbert is responsible for overseeing Minergy's SHE effectiveness, including the processes that ensure the preservation of lives, conservation of the environment and monitoring these to ensure compliance to legislative and procedural requirements. He also has a focus on aligning all Minergy's SHE processes and programmes with international best practice.

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 ON LAST PRACTICABLE DATE* %	DIRECT INTEREST AFTER PLACING** %	INDIRECT INTEREST %
Morné du Plessis	10 000 000	2.13	1.5	nil
Claude de Bruin	42 634 421	9.07	6.41	nil
Leutlwetse Tumelo	1 335 317	0.28	0.20	nil
André Bojé	15 000 000	3.19	2.25	nil

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

** This column shows the percentage shareholding of each Director assuming that all of the Placing Shares are issued.

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 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 of the Company.

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, or at the Last Practicable Date.

The Directors who hold Ordinary Shares in Minergy intend to vote in favour of the Proposals.

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

4.5 Prospects

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

4.6 Trading prices of Ordinary Shares

Annexure 3 reflects the aggregate volumes traded and the highest and lowest prices traded in respect of Ordinary 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
Allan Gray Botswana	162 878 468**	34.66
Jarcon Opencast Mining Botswana (Pty) Ltd	38 888 889	8.27

* Directors who hold greater than 5% of the Existing Issued Shares of the Company are noted in the table in paragraph 4.4 and its footnotes, and Mr. John Astrup (a director of the Subsidiary who holds 40 278 938 Ordinary Shares constituting 8.57%) also hold greater than 5% of the Existing Issued Shares of Minergy at the Last Practicable Date.

** Allan Gray manages shareholdings on behalf of FNB BOTSWANA NOMINEES (PTY) LTD RE: AG BPOPF EQUITY (98 530 000 shares), FNBBN (PTY) LTD RE: AG BPOPF EQUITY PORTFOLIO B (44 428 760 shares), and FNB NOMS BW (PTY) LTD RE: BPOPF EQUITY PORTFOLIO C – AG (19 919 708 shares).

4.8 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;
- › On 24 December 2018, the Company increased its stated capital to P135 571 068 and issued 25 113 180 shares; and
- › On 19 February 2020, the Company increased its stated capital to P174 071 069 and issued 38 888 889 shares.

* It should be noted that the stated capital of the Company as disclosed in its Financial Statements of the Company generally published and downloadable from the Company's website (www.minergycoal.com), show total stated capital which is P8 508 043 lower than the Stated Capital in this Circular. The difference relates to share issuance costs of prior share issuances which in accordance with IFRS reduces the stated capital recorded in the Company's Financial Statements.

PART B: OTHER INFORMATION

5. FINANCIAL INFORMATION

The *Pro forma* Consolidated Financial Information is included in Annexure 5 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, are any such proceedings pending or threatened against the Company.

7. EXPERTS' CONSENTS AND CONFIRMATIONS

The Transfer Secretaries, Legal Advisor, Reporting 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. Each of the aforementioned experts have also confirmed that each does not hold any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group.

8. NO TAKEOVER

As at the Last Practicable Date, to the best knowledge and belief of the Directors, 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 The Debenture Agreement

10.4 Advisors' and experts' consents;

10.5 Annual Consolidated Financial Statements for the year ended 30 June 2020; and

10.6 Directors' employment contracts.

11. COSTS

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

ONE-OFF COSTS	PULA
Legal Advisors	156 800
Corporate advisors	156 800
BSE listing and sustaining fees	35 000
Reporting Accountants' fees	49 280
Transfer Secretary's fees	16 800
Publication, distribution and advertising expenses	53 760
Other	30 240
Total	498 680

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 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 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 advisors 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 Circular relates.

13. EGM

The Notice convening the EGM, which is to be held electronically via Microsoft Teams at 10:00am on Thursday, 18 February 2021, is set out at Annexure 1 of this Circular. The purpose of the EGM is to consider and, if thought fit, pass the Resolutions, in each case as set out in full in the Notice. Resolutions 2 is conditional upon Resolution 1 having been validly passed, and the components parts of Resolution 4, being to the extent that Resolution 4 pertains to Resolutions 1, 2, and 3 is conditional upon each such Resolution respectively having validly passed:

Resolution 1: which will be proposed as a special resolution, is to approve the Placing

Resolution 2: which will be proposed as a special resolution, is to authorise the Directors to allot and issue the Placing Shares on a non-pre-emptive basis (waiving the pre-emptive rights set out in clause 5.1 of the Constitution and section 52 of the Companies Act);

Resolution 3: which will be proposed as a special resolution, is to authorise Category 1 Conversions in terms of the Debenture Agreement, being Debenture Conversions that in terms of the Listing Requirements constitute Category 1 Transaction(s), so that the Company can if necessary, access the Further Facility 2.

Resolution 4: which will be proposed as an ordinary resolution, is to approve the Directors taking such steps and signing all such documents as are necessary to give effect to Resolutions 1, 2, 3, and 4 (inclusive) as is passed at the EGM.

14. ACTION TO BE TAKEN

A Form of Proxy for use at the EGM accompanies this Circular. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to 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, so as to be received by them not less than 48 hours, i.e. 10:00am on Tuesday, 16 February 2021 before the EGM, which is scheduled for 10:00am on Thursday, 18 February 2021. Submission of a proxy will not preclude Shareholders from attending and voting in person at the EGM, should they so desire.

15. RECOMMENDATION

The Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and accordingly recommend unanimously that Shareholders vote in favour of the Resolutions proposed to be passed at the EGM, as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 68 969 738 Existing Issued Shares, representing approximately 15 per cent of the total voting rights of the Company. It is further noted that other directors in the Group holding an additional 45 278 938 Ordinary Shares representing an additional approximately 10 per cent of the total voting rights also intend to vote in favour of the Resolutions proposed to be passed at the EGM.

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 Tuesday, 19 January 2021.



Morné du Plessis
Chief Executive Officer



MINERGY LIMITED

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

(Company number: BW00001542791)

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 will be held electronically at 10:00am, on Thursday, 18 February 2021, via Microsoft Teams webinar in order to adhere to COVID-19 social distancing and gathering confines, 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 the Placing Shares, being up to 195 312 500 new Ordinary Shares for cash, pursuant to the Placing, and the increase of the Company's stated capital in accordance with the number of Placing Shares issued multiplied by the Placing Price, be approved; and
2. that, subject to Resolutions 1 validly passing, the Shareholders waive 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 the Placing Shares, consisting of 195 312 500 new Ordinary Shares, in respect of the Placing; and
3. that, Category 1 Conversions, under the terms of section 6 of the Listing Requirements are approved.

as an Ordinary Resolution:

4. that the directors of the Company be authorised to take such steps and sign all such other documents as are necessary to implement and give effect to Resolutions 1,2, 3, and 4 (inclusive) as are 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, to be received not less than 48 hours, i.e. 10:00am on Tuesday, 16 February 2021 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: BW00001542791)

BSE Ordinary Share code: MIN

("Minergy" or "the Company")

FORM OF PROXY

FOR USE BY SHAREHOLDERS AT THE EXTRAORDINARY GENERAL MEETING ("EGM") OF MINERGY TO BE HELD ELECTRONICALLY VIA MICROSOFT TEAMS AT 10:00 AM ON THURSDAY, 18 FEBRUARY 2021.

A Shareholder entitled to attend and vote at the EGM 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 Ordinary Shares of the Company.

I/We (Full name in BLOCK LETTERS) _____

of (address) _____

Being the holder/s of _____ Ordinary 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
Resolution number 1: Special Resolution			
Resolution number 2: Special Resolution			
Resolution number 3: Special Resolution			
Resolution number 4: Ordinary Resolution			

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 _____ 2021

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 page 23.*

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 not less than 48 hours, i.e. 10:00am on Tuesday, 16 February 2021 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 not less than 48 hours, i.e. 10:00am on Tuesday, 16 February 2021 before the meeting.

ELECTRONIC PARTICIPATION FORM

THIS FORM IS TO BE COMPLETED SHOULD YOU WISH TO VOTE ELECTRONICALLY ON THE DAY OF THE EGM. IT IS RECOMMENDED THAT YOU STILL FOLLOW THE INSTRUCTIONS IN THE NOTICE OF MEETING, AND COMPLETE AND SEND TO THE TRANSFER SECRETARIES THE FORM OF PROXY ANNEXED TO THE CIRCULAR, AS YOU WILL STILL BE ABLE TO LISTEN IN AND ASK QUESTIONS AT THE EGM.

PARTICIPATION IN THE EGM VIA ELECTRONIC COMMUNICATION.

TERMS USED IN THIS FORM SHALL BEAR THE MEANINGS ASCRIBED IN THE NOTICE OF EGM TO WHICH THIS PARTICIPATION FORM IS ATTACHED.

1. Shareholders or their duly appointed proxy(ies) that wish to participate in the EGM via electronic communication (Participants), must apply to Corpserve Botswana, by delivering the duly completed Form to:

Corpserve Botswana, Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds, or posting it to PO Box 1583, AAD, Gaborone (at the risk of the Participant), or by email to contactus@corpservebotswana.com to be received by Corpserve by no later than 5 business days prior to the Meeting. Corpserve will first validate such requests and confirm the identity of the shareholder in accordance with the Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

2. Important notice

The Company shall, by no later than three business days prior to the Meeting, notify Participants that have delivered valid notices in the form of this Form, by email of the relevant details through which Participants can participate electronically.

Application form

Full name of participant: _____

ID number: _____

Email address: _____

Cell number: _____

Telephone number: (code) (number) _____

Number of share certificates (if applicable): _____

Signature: _____

Date: _____

TRADING HISTORY OF THE ORDINARY SHARES

MINERGY LIMITED — SUMMARY OF TRADING DATE OF LISTING (27 APRIL 2017) TO NOVEMBER 2020

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
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	134 406	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
January 2020	—	—	—	—
February 2020	9	16 100	1.10	1.10
March 2020	—	—	—	—
April 2020	—	—	—	—
May 2020	2	11 196 813	1.10	0.85
June 2020	1	7 018	0.85	0.85
July 2020	8	58 449	0.85	0.85
August 2020	5	3 082	0.85	0.85
September 2020	1	10 000	0.83	0.85
October 2020	8	18 675	0.80	0.83
November 2020	1	9 704	0.80	0.80

MINERGY LIMITED — SUMMARY OF TRADING QUARTERLY OVER THE LAST TWO YEARS

Month	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
December 2018	205 909	218 264
March 2019	57 295	60 733
June 2019	222 875	236 237
September 2019	345 081	375 247
December 2019	113 216	124 538
March 2020	16 100	17 710
June 2020	11 203 831	9 523 256
September 2020	71 531	60 601
October 2020	18 675	14 940
November 2020	9 704	7 763

MINERGY LIMITED — SUMMARY OF TRADING DAILY FOR 30 DAYS ENDED 30 NOVEMBER 2020

Date	Total number of trades	Total volume traded	Lowest price (BWP)	Highest price (BWP)
20 October 2020	—	—	—	—
21 October 2020	—	—	—	—
22 October 2020	—	—	—	—
23 October 2020	—	—	—	—
26 October 2020	—	—	—	—
27 October 2020	—	—	—	—
28 October 2020	—	—	—	—
29 October 2020	—	—	—	—
30 October 2020	—	—	—	—
2 November 2020	—	—	—	—
3 November 2020	—	—	—	—
4 November 2020	—	—	—	—
5 November 2020	—	—	—	—
6 November 2020	—	—	—	—
9 November 2020	—	—	—	—
10 November 2020	—	—	—	—
11 November 2020	—	—	—	—
12 November 2020	—	—	—	—
13 November 2020	—	—	—	—
16 November 2020	—	—	—	—
17 November 2020	—	—	—	—
18 November 2020	—	—	—	—
19 November 2020	—	—	—	—
20 November 2020	—	—	—	—
23 November 2020	1	9 704	0.80	0.80
24 November 2020	—	—	—	—
25 November 2020	—	—	—	—
26 November 2020	—	—	—	—
27 November 2020	—	—	—	—
30 November 2020	—	—	—	—

REPORTING ACCOUNTANT'S REPORT



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

AA/21/000002/ASH/ASH

04 January 2021

Chartered Accountants

Grant Thornton
Acumen Park, Plot 50370
Fairgrounds, Gaborone
P.O. Box 1157
Gaborone Botswana

T +267 395 2313
F +267 397 2357

[linkedin.com/company/Grant-Thornton-Botswana](https://www.linkedin.com/company/Grant-Thornton-Botswana)
twitter.com/GrantThorntonBW

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 5 consists of pro forma statement of financial position, pro forma statement of comprehensive income 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) Listing Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of the event or transaction described in Para 1, 2 and Para 3, on the company's financial position as at 30 June 2020 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 financial statements for the period ended 30 June 2020 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 Para 1,2, and 3 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

Botswana Accountancy Oversight Authority registration number: FAP 005 2016 (Audit firm of Public Interest Entity)
Botswana Institute of Chartered Accountants membership number: MeFBW11012 (Audit and Non-Audit)

Partners

Kalyanaraman Vijay (Managing)*, Dinesh Mallan (Deputy Managing)*, Aswin Vaidyanathan*, Madhavan Venkatachary*, Narayanaswamy Narasimhan*, Anthony Quashie, Sunny Mulakulam*, Aparna Vijay* (*Indian)

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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 2020 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 judgment, 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, as presented in Annexure 5 of the pro forma financial information, has been compiled, in all material respects, on the basis of the applicable criteria specified by the BSE Listing Requirements and described in Paragraph 1,2 and 3 of the Circular.

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 financial statements of Minergy Limited for the year ended 30 June 2020.

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 drawing down Further Facility 2 and effecting Category 1 Conversions (the Transactions). The Directors are responsible for the *pro forma* financial information.

PRO FORMA STATEMENT OF FINANCIAL POSITION

The *pro forma* consolidated Statement of Financial Position has been prepared to illustrate the impact of the Transactions on the audited Statement of Financial Position of the Group as at 30 June 2020 as if the Transactions occurred on that date.

Figures in Pula	Audited 30 Jun 2020 (note 1)	Further Facility 1 (note 2)	Transaction costs capitalised (note 3)	Adjusted 30 Jun 2020 before Further Facility 2	Further Facility 2 (note 4)	<i>Pro forma</i> after Further Facility 2 30 Jun 2020
ASSETS						
Non-current assets						
Property, plant and equipment	340 602 189			340 602 189		340 602 189
Deferred tax assets	39 095 799			39 095 799		39 095 799
	379 697 988	—	—	379 697 988	—	379 697 988
Current assets						
Inventories	48 355 150			48 355 150		48 355 150
Trade and other receivables	13 960 609			13 960 609		13 960 609
Cash and cash equivalents	1 712 055	62 500 000		64 212 055	62 500 000	126 712 055
	64 027 814	62 500 000	—	126 527 814	62 500 000	189 027 814
Total assets	443 725 802	62 500 000	—	506 225 802	62 500 000	568 725 802
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	165 563 026		—	165 563 026		165 563 026
Accumulated loss	(139 695 949)			(139 695 949)		(139 695 949)
Other reserves	17 258 242	7 375 786		24 634 028	6 934 871	31 568 899
Equity attributable to owners of the parent	43 125 319	7 375 786	—	50 501 104	6 934 871	57 435 975
Non-controlling interest				—		—
Total equity	43 125 319	7 375 786	—	50 501 104	6 934 871	57 435 975
Non-current liabilities						
Borrowings	252 348 149	55 124 214	—	307 472 363	55 565 129	363 037 492
Rehabilitation provision	69 760 293			69 760 293		69 760 293
	322 108 442	55 124 214	—	377 232 656	55 565 129	432 797 785
Current liabilities						
Borrowings	7 913 719			7 913 719		7 913 719
Trade and other payables	70 578 322			70 578 322		70 578 322
	78 492 041	—	—	78 492 041	—	78 492 041
Total liabilities	400 600 483	55 124 214	—	455 724 697	55 565 129	511 289 826
Total equity and liabilities	443 725 802	62 500 000	—	506 225 802	62 500 000	568 725 802
Number of shares in issue	469 975 134			469 975 134		469 975 134
Net asset value per share (thebe)	9.18			10.75		12.22
Tangible net asset value per share (thebe)	9.18			10.75		12.22

Figures in Pula	Placement (note 5)	Preliminary expenses (note 8)	<i>Pro forma</i> after Placement and Further Facility 2 30 Jun 2020	Conversion Option exercised (note 7)	<i>Pro forma</i> after Placement and Conversion Option 30 Jun 2020
ASSETS					
Non-current assets					
Property, plant and equipment			340 602 189		340 602 189
Deferred tax assets			39 095 799		39 095 799
	—	—	379 697 988	—	379 697 988
Current assets					
Inventories			48 355 150		48 355 150
Trade and other receivables			13 960 609		13 960 609
Cash and cash equivalents	40 000 000	(498 680)	166 213 375		166 213 375
	40 000 000	(498 680)	228 529 134	—	228 529 134
Total assets	40 000 000	(498 680)	608 227 122	—	608 227 122
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	125 000 000	(498 680)	290 064 346		290 064 346
Accumulated loss			(139 695 949)	35 944 563	(103 751 387)
Other reserves	(6 934 871)		24 634 028	(23 304 308)	1 329 720
Equity attributable to owners of the parent	118 065 129	(498 680)	175 002 424	12 640 255	187 642 679
Non-controlling interest			—	126 414 775	126 414 775
Total equity	118 065 129	(498 680)	175 002 424	139 055 030	314 057 455
Non-current liabilities					
Borrowings	(78 065 129)		284 972 363	(139 055 030)	145 917 333
Rehabilitation provision			69 760 293		69 760 293
	(78 065 129)	—	354 732 656	(139 055 030)	215 677 626
Current liabilities					
Borrowings			7 913 719		7 913 719
Trade and other payables			70 578 322		70 578 322
	—	—	78 492 041	—	78 492 041
Total liabilities	(78 065 129)	—	433 224 697	(139 055 030)	294 169 667
Total equity and liabilities	40 000 000	(498 680)	608 227 122	—	608 227 122
Number of shares in issue	195 312 500		665 287 634		665 287 634
Net asset value per share (thebe)			26.30		28.20
Tangible net asset value per share (thebe)			26.30		28.20

Note 1

Extracted without adjustment from the audited consolidated financial statements of Minergy Limited for the year ended 30 June 2020.

Note 2

Adjusts the audited Statement of Financial Position referred to in Note 1 above to show the impact of Further Facility 1, which was drawn down subsequent to finalising the Debenture Agreement in December 2020. The adjustment assumes that Further Facility 1 was drawn down on 30 June 2020. In terms of IFRS, the Debenture, together with its Conversion Right, is accounted for as a compound financial instrument with a debt and equity component. At inception, the debt component was measured at fair value using an interest rate of 18% (as opposed to the contractual interest rate of 15%). The residual value (difference between fair value of debt component and principal advanced at inception) was allocated to the equity portion.

Note 3

Transaction costs of P450 000 have been capitalised into the loan and deferred within borrowings in the Statement of Financial Position. The transaction costs will be amortised into the Statement of Comprehensive Income over the term of the facility.

Note 4

Assumes that Further Facility 2 was drawn down on 30 June 2020. In terms of IFRS, the Debenture, together with its Conversion Right, is accounted for as a compound financial instrument with a debt and equity component. At inception, the debt component was measured at fair value using an interest rate of 18% (as opposed to the contractual interest rate of 15%). The residual value (difference between fair value of debt component and principal advanced at inception) was allocated to the equity portion.

Note 5

Assumes that all 195 312 500 shares for the Specific Issue for Cash (being all of the Placing Shares) were issued on 30 June 2020 at P0.64 each (being the recently traded approximate 30-day VWAP of the Company's shares leading into the Last Practicable Date and after applying a 20% discount). The effect of this transaction at the assumed price of P0.64, is that it increases the Group's Cash and Stated Capital by an indicative P125 000 000. The cash ultimately raised as a result of the transaction may be lower, depending on the actual number of shares issued.

It is further assumed that P85 000 000 of the P125 000 000 cash raised from the Placing is utilised to:

- avoid drawing down on Further Facility 2 (resulting in the reversal of the debt and equity component assigned to Further Facility 2 as described in Note 4 above); and to
- pre-pay a portion of the Initial Facilities.

Note 6

Assumes that all the preliminary expenses as listed in paragraph 11 of this Circular are costs directly related to the Placing and that it occurred on 30 June 2020. 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.

It should be noted that the Stated Capital of the Company as disclosed in the Pro-forma Statement of Financial Position shows total Stated Capital which is P8 508 043 lower than the Stated Capital in this Circular. The difference relates to share issuance costs of prior share issuances, which in accordance with IFRS reduces the Stated Capital recorded in the Company's Financial Statements.

Note 7

Assumes that, subsequent to the reduction in the Total Facilities as described in Note 5 above, the remaining outstanding Debentures are converted into an Equity Interest of 40% in the Subsidiary. This results in the following adjustments:

- recognition of a P35.9 million gain (within equity) arising on conversion, calculated as the difference between the Debenture amount being converted (P162.4 million) and the book value of the 40% Equity Interest in the Subsidiary (P126.4 million), subsequent to the Debenture Conversion (note: the market value of a 40% Equity Interest in the Subsidiary is estimated at P245 million based on 40% of a Group valuation at the Placing Price of P0.64 per share, adjusted for Debenture Conversion);
- reversal of P23.3 million option conversion reserves that were initially recognised as the equity portion of outstanding Debentures being converted;
- recognition of a Non-controlling Interest of P126.4 million (representing the book value of a 40% Equity Interest in the Subsidiary), subsequent to the Debenture Conversion); and
- de-recognition of P139.1 million as the debt portion of outstanding Debentures being converted.

As mentioned in Note 5 above, the cash ultimately raised as a result of the Placing may be lower, depending on the actual number of shares issued. Should insufficient cash be raised to avoid drawing down on Further Facility 2 and pre-pay some of the Initial Facilities, as assumed above, the Conversion Rights attached to the outstanding Debentures would, if exercised in full, result in an Equity Interest in the Subsidiary of 50.3%. In this scenario, the Subsidiary would no longer be consolidated and an equity accounted investment in associate would be accounted for instead.

Other than the effect of drawing down Further Facility 1 as described in Note 2 above, there are no other post balance sheet events which require adjustment to the pro forma financial information.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

The *pro forma* consolidated Statement of Comprehensive Income has been prepared to illustrate the impact of the Transactions on the audited Statement of Comprehensive Income of the Group for the year ended 30 June 2020 as if the Transactions occurred at the start of the financial year on 1 July 2019.

Figures in Pula	Audited 30 Jun 2020 (note 1)	Further Facility 1 (note 2)	Transaction costs capitalised (note 3)	Adjusted 30 Jun 2020 before Further Facility 2	Further Facility 2 (note 4)	<i>Pro forma</i> after Further Facility 2 30 Jun 2020
Revenue	80 650 039			80 650 039		80 650 039
Cost of sales	(149 918 714)			(149 918 714)		(149 918 714)
Gross loss	(69 268 675)	—	—	(69 268 675)	—	(69 268 675)
Other income	97 614			97 614		97 614
Operating expenses	(31 093 212)			(31 093 212)		(31 093 212)
Operating (loss)/profit	(100 264 273)	—	—	(100 264 273)	—	(100 264 273)
Finance income	101 097			101 097		101 097
Finance costs	(17 458 743)	(9 922 359)	(87 097)	(27 468 198)	(10 001 723)	(37 469 922)
(Loss)/profit before income tax	(117 621 919)	(9 922 359)	(87 097)	(127 631 374)	(10 001 723)	(137 633 098)
Income tax	25 749 223	2 182 919	19 161	27 951 303	2 200 379	30 151 682
(Loss)/profit for the year	(91 872 696)	(7 739 440)	(67 935)	(99 680 072)	(7 801 344)	(107 481 416)
Other comprehensive income for the year	—	—	—	—	—	—
Total comprehensive (loss)/profit for the year	(91 872 696)	(7 739 440)	(67 935)	(99 680 072)	(7 801 344)	(107 481 416)
Total comprehensive loss attributable to:						
Owners of the parent	(91 872 696)	(7 739 440)	(67 935)	(99 680 072)	(7 801 344)	(107 481 416)
Non-controlling interest	—	—	—	—	—	—
	(91 872 696)	(7 739 440)	(67 935)	(99 680 072)	(7 801 344)	(107 481 416)
Weighted number of shares in issue	444 049 208			444 049 208		444 049 208
Loss per share (thebe)	(20.69)			(22.45)		(24.20)
Diluted loss per share (thebe)	(20.69)			(22.45)		(24.20)

Figures in Pula	Placement (note 5)	Preliminary expenses (note 8)	<i>Pro forma</i> after Placement and Further Facility 2 30 Jun 2020	Conversion Option exercised (note 7)	<i>Pro forma</i> after Placement and Conversion Option 30 Jun 2020
Revenue			80 650 039		80 650 039
Cost of sales			(149 918 714)		(149 918 714)
Gross loss	—	—	(69 268 675)	—	(69 268 675)
Other income			97 614		97 614
Operating expenses			(31 093 212)		(31 093 212)
Operating (loss)/profit	—	—	(100 264 273)	—	(100 264 273)
Finance income			101 097		101 097
Finance costs	14 051 723		(23 418 198)	19 178 773	(4 239 425)
(Loss)/profit before income tax	14 051 723	—	(123 581 374)	19 178 773	(104 402 601)
Income tax	(3 091 379)		27 060 303	(4 219 330)	22 840 973
(Loss)/profit for the year	10 960 344	—	(96 521 072)	14 959 443	(81 561 628)
Other comprehensive income for the year			—	—	—
Total comprehensive (loss)/profit for the year	10 960 344	—	(96 521 072)	14 959 443	(81 561 628)
Total comprehensive loss attributable to:					
Owners of the parent	10 960 344	—	(96 521 072)	48 535 444	(47 985 628)
Non-controlling interest			—	(33 576 000)	(33 576 000)
	10 960 344	—	(96 521 072)	14 959 443	(81 561 628)
Weighted number of shares in issue	195 312 500		639 361 708		639 361 708
Loss per share (thebe)			(15.10)		(7.51)
Diluted loss per share (thebe)			(15.10)		(7.51)

Note 1

Extracted without adjustment from the audited consolidated financial statements of Minergy Limited for the year ended 30 June 2020.

Note 2

Adjusts the audited Statement of Comprehensive Income referred to in Note 1 above to show the impact of Further Facility 1, which was drawn down subsequent to finalising the Debenture Agreement in December 2020. The adjustment assumes that Further Facility 1 was drawn down on 1 July 2019. In terms of IFRS, the Debenture together with its Conversion Right is accounted for as a compound financial instrument with a debt and equity component. At inception, the debt component was measured at fair value using an interest rate of 18%. This adjustment accounts for interest at 18% on the debt component for the financial year, together with a related tax deduction.

Note 3

Transaction costs of P450 000 have been capitalised into the loan and deferred within borrowings in the Statement of Financial Position. The transaction costs are amortised into the Statement of Comprehensive Income over the term of the facility.

Note 4

Assumes that Further Facility 2 was drawn down on 1 July 2019. In terms of IFRS, the Debenture, together with its Conversion Right, is accounted for as a compound financial instrument with a debt and equity component. At inception, the debt component was measured at fair value using an interest rate of 18%. This adjustment accounts for interest at 18% on the debt component for the financial year, together with a related tax deduction.

Note 5

Assumes that all of the 195 312 500 Ordinary Shares for the Specific Issue for Cash (being all of the Placing Shares representing up to ~29% of the issued share capital of the Company after the Placing) were issued on 1 July 2019.

It is assumed that P85 000 000 of the P125 000 000 cash raised from the Placing is utilised to:

- avoid drawing down on Further Facility 2 (resulting in the reversal of the finance cost assigned to Further Facility 2 as described in Note 4 above); and to
- pre-pay a portion of the Initial Facilities (resulting in additional reversal of finance costs).

Note 6

Preliminary expenses have been capitalised against Stated Capital.

Note 7

Assumes that, subsequent to the reduction in the Total Facilities as described in Note 5 to the Pro Forma Statement of Financial Position above, the remaining outstanding Debentures are converted into an Equity Interest of 40% in the Subsidiary. This results in the following adjustments:

- reduction in finance costs relating to the outstanding Debentures being converted, together with the related taxation impact; and
- allocation of 40% of the net loss in the Subsidiary to the Non-controlling Interest.

No gain/loss is recognised in the Statement of Comprehensive Income as a result of the Debenture Conversion and resulting Non-controlling Interest. As described in Note 7 to the Pro Forma Statement of Financial Position, a gain of P35.9 million is recognised directly in equity.

As mentioned in Note 5 to the Pro Forma Statement of Financial Position above, the cash ultimately raised as a result of the Placing may be lower, depending on the actual number of shares issued. Should insufficient cash be raised to avoid drawing down on Further Facility 2 and pre-pay some of the Initial Facilities, as assumed above, the Conversion Rights attached to the outstanding Debentures would, if exercised in full, result in an Equity Interest in the Subsidiary of 50.3%. In this scenario, the Subsidiary would no longer be consolidated and equity accounted earnings from an associate would be accounted for instead.

