



Minergy Limited
(Incorporated in accordance with the laws of Botswana)
(Company Number: BW00001542791)
www.minergycoal.com
("Minergy" or "the Company")

MINERGY – CAUTIONARY ANNOUNCEMENT

In accordance with section 5.4 of the Listing Requirements of the Botswana Stock Exchange ("BSE"), Minergy Limited (share code: MIN) is required to announce through the BSE and in the press any circumstances or events that may impact the financial results of the Company. In addition, companies must publish a cautionary announcement as soon as they are satisfied that a reasonable degree of certainty exists that the expected profit or loss (before tax) for the period to be reported upon next will differ by at least 10% to the corresponding comparative period.

Minergy is currently finalising results for the year ended 30 June 2021 ("full year"), which are expected to be released through the BSE during the week of 27 September 2021. The comparative period for this cautionary announcement is the year ended 30 June 2020 ("previous reporting year").

The full year represents Minergy's second set of results for a reporting period during which the Masama coal mine was operational.

The reported net loss before tax for the previous reporting year was P118 million. The Board of Minergy advises shareholders that the net loss before tax for the reporting year will be between 6% and 26% higher than the previous reporting year. This equates to an additional net loss before tax of between P7 million and P30 million for the year ended 30 June 2021.

On the positive side, losses were offset by a significant increase in sales revenues and a reduction in operating expenditure.

Operating losses have reduced year on year. However, the net loss before taxation has been significantly impacted by the increase in finance costs on the back of the full year effect of 2020 debt, additional debt incurred during the financial year, and an increase in borrowing rates.

The reported headline loss per share ("HEPS") and loss per share ("LPS") calculated on losses after tax for the previous reporting year was 20.69 thebe. The Company's HEPS and LPS for the full year under review is expected to increase by between 0% and 20%.

Shareholders are referred to the X-News announcement dated 22 January 2021 and 16 July 2021 for the market updates, which provided background to the performance for the year and factors impacting same.

As highlighted in the updates, the following contributed to the increase in losses before tax, driven mainly by the cost of product produced exceeding revenue generated:

- > inconsistent production and sales output in the first eight months of the year from, service provider enforced restrictions on operations during funding delays;
- > excessive rain, including flooding;
- > logistics impacted by COVID-19 border restrictions; and
- > COVID-19 shift losses from the absence of isolated and infected staff.

Operations only normalised in the last four months of the financial year moving toward nameplate capacity.

- volumes produced and sold were below steady-state breakeven volumes, impacting fixed cost recoveries;
- a product mix that is still highly concentrated toward finer, less profitable product sold into the South African cement industry; and
- inefficiencies and cost impacts arising from utilising mobile crushing (commissioned late in HI 2021) and mobile screening plant (commissioned post year-end) compared to realising the benefits from the rigid installations.

Shareholders are therefore advised to exercise caution when dealing in the Company's shares. The financial information on which this cautionary announcement is based has not been audited by the Company's external auditor.

Morné du Plessis
Chief Executive Officer
21 September 2021

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