



The background image shows a large-scale mining and processing facility at dusk. In the foreground, a yellow CAT 320D excavator is loading a yellow CAT 840D haul truck with dark material. Behind them are large piles of the same material. In the mid-ground, a complex of industrial structures, including conveyor belts, storage bins, and processing units, is illuminated by artificial lights. The sky is a deep blue, and the horizon shows some distant trees and structures.

Minergy Results – Year Ended 30 June 2021

Presentation – September 2021

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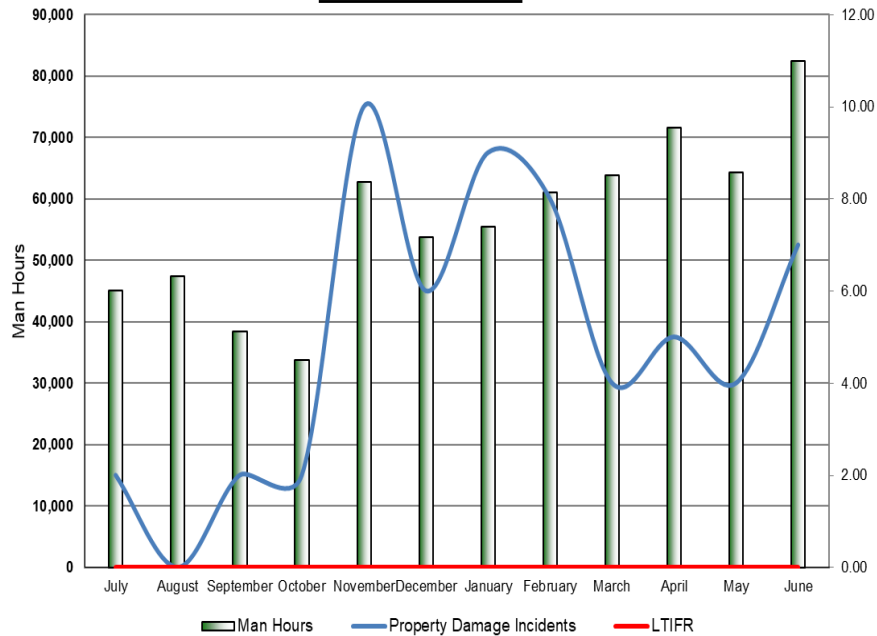
Pioneering the Botswana coal industry



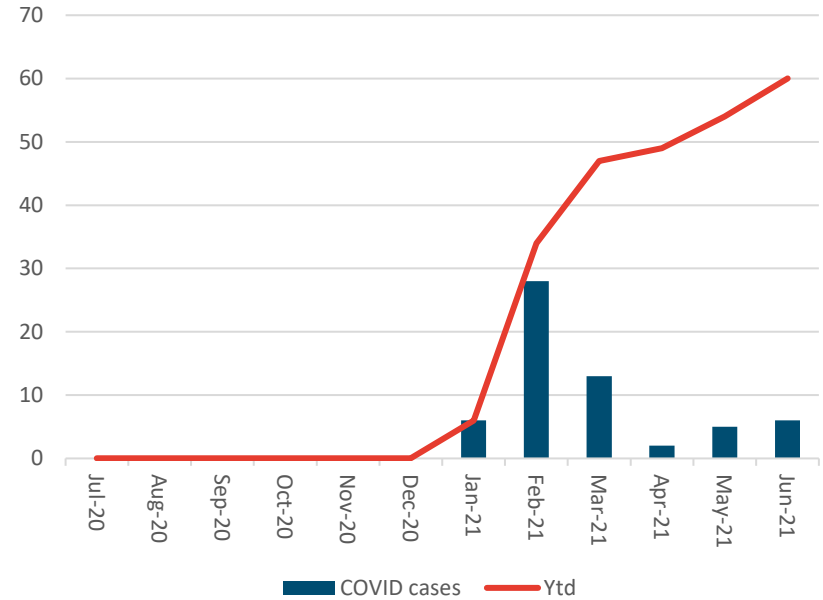
Operational overview

Progressing toward nameplate capacity

SHE PERFORMANCE



COVID-19



- More than 1 000 days since mine inception with zero injuries
- No reportable accidents, injuries or fatalities

- Mine only closed for 2 days
- No loss of life
- Impacts manning of shifts
- 20 man days lost

SOCIAL

Corporate social responsibility remains core to Minergy effected in communities surrounding the mine

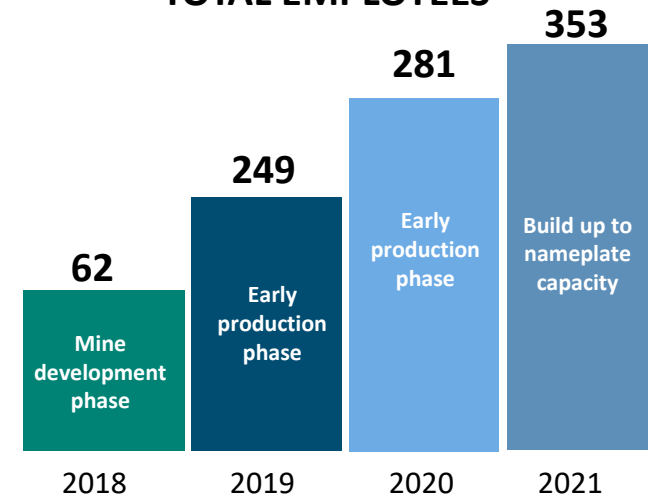
SKILLS DEVELOPMENT

	16 youth trained as laboratory operators and analysts
	Making use of relief workers
	3 weighbridge operators trained
	PhD and other researchers undertaking research at mine
	Job shadowing, practical experience, and industrial training for 11 students

EMPLOYMENT

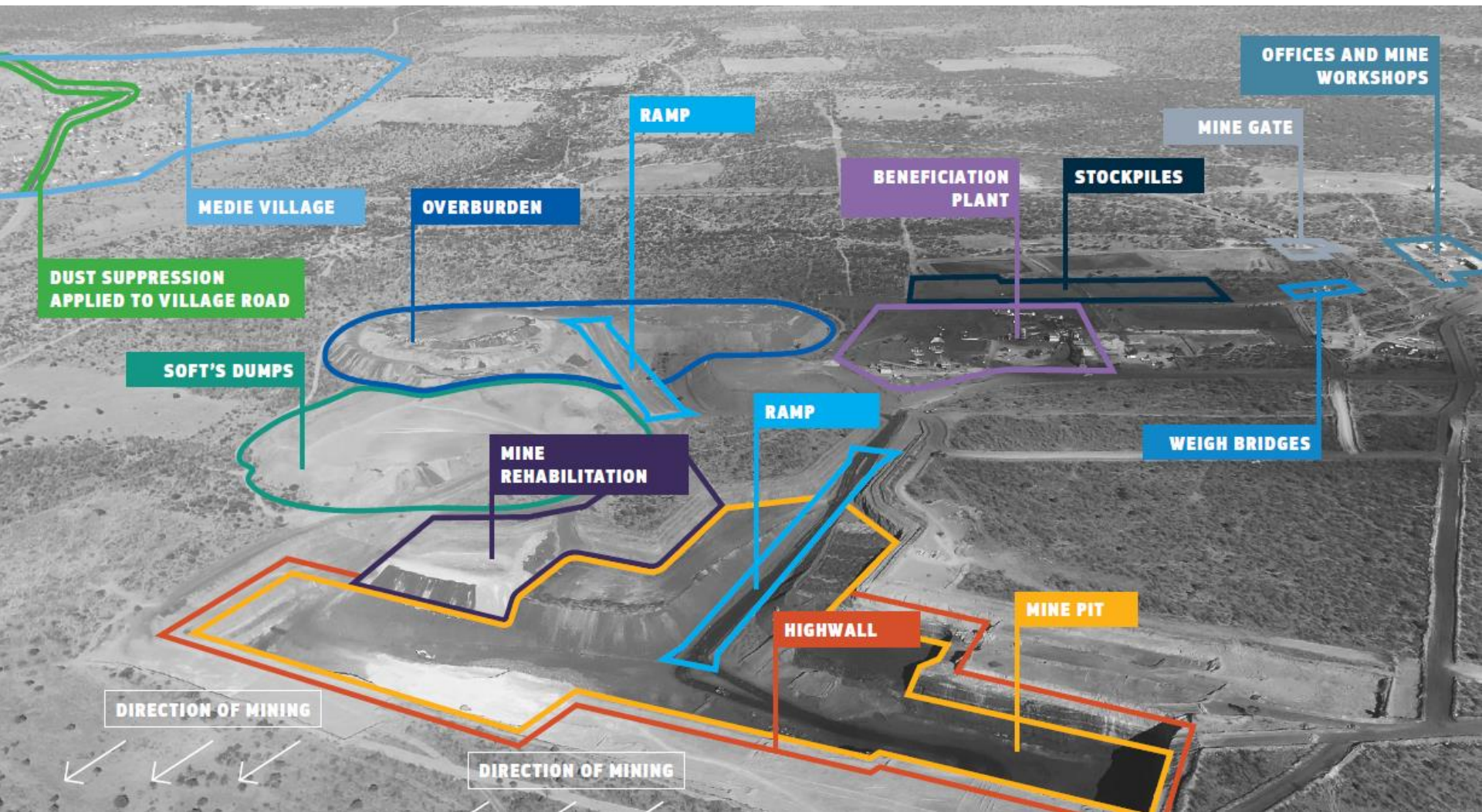
95% of all staff are Batswana

TOTAL EMPLOYEES



COMPOSITION

2020	10% female	90% male
2021	14% female	86% male





Source : Jojo Menezes, Jarcon Opencast Mining



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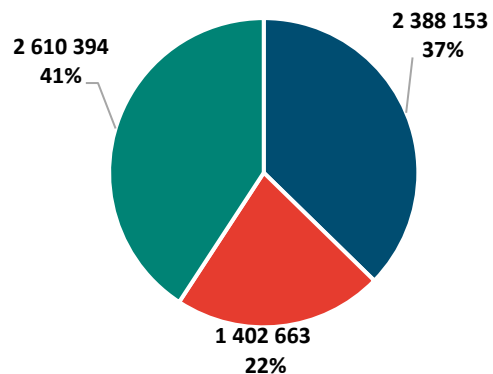
ACHIEVEMENTS

- Doubled sales volumes
- Commissioned front-end, DWS and filter press
- Secured P125 million debt finance
- Shareholders approved CAT 1 and share issue
- Sales, FTP and mining records
- 3rd place in USAID Trade Hub's "Botswana Exporter of the Year" awards 2021
- No LTI
- Siding commissioned - 10 trains

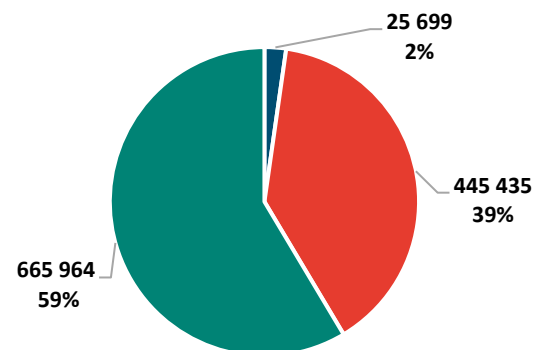
CHALLENGES

- 60 COVID-19 cases
- 770mm of rain
- Two rounds of delayed funding
- Reduced mining activities
- Delays in completing backend of plant
- COVID-19 regulations impact operations and cross-border logistics

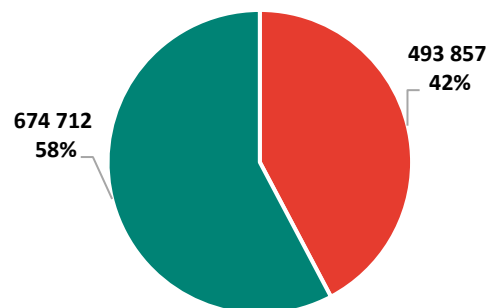
OVERBURDEN (6,401,210M3)



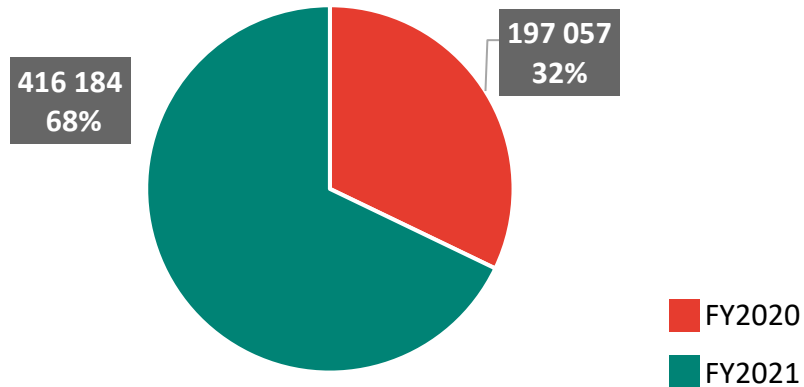
COAL (1,137,098 T)



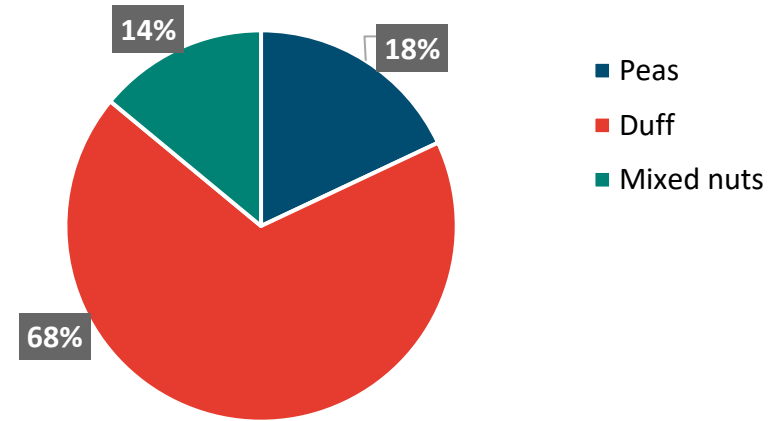
FTP (1,168,569 T)



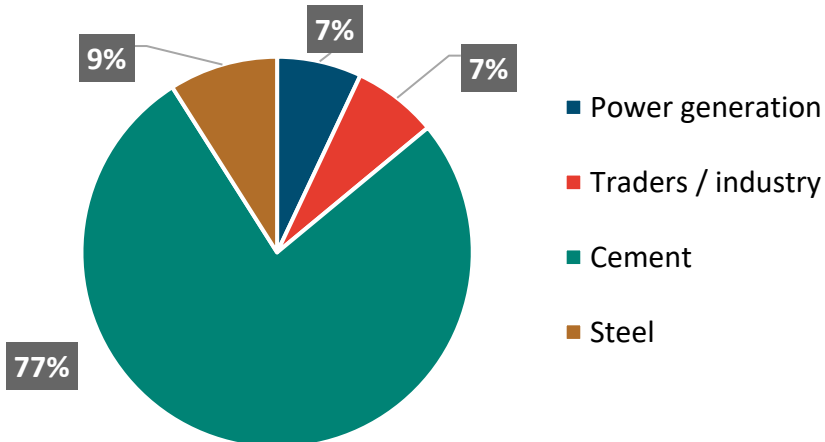
TOTAL SALES (613,241 T)



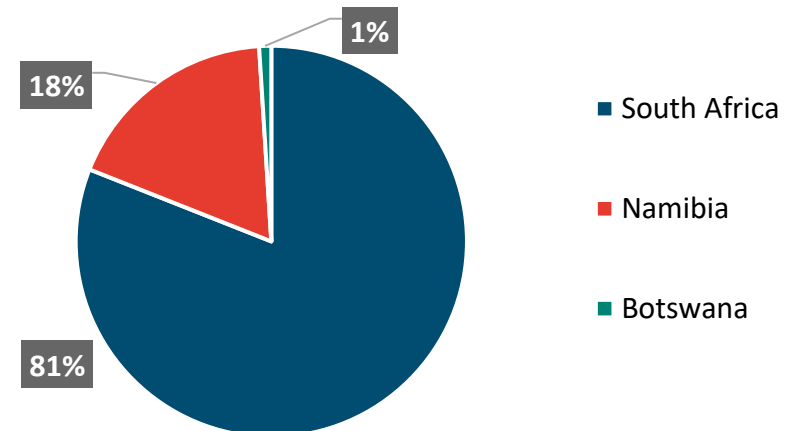
PRODUCT SPLIT



ECONOMIC SEGMENTS



GEOGRAPHIES



STAGE 1



- › DMS module with mobile crusher and screen
- › Commissioned Aug 2019

STAGE 2



- › Rigid crusher section
- › commissioned early Dec 2020
- › Significant efficiencies:
 - » improved particle sizing
 - » elimination of double handling
 - » replaced temporary mobile crushing plant
 - » consistent feed and increased output
 - » water saving
 - » reliability of equipment

STAGE 3



- › Water management infrastructure including filter press and dewatering circuit
- › Commissioned Mar 2021
- › Benefits
 - » recover >50% of water
 - » recovery of fines – yield ↑
 - » efficient water usage

STAGE 4



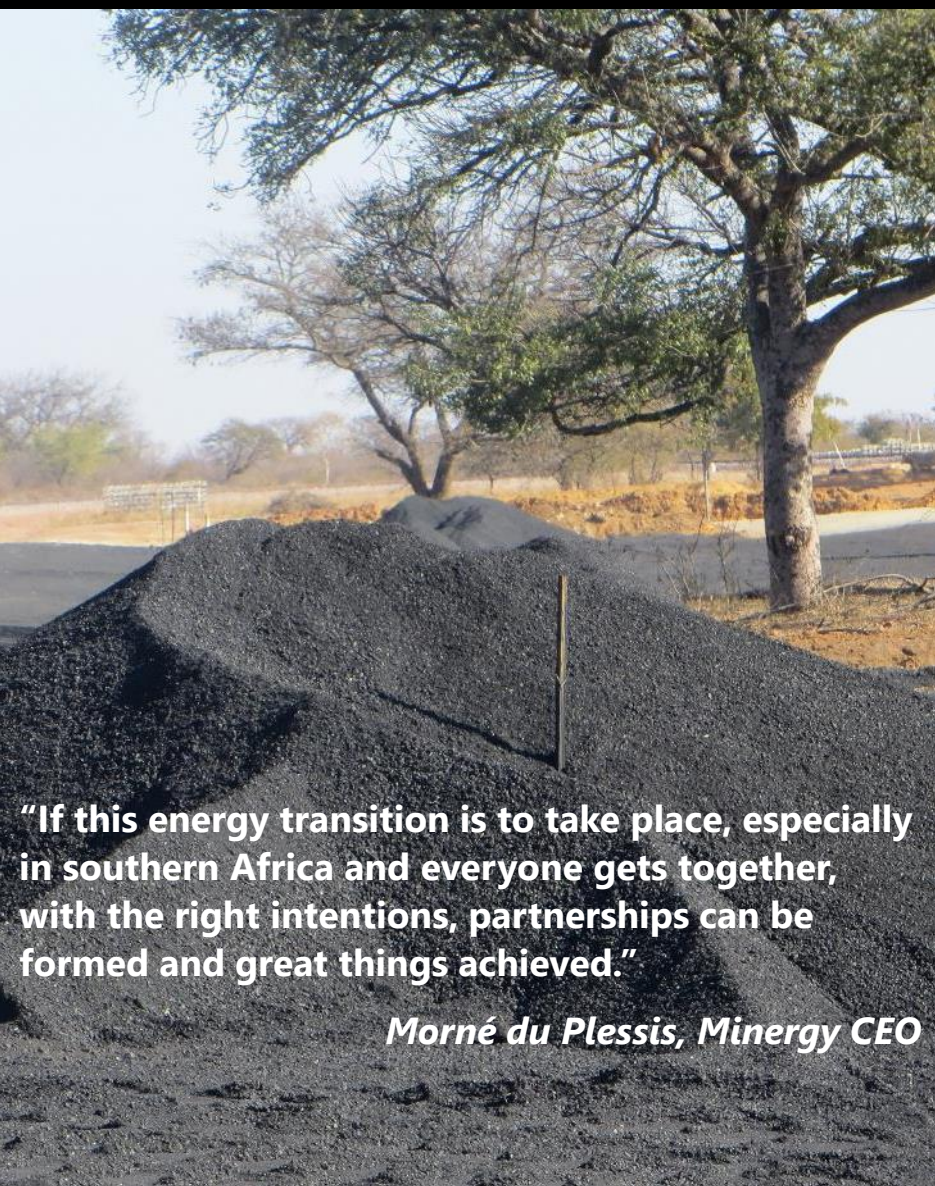
- › Rigid screening and stock handling
- › Commissioned late Aug 2021
- › Benefits
 - » consistent output
 - » cost savings – no double handling
 - » reliability of equipment



A large-scale industrial scene at dusk. In the foreground, a yellow heavy-duty truck is positioned under a complex metal structure. This structure includes a tall, green-painted hopper or silo supported by a steel frame. A long, inclined conveyor belt system extends from the top of the hopper towards the right side of the frame. The sky is a mix of blue and orange, indicating sunset or sunrise. In the background, more industrial equipment and piles of coal are visible under the same sky.

Industry overview

Coal remains an essential and critical component to economic development



Coal remains the world's largest single source of electricity

Provision of affordable electricity essential to avoid energy poverty

For the foreseeable future coal will be critical for base-load, especially in southern Africa

Botswana plans to build six new coal mines to take advantage of strategic resource

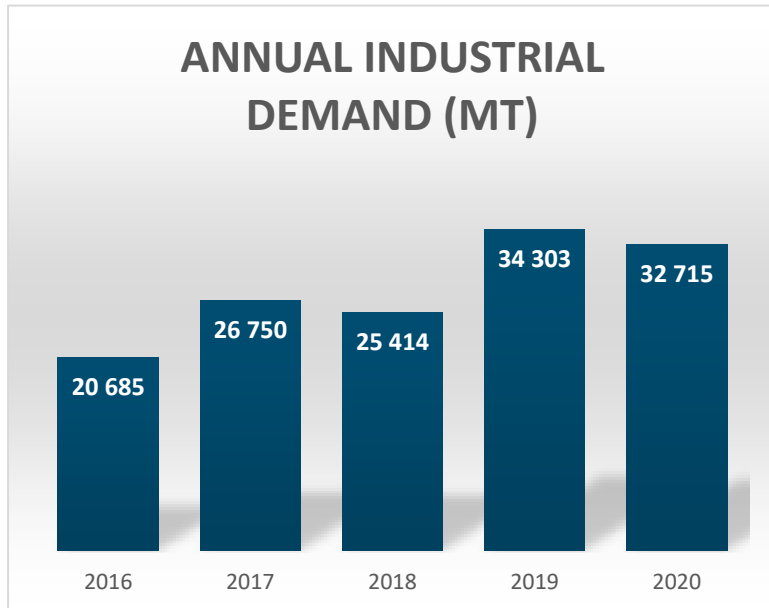
"If this energy transition is to take place, especially in southern Africa and everyone gets together, with the right intentions, partnerships can be formed and great things achieved."

Morné du Plessis, Minergy CEO

"Make no mistake, we all subscribe to a cleaner world," Lefoko Moagi, Botswana's minerals minister, told a local newspaper last year. "But we believe that we just can't leave an abundance of a God-given resource like that."

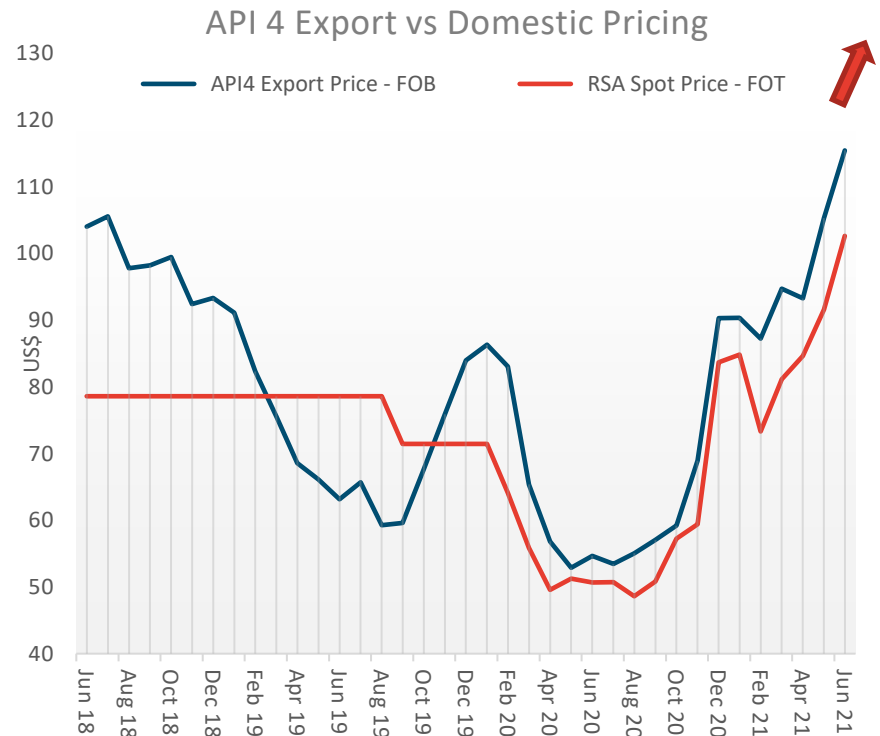
Extract from Moneyweb article published on 12 July 2021

- › Increasing industrial demand
- › No new mine development in SA



Graph excludes power generation and synthetic fuels
Source : Department of Mineral Resources / South African Coal Report

- › Buoyant export pricing
- › Product withdrawn from domestic market supporting undersupply



What sets
Minergy apart?

High quality (low ash/S) and consistent supply to clients in industrial coal market

Financial overview

Improved recoveries with higher debt costs

Two distinct periods across financial year:

Revenue
increase
139%

8-months Jul 2020 – Feb 2021

*Negatively impacted by delayed
funding, COVID-19 and excessive
rains*

86% of gross loss

4-months Mar 2021 –
Jun 2021

*Stable production edging
towards nameplate capacity*

50% of sales

*Average monthly gross losses
down 70%*

Operating
loss
decrease
P85m (2020:
P100m)

Operating
expenditure
decrease by
26%

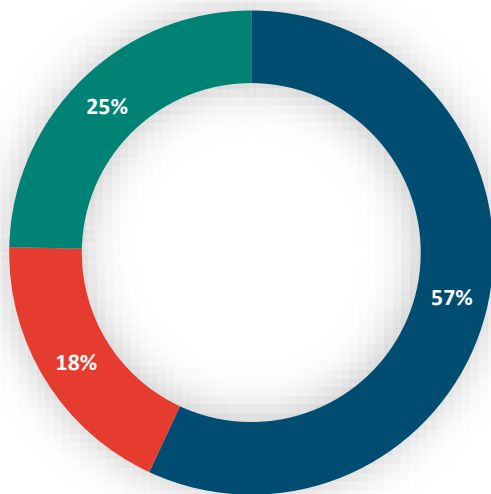
Finance
costs
increase

Group	30 June 2021 (Pula)	30 June 2020 (Pula)
Revenue	192 948 727	80 650 039
Cost of sales	(255 579 306)	(149 918 714)
Gross loss	(62 630 579)	(69 268 675)
Net operating expenses	(22 853 438)	(30 995 598)
Operating loss	(85 484 017)	(100 264 273)
Net finance costs	(50 426 867)	(17 357 646)
Loss before income tax	(135 910 884)	(117 621 919)
Income tax credit	29 007 275	25 749 223
Total loss for the year	(106 903 609)	(91 872 696)

› EBITDA improves from loss of P95 million to P75 million loss

COST OF SALES

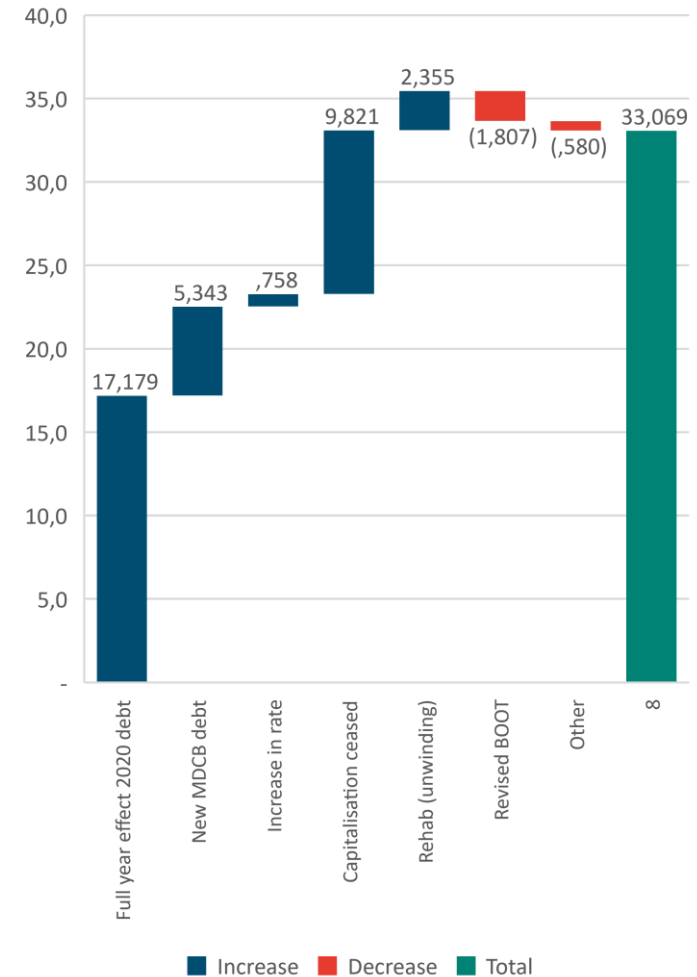
■ Mining ■ Beneficiation ■ Other



- › Operating expenditure:
 - » Management salary cuts
 - » Reductions in and termination of management and consulting fees
 - » Preparatory listing costs incurred in prior year
 - » Mine development costs (road development and electrification) expensed in the prior year but not in current year

- › Other COS include transport which is recovered in sales (10%), overheads (7%), royalties, depreciation etc.

FINANCE COSTS



› Property, plant and equipment:

	P Mill
Opening Balance	341
Acquisitions	61
Washing plant	26
Mine infrastructure	7
Capitalised borrowing costs	5
Provision for rehabilitation asset	9
Ongoing development	9
Plant & machinery	3
Motor vehicles	1
Other	1
Depreciation	(10)
Closing Balance	391

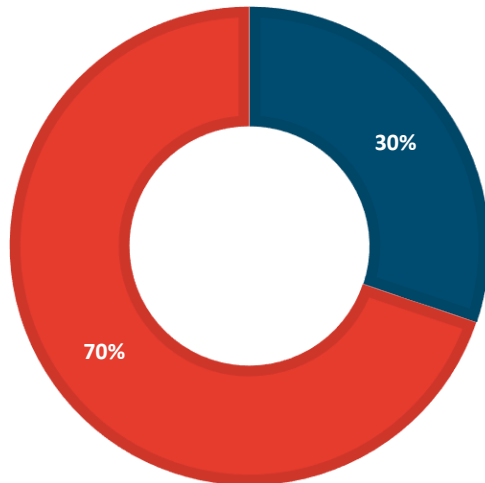
» Non-cash P41 million

› Debtor and credit risk remain high priority and run at 30 days with no credit losses

Group	2021 (Pula)	2020 (Pula)
Assets		
Non-current assets		
Property plant and equipment	390 835 008	340 602 189
Deferred tax asset	68 103 074	39 095 799
Current assets		
Inventory	42 632 873	48 355 150
Trade and other receivables	40 941 636	13 960 609
Cash and cash equivalents	911 485	1 712 055
Total assets	543 424 076	443 725 802
Equity and liabilities		
Capital and reserves		
Stated capital	165 563 026	165 563 026
Other reserves	23 676 115	17 258 242
Accumulated loss	(245 269 838)	(139 695 949)
Total equity	(56 030 697)	43 125 319
Non-current & current liabilities		
Rehabilitation liability (non-current)	82 498 832	69 760 293
Borrowings (non-current)	365 377 304	252 348 149
Borrowings (current)	17 967 584	7 913 719
Trade and other payables (current)	133 611 053	70 578 322
Total equity and liabilities	543 424 076	443 725 802

DEBT VS EQUITY

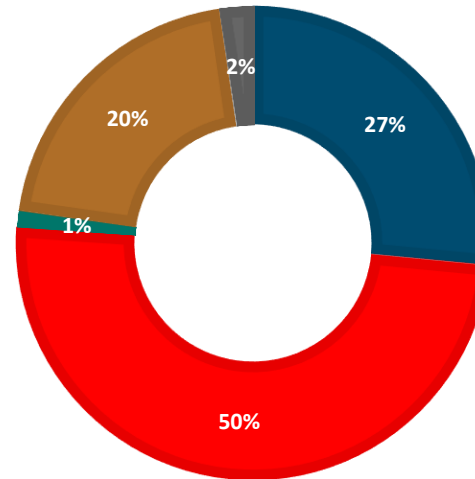
■ Equity ■ Debt



Gearing calculated on funding received and excludes accumulated losses

- › Capital raise P125 million – successful raise will improve gearing and by settling some debt, moves closer to 50:50
- › London listing still pursued
- › Debt refinancing options considered

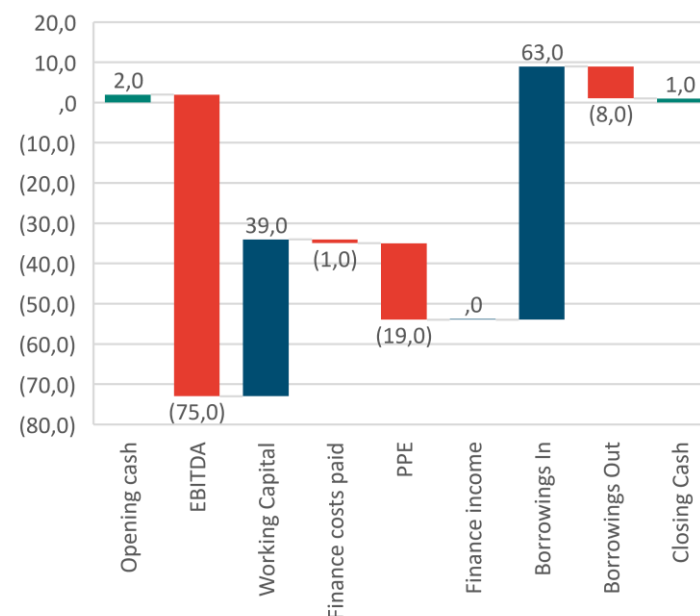
BORROWINGS



- Botswana Development Corporation
- Mineral Development Company Botswana
- Botrail siding advance
- Beneficiation Plant
- Right-of-use asset lease liabilities

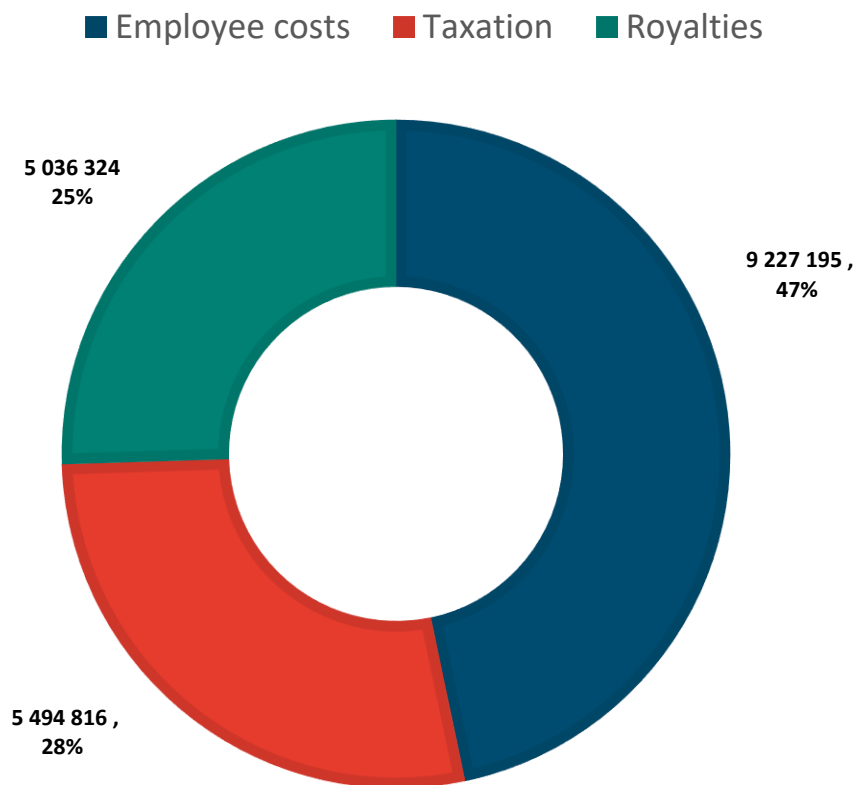
Group	2021 (Pula)	2020 (Pula)
Cash flows from operating activities		
Cash utilised in operations	(35 675 470)	(98 301 534)
Interest paid	(796 809)	(6 856 583)
Net cash used in operating activities	(36 472 279)	(105 158 117)
Cash flows from investing activities		
Purchase of property, plant and equipment	(19 357 819)	(39 893 316)
Interest income	93 612	101 097
Net cash utilised in investing activities	(19 264 207)	(39 792 219)
Cash flows from financing activities		
Subscription for shares	-	-
Net proceeds from borrowings	54 935 916	146 368 306
Net cash from financing activities	54 935 916	146 368 306
Total cash movement for the period	(800 570)	1 417 970
Cash at the beginning of the period	1 712 055	294 085
Total cash at the end of the period	911 485	1 712 055

CASH FLOW (P MILLION)



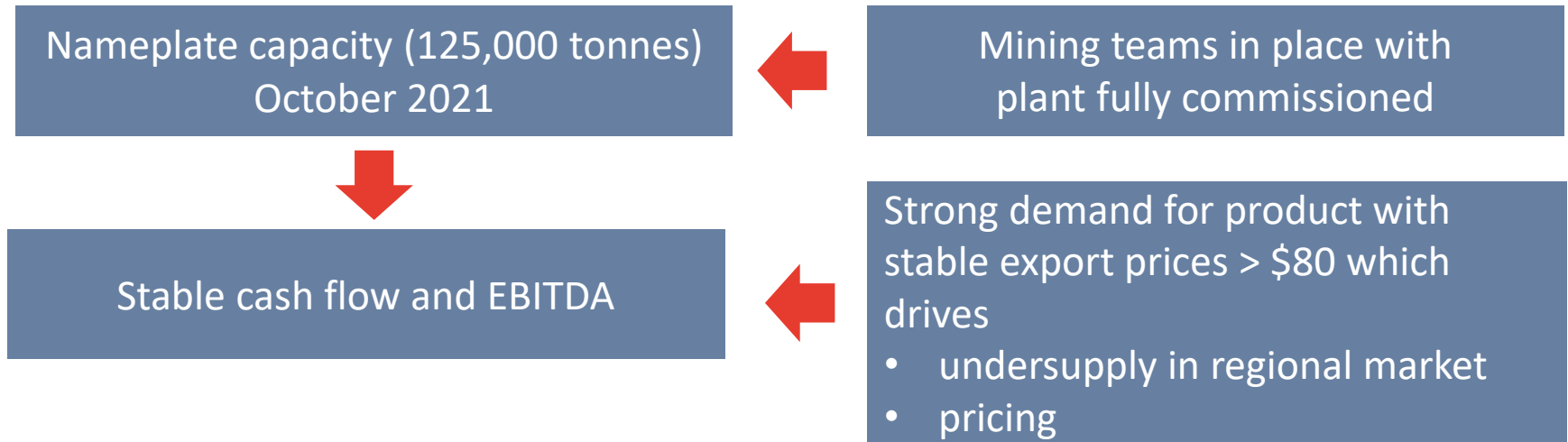
- › Net liabilities exceed net assets by P56 million
- › The following underpins the going concern
 - » Further 12-month off-take agreement signed (3)
 - » MDCB second tranche of P62.5 million received post year-end
 - » Debt restructuring agreement signed with main lenders just after year-end, to stabilise cash flows. Main items include:
 - Capitalised interest payments for restructuring period;
 - Reduced mining rates on a deferral basis;
 - Cost saving initiatives;
 - Structured a portion of short-term trade payables into longer secured debt facility;
 - Secured longer-term funding for development of important logistics infrastructure.
- › Issue of shares for cash
- › Possible London listing

VALUE ADDED SLIDE



Outlook

Optimal performance supporting stable and sustainable cash and profit generation



OPPORTUNITIES

E-Seam

Offtake
agreement

Eskom
tender

Botswana
power
station
tender



- › Eskom tender
 - » Potential supply of 3 Mtpa into Eskom will be a game changer
 - » Shortlisted for supply to Tutuka Power Station in South Africa (100 million 20-year tender)
 - » Adjudication delayed due to Covid-19
 - » Expected announcement – Q1 2022
- › Shortlisted for restricted Domestic Bidding for a 300 MW Botswana Power Station
- › Namibian coal supply for power



- › Botswana Rail committed to:
 - » Competitive rail rates
 - » Mmamabula-Lephalale export line (“the link”) to RSA
 - » 550km taken out of the logistics loop
- › Link is supported by Botswana Government
- › TFR to increase coal railings capacity on Lephalale-Ermelo line which will be used by the link
 - » End 2020 from the current 3.6mt/y to 9.5 mt/y by the end of 2020
- › Opportunities over Kazungula Bridge to Zambia and other countries

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Thank you

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