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 2022 ("full year"), which are expected to be released through the BSE during the week of 19 September 2022. The comparative period for this cautionary announcement is the year ended 30 June 2021 ("previous year").

The reported net loss before tax for the previous year was P136 million. The Board of Minergy advises shareholders that the net loss before tax for the reporting year will be between 13% and 33% higher than the previous year. This equates to an additional net loss before tax of between P18 million and P45 million for the year ended 30 June 2022.

The reported headline loss per share ("HLPS") and loss per share ("LPS") calculated on losses after tax for the previous year was 22.75 thebe. The Company's HLPS and LPS for the full year under review is expected to increase by between 13% and 33%.

Shareholders are referred to the X-News announcement dated 20 January 2022 and 25 July 2022 for the voluntary market updates, which provided background to the performance for the year and factors impacting the same.

Although the results reflect an increase in the net loss before taxation, it is pleasing to announce that the historical lossmaking trend prevalent until Q3 of the full year was replaced by a breakeven Q4, which included cash profitability. The results are mainly influenced by difficult operating conditions for the first nine months and finance cost increases as elaborated on below.

Continuing the previous year's trend, operating and cash losses have reduced year on year. However, the net loss before taxation was significantly impacted by the increase in finance costs. The capital structure is heavily weighted toward expensive debt funding, which increased finance costs. The increase was driven by the full-year effect of debt incurred in the previous year, additional debt incurred during the financial year as well as debt restructuring effects.

As highlighted in the voluntary updates, the following contributed to the losses in the first nine months:

- ➢ although Minergy experienced increasing trends in sales volumes together with improved selling prices and improvements in product mixes as compared to the previous year, it was still below breakeven volumes put further under pressure in Q2 and Q3 as a result of:
  - o a reduction in sales to key contract customers arising from customer breakdowns constraining off-take and reduced demand related to kiln maintenance early in Q3; and
  - o export-destined coal oversupply in the regional market due to the inability of Transnet Freight Rail ("TFR") to manage performance

As mentioned, the trend was reversed in Q4 on the back of the energy crisis and the return to coal, which created an insatiable demand for coal against the backdrop of limited supply sources. This has allowed Minergy to:

- ➢ compete in the seaborne thermal coal market dispatching two export vessels to Europe as well as two trains to Maputo for sale in the Middle East which has contributed to increased volume, significantly higher pricing and opportunities to sell the larger and more profitable sized product.
- ➢ mobilise additional equipment to produce and sell at full production capacity, a feat accomplished post the year end, which supports the Q4 trend of profitability.

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 been audited by the Company's external auditor.

Morné du Plessis
Chief Executive Officer
16 September 2022

Minergy Limited | Unit 2 | Ground Floor | Building 3 | Pinnacle Park| Setlhoa| Gaborone| PO Box 2330 ABG | Broadhurst |Gaborone Tel: +267 397 2891 | Fax: +267 397 2893

Sponsoring Broker: Imara Capital Securities (Pty) Ltd

Transfer Secretaries: Corpserve Botswana Unit 206, 2nd Floor, Plot 64516 Fairgrounds, Gaborone, Botswana Tel: +267 393 2244 Email: contactus@corpservebotswana.com