

A photograph of three miners in a large coal mine. They are wearing blue work clothes with orange reflective stripes, hard hats, and safety glasses. One miner is pointing upwards. In the background, there are large yellow mining trucks and excavators working on a massive rock face under a blue sky with scattered clouds.

Minergy Results – Year Ended 30 June 2022

Tough nine-months followed by phenomenal market turnaround
catapulting Minergy forward

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Pioneering the Botswana coal industry



Funding

Debt restructured
to stabilise the
business

Operational

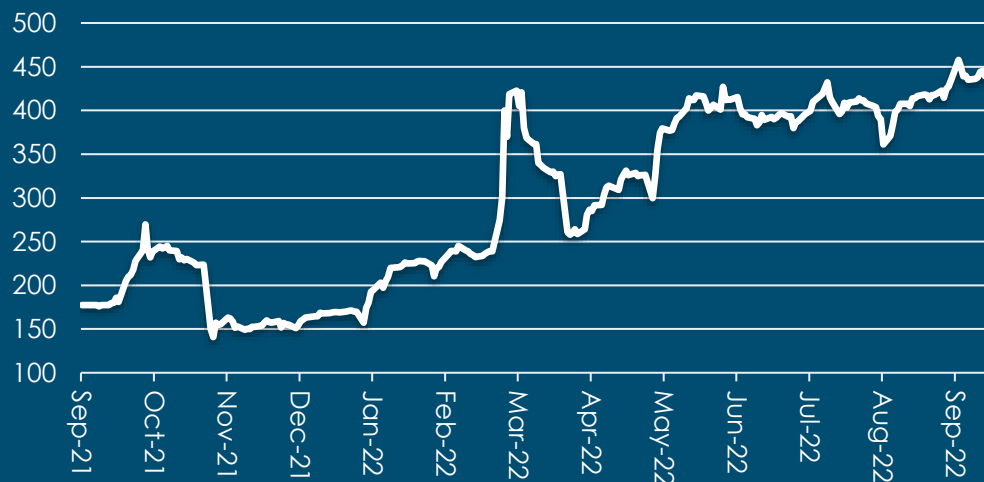
Plant construction
completed with
Stage 4
Mining & FTP
records

Markets and sales

Majority of financial year faced
oversupply in regional market from
Transnet Freight Rail problems, customer
breakdowns, freak rainfall and
intermittent power outages buoyed by
Ukraine war in Q4

Burgeoning
coal prices
and export
opportunities
boosted last
two months of
financial year

Coal price US\$/T



Q4 set tone for a recovery to profitability for FY23

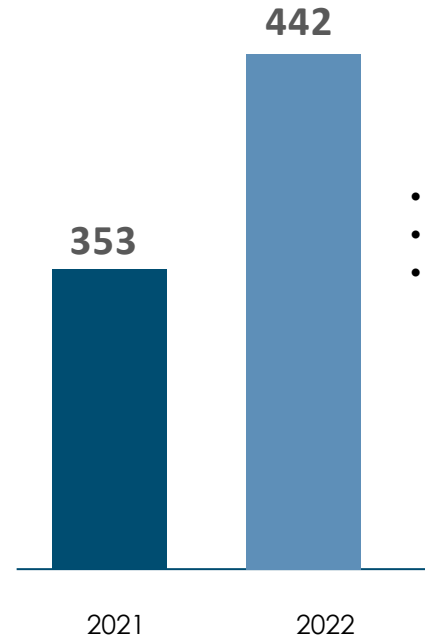
Operational overview

Improved performance supporting stable production environment



- Outstanding safety record
- One minor lost time injury
- 146 Covid-19 cases (86 FY22)
- 97% of total workforce is vaccinated

TOTAL STAFF



- 88% male
- 12% female
- Bolstering of management team with first female manager appointed as process engineer

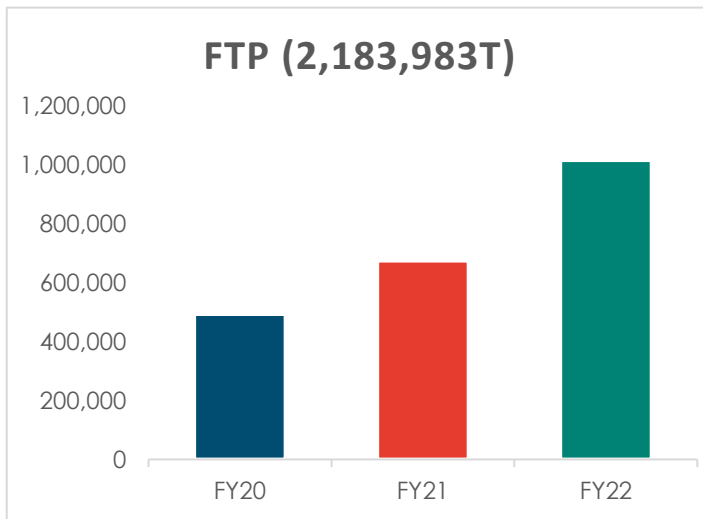
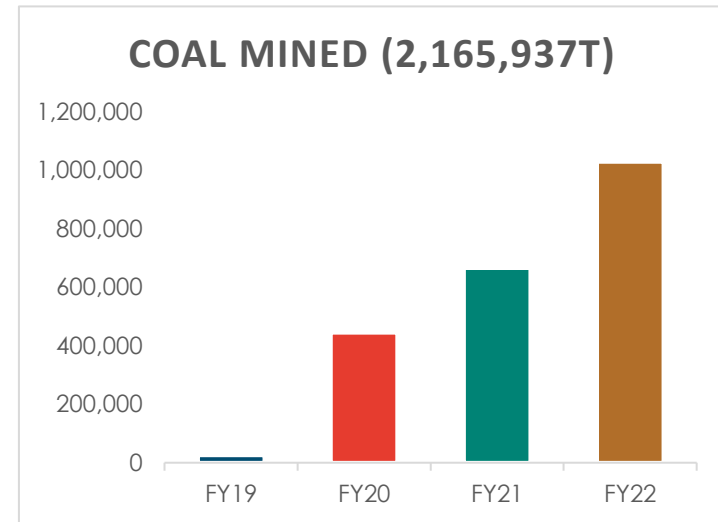
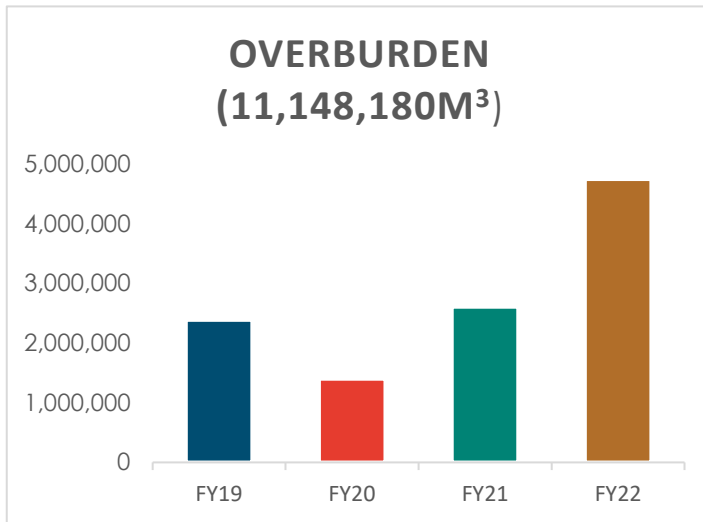


Continuous and effective road maintenance of the public road from Medie

- Costly: FY22 P10m (FY21: P6 m)
- Required for minimal interruptions in rain season and to support increased road transportation

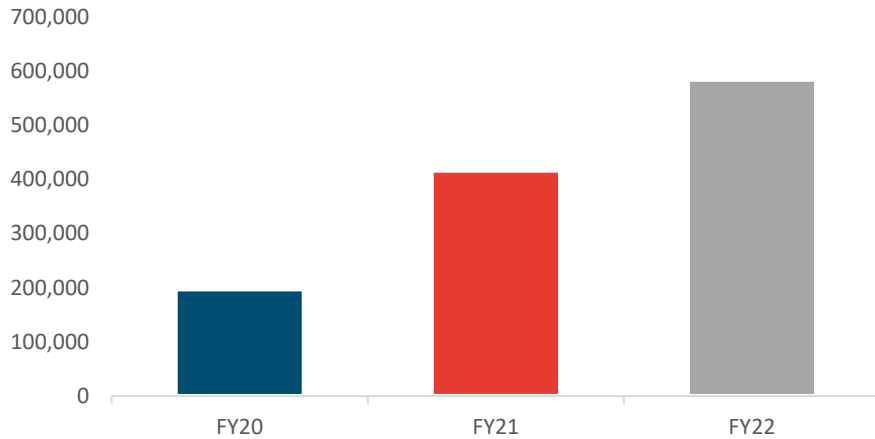
PPP offered to Government to tar road – slow progress



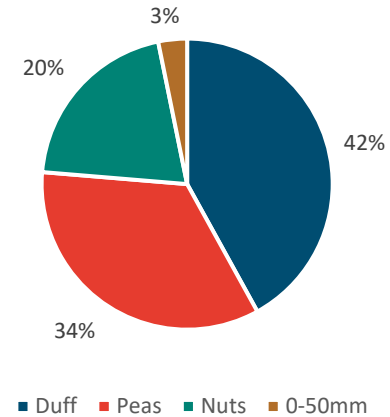


- Completion of Stage 4 – plant construction complete
- Water savings 33% in l/tonne
- Single-year records (>1 m tonnes)
- Intermittent power outages and water shortages experienced but managed

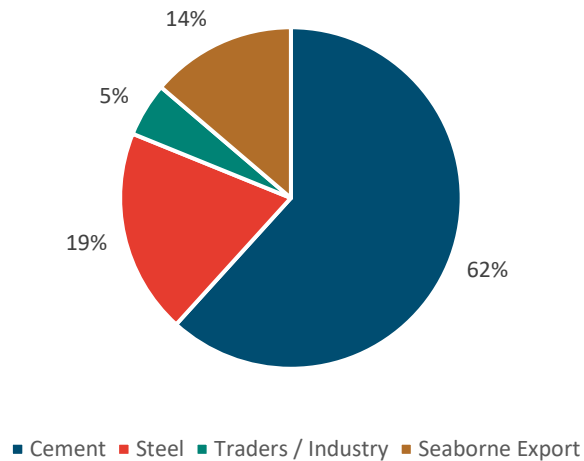
SALES (1,197,362T)



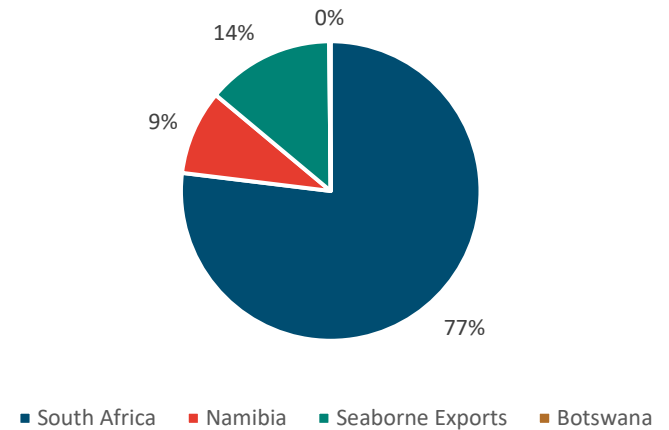
PRODUCT MIX



INDUSTRY



GEOGRAPHY



**Successful delivery of two FOB
vessels from Walvis Bay and
exporting coal via Zimbabwe to
Maputo by rail**

**Walvis Bay (FOB)
Maputo (FOR)**

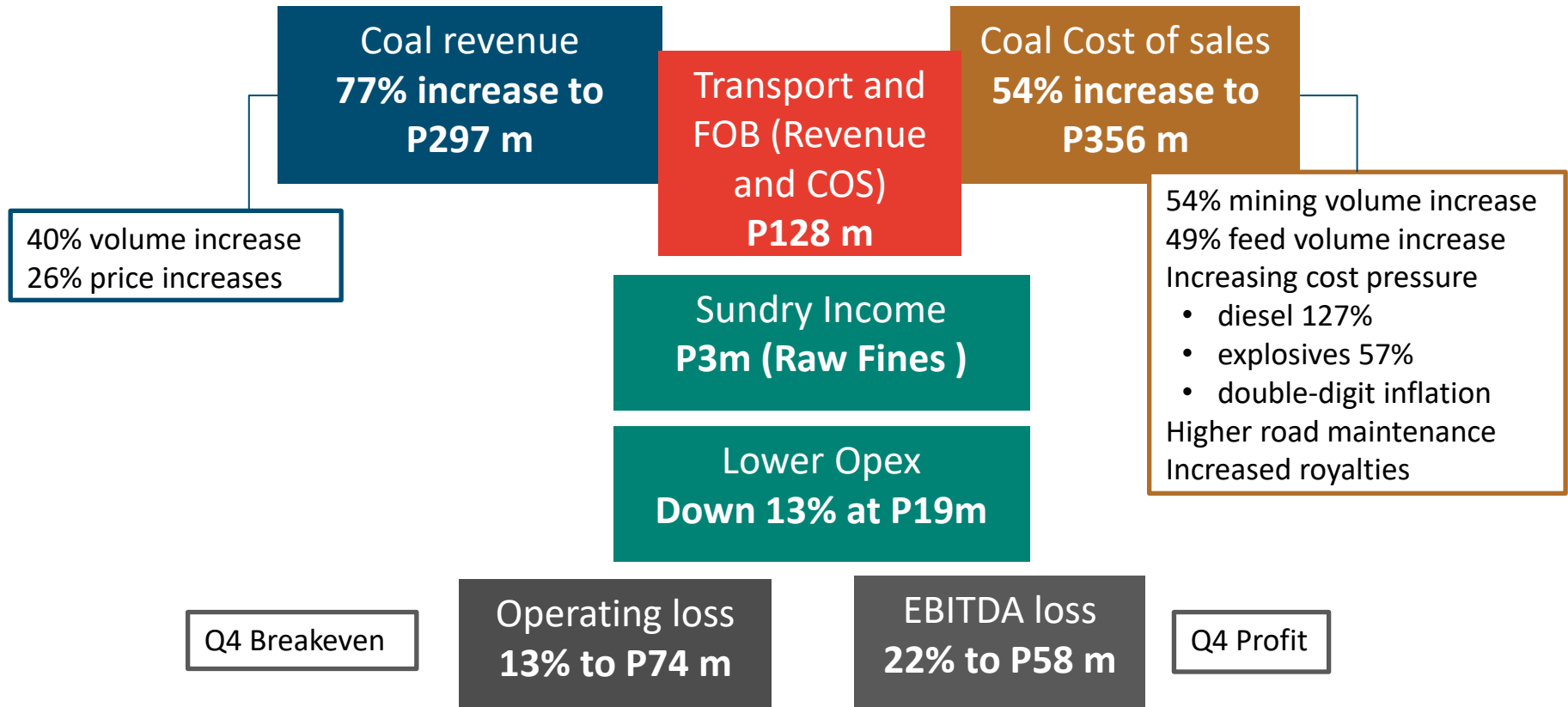
**~70,000t
~4,000t**



Financial overview

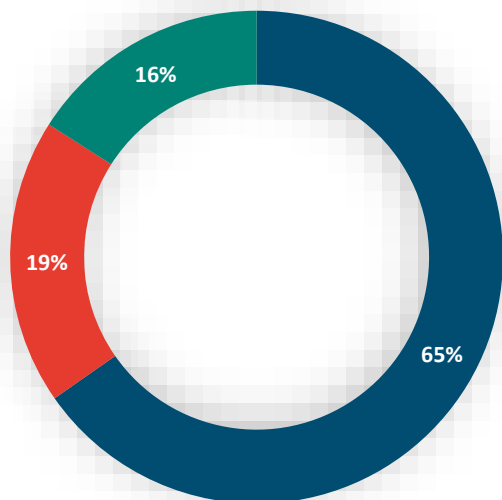
Reduction of operational and cash losses with higher debt costs

Group (Pula)	30 June 2022	30 June 2021
Revenue	425 272 818	192 948 727
Cost of sales	(483 670 573)	(255 579 306)
Gross loss	(58 397 755)	(62 630 579)
Net operating expenses	(15 861 047)	(22 583 438)
Operating loss	(74 258 802)	(85 484 017)
Net finance costs	(93 272 782)	(50 426 867)
Loss before income tax	(167 531 584)	(135 910 884)
Income tax credit	36 380 550	29 007 275
Total loss for the year	(131 151 034)	(106 903 609)



COAL COST OF SALES

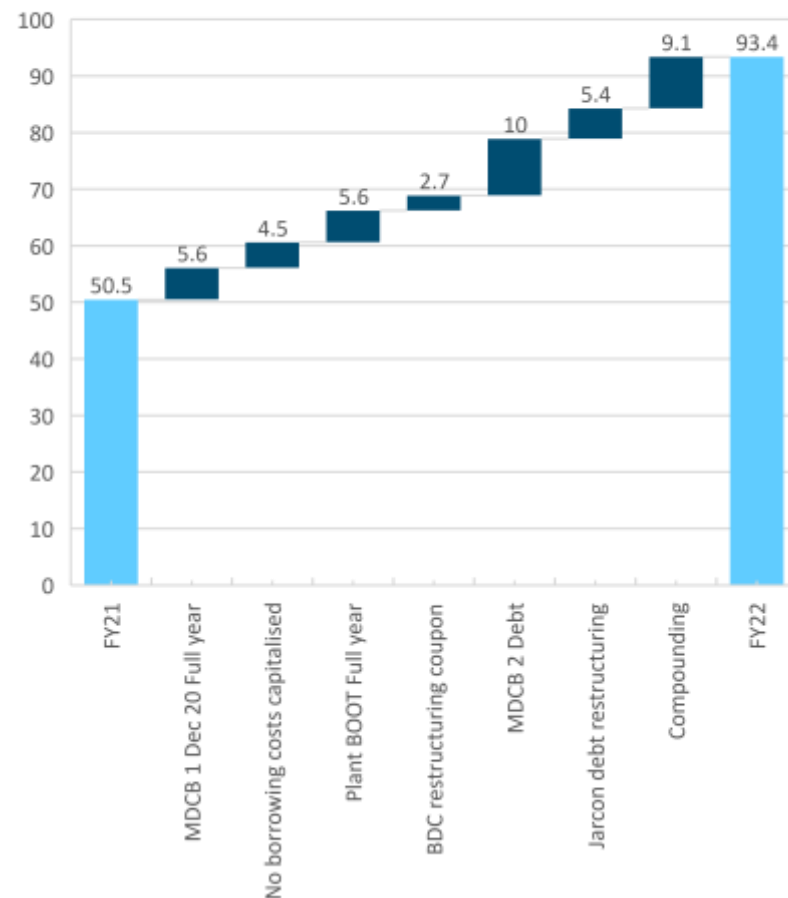
■ Mining ■ Beneficiation ■ Other



- › Diesel and explosives 31% of Cost of Sales
- › Other COS include overheads, royalties, road maintenance, depreciation etc.

FINANCE COSTS

■ Increase ■ Decrease ■ Total

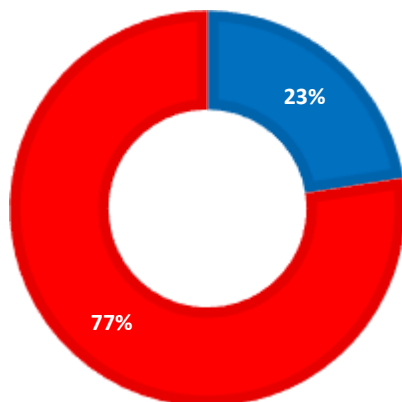


- › PPE movement mainly from increase in rehabilitation asset with reciprocal liability increase
 - » 4.2 million m³ rehabilitated in FY22
- › Working capital increases driven by growth in Q4
 - » Credit risk remains high priority with no credit losses (30 days)

Group (Pula)	2022	2021
Assets		
Non-current assets		
Property plant and equipment	457 309 038	390 835 008
Deferred tax asset	104 483 623	68 103 074
Current assets		
Inventory	76 277 729	42 632 873
Trade and other receivables	95 392 892	40 941 636
Cash and cash equivalents	9 156 322	911 485
Total assets	742 619 604	543 424 076
Equity and liabilities		
Capital and reserves		
Stated capital	165 563 026	165 563 026
Other reserves	30 578 264	23 676 115
Accumulated loss	(376 420 873)	(245 269 838)
Total equity	(180 279 583)	(56 030 697)
Non-current & current liabilities		
Rehabilitation liability (non-current)	161 665 560	82 498 832
Borrowings (non-current)	565 017 069	365 377 304
Borrowings (current)	17 826 904	17 967 584
Trade and other payables (current)	178 389 654	133 611 053
Total equity and liabilities	742 619 604	543 424 076

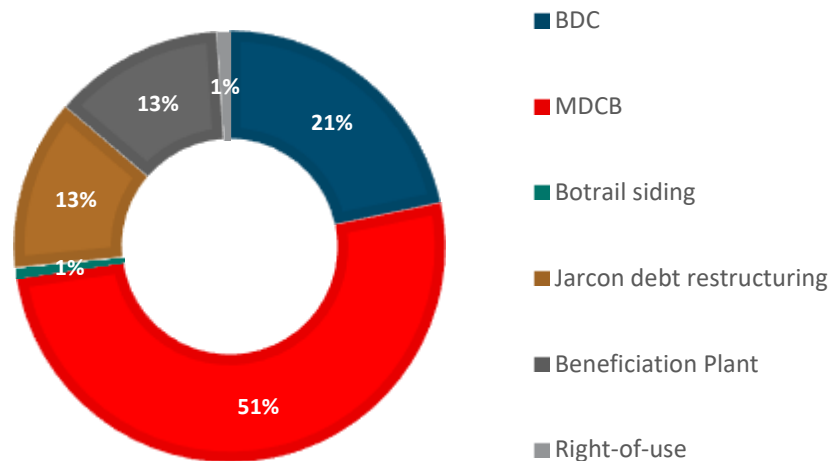
DEBT VS EQUITY

■ Equity ■ Debt



Gearing calculated on funding received and excludes accumulated losses

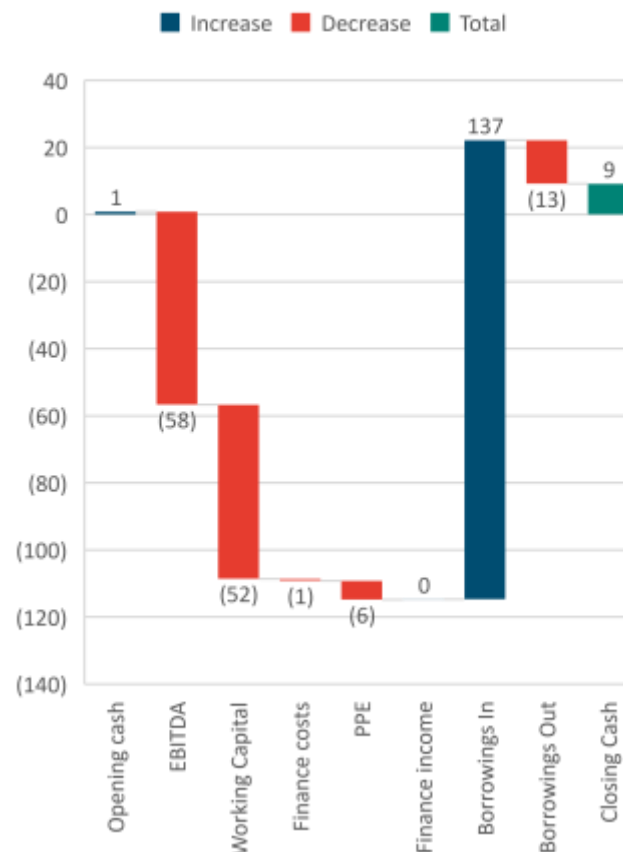
BORROWINGS



Group	2022 (Pula)	2021 (Pula)
Cash flows from operating activities		
Cash utilised in operations	(109 515 604)	(35 675 470)
Interest paid	(613 498)	(796 809)
Net cash used in operating activities	(110 129 102)	(36 472 279)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5 585 583)	(19 357 819)
Interest income	96 786	93 612
Net cash utilised in investing activities	(5 488 797)	(19 264 207)
Cash flows from financing activities		
Net proceeds from borrowings	123 862 736	54 935 916
Net cash from financing activities	123 862 736	54 935 916
Total cash movement for the period	8 244 837	(800 570)
Cash at the beginning of the period	911 485	1 712 055
Total cash at the end of the period	9 156 322	911 485

Working capital swing from FY21 P91.3m

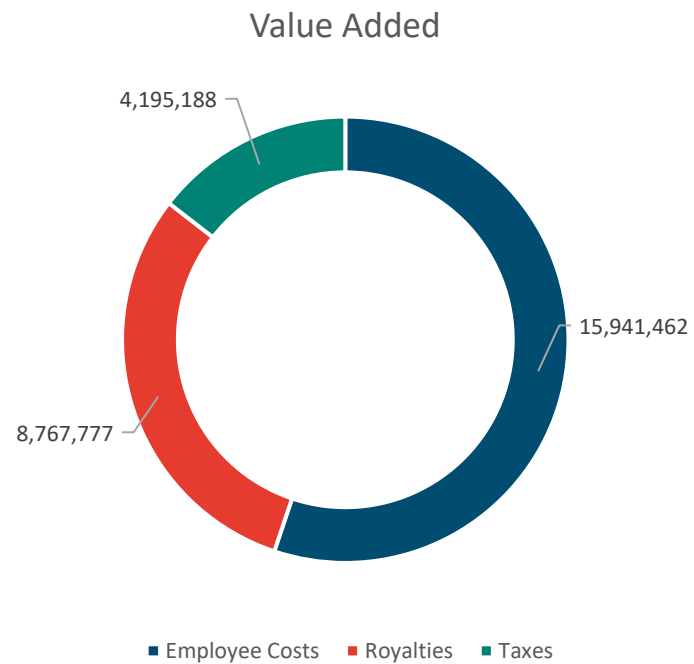
CASH FLOW



Operating at production capacity of 125,000 tonnes of ROM, with stable plant performance and export opportunities favouring better product and pricing mix

- › Unhealthy weighting in capital structure to debt funding
- › Focus is to:
 - » Refinance punitive debt arrangements
 - » Placing equity, as approved by shareholders in 2021
 - » Pursue second listing on an international exchange, subject to appetite and affordability







- 96% of workforce is Batswana
- P488 million spent on local procurement
- CEE plan in place including 22 local transporters



Market dynamics

Revival of coal as an affordable energy source

- › Supply
 - » Constrained
 - » No new investment in Coal
 - » Russian supply diminishes on the back of international sanctions and EU's import ban
 - supply of coal with high calorific value is forecast to remain tight as it is difficult to replace Russian coal
 - » South African output is under pressure from disrupted railways
 - » Australian output under pressure from adverse weather conditions
 - » **Major opportunity** for Botswana to supply into tight markets
- › Logistics
 - » Availability of road trucks and TFR performance
 - » Alternative ports (Walvis Bay / Maputo)

- › International trade flows changed in 2020 when China stopped importing coal from Australia
- › The change was supercharged by the war in Ukraine and Russian sanctions have dramatically increased demand for coal
 - » EU countries look for affordable energy alternatives
 - need to find new suppliers
 - extending the life of coal plants scheduled for closure, reopening closed plants or raising caps on their operating hours to reduce gas consumption.
 - War may end, but expect sanctions to continue
 - Much like COVID-19, sole exposure to Russian gas has elevated vulnerability

As soaring natural gas prices have made coal more competitive in many markets, international coal prices have risen in turn, hitting three all-time peaks between October 2021 and May 2022.

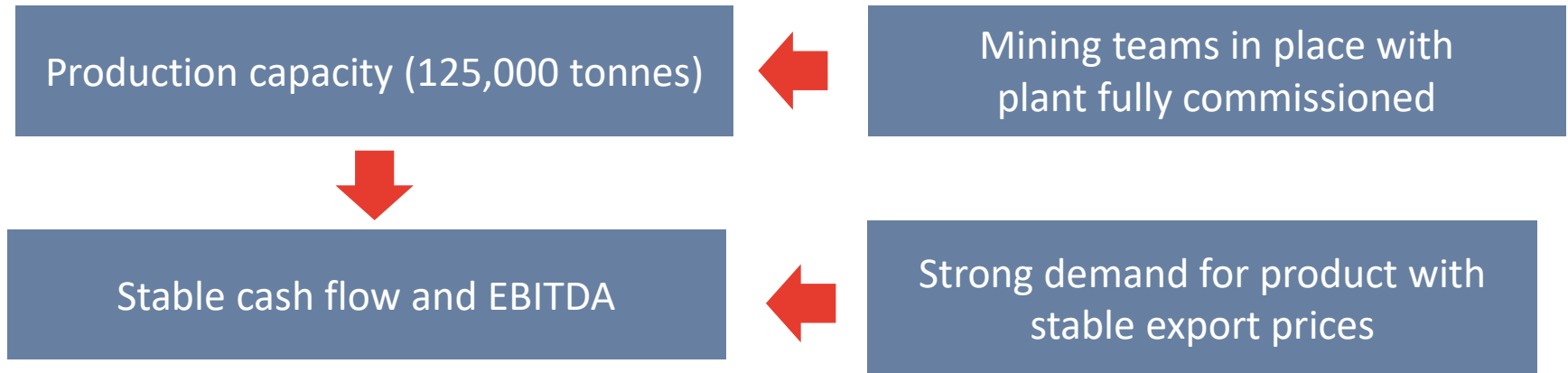
Sanctions and bans on Russian coal following Russia's invasion of Ukraine have disrupted markets, and issues in other major exporters have contributed to supply shortages. With other coal producers facing constraints in replacing Russian output, prices on coal futures markets indicate that tight market conditions are expected to continue well into next year and beyond.

IEA Press release July 2022 (Emphasis added)

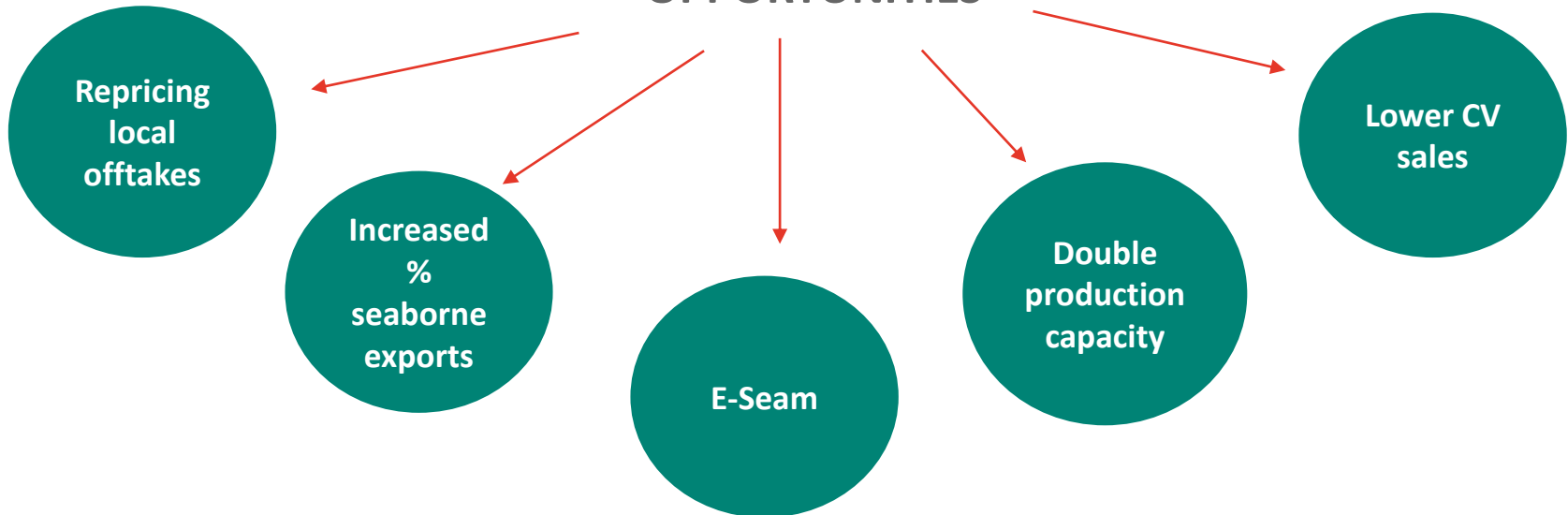
- » India and China (*consume double the amount of coal as the rest of the world combined*)
 - IEA expects 7% growth in India
 - China currently facing lockdowns with demand to increase in H2

Outlook

Production capacity of 125 000 tonnes of RoM with stable plant performance, export opportunities with better product & pricing mix enhancing profitability and cash flow stability



OPPORTUNITIES



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Thank you

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