minergy LIMITED

Integrated Annual Report 2023

www.minergycoal.com

Contents

About this report

Report objective

Minergy Limited's 2023 Integrated Annual Report aims to provide a balanced, transparent, understandable and complete view of our business by reporting on both the financial performance and non-financial aspects of the Group. The aim is to provide stakeholders with insight into our ability to create value over the short, medium, and long term. The report outlines the Group's strategy and business model, operating environment, positions the coal narrative, and explains our approach to risk management, and governance. It also contains the consolidated annual financial statements of Minergy for the financial year ending 30 June 2023 and the notice of the Annual General Meeting ("AGM").

The 2023 Integrated Annual Report (referred to herein as the "report", "IAR", or Integrated Annual Report) further covers a review of the Group as it pertains to the Masama Coal Mine and the status of saleable coal production, future developments, who our stakeholders are and how we interact with them, an extract from the Competent Persons Report ("CPR"), aspects about the Group's environment, social and governance ("ESG") approach, as well as the market into which Minergy's products are sold.

References

References to "Minergy" or "the Company" in this report are to Minergy Limited. References to "the Group" in this report are to Minergy and its subsidiaries, Minergy Coal (Pty) Limited and Min Sales (Pty) Limited.

This report further indicates, via this icon, where additional information is available on the Company's website.

The report is guided by:

- the King Code of Governance Principles for South Africa ("King IV™") — the King IV™ application summary is contained on the Company's website: **www.minergycoal.com**;
- the Botswana Companies Act, CAP 42:01, as amended ("the Companies Act");
- the Equity Listing Requirements of the Botswana Stock Exchange ("BSE");
- where applicable, the CPR, which reports the Group's Resources and Reserves, and which was independently prepared in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves 2016 Edition ("SAMREC CODE");
- the annual financial statements are prepared and presented in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the laws of Botswana; and
- the United Nations Social Development Goals ("SDGs").

Minergy has assessed applicable conformity to the following SDGs:

Forward-looking statements

This Integrated Annual Report contains forward-looking statements about the operating environment, outlook, and operations, which are affected by risks and uncertainty. Certain factors could influence the ultimate outcomes to be significantly different from our expectations. Our external auditors have not audited our forward-looking statements.

Board responsibility statement

Minergy's Board of Directors ("the Board") confirms its responsibility for the integrity of the report, the content of which has been collectively assessed by the Directors, who believe that all material issues have been addressed. The annual financial statements have been audited by the independent external auditor, Grant Thornton Botswana, in accordance with the Companies Act, as indicated in their report, but no other information contained in the IAR has been independently assured apart from an extract from the CPR. The audited full year consolidated financial statements were prepared by the Acting Chief Financial Officer, Julius Ayo (Bachelor of Accounting ("BACC") and Association of Certified Chartered Accountants ("ACCA")), under the supervision of the Outgoing Chief Executive Officer ("CEO"), Morné du Plessis CA(SA).

Board approval

The Board acknowledges responsibility for ensuring the integrity of this Integrated Annual Report. Following collective assessment, the Audit and Risk Committee, responsible for oversight of the IAR, recommended approval of the report by the Board.

In the Board's opinion, the Integrated Annual Report provides a fair and balanced representation of the integrated performance of the Company and addresses all material issues and presents the performance of Minergy fairly. The Board accordingly approved the IAR on 25 October 2023.

Mokwena Morulane
Independent Non-executive Chairman

Morné du Plessis
Outgoing Chief Executive Officer

Julius Ayo
Acting Chief Financial Officer

Leutlwetse Tumelo
Non-executive Director

Cross Kgosidiile
Non-executive Director

Matome Tsholetsa Malema
Non-executive Director

Group overview

This chapter contains information to assist readers of this report in understanding the core business of the Group, as well as highlights of and the successes achieved during the financial year.

Despite being dubbed a controversial commodity, coal remains a strategic resource for Botswana. The role of coal in the local, regional and international markets is discussed and explained, primarily as to how this influences the Minergy business model and supports the sales strategy.

Effective risk management is critical to sustainability. The top 10 business risks pertaining to Minergy are discussed with their risk mitigation strategies and what will be focused on in the year ahead.

About Minergy

Minergy, (listed on the Botswana Stock Exchange), the holding company of the Minergy Group, is a coal mining and trading group committed to becoming the supplier of choice of consistent quality coal to industrial customers and power utilities across southern Africa. The Masama Coal Mine, located in the Mmamabula coalfield, is the company's cornerstone asset, the size and location of which supports Minergy's competitive cost structure, allowing for the cost-effective opencast mining of quality coal. The resource has access to existing rail, road and water infrastructure, and is closer to certain target markets than existing coal suppliers for regional supply. The mining operation has demonstrated that the quality of coal is ideally suited for export to Europe, Africa, India, Asia and China.

Minergy Ltd

Minergy is a Botswana registered company listed on the main board of the BSE, with a proposed listing on an international stock exchange pursued.

Additional information available in 06
Shareholder information and notice of Annual General Meeting

Minergy Coal

Minergy Coal operates the Masama Coal Mine which is located on the south-western edge of the Mmamabula Coalfield in southern Botswana, 60km northeast of Gaborone. It has access to a rail siding situated at Tshele Hills.

The 25-year mining licence spans 67km^2 and holds 376 million tonnes of coal, of which 78 million tonnes are opencast.

376 million tonne coal resource

78 million tonne opencast

>100 years life of mine ("LoM")

Additional information available in 03
Coal resource and reserve information.

Masama Coal Mine

Coal mining, beneficiation and trading

The Masama Coal Mine has exceptional coal qualities, specifically low ash and sulphur, accessible through economical stripping ratios.

The mine is a fully developed greenfields project with infrastructure which includes:

- Fully operational beneficiation plant
- Open pit mining operations
- Water and power reticulation
- 25-year surface lease over the mining licence area.
- This supports a monthly production capacity of 125 000 tonnes Run of Mine ("ROM") and Feed-to-Plant, yielding 75 000 tonnes of saleable product monthly, which can be increased to double the capacity. Some of the plant infrastructure for this expansion is already installed.

Target markets include the sized industrial market in southern Africa as well as seaborne thermal exports (serviced via the east and west coast of Africa).

Additional information available in 03
Coal resource and reserve information.

Overview of the year

Financial and non-financial summary

Financial

- Total revenue increased by 21% to P512 million (2022: P425 million). Pure coal sales (excluding transport recoveries) increased to P459 million (2022: P297 million).
- To illustrate the impact between half years, H1 2023 pure coal sales amounted to P298 million (the same amount as the full FY 2022 sales), tapering down to just P161 million sales in H2 2023 as a result of the difficult market conditions post the 2022 boom. The impact on pricing half year and year-on-year are shown below:

	Pricing change (%)
H1 v H2	(9)
FY23 v FY22	40

- Compared to 2022, operating losses decreased by 30% to P52 million, with EBITDA losses decreasing by 48% to P30 million, continuing the trend of decreasing losses, buoyed by the positive operating and EBITDA numbers from H1 2023.

- Mining costs, specifically diesel and explosives, increased >50% from the previous period, due to the global energy security crisis, only stabilising late in H2 2023 but remaining at high levels.
- Mining cost increases were exacerbated by a higher mining strip ratio and additional fixed costs accompanying the ramp-up to full capacity.

- First time generation of cash flow from operating activities compared to historical cash utilisation.

- Operating expenditure was impacted by a seaborne export vessel claim and large foreign exchange losses from a weakening Rand, especially in H2 2023.

Operational

- Sales volumes dropped from monthly averages of ~67 000 tonnes per month (“tpm”) in H1 2023 to only ~40 000tpm for H2 2023. The impact on volumes half year and year-on-year are shown below:

	Volumes change (%)
H1 v H2	(69)
FY23 v FY22	10

- ~174 000 tonnes of coal were successfully dispatched on four vessels from Walvis Bay for export markets. In total 6 vessels or 210 000 tonnes dispatched.
- Since inception, 1.84 million tonnes of coal have been sold, with each of the four active sales years improving annually.

- Production trends followed sales trends, decreasing from production averages of ~120 000tpm for mining and beneficiation feed in H1 2023 to ~80 000tpm to accommodate reduced demand.
- Since inception 17.6 million m³ of waste has been moved and 3.4 million tonnes mined and processed, again showing continuous growth annually.

- Water resources proved sufficient for increased production through effective water management, including filter press operations.
- North South Carrier approvals received will support future expansion.

- Cessation of mining operations by the mining contractor in March 2023 had a negative impact on the business and continues to do so.

- Public Private Partnership (“PPP”) with the Botswana government to tar roads is progressing and will support future expansion.

Health, safety and social

- Yet another reporting period with an excellent safety record, with no lost time injuries (“LTI”).
- The current LTI record stands at 1 064 days and as at reporting date stood at 669 days.
- We are proud to have had zero fatalities since inception.

- 97% of employees are either fully vaccinated or have received their first dose of the COVID-19 vaccine.

- As part of cost restructuring post the March 2023 halting of mining operations, the workforce decreased from 536 to 366 employees.

- An average of between 95% – 96% of the workforce is Batswana.

- Various internships were undertaken, and local employment was used for fencing and related tasks.

Milestones

2017

- Completed additional exploration drilling
- Submitted Environmental Impact Assessment (“EIA”)
- Listed on the main board of the BSE

2018

- EIA approved
- Mining licence awarded
- Commenced mine development
- Additional equity raised

2019

- Mine development completed
- Commissioned stage 1 of the Coal Handling and Processing Plant (“CHPP”) — DMS washing module
- First coal sales by road with three-year offtake agreement secured
- Ramped-up operations
- First tranche of debt raised

2020

- Second and third tranches of debt raised
- Rail siding completed
- Commissioned stage 2 of CHPP — rigid crushing section
- Exported first coal via rail to cement producer in South Africa
- Operations halted by COVID-19

2021

- Commissioned stage 3 of CHPP
  - Dewatering System (“DWS”) and filter press
- Ramped-up operations close to nameplate capacity
- Additional off-take agreements concluded
- Coal market recovery
- Commissioned stage 4 of CHPP
  - Screening and product handling section

2022

- Successfully exported seaborne thermal coal via Walvis Bay harbour Free-on-Board (“FOB”) basis
- Extraordinary coal prices due to supply shortages enabled record sales volumes
- Railed product to Maputo harbour for seaborne thermal coal market sales
- Maintaining production capacity

2023

- Last export vessel of seaborne coal supplied
- Additional funding secured to enable mining operations to continue, albeit at reduced rates

2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023

Business model and sales strategy

Minergy can guarantee sustainability by utilising the diverse set of skills in conjunction, with consistent quality and size of coal resource, with our business model and sales strategy.

Core purpose

To extract coal from the vast resource demarcated in and around the Masama Coal Mine whilst ensuring profitability, generating diversified foreign income and royalty streams for Botswana, creating employment, transferring skills and all within an ethical and responsible manner.

What sets us apart

Masama's high quality, such as low ash and low sulphur, and consistent supply to customers in the regional industrial and seaborne export markets, with resources available to become involved in the power generation market should the opportunity arise.

Skill and capital utilisation

Financial

- Retain profit and equity
- Ensure sufficient working capital
- Royalties, taxes and wages

Intellectual

- Open pit coal mining and sized coal beneficiation knowledge transfer
- Coal trading and marketing

Human

- Community development and support
- Job creation
- Values and ethics
- Active skills development and in-country skills retention

Social

- Stakeholder and community relations
- Corporate social development
- Health and safety
- Skills and enterprise development

Manufactured

- Mine rehabilitation
- Coal extraction
- Mine infrastructure maintenance
- Logistics

Natural

- Land
- Coal Resource
- Water reticulation

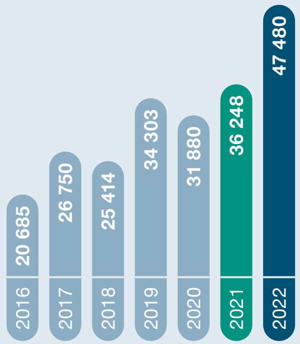
What we do

Sale of coal to the industrial market

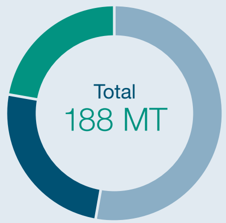
Minergy's coal marketing effort concentrates on targeting industrial customers with specific coal needs. Demand for the correct size, quality and consistent supply remains paramount.

Minergy's focus is ensuring that industrial and international customers receive a steady volume of consistent quality coal.

Annual South African industrial demand (MT)

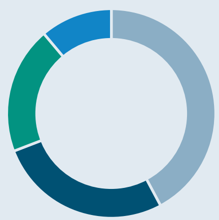


Total South African coal demand 2022 (%)



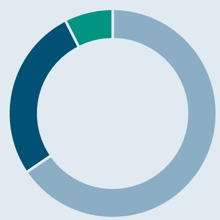
Power generation	53
Industrial	25
Synthetic fuel	22

Minergy sales split — Industry (%)



Cement	42
Seaborne export	27
Steel	20
Traders/industry	11

Minergy sales split — Geography (%)



South Africa	66
International	27
Namibia	7

Product mix

Duff (0–10mm)

The smaller fraction product or "duff" is targeted for sale on longer-term contracts. Cement and lime producers, brick makers.

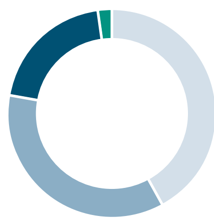
Peas (10–30mm)

Typically sold on short-term contracts on a spot basis. Boiler fuelled manufacturing such as breweries, canners, hospitals.

Nuts (30–50mm)

Typically sold on short-term contracts on a spot basis and used in specialised heating and manufacturing.

Minergy sales split — Sales mix (%)



Duff	42
Peas	36
Nuts	20
0-50mm	2

Outcomes

Since inception
1.84 million tonnes
of coal have been sold, with each of the four active sales years improving annually, of which 210k tonnes exported through Walvis Bay.

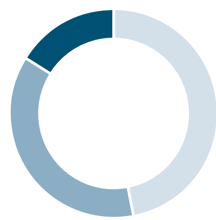
Active Citizen Economic Empowerment ("CEE") participation and implementation.

Zero
fatalities

Social investment and community support.

Full production capacity demonstrated resulting in first time operating profitability.

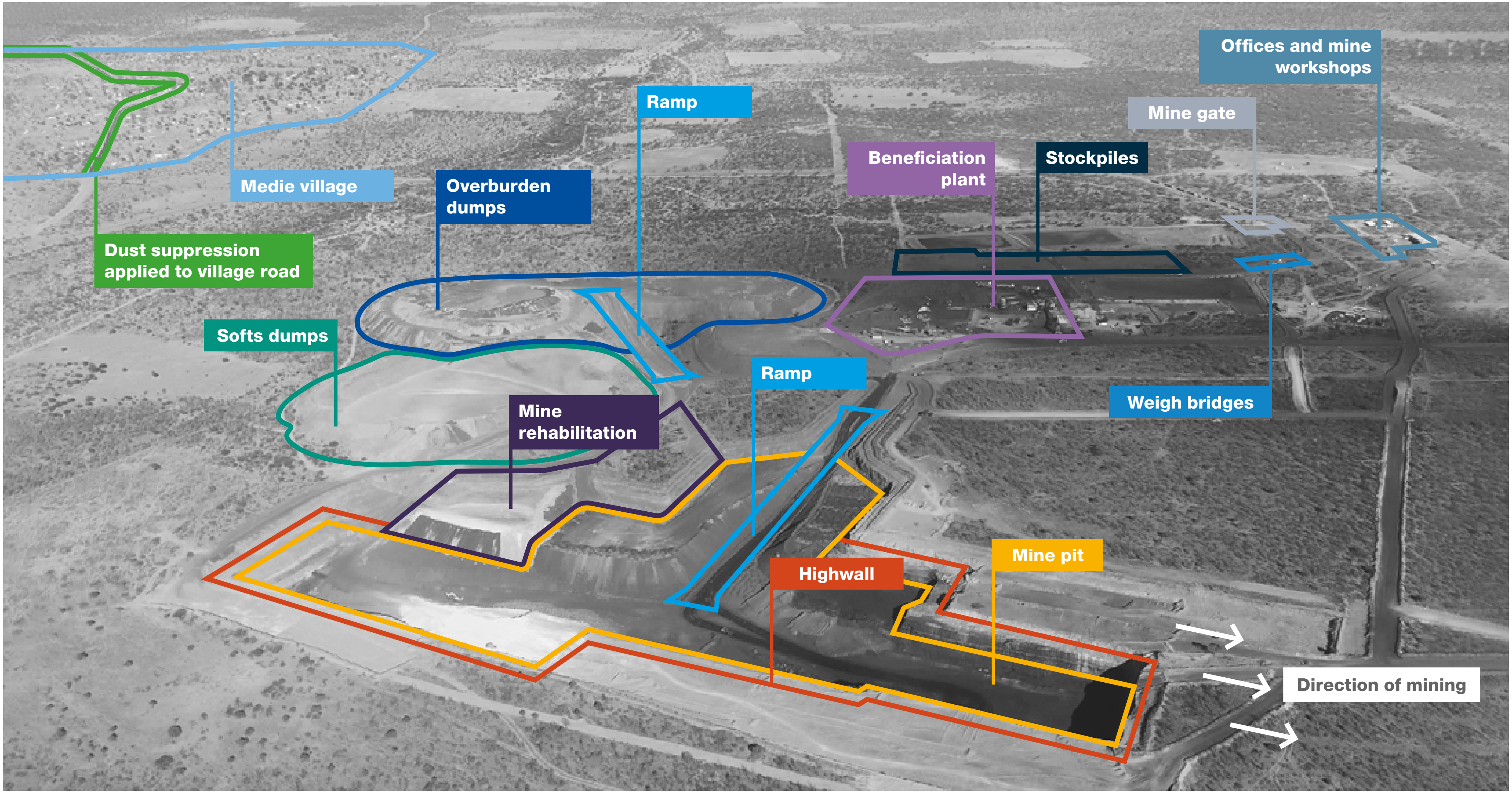
Value added — 2023 (%)



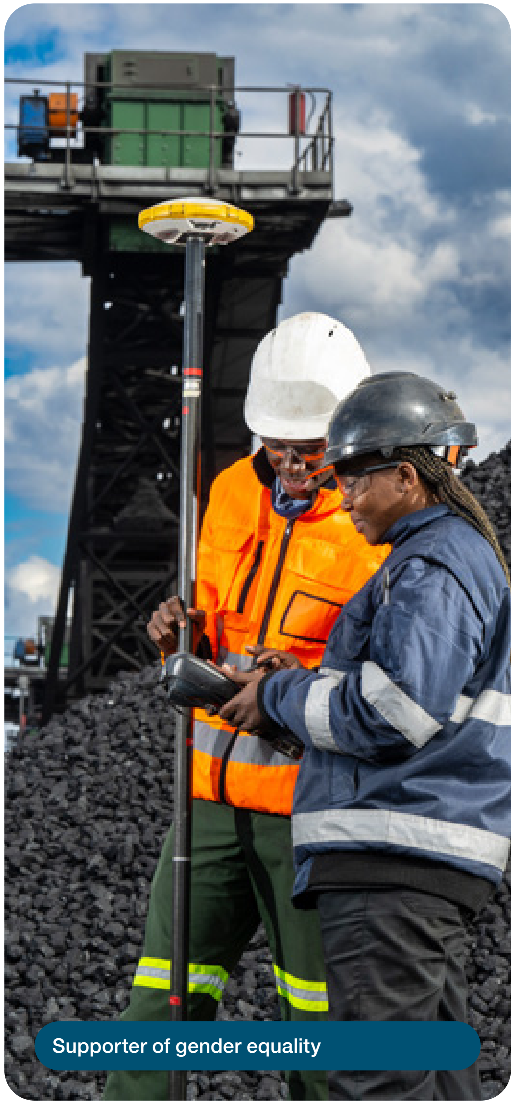
Employee costs	47
Royalties	37
Taxation	16

Mine infrastructure

The Masama Coal Mine has all the necessary infrastructure installed to ensure a sustainable mining operation, including access roads, electrified power supply, water supply, offices, weighbridges and fully installed and operational beneficiation plant.

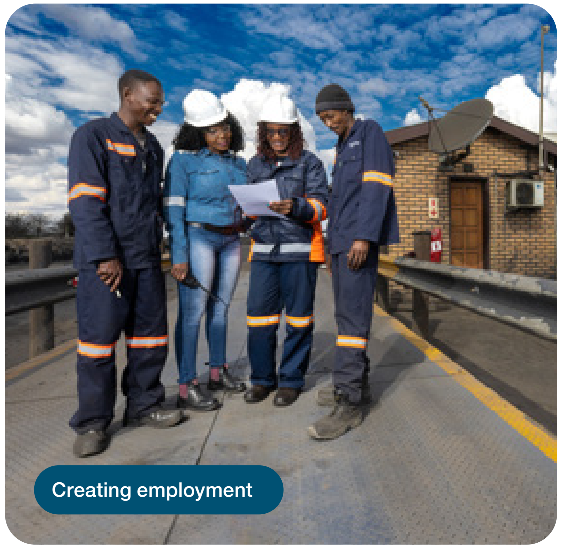


Masama Coal Mine operations


Supporter of gender equality

Responsible miner, ensuring dust suppression on roads in and around inhabited areas


Quality coal products


Creating employment


Skills development opportunities

Risk management

Minergy undertakes regular risk management assessments along with the necessary and timely steps to prevent them from becoming a reality. This risk mitigation involves reasonable and crucial interventions to prevent, mitigate or eliminate the risk to protect the company, and its assets and to ensure the safety of our employees.

	Identified risk	Type of risk	Mitigations	Focus for 2024
1	**Inadequate and debt heavy capital structure** Shortage of and limited access to capital and funding to sustain operational performance and allow for expansion Excessive and expensive debt limiting profitability	F	• Debt successfully restructured to maximise cash flow utilisation and stabilise operations • Shareholders approved placing of new ordinary shares for cash to selected and qualifying investors to raise equity funding to a maximum of P125 million • Additional funding obtained to buffer decreased demand	• Place new ordinary shares for cash as approved • Executing the business plan • Pursue international listing subject to affordability and investor appetite • Refinance existing expensive debt agreements
2	**Inflationary cost pressures** High energy costs	F O	• Adjustment to customer prices to compensate where accepted • Strict control on diesel caps and fuel management	• Strict cost management and monitoring • New fuel and mining service providers to be appointed
3	**Impact of health, safety and environmental challenges on the sustainability of the business model, specifically** Water availability and dust suppression	C O	• Approved EIA in place • Only one Lost Time Injury recorded since inception emanating from enforced safety plans • Water sourcing and management programmes in place – >70% water recovery – additional water borehole sources drilled and connected • Increase in dust and traffic control measures such as: – dust suppression spray applied in sensitive areas – allocation of water for dust suppression – traffic management and calming mechanisms	• Electrification of water boreholes • Continued dust control • Continuous communication with communities • Diverting roads around sensitive community areas • North South Carrier pipeline connection for sustainable water supply and decrease dependence on localised boreholes to be expedited and funding to be sourced
4	**Instability and inefficiency of CHPP** Minimise business interruption	O	• Scheduled ongoing maintenance programmes • Increased spares availability from local suppliers • Externally appointed metallurgist reviews plant performance	• Continued focus on maintenance and spares availability • Implement new scales and mass balancing project

C Compliance F Financial O Operational S Strategic

Risk management continued

	Identified risk	Type of risk	Mitigations	Focus for 2024
5	**Lack of sustainable road infrastructure** Support sales logistics	F O	• Continued road maintenance albeit at high cost to Minergy • Public-Private-Partnership ("PPP") with Government	• Tarring of the road is key in managing increased traffic and environmental impacts • Complete designs and EIA and start construction • Funding to be sourced
6	**Inadequate operational and capital cost control** Optimise cost spend	F O	• Detailed budgeting process approved by the Board and Funders • Delegation of Authority Framework governs approval for all significant and capital expenditures. • Reporting of expenditure against budget on a regular basis and reporting to the Board and Lenders	• Operational and cost management review • Imminent appointment of new mining contractor at lower cost
7	**Macro-economic factors impacting the execution of the business plan** Supply and demand challenges to be managed	S O	• The Group's products are diversified to supply a local/regional, power generation and seaborne thermal export product	• Seaborne export product to be sold into sized regional market where feasible • Secure offtakes for larger fraction product • Explore Eskom supply and power plant generation supply opportunities
8	**Not delivering on strategic growth objectives** Deviation form set business plan objectives and adjust to changing environment	S	• Sold >1.8 million tonnes from inception • Full production capacity achieved • Established target markets • Pioneering coal industry in Botswana • Brand name established • Profitability achieved for H1 2023	• Focus on achieving sustained production capacity volumes • Complete internal feasibility work for E-Seam as well as doubling of capacity phase

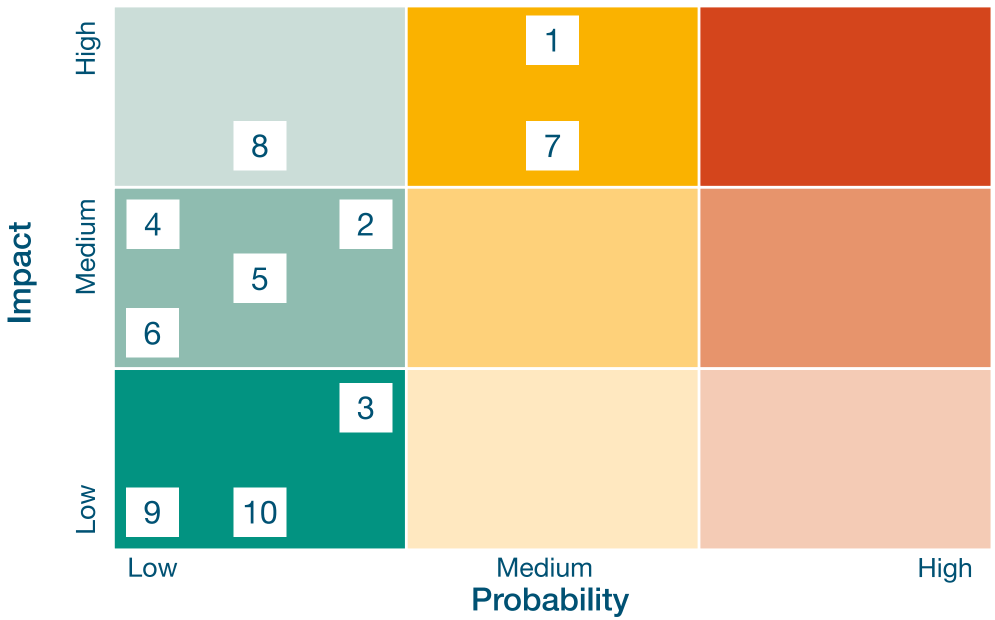
C Compliance F Financial O Operational S Strategic

Risk management continued

Identified risk		Type of risk	Mitigations	Focus for 2024
9	**Lack of sustained resources and quality of product** Inconsistent qualities and risk of geological losses	F O	• The CPR confirms 376MT of coal, which represents >100 years LOM • Qualities confirmed by off-takes concluded and repeat spot purchases • Minimal quality issues • Mined volumes show recovery over the geological model • Prospecting licence covers additional 80km² area	• Continuous monitoring of coal qualities • Additional geological drilling to support the feasibility of doubling capacity • Onsite laboratory contract to be awarded and standards improved
10	**Exchange rate and credit risks** Currency fluctuation and hedging strategy	F	• Strict credit vetting procedures in place, including cash upfront transactions where relevant	• Review hedging policy and instruments • Investigate changing from invoicing in South African Rand ("ZAR") to Pula

C Compliance F Financial O Operational S Strategic

Risk management report — risk matrix



Leadership feedback

The chapter contains feedback from the Chairman and the executive leadership. The chairman provides an overview of the operating environment, governance, community support and involvement, and our social investment from a high-level perspective. Additionally, his report covers changes which have taken place in management and Board structures.

In his report, the outgoing CEO discusses how Minergy has fared in a difficult year. He also takes stakeholders through market dynamics, which changed considerably across the year when compared to the previous year. The report includes details on mining, plant performance, sales and product mix. Additionally, his report addresses funding challenges and offers insight into the company's future outlook.

The acting CFO provides background to the numbers by explaining the actions and strategies taken in terms of capital allocation, expenses and other relevant financial information, including those factors that resulted in higher costs during the year. Pleasingly though both operating and EBITDA losses have once again decreased, providing a foundation on which to build future sustainability.

Chairman's report

Mokwena Morulane
Independent Non-executive Chairman

Even as Minergy transitions through its current changes, I remain confident that there is a solid base in place from which the Company can regroup and expand to provide much needed coal for the regional industrial market not discounting power generation opportunities in Botswana.

Background

Having been involved as the Chairman of Minergy since 2017, I am pleased to again report back to all stakeholders on the company for the 2023 financial year. Coming out of a period of strength in 2022, the current year presented itself in two distinct halves.

Minergy remains an entity which owns a vast, high-quality coal resource, able to supply Botswana and the regional market with coal. Although not originally intended to service seaborne export markets, the international demand for coal in 2022 was such that Minergy responded quickly and successfully exported coal overseas. Proudly, Minergy employs a large number of Batswana at the Masama Coal Mine and being an open-cast mining operation, is enhancing these mining skills, which can remain and grow in-country.

The year under review has indeed been one of changing fortunes. During the first half of the year (H1 2023), Minergy operated within an unprecedented booming sales environment, which supported full production, with the Group achieving new sales and production records, accompanied by the first operating and EBITDA profits. However, in H2 2023 there was a sudden and significant drop in coal prices due to excess product in the European market, caused by voracious buying. The drop in pricing also came sooner than the general market consensus expected. The situation was unfortunately compounded by the untimely stoppage by the mining contractor at the beginning of March 2023, with downsized operations resuming only in early April 2023. Consequently, the second half of the year reversed all H1 2023 positive results, with Minergy incurring additional losses, thus placing significant pressure on the Group, its cashflows and performance.

The Board, together with the Minerals Development Company Botswana ("MDCB"), Minergy's main funder, has implemented a series of remedial actions to ensure sustainability. Minergy successfully concluded a further P90 million in funding from the MDCB. The proceeds were disbursed on 3 August 2023 and structured as a vanilla secured debenture facility at similar rates to the current MDCB funding, subject to Bank of Botswana rate changes. The proceeds were allocated to the arrears of the mining contractor.

As part of the agreement, the MDCB has seconded Matthews Bagopi for 12 months to augment the management team, where he fulfils the role of Acting Chief Executive Officer at Minergy Coal, a subsidiary of Minergy Limited.

Minergy has further issued a notice of termination to its mining contractor Jarcon Opencast Mining Botswana (Pty) Ltd ("Jarcon"). The termination of the mining contract aligns with the strategic intent of the Board and Minergy's financiers to stabilise operations and bring the business to sustainable profitability. During this transition period, arrangements have been made to ensure business continuity and minimal disruption in coal supply to customers, by inter alia using stock holdings available.

In the paragraph below on changes to the Board, and as announced via XNews, given the departure of the Chief Executive Officer ("CEO"), various human resources have been made available through the MDCB to augment the management team. As a Board, we remain grateful to the MDCB, and to the Government of Botswana, which has confirmed its continued support for Minergy, which is highly appreciated and comforting.

Chairman's report continued

Employees fully vaccinated or have received their first dose of the COVID-19 vaccination

97%

LOW | MEDIUM | HIGH

Safety, health and employment

Safety is paramount and remains our top priority. The excellent safety records is a clear testament to the team's efforts on the ground who have implemented effective safety systems. We remain vigilant and are grateful to have had no fatalities with only one minor lost time injury since our inception.

Sadly, as part of the cost restructuring process post the March 2023 halting of mining operations, the workforce decreased to 366 employees. An average of between 95% – 96% of the workforce is Batswana.

Changes to the Board

On 28 August 2023, Minergy announced the resignation of the CEO, Mr Morné du Plessis. Mr. du Plessis will remain available and dedicated to Minergy during his notice period ending 30 November 2023. The Board and executive management of Minergy wish to thank Mr. du Plessis for his invaluable contribution to Minergy. He was instrumental in establishing Minergy and was appointed to the Board of Directors in January 2017, serving as its first Chief Financial Officer. He took on the CEO role in August of 2019 and oversaw the development and establishment of a fully functional and operational opencast coal mine from greenfields. His legacy in the establishment of Minergy will always be remembered, especially as it was undertaken in record time and in a difficult economic time; and in an industry facing much adversity.

Minergy's Board has begun the search for a suitable replacement for Mr. du Plessis and will provide further updates.

Mr Matome Tsholetsa Malema ("MTM") has been appointed to the Minergy Limited Board. He currently holds the position of CEO of MDCB. He is a Mining & Metals Executive with over 30 years' experience. This includes board experience at non-executive chairman level in state owned entities and industry experience in base metals, diamonds, and the original equipment manufacturer (Mining Services and Solutions) space in Botswana, such as BCL Limited, Debswana Diamond Company (a De Beers Group Company), Lucara Diamond Corporation, Joyglobal Inc./Komatsu Mining Corp, and Komatsu Limited.

We welcome MTM to the Board and look forward to his valuable contribution, drawing from his deep and rich experience.

Community support and involvement

Minergy continues to support the community around the mining area, not only directly through possible employment at the mine but also to ensure that it gives back to the community. In line with this, clean-up campaigns continue, encouraging the community to care for the environment. Employment opportunities for the communities have been availed at the mine. Furthermore, Minergy supports citizen companies in mine projects and tenders to ensure the ongoing success of local entrepreneurs and their businesses.

Minergy continues to support the Medie Primary School and other schools in the area and the community makes use of the community hall, built by Minergy, for events.

Dust suppression continues to be undertaken on the roads used by trucks through villages. A Public Private Partnership with the Botswana Government to tar roads is progressing well and will support further mine expansion, making access to and from the mine easier and quicker.

We recognise Minergy's responsibility to mine and operate responsibly and will continue to do so, along with providing stakeholder support to benefit the communities around the mine.

Appreciation

I would like to thank Minergy's employees, the executive and management for their continued efforts during the year, some of which were in tumultuous times. To our various stakeholders, funders and shareholders, we are grateful for your continued support. We appreciate the continued support from our customers of the Minergy product range.

Then to my fellow Board members, who of late have been called upon to attend additional strategic meetings to ensure a smooth transition, thank you for your input, suggestions and guidance, which are deeply appreciated.

Even as Minergy transitions through the current changes, I remain confident that there is a solid base in place from which the Company can expand. Through assistance from the MDCB on various fronts, including funding and manpower, Minergy will be able to regroup and expand in providing much needed coal for the regional industrial market not discounting power generation opportunities in Botswana.

Mokwena Morulane
Independent Non-executive Chairman

25 October 2023

Outgoing CEO's report

Morné du Plessis
Chief Executive Officer

Looking to the future, optimum production and sales levels need to be established to navigate the uncertain market until stability sets in. The various changes as announced, together with further interventions, will support a path of sustainability and stability in Minergy's future.

Introduction and background to the year

It is with some sadness that I share my resignation with the stakeholders and shareholders of Minergy. After seven years at the company, I decided to tender my resignation on 28 August. It has been an honour to be a part of the creation of this coal mining and trading operation. I am humbled to have had the privilege to work alongside an exceptional team that took a complete greenfield project and turned it into a fully functional mine in record time. Developing the infrastructure at the mine, building relationships with customers, and employees, sourcing funding and developing markets have been a challenging yet exciting experience.

Looking back at the past year, it's been a real rollercoaster ride for Minergy. In the first half of 2023, the company experienced unprecedented sales and pricing opportunities, which led to full production heralding new sales and production records. As a result, the company achieved its first operating and EBITDA profits. However, things took a turn for the worse in the second half of the year. Coal prices dropped significantly due to an excess of product available locally and internationally caused by voracious buying in the aftermath of the energy security crisis. This drop in pricing was unexpected and occurred earlier than the market had predicted. To make matters worse, the mining contractor stopped working at the mine beginning of March, and operations resumed in early April after being downsized. The entrance of new local competition frustrated recovery. As a result, the second half of the year saw the positive financial results of the first half of the year reversed with additional losses incurred in a low volume low pricing environment. Cash flows, profitability and performance remained under significant pressure.

A detailed financial review is provided on pages 19 – 21 in the Acting CFO's Report, which should be read in conjunction with this report.

Operational update

Operations were severely impacted by two main events during H2 2023.

Firstly, Minergy could not operate at full capacity (as was the case for the previous six months) as demand reduced by the sudden drop in export pricing from late December 2022, making exports through Walvis Bay became uneconomical. The last vessel was loaded in early February 2023 and all evacuation of coal product to this port was ceased. Minergy had to find replacement sales for 35% of sales in a regional market that was flooded with coal, with local pricing coming under pressure in a buyers' market. This presented a completely opposite scenario from the position in H1 2023. It is important to note that the business model was never based on seaborne exports. During the process of ramping up to full production with a fully completed plant for supply into the sized regional market, the opportunity arose, as it did for all producers, to focus production on the seaborne export market. Full capacity did not generate enough product to develop new regional sized sales opportunities at the same time as the immediate benefits of the lucrative seaborne export sales were prioritised. The process to create a stable regional sized market, as envisaged in the original business plan, was thus put on the backburner in pursuit of the lucrative seaborne market. The replacement strategy had to be executed in an over supplied and low priced market represented by H2 2023.

Secondly, and permeating from the above, the pre-boom and pre-existing overdue trade indebtedness owing to the mining contractor meant that Minergy simply did not have the trading volumes to recover overdue balances, which was supported by H1 2023. This resulted in the stoppage of operations at the Masama Coal Mine at the beginning of March 2023 by the mining contractor. Operations were only restarted, downsized to cater for demand, during the week of 7 April 2023.

Outgoing CEO's report continued

Volume production

Minergy has outperformed volumes annually for the four years of production and sales increases since inception.

Safety record

The exceptional safety records we have maintained stand as a testament to the tireless efforts of our ground team in implementing effective safety systems.

Planning assumed a market with extended increased pricing and demand lasting for at least 12 months and associated full capacity, which was the general market consensus. Consequently, the stoppage damaged Minergy's reputation and credibility to supply sustainably. Customers, as expected, had to find contingency supply. To exacerbate matters, a local competitor entered the market, which amplified the impact. Customers either moved to alternate supply offered due to availability of their coal or split orders to hedge security of their supply. Sales and resultant operations have thus been achieved at extremely low levels for the second half of 2023.

To illustrate the impact on volumes between H1 and H2 the following is noted:

- Extraction of coal is 41% or ~320 000 tonnes lower than H1 2023, noting that no coal was extracted in March 2023;
- Feed processing is similarly down by 33% or ~248 000 tonnes from H1 2023

Comparing annual statistics shows an improvement over prior years. It is noteworthy that Minergy has outperformed volumes annually for the four years of production and sales since inception, even with the H2 2023 setbacks. Typically, mining and processing volumes are still 19% higher than FY22, with overburden exceeding the prior year by 35%. Absolute values also represent new annual performance records. Overall sales were 10% higher. At the end of H1 2023 sales were trending to exceed sales volume by more than 50%.

With the subdued demand in H2 2023 there was no significant pressure on water supply, even though a much drier second half to the year was experienced. As part of contingencies, backup and future supply, additional underground sources of water were drilled and secured.

An outstanding safety record

Ensuring safety is our top priority and we take it very seriously. The exceptional safety records we have maintained stand as a testament to the tireless efforts of our ground team in implementing effective safety systems. We remain vigilant in our efforts and are thankful that, since our inception, we have had no fatal accidents and only one minor lost-time injury.

Market conditions to navigate

Current and H2 2023 market conditions are exactly the opposite of 12 months ago. The market is oversupplied with product as producers scramble to place product which was produced in anticipation of a generally longer pricing boom, which did not materialise. This created the inverse of a demand frenzy as cash flow became the main priority for excessive stockholdings. Seaborne export prices remain uneconomical through Walvis Bay albeit that the recent increase has provided hope for evacuation at breakeven FOB prices to assist with excess volumes.

A buyers' market now exists and aggressive priced deals are the order of the day.

Pricing is recovering slowly, from the earlier low RB1 pricing of $88 per tonne, which is now closer to $130 per tonne, hopefully signifying the bottom of the cycle and stabilising of prices. China and India now drive demand as Europe comes to terms with excessive coal stockpiles and an increased reliance on gas (again). The fourth quarter (Q4) is usually a seasonally strong price period, and this will be monitored as Minergy is coming to terms with reduced market demand and developing its sales strategy to counter lower demand and pricing.

The size of operations at the Masama Coal Mine is being reduced to balance production levels and costs in this challenging market. The termination of the mining contractor being a case in point.

We strongly believe that the quality of product offered by Minergy, its loyal customer base and logistical advantages will set the tone for a solid future.

Outgoing CEO's report continued

Tonnes of coal sales since inception

1.84m

Total revenue increased by 21% to

P513m

Secured additional funding from the Minerals Development Company Botswana

P90m

Successful delivery sales through Walvis Bay for seaborne exports — in total six vessels or

210 000
tonnes dispatched

Events subsequent to the financial year-end

I am pleased to report that there have been a number of developments since the year end which are worth mentioning.

Minergy has successfully secured additional funding of P90 million from its primary funder, the MDCB. The funds were disbursed on 3 August 2023.

As part of the agreement, the MDCB has seconded Matthews Bagopi for 12 months to augment the management team. He fulfils the role of Acting Chief Executive Officer at Minergy Coal (Pty) Ltd, a subsidiary of Minergy Limited. To further augment the management team, various human resources have been made available through the MDCB.

Minergy has recently terminated its mining contract with Jarcon Opencast Mining Botswana (Pty) Ltd ("Jarcon"). The decision to terminate the contract is in line with the Board of Directors' strategic plan and the financiers' goal of stabilising operations and achieving sustainable profitability. The Board of Minergy Coal has identified a new mining contractor for the Masama Coal Mine and negotiations are underway to finalise the terms of a new mining contract. Minergy undertakes to keep shareholders updated on the progress.

Future focus and outlook

Optimum production and sales levels need to be established to navigate the uncertain market until stability sets in. The various changes as announced, together with further interventions, will support a path of sustainability and stability. It is exceedingly difficult to place a marker on pricing, but we expect some kind of normalisation post the volatile H2 2023.

Thanks and appreciation

In closing, I extend my appreciation to the senior executive team with whom I have worked over the years. You have been tenacious, dedicated and imparted your skills onto employees which I know will carry further at Minergy as I continue to believe it is well poised for success. I also wish to extend my gratitude to the Board of Directors who offer their time and guidance to ensure Minergy's sustainability.

To all the customers who supported and continue to purchase the products of high-quality Minergy has, thank you.

To our shareholders and funders, many of whom have been involved with the Company from day one, I am going to miss our interactions and will always be grateful for your unwavering support.

It is with the grace of God the Father, that I was blessed to have travelled this road with Minergy and I will always remember my time in Botswana with fondness. I wish Minergy and all those who steer the Company forward, all the best.

Morné du Plessis
Chief Executive Officer

25 October 2023

Acting CFO's report

Julius Ayo
Acting Chief Financial Officer

I am pleased to report to shareholders and stakeholders on the financial performance of Minergy for the year ended 30 June 2023.

Overall financial performance

The salient features of the numbers are:

Pula (million)	2023	2022	Δ (%)
Revenue	**513**	425	21
Cost of sales	**(559)**	(484)	16
Other income	**16**	3	441
Operating expenses	**(22)**	(19)	18
Finance costs	**(124)**	(93)	33
Operating loss	**(52)**	(74)	(30)
EBITDA	**(30)**	(59)	(48)
Net loss before income tax	**(176)**	(168)	5

From July 2022 to January 2023, seaborne exports and regional revenue were strong due to robust coal prices and insatiable demand. However, prices dropped below $130 per tonne ("p/t") early in H2 2023, affecting seaborne exports and significantly impacting sales in the latter half of the year. In addition, our mining contractors halted operations due to historical arrears on their trade account, further impacting production and sales and leading to customer uncertainty.

At this time Minergy faced several challenges, but we demonstrated resilience and adaptability in the face of adversity. Nonetheless, we performed better than the previous year and recorded a promising 21% surge in revenue, mainly due to the increase in seaborne export sales volumes and pricing during the year's first half.

The tale of two halves is clearly depicted in the table below:

Pula (million)	7 months to Jan-23	(%)	5 months to Jun-23	(%)	Total
Revenue	384	75	129	25	513
Cost of sales	(379)	68	(180)	32	(559)
Gross profit/(loss)	5	(11)	(51)	111	(46)
Other income	9	56	7	44	16
Operating expenses	(13)	60	(9)	40	(22)
Operating profit/(loss)	1	(1)	(53)	101	(52)
EBITDA	16	(53)	(46)	153	(30)

During the seven-month period ending in January 2023, revenue streams performed exceptionally well, making up 75% of annual revenue thanks to strong seaborne exports. However, despite this success, our gross profit margin was impacted by high operational costs but positively and consequently operating and EBITDA profits were recorded. On a positive note, our other income saw a favourable trend due to sales of by-products to the regional market, which served as an alternative to the prime products being exported at higher seaborne prices.

Operating expenses remained within acceptable limits, and we achieved a modest but positive operating profit. Unfortunately, over the next five months ending in June 2023, our revenue streams decreased to just 25% of the annual figure, substantially eroding gross profit and rendering it negative. This decline can be attributed to challenges we faced in replacing seaborne exports volumes, including declining coal prices and disruptions in mining operations.

Acting CFO's report continued

Overall, operating losses decreased by ~P22 million while EBITDA losses were P29 million lower compared to 2022. Unfortunately, all the losses were incurred in the last five months of the financial year. This illustrates the devastating effect of the mine stoppage and its consequences in respect of retaining customers and the difficulty of placing our larger sized products back into the regional market. It is disappointing that such a positive start was eroded.

Sales performance

Between July 2022 and January 2023, we sold an average of 67 000 tonnes monthly boosted by seaborne exports, capitalising on high export prices. However, at the end of January 2023, seaborne exports were suspended due to a drop in export coal prices, resulting in a 35% reduction in sales volumes. Our mining contractor halted operations in March, further impacting sales and throughput. Though operations resumed the following month at reduced levels, we lost our biggest Peas and Nuts customer in June 2023, further affecting approximately 20% of our sales. Overall sales volumes are still 10% higher (and were trending higher with 54%) than 2022.

Sales price

Sales pricing achieved during the year was 40% higher than FY22. This supports the pure coal sales (excluding transport recovery) increase of ~P162 million. The prior year included significant Free on Board ("FOB") recoveries as part of the two vessels sold during the latter half of FY22. Pure coal sales represent 90% of revenue (2022: 70%). Seaborne export sales contributed 27% of coal sales, the single biggest "customer" by volume.

Cost of sales

Cost of sales increased by 16%, effectively improving operating margins. This is supported by the mining and processing volume increasing of 19%. The main contributors are:

- mining costs have increased by 35%, on a unit cost basis, from additional fixed costs related to ramp up and full capacity, significant increases in explosives for blasting (21%) and diesel BWP/liter (48% y-o-y) driven by the energy security crisis of 2022;
- 44% increase in depreciation from additional units of measures allocated from higher volumes and mine development;
- water management expenditure increasing by 36% on the back of additional water sources acquired;
- doubling of royalties paid to Government to P15 million (calculated on 3% of sales) from higher sales values; and
- netted off by a decrease in transport and FOB cost recoveries (moved to a Free-on-Truck ("FOT") basis for 2023).

Comparison with the prior year is illustrated below driven by production and unit cost increases:

Cost of sales	2023	2022	(%)
Mining costs	**372**	232	60
Washing costs	**48**	42	15
Material handling	**36**	25	46
Road maintenance	**8**	10	(22)
Water management	**10**	7	36
Overheads	**15**	14	7
Depreciation	**20**	14	44
Transport	**55**	128	(57)
Royalties	**15**	9	76
Stock movement	**(22)**	3	
Total cost of sales	**559**	484	16

Cost of sales breakdown

Acting CFO's report continued

Operating expenses

Operating expenditure increased by P3 million. Two items taint the comparison, being:

- foreign exchange losses of nearly P5 million (small profit for FY2022) arising from a weakening ZAR against the Pula, weakening between 3 – 5% in H2 2023. Most of the losses were realised on large outstanding ZAR denominated export sales balances arising early in H2 2023 but only settled before year end; and
- the loss recognised on our second vessel of P1.5 million (total loss P3 million of which 50% was provided in 2022).

Botswana continues to suffer high inflation, specifically in wages with the Average Core Monthly Inflation (excluding administered prices) for FY23 being 8.2% (2022: 6.8%). In the case of Minergy, employee costs decreased by 10% due to retrenchments in April retrenchments and salary cuts in May.

Normalised operating expenditure is 19% or ~P3 million lower compared to FY22, which the items noted are excluded, which is attributable to successful cost management in line with previous years.

Finance costs

Our heavily weighted debt capital structure has led to a 33% increase in finance costs due to the effect of compounded interest. Only the mining contractor deferral facility increased in principal value. Readers are referred to the subsequent awarding of funding by the MDCB which will increase borrowings and finance costs further.

Investment in property plant and equipment ("PPE")

PPE increased by P91million mainly due to the increase in the rehabilitation assets of P73 million due to the larger pit and some capitalised mine development activities for pit expansion in Q1 to support increased sales volume.

The increases in PPE were offset by accumulated depreciation of P22 million compared to P15 million in 2022.

Debtors

Trade receivables decreased from the H1 2023 higher balances. The FY22 comparative also included receivables from an export vessel at the time and reflected the increased sales environment.

Borrowings

Borrowings increased during the financial year due to capitalised interest and a higher Jarcon mining cost deferral facility. However, no new borrowings were taken during the year. P90 million was received from MDCB subsequently in August 2023. The Jarcon facilities have been reclassified as current liabilities as they are expected to be repaid during the 2024 financial year.

Provision for rehabilitation

As part of the year-end processes, the cost of rehabilitation was reassessed and revised from P162 million at the end of the last financial year to P244 million in the current financial year. Ongoing rehabilitation activities also continue as part of the rollover mining method used. As mentioned, 19 hectares have already been rehabilitated to original ground level.

Going concern

Minergy Group received P90 million in funding from the MDCB on 3 August 2023 to meet its immediate trade obligations to its mining contractor, Jarcon Opencast Mining (Pty) Ltd. The Group has decided to terminate its contract with Jarcon in line with its long-term vision of sustainable profitability and is in the process of settling its indebtedness. MDCB has provided a letter of financial support to ensure the Group's capability to meet its obligations. Matthews Bagopi has been appointed as the Acting Chief Executive Officer of the subsidiary for a 12-month period.

The Group remains proactive in refining its production and sales strategies and the directors are confident that the Group will successfully achieve its goals with sufficient funds to meet its obligations.

The assumptions about the going concern can be found in section 06 of the Director's Report on page 60 of this Integrated Annual Report.

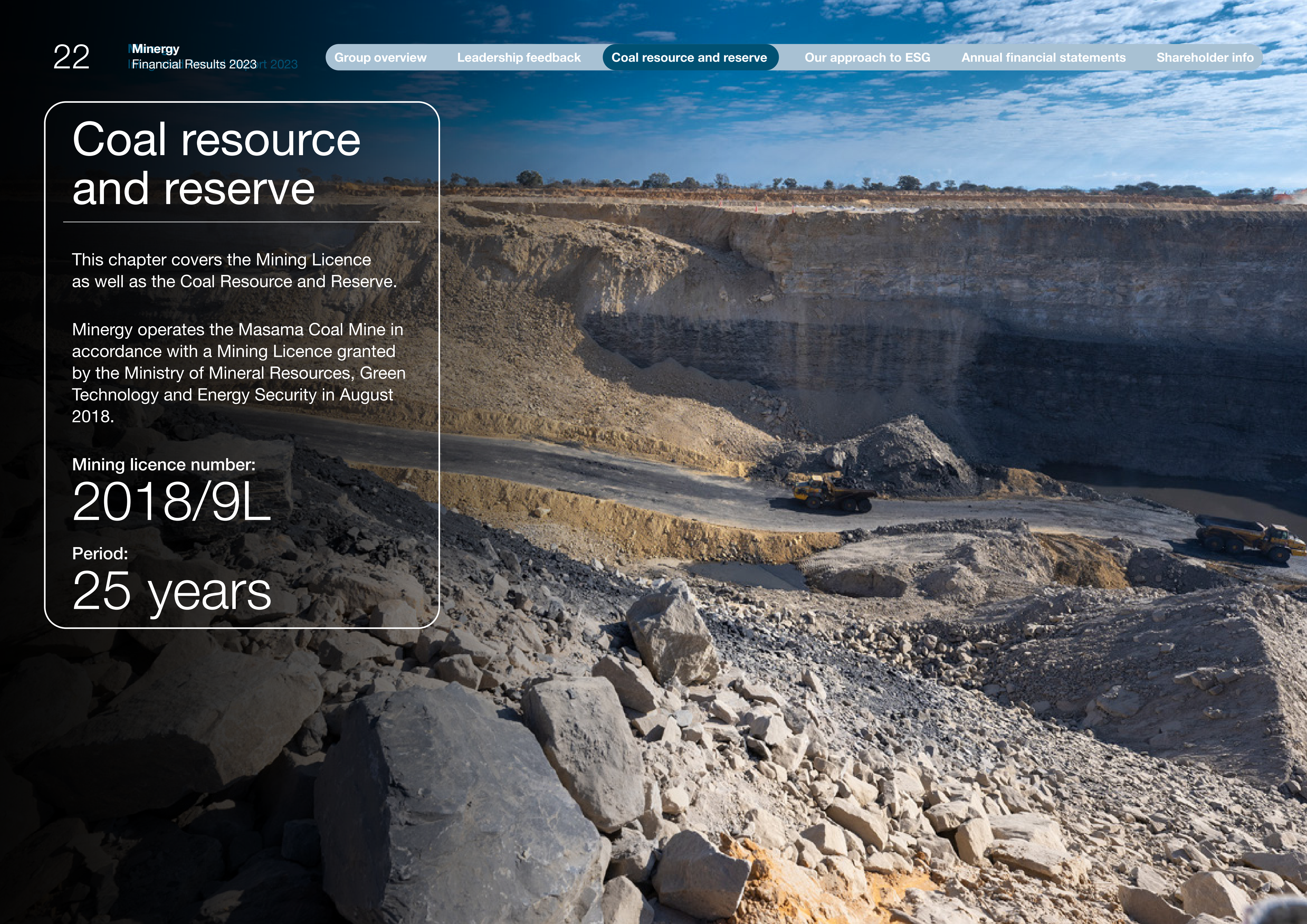
Outlook

Minergy is facing sales and operational challenges due to an oversupply of coal in the regional market, resulting in reduced prices and demand. Entrance by a local competitor has exacerbated the situation. To cope, production has been reduced, the mining contractor is being replaced, and the product mix has been adjusted. The mine's proximity to certain markets allows competitive pricing. Transport costs are critical, with truck delivery currently the best option. Coal can be dispatched by rail if tariffs and delivery times are competitive. We remain committed to exploring all avenues to meet our customers' needs and increase sales from the Masama Coal Mine.

Despite the challenges, Minergy is well-positioned for sustained growth and profitability, leveraging our strengths and learning from our setbacks. We will continue to steer our ship towards a promising future by building on our resilience and adaptability.

Julius Ayo
Acting Chief Financial Officer

25 October 2023



Coal resource and reserve

This chapter covers the Mining Licence as well as the Coal Resource and Reserve.

Minergy operates the Masama Coal Mine in accordance with a Mining Licence granted by the Ministry of Mineral Resources, Green Technology and Energy Security in August 2018.

Mining licence number:

2018/9L

Period:

25 years

Coal resource and reserve

Both the Coal Resource and Coal Reserve estimates have an effective date of 30 June 2023 and were conducted in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC 2016) and take cognisance of the requirements of SANS10320:2004.

For further details on the Coal Resource and Coal Reserve estimate please refer to the full Competent Persons Report 2022 on the Company's website: **www.minergycoal.com**.

Coal resource

A total Coal Resource of 376Mt has been estimated for the A and E Coal Seams at Masama, of this 333Mt lies within the Mining Licence and 43Mt within Prospecting Licence 278/2012. The Coal Resource consists of 9Mt Measured Coal Resources, 72Mt Indicated Coal Resources and 295Mt Inferred Coal Resources. A total of 78Mt is opencast mineable and 255Mt underground mineable, inclusive of the Coal Reserves.

The Coal Resource has been depleted by 1 218 951 tonnes of coal mined from 1 July 2022 until 30 June 2023.

The Coal Resources were estimated and signed off by Competent Person, Ms Karin van Deventer in accordance with the SAMREC (2016) Code. Ms Van Deventer is a qualified geologist, a Fellow of the Geological Society of South Africa ("GSSA"), a member of the Fossil Fuel Foundation ("FFF") and is registered with the South African Council for Natural Scientific Professionals as a Professional Natural Scientist (Reg. No.400705/15). Her highest qualification is a M.Sc. Geochemistry degree from the University of Stellenbosch.

Ms van Deventer has over 28 years' experience in exploration, geology, mining and the estimation of Mineral Resources, specifically coal. Ms Van Deventer is currently a Director of Sugar Bush Consultancy (Pty) Limited (Sugar Bush) located at 76 Eeufees Street, Clubville, Middelburg, 1050, South Africa.

Coal reserve

A ROM Coal Reserve of 70Mt (as received basis) and Saleable Coal Reserve of 42Mt (air dried basis) have been estimated at Masama and are only for the opencast mine.

The Coal Reserves are based upon the geological model prepared by Ms. Karin van Deventer, Director of Sugar Bush Consulting, the information was originally sourced from the Minex model, and the Life of Mine planning done by Mr. Dan Ferreira of Dan Ferreira Technical Services cc.

A Life of Mine plan has been developed by Minergy Coal and modifying factors have been considered and applied to the Coal Resource for conversion to the Coal Reserve.

The modifying factors include consideration of the mining, processing, metallurgical, infrastructure, economic, marketing, legal, environment, social and government factors in order to derive a Coal Reserve which is demonstrated to be economically extractable in present day conditions. The modifying factors were determined during mining and processing and were applied throughout the Reserve.

The ROM Coal Reserve has been depleted by 1 205 540 tonnes of coal treated from 1 July 2022 until 30 June 2023.

The Saleable Coal Reserve has been depleted by 645 137 tonnes of coal sold from 1 July 2022 until 30 June 2023.

The Coal Reserves were estimated and signed off by Pivot Mining Consultants (Pty) Limited's ("Pivot") Competent Person ("CP"), Mr JJ Bornman, in accordance with the SAMREC (2016) Code. Mr Bornman is a qualified Mining Engineer, a Fellow of the Southern African Institute of Mining and Metallurgy ("SAIMM") (Registration No.700627) and registered with the Engineering Counsel of South Africa ("ECSA") as a Professional Engineer (Reg. No. 20090201).

Mr Bornman's qualifications include a B. Eng. (Mining) and an MBA degree. He has over 40 years' experience in mining, feasibility studies, mine valuation, risk assessment and the estimation of Mineral Reserves, including coal. Mr Bornman has co-authored over 50 feasibility studies, CPRs, Technical Reviews, Technical Due Diligence Reports and Mine Valuation Reports for both local and international companies and stock exchanges. Mr Bornman has the necessary experience in the nature and style of mineralisation to qualify as a CP as defined in terms of the SAMREC Code (2016 Edition). Mr Bornman is currently the Director Mining and Valuation for Pivot located at Lower Ground Floor, Island House, Constantia Office Park, Cnr. 14th Avenue and Hendrik Potgieter Road, Weltevreden Park, Johannesburg, 1709, South Africa.

Coal resource and reserve continued

Masama Coal resource estimate as at 30 June 2023

Area and mining method	Resource classification	Seam	Geo-loss (%)	Mineable tonnes in situ (tonnes)	Seam thickness (m)	Raw coal qualities on an air dried basis: Raw RD (g/cm^3)	Raw CV (MJ/kg)	Raw ash (%)	Raw inherent moisture (%)	Raw volatile content (%)	Raw fixed carbon (%)	Raw total sulphur (%)
ML OC	Measured	A	5	9 396 095	4.77	1.52	22.5	19.3	5.8	25.6	49.4	2.2
	Indicated	A	8	51 039 189	5.02	1.57	21.9	20.6	5.6	25.0	48.9	1.9
	Indicated	E	8	17 200 959	1.56	1.55	21.6	24.3	4.8	25.9	45.0	2.3
Opencast mineable resource				**77 636 243**								
ML UG	Indicated	A	8	3 565 289	5.03	1.66	20.8	23.3	5.7	23.8	47.2	1.5
	Inferred	A	20	177 069 443	4.78	1.54	21.4	21.9	5.5	24.1	48.6	2.3
	Inferred	E	20	74 491 350	1.70	1.51	22.6	21.7	5.3	26.3	46.7	1.9
Underground mineable resource				**255 126 082**								
PL UG	Inferred	E	20	43 144 470	1.71	1.51	22.9	20.1	5.5	25.8	48.6	1.7
Underground mineable resource				**43 144 470**								
Total mineable resource – mining licence				**332 762 324**								
Total mineable resource – prospecting licence				**43 144 470**								
Total coal resource				**375 906 795**								

Area and mining method	Resource classification	Seam	Geo-loss (%)	Mineable tonnes in situ (tonnes)	Product coal quality and theoretical yields: Product float RD (g/cm3)	Product CV (MJ/kg)	Product ash (%)	Product inherent moisture (%)	Product volatile content (%)	Product fixed carbon (%)	Product sulphur (%)	Product yield (%)
ML OC	Measured	A	5	9 396 095	1.55	26.0	10.1	6.6	26.9	56.4	0.3	65.6
	Indicated	A	8	51 039 189	1.60	25.4	11.3	6.5	26.3	56.0	0.2	68.3
	Indicated	E	8	17 200 959	1.89	26.0	11.7	5.5	30.0	57.7	0.2	74.7
ML UG	Indicated	A	8	3 565 289	1.57	25.1	11.1	6.9	25.9	56.1	0.2	58.8
	Inferred	A	20	177 069 443	1.56	26.0	9.9	6.5	25.9	57.7	0.2	61.1
	Inferred	E	20	74 491 350	2.12	26.1	12.5	4.6	29.9	53.0	0.2	78.5
PL UG	Inferred	E	20	43 144 470	1.85	26.0	11.1	5.6	30.1	53.3	0.2	78.6

Notes:
- *Seam thickness limit of 0.5m and 1.2m applied respectively to open-cast and underground coal resource.*
- *Resource classification is based on both cored drill holes as well as wireline RC drill holes. Consistency in mapping lithostratigraphy using the gamma trace from the wireline logs was proved and consistency in quality distribution therefore assumed.*
- *Inferred resources were extrapolated to the edges of known structural limits where sufficient borehole data supported the continuation of the coal seam.*

Our approach to ESG

As a responsible corporate citizen, Minergy prioritises ESG, which are addressed in this chapter.

Environment

Social

Governance

Approach to environment, social and governance ("ESG") to support sustainability

Environment

Information is provided on the environment within which we operate, and we provide feedback on metrics that are continually measured such as mine rehabilitation, noise pollution, dust and air quality, water, waste management, health and safety, traffic management, archaeology, biodiversity and the soils baseline study.

Social

At Minergy, we value our employees greatly. We have a thorough and thoughtful approach to training, skills transfer, labour relations, Citizen Economic Empowerment, health and safety, procurement and ethics, and provide updated metrics on our performance.

We understand the importance of supporting and caring for the communities in and around our area of operation. In the section on corporate social investment and community support, we discuss the various initiatives that Minergy has undertaken to support the community that we are a part of. Additionally, we have included the Social and Ethics Committee report for your reference.

Governance

Minergy takes governance across the organisation seriously, with a duly constituted independent Board of Directors that is annually evaluated based on its performance. During the year under review, the Board was deemed to have been effective in overseeing management and ensuring that the Company acted in the best interests of shareholders.

The Board, on recommendation from Remuneration and Nominations Committee ("REMCO"), reviews and approves the compensation of the CEO on an annual basis, and feedback on these activities can be found in the REMCO report.

In line with best practice, the Board further ensures the independence and transparency of the appointed auditor, and that the auditor that is selected by the Company has a strong reputation for integrity and credibility.

Shareholders are kept abreast of happenings at the Company through regular communications, which are distributed via the Botswana Stock Exchange News Service (" Xnews"), and published on the Company website. The annual general meeting also provides a platform for shareholders to use their proxy votes and to engage directly with the Company.

This chapter concludes with mandatory reports to shareholders and stakeholders from the Board of Directors and those charged with Governance, including, the Remuneration and Nomination Committee and Audit and Risk Committee.

Sustainable Development Goals

1 NO POVERTY

Employed staff
336

Salaries paid
P19m

Page reference 31

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Masama Coal Mine developed in record time into a fully functioning coal mine and beneficiation plant

Mine infrastructure – roads, employment, community investment, entrepreneurial opportunities

Page reference 08

11 SUSTAINABLE CITIES AND COMMUNITIES

Investment, care and support to the villages of Medie and Lentsweletau Community assistance and improvements

"Minergy Cares" brochures details supports and can be found on website

Page reference 31 – 36

2 ZERO HUNGER

Taxation and PAYE paid
P6.5 m (2022: P5.6 m)

Royalties paid
P15m (2022: P9m)

Community support and development indirectly impacting (applying multiplier effect)
~3 200 Batswana

Page reference 07

10 REDUCED INEQUALITIES

Whistleblowing Hotline in place

Page reference 37

13 CLIMATE ACTION

Used oil and scrap metal is sold and recycled

Page reference 29 – 30

3 GOOD HEALTH AND WELL-BEING

Safety Health and Environmental Management Plan in place

LTIFR
0.0 (2022: 0.19)

The current LTI stands at 669 days (previous record 1 064 days)

Fatalities
0

Only one minor lost time injury since mine inception with the last LTI in August 2021

Employees either fully vaccinated or received their first dose
97%

Accessible clinic in Medie

Page reference 33 – 34

7 AFFORDABLE AND CLEAN ENERGY

Through electrification of the mine, funded by Minergy, the local Medie village has benefited allowing ~500 people access to electricity through a prepaid system

4 QUALITY EDUCATION

Support of the Medie primary school

Page reference 35

8 DECENT WORK AND ECONOMIC GROWTH

Various internships were undertaken, and local employment was used for fencing and related tasks, as well as traffic controllers and security

Entrepreneurial businesses established in Medie area (spaza and food stalls, rental housing, first supermarket and new building supply outlets)

25
local truck companies used in cross border logistics

Opencast coal mining and beneficiation skills, not available in-country, being transferred that will remain in-country

Page reference 31

5 GENDER EQUALITY

Appointment of female process engineer

Female staff
12%

Page reference 31

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Local registered company procurement
P666m (2022: P488m)

Procurement undertaken in support of Citizen Economic Empowerment

Minergy operates within the confines of its approved EIA and an authorised mining licence

Page reference 34

14 LIFE BELOW WATER

The Masama Coal Mine is situated in Botswana which is a land-locked country

Coal bound for international markets passes through either the Walvis Bay or Maputo harbours, provided market conditions are suitable for exports.

6 CLEAN WATER AND SANITATION

Access to clean potable drinking water at the Masama Coal Mine

Improved water utilisation through CHPP:
36%
savings in litre per tonne

Page reference 30

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Minergy has been listed on the Botswana Stock Exchange since 2017

Follows the rules and laws of Botswana as a fully functioning and registered company in Botswana

Pays taxation and royalties to government (see amounts in SDG 2)

Carbon emissions

As a coal mining company, Minergy is aware of relevant issues pertaining to carbon emissions. Minergy recognises the requirement for cleaner energy, as well as clean and green-burning fuels in the long term which is a responsible and sustainable position for the world to hold.

However, Minergy also recognises that a mix of energy sources is required for security of cost-effective and affordable energy supply and grid stability. The optimal mix of energy for each country is different and depends on what energy resources the country is blessed with and can afford.

As an established miner, Minergy views extraction of the massive high-quality coal resources in Botswana as a privilege, helping to ensure that the country is able to diversify its revenue stream away from its current high dependence on diamonds and tourism.

The approved Masama Project Environmental Impact Assessment ("EIA"), analysed anticipated Greenhouse Gas ("GHG") emissions using the Greenhouse Gas Protocol. The Protocol is a widely used methodology, suitable for mining companies, and defines emissions as either 'direct' or 'indirect', where direct emissions are from sources that are owned or controlled by the Group.

The assessments of estimated GHG emissions were done in line with Scope 1 (Direct), Scope 2 (Indirect – purchased electricity) and Scope 3 (Indirect – other sites not controlled by the Company but as a consequence of the Company's activities).

Given that Minergy has this baseline study in place, estimates of GHG emissions are done to support its corporate responsibility and to align with Botswana's intention to achieve an overall emissions reduction of 15% by 2030, taking 2010 as the base year with the estimated emission of 8 307 Gg of CO_2 equivalent (Botswana Government, 2015 and Minergy EIA 2017). It is noted that direct carbon emissions emanating directly from the mine operations remains small.

Comparison with national emissions in Botswana

Based on the Masama Project EIA estimates, the anticipated direct emissions, as a percentage of Botswana's total and energy sector emissions and based on emissions of 2010, would be approximately 0.43% of the annual national emissions. In addition, emissions from Masama have already been mitigated by connecting to the Botswana Power Corporation ("BPC") power grid versus running diesel generators on site. The project's direct emissions are therefore unlikely to have a significant impact on Botswana's emission targets.

Proactive initiatives being implemented by Minergy include:

- Energy saving devices such as soft starts have been installed on large electrical motors on the mine.
- Fuel caps are applied to all mobile mining equipment and are monitored. Fuel caps ensure reduced or consistent consumption of fuel. This reduces harmful emissions into the atmosphere. Mobile mining equipment is also regularly serviced to reduce emissions into the atmosphere.
- Investigating the installation and use of solar power at the Masama Coal Mine, with Botswana being a country blessed with abundant solar irradiation. Some of the boreholes used by Minergy are already running on solar power.
- Rehabilitation of mining areas and the planting of trees is one way Minergy offsets the emissions caused by biomass reduction (bush clearing) required for mining, noting that some trees are also replanted.
- The dewatering circuit and filter press have continued to save water in the coal washing operations. This is one example of environmental responsibility, given that Botswana is a water-scarce country, and a cost saving investment. Before the installation of the dewatering circuit and filter press the plant was using about 250ℓ of water to wash a tonne of coal; however, during 2023 water usage in the Dense Media Separation ("DMS") Wash Plant was reduced to an average of 115ℓ/t. This represents a further decrease from 2022 and is in line with industry norms.

Environment

Minergy has a duty of care towards the environment and a responsibility to ensure that its mining operations are managed in a holistic and thoughtful manner. As such, there is a rigorous Safety, Health and Environment ("SHE") policy and programme in place that addresses both environmental and waste management.

In addition, a hydrocarbons management procedure deals with the handling, treatment and disposal of hydrocarbons, and various Standard Operating Procedures ("SOPs") and Customer Orientated Processes ("COPs") are in place to address environmental conservation.

Further to the Environmental Impact Assessment ("EIA"), the Masama Coal Mine has implemented an Environmental Management Plan ("EMP") along with an Environmental Monitoring Programme, authorised by the Department of Environmental Affairs ("DEA"), which dictates how various forms of flora and fauna must be protected during the construction, operation and decommissioning of the mine. All activities at the mine are guided by the EMP for environmental protection.

Minergy is pleased to report that in the year under review there were no environmental incidents.

Activities and progress

Minergy is a responsible corporate citizen and adheres to all compliance principles and guidelines according to the approved EIA. As such, Minergy has studies, programmes and guidelines in place as set out in the adjacent table:

	2023 Actions
Rehabilitation	• A continuous and ongoing open cast rehabilitation programme at Masama uses waste material from mining to rehabilitate the areas that have been mined out. • 19.85ha (2022: 9.9ha) has already been restored to the original ground level since inception, but conditions are not yet conducive to re-vegetation. • Trees have been planted around the administration offices and in front of the entrance to the mine. • Plans remain in place to start a nursery to facilitate environmental greening. • In vegetated areas seeds will be spread before the rainy season to encourage the growth of indigenous grasses.
Noise pollution	• Monitoring is continuous and all blasting activities demonstrated compliance to the limits.
Dust and air quality	• Dust suppression activities continue to be enhanced upon. • There are dust suppression stations within the mine parameters, near the mine, within the villages of Medie and Lentsweletau, and along the Medie/Lentsweletau road. Haul roads within the mine are suppressed with water. • Results show improvements to dust levels, especially within the villages of Lentsweletau and Medie, with the application of a dust suppression compound. • Additional speedhumps have been installed to slow down traffic and reduce dust and two water bowsers are dedicated to the Medie/Lentsweletau road. • The installed dust suppression system at the plant is working well and significantly reducing dust. • The PPP with Government to tar the road is gaining momentum with designs and EIA's expected to be completed soon.
Traffic management	• The traffic management plan continues to guide Minergy's approach to traffic management. • Minergy appointed traffic controllers to provide incoming drivers with guidelines on travel in and out of the mine and through and between villages. • The installation of more speedhumps within the village of Medie and along farming sensitive areas to reduce speed, together with signage that continues to be erected along the road to warn drivers, is working well.

Environment continued

Safety, Health and Environmental Management

Safety is paramount and remains Minergy's top priority. In line with the SHE policy, the SHE Management plan continues to yield positive results in safety performance.

For the period from July 2022 to June 2023	Measured rate	Target rate
All Injury Frequency Rate ("AIFR")	0.937	0.564
Lost Time Injury Frequency Rate ("LTIFR")	0.0	0.0

We continue to maintain our safety standards with the Lost Time Injury Frequency Rate ("LTIFR") at 0 (zero), which is in line with the target of 0 (zero). The excellent safety records, with no lost time injuries, are a clear testament to the team's efforts on the ground who have implemented effective safety systems. We remain vigilant and are grateful to have had no fatalities, with only one minor lost time injury since our inception.

Minergy Coal was awarded "Classified Injury Frequency Rate" and "Most Improved Classified Injury Frequency Rate" trophies by the Botswana Chamber of Mines for its outstanding 2022 safety performance.

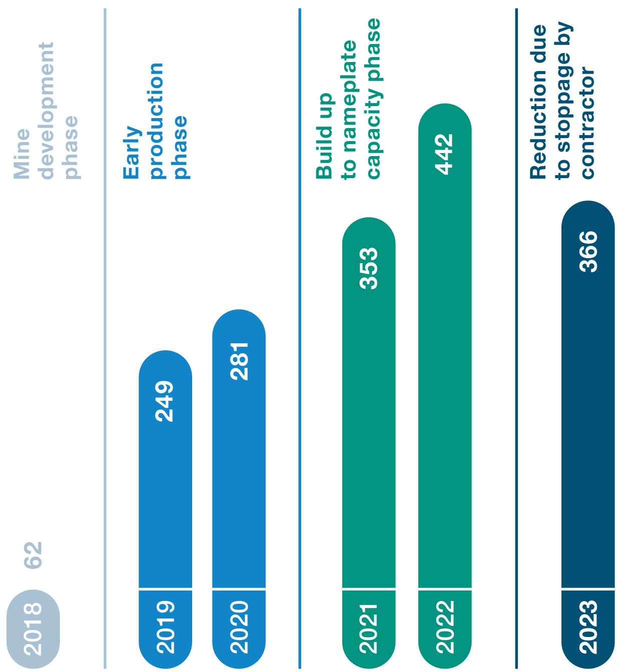
Further detail on our efforts is provided in the "Safety" section of this report.

2023 Actions

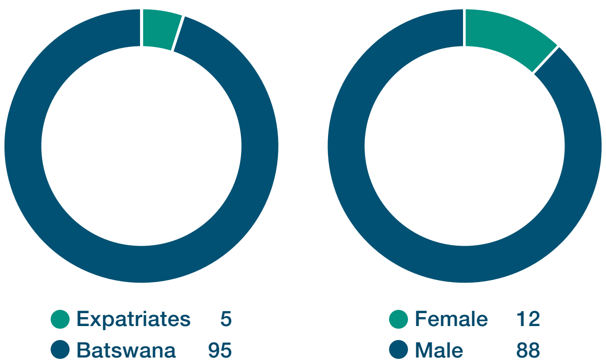
Surface and groundwater monitoring	• Water quality analysis for all the mining boreholes is undertaken on a monthly basis and the results shows that the mine is not polluting underground water. Year to date 550mm (2022: 576mm) of rainfall was recoded at the mine, noting a very dry January 2023.
Waste management	• The quantity of domestic waste removed from the mine for the year is approximately 93 000kg (2022:52 500kg) of waste. • About 59 000ℓ (2022:38 000ℓ) of used oil was collected and correctly disposed of for the year. • Records of all domestic waste disposed of are kept on site together with used oil disposal certificates. • Effluent from the Sewage Treatment Facility is pumped back to the process plant for reuse. • Scrap metal from the mine is collected by licenced scrap metal companies for recycling. About 11 540kg (2022:18 280kg) of scrap metal was collected from the mine.
Archaeology	• Archaeological monitoring is undertaken by a registered archaeologist. Any exposure is reported and handled by experts.
Biodiversity	• Biodiversity monitoring is an ongoing process. During the year under review there was no vegetation clearance in undesignated areas. Vegetation clearance is restricted to designated mine activities and areas. All species identified in the EMP are protected as required.
Soils baseline	• A topsoil stripping procedure was implemented, whereby topsoil was stockpiled during excavations, to be used for rehabilitation. Currently, new excavated soil layers are used for the ongoing rehabilitation of mined out areas.

Social

Total employees



Composition of employees (%)



Within the realm of "social", Minergy cares deeply for its employees as well as the communities in and around the mining area.

Employees

Our philosophy is to employ Botswana residents, especially from the surrounding villages, as far as this is possible. If skills are not available locally, then resources will be sought from outside of the country, backed up by a suitable skills transfer programme. Employees include direct Minergy staff as well as indirectly appointed contractors.

Ninety five percent (2022: 96%) of employees are local citizens and approximately one-third of the current workforce is from the local Kweneng district. Minergy has a strong drive to transfer skills so that trained skills remain in Botswana. This also applies to the contractors that Minergy appoints.

The increase in staff from 2019 onwards was necessary for the early production phase but has transitioned to full production capacity and its associated increased activities. Unfortunately, given the untimely stoppage of operations by the mining contract and the oversupply of coal, reduced operations have had a negative impact on employment, including retrenchments.

Training and skills transfer

Our integrated Human Resources Development Programme ("HRD") seeks to maximise the productive potential of people involved with the Masama Coal Mine operation, through:

- formulating and implementing a skills development plan;
- developing and implementing a career progression plan;
- formulating and implementing a mentorship plan; and
- developing and implementing internship and bursary plans.

Training and skills transfer remain ongoing and included the following:

The disciplines include:

- Mine engineering
- Mechanical engineering
- Electrical engineering
- Water and environmental engineering
- Geomatics
- Electronics
- Financial management
- Sales and marketing

Labour relations

Minergy strives for continuous engagement with employees at various levels to ensure harmonious relations and good employee morale. The mining contractor has recognised the Botswana Mine Workers Union. Relations are managed through employee representatives, line and senior management.

During the year under review, there were no labour or strike action.

Minergy engages with employees on a regular basis and updates are provided on the performance as well as challenges at the mine. In addition to this, monthly Toolbox Talks are regularly undertaken as well as inspections of working conditions. To ensure that all standards are met, an internal review process has also been established.

Social continued

Citizen Economic Empowerment ("CEE")

The operating subsidiary Minergy Coal (Pty) Ltd Board adopted a Local Citizen Economic Empowerment Policy, whereby Minergy Coal has endeavoured to support local businesses and employ local citizens.

Minergy Coal was required, in terms of funding provided by the MDCB and in the spirit of, and compliance with, the provisions of Section 12 of Mines Act and Economic Inclusion Act, to develop and introduce a CEE programme. The objective of CEE is to facilitate meaningful participation by citizens of Botswana in the project supply chain.

The rationale for a policy on CEE is to:

- promote effective participation of Batswana in the economic growth and development of the country and in the benefits of such growth and development;
- promote social cohesion and harmony;
- promote nationhood and pride;
- maximise potential human capital residing in Botswana; and
- address both absolute and relative poverty.

Minergy has a balanced approach in selecting suitable suppliers, focusing not only on ownership by Botswana citizen, but also considers the supplier's commitment to local procurement, management representation by citizens, skills and enterprise development, and socio-economic development. The broader impact on the Botswana economy is considered to be more important than only focussing on singular qualifying criteria.

Minergy supports Government's initiative in terms of local citizen empowerment. This is however undertaken within the confines of economics, availability of specialised parts and skills, health and safety and not to the detriment to continuation of operations. Minergy reports progress to the MDCB on a quarterly basis.

	Procurement	Employment	Skills development
Minergy's achievements	• 99% of all procurement is done through Botswana registered companies (irrespective of CEE shareholding) • A database is updated to record all qualifying local citizen empowered business • Generally, Minergy sells coal at mine gate. Transport costs are the responsibility of the customer – However, where Minergy is requested by a customer to provide transport, such transport will be allocated to contractors with sufficient Local Citizen Empowerment status. – Contractors have been identified during the year through a review process and 28 transporters were used (2022: 22)	• Total staff complement of 366 (peaking at 536) • 95% of which are Batswana	• Various skills transfer programmes are in place and actively executed upon

Social continued

Safety

Our goal

To be a leader in workplace safety by creating a safe working environment for our employees which will result in eliminating injuries and fatalities supporting productivity.

Safety briefings are part of the Minergy DNA, and there is a stringent Safety, Health, Environment and Quality ("SHEQ") Management System in place, which details our management policies, processes and procedures.

Minergy also reaches out to the people in the villages of Lentsweletau and Medie to ensure that they are aware of safety issues and that Minergy cares for the health of the people, as well as the animals in and around the village areas. We are therefore proud to report that there was no reportable incidents during the year resulting in injuries, and that there have been no fatalities resulting from activities during and post the financial year. We remain fatality free since inception.

In addition, a SHE policy, Legal Compliance, Incident/Accident Investigation, SOPs and COPs are in place, as are the Waste Management and Management of Persons Under the Influence of Alcohol and Drugs procedures, and detailed procedures in respect of hydrocarbon spillages.

Health

Minergy strives to become a leader in the protection of our employee's health and the community's well-being. Although the threat of COVID-19 diminished, cases are monitored, with only six cases recorded during the full year (152 cases since the outbreak). Ninety seven percent of the total workforce have been vaccinated.

As a legacy of the pandemic, access to screening, hand soaps, sanitisers, wash basins, an isolation room and a COVID-19 vaccination site, periodic medical examinations, the provision of personal protective equipment and the provision of potable water, remain in place at the mine.

Employees at the Masama Coal Mine also have access to a First Aid office and an ambulance on site to transport patients with serious cases for referral to private or Government hospitals. The Masama Coal Mine has access to an emergency response programme on site managed by the appointed mine paramedic and first aiders with support and assistance from a contracted private emergency company for the evacuation of patients with serious injuries by helicopter. This is further supported by periodic medical examinations to screen employees for occupational health conditions which might not have been detected as a result of the mining activities.

To ensure a high level of safety, employees have access to continual training. During the year, the following training for employees was undertaken:

- Firefighting training
- First aid training
- SHE representative training
- Working at heights training
- Drilling operations training for drill operators
- Transportation of dangerous goods training
- Defensive driving training
- Machine operator's training

Continuous refresher courses take place which include incident investigations, health safety and environment representation functions, mining basic first aid, occupational health and safety system programme has been undertaken.

Daily Toolbox Talks are held by each operating section or per shift before the start of work or the shifts. All employees in their respective areas or shifts attend these Toolbox Talks. Attendance at these sessions is at 100%.

Social continued

There is the ongoing implementation of the SHE Management Plan, as well as continuing development and implementation of the Site Procedures and Policies; SHE Inspections take place, as well as weekly SHE meetings. Furthermore, safety awareness is raised through the "Near Miss/Hit" Campaigns in order to reduce incidents.

Comprehensive SHE Statistics are kept in a SHE register, and Minergy is pleased to indicate that there has been no material absenteeism since mining operations began.

External organisations are invited to assist in HIV/AIDS testing and counselling at the mine. Condoms are distributed to the employees and truck drivers. Periodic medical exams, including chest x-rays for tuberculosis ("TB") and high blood pressure, are available on site.

There is a plan in place for employees to test for diabetes and cholesterol. There is also a plan for future accreditation of ISO 45001 — Occupational Health and Safety Management Systems.

Procedures are continuously implemented and improved to manage incidents or injuries and protect our employees and the environment. These include the implementation of and adherence to the Safety Health and Environmental Management Programme, Control of Access to the Masama Coal Mine, general site rules and regulations, management of persons under the influence of alcohol and/or drugs, management of personal protective equipment, emergency preparedness and response and control of smoking.

Minergy Coal was awarded "Classified Injury Frequency Rate" and "Most Improved Classified Injury Frequency Rate" trophies by the Botswana Chamber of Mines for its outstanding 2022 safety performance.

Measuring safety and health performance

Work-related injuries

Target	2023	2022	2021
Zero harm	✓	✓	✓

New cases of occupational diseases

Target	2023	2022	2021
Year-on-year reduction	✓	✓	✓

Fatalities

Target	2023	2022	2021
Zero	✓	✓	✓

Lost time injury rate ("LTIR")

Target	2023	2022	2021
Zero	✓	✓	✓

For the period from July 2022 – June 2023, 87 property damage incidents were reported which represents a 9% increase in incidents year on year. The main class of property damages related to machinery (LDVs, ADTs etc.) of which all property damages were investigated, and actions put in place to ensure non recurrency. The increased activity from the higher sales demand and higher production volumes contributed to the increasing incidents.

Procurement

Minergy gives preference to procuring products and materials made in Botswana and from locally registered and owned companies to the maximum extent possible. This is done consistent with safety, efficiency, service or product quality and price metrics in line with the CEE Plan, with 99% of procurement done through Botswana registered companies. Procurement records are kept on file.

Procurement spend on local registered companies in Botswana during the year

P666m

(2022: P488m)

Ethics

Minergy is committed to high standards of honesty, integrity, behaviour and ethics in dealing with all stakeholders. The Social and Ethics Committee has overall responsibility for monitoring the application of best practices with regard to the Company's commitment to, governance of, and reporting on sustainable development performance.

A whistleblowing hotline is in place, as is a Sexual Harassment and Bullying policy, which is updated regularly.

Corporate social investment and community support

We care about our communities

We have a Corporate Social Investment ("CSI") plan in place and each year activities are undertaken through the guidance of the Social and Ethics Committee. A community committee is in place, which Minergy is part of, to highlight community needs and to determine where support can be provided. Our involvement in these CSI projects is subject to approval from the Board and dependent on profit and cash flow availability.

We are also passionate about participation in the local community, continuing to support the communities in and around the mining area, not only directly through possible employment at the mine but also to ensure that it gives back to the community.

At our own expense, we have undertaken dust suppression on roads in and around the villages and along farming sensitive areas adjacent to the road to ensure dust does not impact the lives of the people. In addition, general road rehabilitation occurs on a continuous basis. Water is important and a basic human right for life and for Minergy to conduct business. Minergy undertook dam rehabilitation and maintenance to ensure the structure of the dam and levels are sufficient to provide water for the Medie village as well as for mining operations.

Dust suppression is also undertaken on the roads used by trucks through villages. A Public Private Partnership with the Botswana Government to tar roads is progressing well and will support further mine expansion, making access to and from the mine easier and quicker.

Minergy continues to provide wi-fi access to the Medie Primary School, the clinic and the Kgotla, and to support the school as well as others in the area. The community also makes use of the community hall, built by Minergy, for events.

In addition, clean-up campaigns continue, encouraging the community to care for the environment. Employment opportunities for the communities have been availed at the mine. Furthermore, Minergy supports citizen companies in mine projects and tenders to ensure the ongoing success of local entrepreneurs and their businesses.

We recognise Minergy's responsibility to mine and operate responsibly and will continue to do so, along with providing stakeholder support to benefit the communities around the mine.

Ancillary businesses, start-ups and entrepreneurial opportunities

As a result of the mine operating outside the village of Medie, the following businesses were started by local entrepreneurs, which would not have been the case if no mine was developed.

Medie village

- Various spaza shops and food stalls to supply for the needs of transporters and mine staff
- Additional housing built by local owners and offered for rental to mine staff and contractors
- Supplementary telecommunication infrastructure, in the form of cellular towers for cell phones to increase service provider options and coverage
- Refurbishment of community hall for community use
- Access to electricity through a prepaid system
- Opening of a luxury lodge by local businessmen for accommodation and functions

More detail is provided in the electronic "Minergy Cares" brochure on our website.

Lentsweletau village

- Supermarket opened (was not there before mine opening)
- Two building material suppliers opened stores
- Various spazas and food stalls
- Additional housing built and offered for rental to mine staff and contractors

Electrification of the mine has afforded Medie economic prosperity

With the electrification of the mine, which Minergy paid for, ~500 people have access to electricity through a prepaid system. As an extended part of Minergy's social investment drive the Kgotla and the clinic were also electrified, making day-to-day running of these essential services much easier and efficient.

Employment opportunities provided to local communities

The local community was employed and paid to erect new fencing areas. Local employment continues with the employment of traffic controllers and security at the mine.

Social and Ethics Committee report

The Board of Directors established the Social and Ethics Committee to support the Board with oversight of and report on organisational ethics, responsible corporate citizenship, sustainable development and management of stakeholder relationships.

The Committee's role is to ensure that the Company's growth takes on board the interest of its stakeholders and that the Company is seen as a responsible corporate citizen.

The Committee derives its mandate and powers from its charter. Although the Committee is accountable to the Board of Directors, it has an independent role in its oversight duties and does not assume management functions. A key focus of the Committee is to ensure ethical behaviour as mandated by the Board and executive management adheres to codes of best practice to create an ethical organisation culture.

The Committee comprised a majority of independent Directors throughout the period as per the recommendations of King IV™ to ensure that independent judgement is brought to bear.

Members of the committee and meeting attendance

- **Chairman** — Leutlwetse Tumelo
- **Members** — Mokwena Morulane, John Astrup

No formal meetings were held during the year and any social and ethics matters requiring approval was dealt with on a round robin basis.

Projects and oversight for the year

Minergy remains committed to operating with social awareness and care for the communities in and around the area where coal mining occurs. In addition to employing a significant number of local people, Minergy remains involved in sustainable skills development, transfer and the support of educational development Minergy's performance is measured against the United Nations Sustainable Development Goals ("SDG").

Our behaviour in line with the SDGs is summarised on page 27.

The Social section of this annual report (page 31 – 34) details skills development and training.

Community relations continue to be a focus for Minergy, and Minergy has scheduled monthly meetings with the Village Development Committees ("VDC") in Medie and Lentsweletau. These meetings are in place to address any issues that might arise between the mine and the villages. The VDC is an extension of the main District Council and is responsible for coordinating community projects.

Minergy continues to support the communities in and around the mining area. At its own expense, ~P2 million, Minergy has undertaken dust suppression on roads in and around Medie and Lentsweletau to ensure dust does not impact the lives of the people staying in these areas. In addition, general road rehabilitation occurs on a continuous basis. Water is important and a basic human right for life and for Minergy to conduct business.

Minergy continues to pay for and provides wi-fi access to the Medie Primary School, the clinic and the Kgotla.

Social and Ethics Committee report continued

Indicator	Outcome across the year
Labour relations	No labour actions or strikes
Health and safety	Zero fatalities Only one minor LTI occurred during the financial year, prior to which the Group had been injury free since September 2021.
Reports of unethical behaviour	The official independent whistleblowing service provider of Minergy, has confirmed that for the period 1 August 2022 — 28 September 2023 a high volume of general enquiries through the email address were received, however none of these matters related to any unethical behaviour or complaints.

Minergy continues to support the community around the mining area, not only directly through possible employment at the mine but also to ensure that it gives back to the community. In line with this, clean-up campaigns continue, encouraging the community to care for the environment. Employment opportunities for the communities have been availed at the mine. Furthermore, Minergy supports citizen companies in mine projects and tenders to ensure the ongoing success of local entrepreneurs and their businesses.

For the reporting year the focus was on enabling locally owned transporters to participate in the sales boom experienced in H1 2023. Minergy spent ~P44 million with locally owned transporters (2022: P47 million). The procurement is slightly down from the previous year with Minergy's decision to move away from Free-On-Board sales basis. This implies that there has been an increase in deliveries to regional customers.

Minergy has issued a tender for fuel supply to the mine and the criteria favours 100% locally owned companies.

Minergy continues to support the Medie Primary School and other schools in the area and the community makes use of the community hall, refurbished by Minergy, for events.

Minergy is concerned by the amount of dust along Lentsweletau – Medie road. Dust suppression continues to be undertaken on the roads used by trucks through villages. A Public Private Partnership with the Botswana Government to tar roads is progressing well and will support further mine expansion, making access to and from the mine easier and quicker. This partnership will provide a permanent solution to the problem of dust along the road.

We recognise Minergy's responsibility to mine and operate responsibly and will continue to do so, along with providing stakeholder support to benefit the communities around the mine.

Last year, the Committee approved the implementation of a whistleblowing hotline which was implemented. Staff members can report grievances they may have in a safe environment, knowing that follow-up actions. We are pleased to report that no incidents have been reported.

The Company also undertook a review of its Code of Conduct. The objective of the review was to strengthen the document to ensure that conduct of members of staff is consistent with the aspirations of the Company. All Minergy employees were briefed and taken through the revised and reissued Sexual Harassment and Bullying Policy. This ensured that Minergy aligned with the Universal Declaration on Human Rights of 1948.

Pages 38 – 40 of this Integrated Annual Report contain a detailed Stakeholder Engagement report which details Minergy's engagement with stakeholders.

Leutlwetse Tumelo
Chairman of the Social and Ethics Committee

25 October 2023

Stakeholder engagement

Minergy believes that open and transparent communication with stakeholders is important and use many avenues to facilitate engagement with our stakeholders in a regular and constructive manner, and inclusive stakeholder engagement is thus encouraged in line with the recommendations of King IV™. The Board considers the legitimate interests and expectations of stakeholders on a basis that is in the best interests of the Company, and not only as an instrument to serve the interests of the shareholders. The Social and Ethics Committee is tasked with monitoring and assisting with stakeholder engagement.

Stakeholder	What matters?	Engagement details	Relationship	Responsibility	Expectation of minergy
Customers	• Quality • Service • Mutual understanding and respect • Relationship building	• Virtual meetings and calls • Face-to-face engagements Telephonic conversations • Emails • Industry conferences • Other coal project developers		CEO and sales team	• Clear understanding of Company strategies and priorities • On-time payment • Growth opportunities • Development of a coal mining sector in Botswana
Government ministries and departments	• Regulatory and mining license compliance • Partnering for training and skills development • Partnering to address specific issues • Environmental compliance • Citizen Economic Empowerment	• Discussions and meetings regularly take place with various Government Ministries and Departments in Botswana including: – Department of Mines; – Ministry of Mineral Resources, Green Technology and Energy Security; – Ministry of Transport and Public Works; – Ministry of Tertiary Education, Research, Science and Technology; – Kweneng and Kgatleng District Councils; – Local Land Boards; and – The University of Botswana, Botswana International University of Science and Technology • Participation in ad hoc discussions • Written communication • Site visits • Research		CEO, General Manager, senior management and Board	• Statutory and legal compliance • Local economic development • Ease of conducting business • Continued transparent communication • Infrastructural support • Busy friendly government processes

Relationship quality key

 Strong  Neutral  Weak

Stakeholder engagement continued

Stakeholder	What matters?	Engagement details	Relationship	Responsibility	Expectation of minergy
Local communities	• Sustainable skills development • Job creation • Entrepreneurial opportunities in the Medie village and surrounding areas	• Minergy is engaged with local communities around the mining areas • Chiefs (Kgosi) and local representatives are regularly engaged with at the Kgotla (community council or traditional law court of a Botswana village) • Minergy's corporate social responsibility has exceptional sustainable impacts in the community together with their contractors which includes inter alia – Establishment of Minergy Coal Community Committee – Contributing to the school's prize giving events, both in Medie and Lentsweletau – Through our contractors, assisting with school shoes and uniform for the children in need – Funding community Christmas events – Electrification of the village, school, clinic and Kgotla – Contributing to anti-corruption initiatives by the Land Boards – Supporting local entrepreneurs and encouraging community to form businesses – Providing the foundation for new developments in communities e.g., supermarkets		General Manager, Senior management and Community Liaisons Officer	• Employment and economic development • Cultural heritage sites, protecting biospheres and endangered species • Socio-economic and related issues
Lenders and Providers of capital	• Capital management and solvency • Cash generation and liquidity • Profitability • Growth prospects • Reputational issues • Compliance with covenants	• Regular meetings, site visits, presentations, updates and consultation with funders • Contractual obligations • Supply of interim and final results announcements • Technical and Commercial Committee (sub committee of the Minergy Coal Board) meets monthly which includes representatives of Minergy and its lenders		CEO, CFO and General Manager	• Robust capital allocation • Cashflow monitoring and prudent management • Sourcing of ongoing supply contracts • Commercial arrangements and practical flexibility

Relationship quality key

Strong Neutral Weak

Stakeholder engagement continued

Stakeholder	What matters?	Engagement details	Relationship	Responsibility	Expectation of minergy
Shareholders, potential investors and media	• Profitability • Growth prospects • Cash generation • Adherence to ESG requirements • Regulatory compliance • Open to engagement • To improve liquidity in share trading	• Regular results and business update presentations • 1:1 meetings or calls • Market updates • Site visits • Outsourced Investor Relations function in place • Regular Xnews announcements and press releases • Annual General Meeting • Annual Integrated Report and published results • Ad hoc telephonic dialogues • Company website • Roadshows • Possible secondary international listing		CEO, assisted by CFO	• Prudent capital allocation and utilisation of cash and working capital • Growth and sustained returns on investment • Regular communication
Staff	• Safe and healthy work environment • Opportunities to grow, develop and learn • Fair and ethical workplace • Job security and satisfaction • Skills development • Fair and equitable remuneration and incentivisation	The majority of staff at the mine are employed by the mining contractor. However, Minergy still retains the responsibility, enabled through contractual obligations, to ensure employee contracts, health, safety and basic conditions of employment is within the legal and best practice framework and that all labour relations comply to the highest standards. At the year-end, Minergy employed 366 employees. • Regular staff communications • Briefings, meetings and presentations • HR policy and procedure, including staff induction, health and safety and mine procedures • Regular training for staff (internal and external) • Management maintains an "open-door" policy where ad hoc discussions are taken up and issues resolved accordingly		General Manager, supported by Mine and Safety and Health Managers	• Fair work practice through open communication and fair management practices • Hands-on senior management involvement to address and resolve labour issues • Health and safety programme and briefings in place • Investment in training and skills development • Offer skills development opportunities (internal and external providers) to staff and sub-contractors alike • Employer of choice

Relationship quality key

Strong Neutral Weak

Board of Directors

Both the Board and the executive management team have significant mine development and operating experience and a wide range of coal expertise underpinned by strategic and practical knowledge of coal and energy markets. This has recently been strengthened with the appointment to the Board of Directors and the subsidiary Minergy Coal, of expertise from the MDBC, Minergy's main funder.

Established corporate structures with a functioning Board including local representation, executive management and an effective corporate governance and ethics structure are in place. The Minergy Board of Directors is made up primarily of representatives from Botswana and post Mr du Plessis resignation the Board will be 100% represented by Botswana citizens.

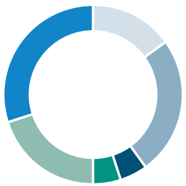
Nationality (%)

Batswana 83%

South African 17%

Experience

(Number of directors – including outgoing CEO)



Mining and metallurgy	3
Financial	5
Engineering	1
Process plant management	1
Management and leadership	4
Regulatory compliance	6

Mr. Matome Tsholetsa Malema ("MTM") – appointed 25 September 2023
Mr. Morné du Plessis – resigned 28 August 2023

Meeting attendance

	2023 (%)	2022 (%)
Board meetings	100	95
Audit and Risk Committee	100	100
Remuneration and Nomination Committee	No meetings held[1]	100
Social and Ethics Committee	No meetings held[2]	90

1 No formal REMCO meetings took place but remuneration matters requiring approval provided on a round robin basis.
2 No formal meetings were held during the year and any social and ethics matters requiring approval provided on a round robin basis.

Morné Du Plessis (54)

Outgoing Chief Executive Officer

CA – South Africa, MBA

Morné is a South African citizen, residing in Botswana and is a chartered accountant with an MBA from Heriot Watt University Edinburgh, Scotland. He has extensive experience in the mining industry including having been CFO of several mining groups, such as domestic coal trader MacPhail (now part of Salungano Group, contract mining and beneficiation service provider Genet SA, junior coal miner Umcebo Mining Group (assets subsequently sold to Glencore AG), and JSE-listed junior coal miner Wescoal Holdings Limited (now Salungano Group). 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 CEO of the Group. The CEO attended all Board meetings as a member and all ARCO and REMCO meetings as an invitee. He has a standing invite to the Social and Ethics Committee and attends when called to do so. On 28 August 2023, Morné tended his resignation.

Number of meetings attended

2 1* 4*

* invitee

Julius Ayo (42)

Acting Chief Financial Officer

Association of Certified Chartered Accountants ("ACCA") of Botswana; Bachelor of Accounting (BACC) from the University of Botswana

Julius started with Minergy as Financial Manager in 2018 and has a good understanding of the Group. Julius assumed the role of acting CFO on 19 September 2022 and was appointed as an Executive Director to the Board of the Company. Julius is a member of Minergy's Executive Committee team with over 16 years of experience, including six years in the mining sector, specifically at Gem Diamonds.

Number of meetings attended

3 4*

* invitee

Mokwena Morulane (51)

Independent Non-executive Chairman

BA Accounting (Hons); ACCA; CIS

Mokwena is a Motswana, who holds a BA Accounting Honours degree from the University of Bedfordshire, England and who articled with Deloitte & Touché in Gaborone. He is a fellow member of the Association of Chartered Certified Accountants ("ACCA"), a member of Botswana Institute of Chartered Accountants ("BICA") and of the Chartered Secretaries of Southern Africa ("CIS"). Mokwena has extensive experience in the resources sector. He was Country Manager for Discovery Metals Ltd. ("DML"). Prior to joining DML he was Financial Manager of Gem Diamonds Botswana, a junior diamond mining company. 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 and is currently CEO of Cresta Hotels.

Number of meetings attended

3 3

Board of Directors continued

Leutlwetse Tumelo (44)

Non-executive Director

B.Ac

Leutlwetse is the Founder and Managing Director of Meriting Conferences. He has over 20 years' corporate experience in the capital markets and resources sector. During his professional career he has held various executive and non-executive leadership roles in listed and unlisted companies. Leutlwetse is a member of the Botswana Institute of Chartered Accountants and the Institute of Directors South Africa. Leutlwetse is a Non-executive Director of Minergy Limited and Chairman of its subsidiary, Minergy Coal. He is also the chairman of the Social and Ethics Committee and the Remuneration and Nominations Committee.

Number of meetings attended

3 4

Cross Kgosidiile (54)

Non-executive Director

MBA, FCMA, BCom (Accounting)

Cross joined the Board as a Non-executive Director in 2020 as the nominated representative of Botswana Development Corporation ("BDC"). He is the Chairman of the Audit and Risk Committee ("ARCO"). 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 BDC. He has held a number of senior positions and was an executive director at a range of well-known organisations in Botswana, including Air Botswana, where he was CFO, Botswana Motor Vehicle Accident Fund where he held the position of CEO, and the Botswana Power Corporation, where he was CFO, later becoming the interim 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, BSE listed Prime Time Property Holdings, JTTM Property Holdings, and Stanbic Bank Botswana.

Number of meetings attended

3 4

Matome Tsholetsa Malema (58)

Non-executive Director

BEng(Hons) in Mineral Process Engineering (Camborne School of Mines); Executive MBA (UCT Graduate School of Business); Financial Modelling and Valuation Analyst (FMVA) (Corporate Finance Institute); Chartered Global Investment Analyst (CGIA) – The Chartered Global Investment Analyst Institute

Mr. Matome Tsholetsa Malema was appointed to the Minergy Limited Board on 25 September 2023. He currently holds the position of CEO of the Minerals Development Company Botswana ("MDCB"). He is a Mining and Metals Executive with over 35 years of experience. This includes board experience at non-executive chairman level in state owned entities and industry experience in base metals, diamonds, and the original equipment manufacturer (Mining Services and Solutions) space in Botswana, such as BCL Limited, Debswana Diamond Company (a De Beers Group Company), Lucara Diamond Corporation, Joyglobal Inc./Komatsu Mining Corp, and Komatsu Limited. At these companies, Matome has fulfilled various roles such as Project Metallurgist, Process Plant Manager, Metallurgical Manager, Assistant General Manager, General Manager and Director — Surface Mining and Country Manager. Matome is also a board member of the De Beers Group and a member of its Sustainability Committee.

Number of meetings attended

1

Corporate Governance report

Statement of compliance

The Board is committed to upholding the fundamental tenets of governance, which include discipline, independence, responsibility, fairness, social responsibility, transparency and accountability of directors to all stakeholders.

The Board is responsible for determining the Company's strategic direction and exercising prudent control over the Company and its affairs. The Board and the individual directors will, at all times, act in the best interest of the Company and adhere to all relevant legal standards of conduct.

Minergy Board of Directors and Board Committees

Independent Non-executive Board Chairman — Mokwena Morulane

	Board of Directors	Audit and Risk Committee	Social and Ethics Committee	Remuneration and Nominations Committee
Chairman	Mokwena Morulane	Cross Kgosidiile	Leutlwetse Tumelo	Leutlwetse Tumelo
Members	**Non-executive Directors** Mokwena Morulane (independent) Leutlwetse Tumelo (independent) Cross Kgosidiile Matome Tsholetsa Malema ("MTM") (appointed 25 Sep 2023) **Executive Directors** Morné du Plessis (Outgoing CEO, resigned 28 August 2023) Julius Ayo (Acting CFO) (appointed 19 Sep 2022)	Mokwena Morulane Leutlwetse Tumelo	Mokwena Morulane John Astrup	Mokwena Morulane
Meetings held during the year*	3 1 19 Sep 2022 2 27 Jun 2023 3 25 Sep 2023	4 1 19 Sep 2022 2 21 Mar 2023 3 27 Jun 2023 4 25 Sep 2023	0	0
Attendance record	See Corporate Governance report Page 43 – 47	See Audit and Risk Committee report Page 56 – 58	See Social and Ethics Committee report Page 36 – 37	See Remuneration and Nominations Committee report Page 53 – 55

* *Up to the issuance of this report*

Corporate Governance report continued

The Board meets during the year to ensure Minergy complies with all relevant laws, regulations, and codes of good business practice and to review strategy, planning, risk management and financial performance, health and safety and environmental management.

Through delegation to the CEO, Minergy communicates with its shareholders and relevant internal and external stakeholders openly and promptly. Internal governance structures and roles are regularly reviewed and improved at Board and management levels. Minergy accepts its position as a responsible corporate citizen and will, wherever possible, contribute towards enhancing its role as such.

Minergy endeavours to incorporate into its actions the best possible mutual interests of all stakeholders, including shareholders, local communities, lenders and providers of capital, the media, employees, suppliers, and customers.

Assurance

The Board has reviewed the information contained in the Integrated Annual Report and believes it would not be cost-effective and practical to have independent assurance of the information contained therein apart from the annual financial statements and resource information.

Commitment and approach to corporate governance

The Board provides oversight of the Company's corporate governance management system and remains ultimately responsible for its implementation and performance. In discharging this responsibility, the Board is guided by its Charter and policies to ensure that effective corporate governance is practised consistently throughout Minergy.

Ethical leadership and corporate citizenship

The Company adheres to the shared values of integrity, honesty and transparency. Minergy's corporate governance structures and policies are evaluated on an ongoing basis and are amended, as appropriate. The Social and Ethics Committee plays an integral part in this process.

Compliance with King IV™

A gap analysis was conducted and measurement against the 16 core principles of King IV™ is undertaken at least annually to assess Minergy's application of the recommended principles. The Board is satisfied that the Company complies with the majority of the principles of the King IV™ Code, where applicable to its current status.

A summary of the application of the King IV™ principles and explanations can be found on pages 48 – 52 and on the Company's website: **www.minergycoal.com**.

Board of Directors

At the date of issuing this report, the Board consisted of one Executive Director and four Non-executive Directors (three of whom are independent), with the following changes having taken place since year end.

- On 28 August 2023, Morné du Plessis resigned as CEO and director. Mr. du Plessis will remain available and dedicated to Minergy during his notice period ending 30 November 2023. The Board has begun the search for a suitable replacement for Mr. du Plessis, and the Company will provide further updates.
- On 25 September 2023, the Board appointed Mr. Matome Tsholetsa Malema ("MTM") to the Minergy Limited Board. He currently holds the position of CEO of the MDCB and is a Mining and Metals Executive with over 30 years of experience.
- To augment the management team with the departure of the CEO, various human resources have been made available through the MDCB, Minergy's largest funder. Matthews Bagopi of the MDCB has been seconded to Minergy Coal for 12 months and he fulfils the role of Acting Chief Executive Officer at Minergy Coal, a subsidiary of Minergy Limited.

The roles of the Chairman and the CEO are separate. The Chairman is an Independent Non-executive Director. The Non-executive Directors are not directly involved in the day-to-day management of the Company's activities and are not full-time employees.

The Non-executive Directors are individuals of high calibre and credibility and have the necessary skills and experience to bring judgement to bear, independently of management, on issues of strategy formulation, performance management, resources planning and allocation, transformation and employment equity, standards of conduct, and other important decisions.

Executive management is the responsibility of the CEO and Executive Directors. The Executive Directors are involved in the day-to-day management and operation of Minergy's activities and are full-time employees. The Board endeavours to meet at least quarterly, with additional meetings convened if necessary. The Board is responsible for ensuring that there is effective management and control of the Company and sets the strategic direction and policies.

The Board approves all merger acquisitions and disposals, major capital expenditure, has oversight of financial and administrative activities, and other matters that may materially impact the business of Minergy. Directors are entitled to seek independent and professional advice relating to the affairs of the Company. The Board and its committees are supplied with full and timely information which enables them to discharge their responsibilities and they have unrestricted access to all Company information, records, documents and property.

Corporate Governance report continued

Non-executive Directors have access to all employees and, at their discretion, may meet separately with the management without the attendance of Executive Directors.

Independence of Directors

The independence of Directors is overseen annually by the Board, following an analysis of the circumstances of Independent Non-executive Directors. The Board consists of one Executive Director and four Non-executive Directors, of which three are independent. The Remuneration and Nomination Committee consists of two and the Audit and Risk Committee of three Non-executive Directors, all of whom are viewed as independent.

Mr Tumelo is an independent Non-executive Director of the Board, and a member of the Audit and Risk Committee, and is Chairman of the Remuneration and Nomination Committee and the Social and Ethics Committee.

He brings valuable expertise, experience and skills to the Company. His shareholding in Minergy of less than 0.3 percent is not considered sufficient to exercise undue influence on the affairs of the Company, and he does not provide any consulting services to Minergy.

Mr Morulane serves as an independent Non-executive Chairman of the Board, member of the Audit and Risk Committee, the Remuneration and Nomination Committee as well as the Social and Ethics Committee. The Board believes that Mr Morulane brings valuable accounting and financial expertise, experience, and skills to the Company. He does not provide any consulting services to Minergy and does not hold any shares in the Company. He is therefore considered to be independent as he is not able to exercise undue influence on the affairs of the Company.

Mr Kgosidiile has experience in finance and is a representative of the Botswana Development Corporation, a funder of Minergy. Neither the BDC nor Mr Kgosidiile owns any shares in the Company and is considered independent.

Mr Malema is a representative of the largest funder to Minergy, the MDCB. He was appointed on 25 September 2023. Neither the MDCB nor Mr Malema owns any shares in the Company and is considered independent.

Board responsibility, accountability and control

The Board retains full and effective control over Minergy and monitors the executive management and decisions in the subsidiary companies. The Board assumes overall responsibility for the Company and its activities, including risk management and governance. The Board is also responsible for setting the direction of the Company through the establishment of strategic objectives and key policies.

The Board is responsible for the proper management and ultimate control of Minergy. The Board is further responsible for setting the strategic objectives, determining investment and performance criteria, and taking responsibility for the proper management and ethical behaviour of the business. There is a clear division of responsibility at Board level that ensures a balance of power and authority.

The Board has appointed three permanent committees to assist in fulfilling its governance role: The Audit and Risk Committee, the Remuneration and Nomination Committee, and the Social and Ethics Committee.

A more detailed report from each of these committees is set out later in this section on pages 56 – 58, 53 – 55 and 36 – 37 respectively.

Practically, a decision was taken to assign the nomination responsibilities to the Remuneration Committee and have a single Remuneration and Nomination Committee. Similarly, risk responsibilities have been assigned to form a combined Audit and Risk Committee. The Board retains ultimate responsibility for the activities of these committees and approves major recommendations and decisions.

The Board is satisfied that the Chairman of the Audit and Risk Committee, as an independent Non-executive Director and qualified chartered accountant, has the appropriate qualifications and skills to fulfil this role, and that the members of the Committee collectively have the required knowledge and experience.

The Board is further satisfied that the Chairman of the Remuneration and Nomination Committee is appropriate and has the required qualifications and skills to fulfil this role, and that the members of the Committee collectively have the required knowledge and experience.

The Board is also satisfied that the Chairman of the Social and Ethics Committee is a Non-executive Director and suitably qualified and experienced to execute the mandate of the Committee and that the Committee takes seriously the importance of social investment as well as the monitoring and implementation thereof.

The Board has ultimate responsibility for the internal financial controls and operating systems of the Group and for monitoring their effectiveness. These systems are designed to provide reasonable assurance against material misstatement and loss. Various policies and procedures exist to address conflicts of interest. These cover areas such as full disclosure of all the interests of Directors of the Company and strict approval requirements for the trading of Minergy shares.

Corporate Governance report continued

The Directors are of the opinion that the internal accounting controls are adequate, so that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities. This opinion is based on the information and explanations given by management, and on comments by the auditors and the results of their audit.

Directors' attendance at Board meetings

Board appointed members attended the three Board meetings held across the year. The attendance record can be found on pages 41 – 42 at the start of this Corporate Governance Report.

Evaluation of the Board

An evaluation of the Board, its committees and the individual members is scheduled annually, and self-evaluation is conducted through questionnaires based on a digital platform. This most recent Board self-evaluation process was undertaken during October 2023, and it was concluded that the Board is generally satisfied with its performance and effectiveness as well as the support received from its various committees.

Appointment and re-election of Directors

Appointments of Non-executive Directors are made by the Board as a whole, taking into consideration transparent and formal recommendations from the Remuneration and Nomination Committee. At every AGM, at least one-third of the Non-executive Directors retire from office by rotation. The Non-executive Directors required to retire in each year are those who have been longest in office after their last election, and any Non-executive Director who had held office for a period of three years since his last election or appointment, is also required to retire.

All Non-executive Directors are subject to election by shareholders at the first opportunity after their initial appointment by the Board. New appointments and rotations are ratified by shareholders annually at the AGM. There is no set retirement age for Executive and Non-executive Directors.

The Board has tasked REMCO to find two additional Non-executive Directors to fill vacancies.

Share trading

A formal Share Trading Policy, approved by the Board, prohibits Directors, officers and other selected employees dealing in the Company's shares from the end of each reporting period to the date of announcement of the financial results or in any other period when Directors and senior management could be in possession of price sensitive information.

The policy includes various provisions that regulate the share dealings of Directors and ensures disclosures are made as required by the BSE Equity Listings Requirements. No trading by Directors is authorised without prior clearance being received from the CEO. Should the CEO wish to trade in his shares, clearance must be obtained from the Board prior to any dealing. This policy is reviewed and updated from time to time to ensure that it is compliant with any changes in applicable rules, legislation, and related regulations.

Shareholder communication

All communication with investors and shareholders is conducted in accordance with applicable securities regulations and the BSE Equity Listing Requirements via the BSE's X-News service, including announcements relating to the dissemination of integrated annual reports, interim and final results, the AGM, and all other regulatory and other relevant information.

Minergy has a comprehensive website which is regularly updated. The website includes all published information and in addition contains statutory documents such as the Competent Persons Report, information on the Masama Coal Mine, leadership resumes, social investment and press releases.

The Company regularly holds meetings with institutional and other significant shareholders, following key announcements, and announcements of the full year results. Shareholder communication is driven by the office of the CEO in conjunction with an appointed external investor relations and media service provider, Keyter Rech Investor Solutions.

Directors' responsibility for the annual financial statements

The Directors accept ultimate responsibility for the preparation of the financial statements and related financial information that fairly represents the state of affairs and the results of the Company.

The annual financial statements as set out in this report have been prepared in conformity with IFRS and are based on appropriate accounting policies which have been consistently applied, unless where specifically stated otherwise and are supported by reasonable and prudent judgements and estimates.

Risk management

The Audit and Risk Committee has established a framework to review all strategic risks impacting the Company. The major risks facing Minergy have been identified and, where feasible, mitigating strategies are implemented.

The Risk Matrix can be found on page 12 of this Integrated Annual Report.

Corporate Governance report continued

Company secretary

The Company has appointed Desert Secretarial Services (Pty) Ltd as statutory company secretary with its main function being the maintenance of statutory records in accordance with legal and regulatory requirements.

After an internal review, the Board has satisfied itself that Desert Secretarial Services is competent, qualified and experienced.

The Board further confirms that the Company Secretary maintains an arms-length relationship with the Board of Directors and that the Company Secretary does not have any members represented on the Minergy Board.

Botswana Accountancy Oversight Authority (“BAOA”) Review

BAOA was established as the independent oversight body of the accounting and auditing profession in Botswana and to regulate financial reporting and corporate governance of Public Interest Entities (“PIE”). As part of its mandate, BAOA among other functions:

- reviews and analyses financial reports and identifies any failure on the part of the PIE to comply with reporting standards and laws and informs the PIE of its shortcomings and actions required; and
- promotes high standards of corporate governance and compliance with professional ethics

Under the review process, the financial statements and corporate governance system of every PIE will be reviewed every five years, depending on risk profile.

Minergy’s financial statements for 2022 and corporate government systems were review by BAOA during June 2023.

BAOA concluded the Financial Reporting Monitoring and Corporate Governance reviews for Minergy and issued a draft report. Minergy provided responses to the draft report on 30 September 2023 and awaits further feedback from BAOA. Most of the financial reporting matters have either been corrected in the 2022 financial statements or are included in the financial statements that form part of this report. The matters raised under the Corporate Governance review have been responded to and are “work in progress”.

Minergy King IV™ application register 2023

Minergy Limited is a coal mining and trading company that serves as the holding company for the Minergy Group. Its primary and wholly-owned asset is the Masama Mine. Minergy is a registered company in Botswana and is publicly traded on the main board of the Botswana Stock Exchange ("BSE"). Furthermore, the Company has plans to list on a second international stock exchange in the future, expanding its global presence.

To uphold robust corporate governance practices, Minergy adheres to the principles outlined in the King IV™ framework. The Company has adopted an Objectives and Key Results ("OKR") approach to report on the accomplishment of its corporate governance objectives. The objectives are derived from the 16 core King IV™ principles, and the key results demonstrate the tangible outcomes achieved. These will be presented for the financial year ending 30 June 2023, showcasing the company's commitment to transparent and effective governance.

"Minergy" or "the Group" or "the Company" are terms used interchangeably across this report.

Leadership, ethics and corporate citizenship

Ethical and effective leadership

Principle 1 — The board should lead ethically and effectively.

Minergy's Board of Directors takes responsibility for their decision-making and ethical conduct, with continuous oversight by the Chairman of the Board.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Comprehensive Director declarations	Every year, Minergy Directors must complete and sign a thorough director's declaration, committing to fulfilling their fiduciary responsibilities. This requirement applies to all Board members and officeholders.
Share trading policy	There is an official share trading policy in place, which has received approval from the Board. This policy restricts Directors, officers and certain employees from trading Minergy's shares from the conclusion of each reporting period until the financial results are publicly announced or during any other period when Directors and senior management might have access to information that could impact the share price.
No negative publications	During the year under review, Minergy's Board successfully maintained a pristine reputation in the media, with no negative coverage of any Board member, office bearer or the organisation's leadership in any media outlet.

Establishment of ethical culture

Principle 2 — The board should govern the ethics of the company in a way that supports the establishment of an ethical culture.

Minergy is committed to upholding ethical behaviour and actively promotes ethical standards. The Social and Ethics Committee is responsible for overseeing and managing the ethics of the entire Group.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
An established and functioning whistle-blower mechanism	A well-established and operational whistleblower hotline accessible to all employees and stakeholders. This hotline serves as a platform for reporting any unethical or potentially harmful actions by employees that go against the Company's best interests. Minergy actively encourages the reporting of unethical and corrupt practices. The details for this whistleblowing hotline are made publicly available on the Group's website.

Responsible corporate citizenship

Principle 3 — The board should ensure that the company is and is seen to be a responsible corporate citizen.

Minergy's Board takes on the responsibility of overseeing the overall performance of responsible corporate citizenship within the Group. The Company has plans to provide support for a range of initiatives in both the mining sector and the surrounding areas. The vital task of managing this principle has been assigned to the Social and Ethics Committee.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Measurable results of societal contribution (including public health and safety and community development)	Minergy is deeply committed to sustainability and corporate responsibility. The Company enforces rigorous safety measures and environmentally friendly practices throughout its operations, placing a high priority on public health and safety. Furthermore, Minergy has intentions to actively participate in community development initiatives with the aim of empowering local communities through job opportunities, educational support and investments in infrastructure. Refer "Minergy Cares" brochure on the website.

Minergy King IV™ application register 2023 continued

Strategy, reporting and performance

Strategy and performance

Principle 4 — The board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Minergy's capacity to generate sustainable value is evident in its business model. The Audit and Risk Committee plays a pivotal role in assisting the Board by overseeing risk governance and monitoring, which includes the implementation of various risk mitigation controls. This responsibility is clearly outlined in the Audit and Risk Committee's terms of reference.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Integrated report	Minergy issues an Integrated Annual Report to communicate to stakeholders how the Group is both generating and safeguarding value, while also demonstrating how integrated thinking is ingrained within the organisation. This report, along with public announcements, evaluates the Group's performance in relation to its objectives and comprehensively addresses all significant matters. The Board of Minergy is responsible for ensuring the integrity and comprehensiveness of the integrated report, as well as any supplementary information. The Audit and Risk Committee aids in ensuring accurate and transparent information dissemination.

Reporting

Principle 5 — The board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects.

The Board takes on the responsibility for the organisation's reporting and ensures that Minergy's reports provide stakeholders with the necessary information to make informed assessments of the Company's performance. To maintain the integrity of assurance and compliance reports and other disclosures, the Board, working through the Audit and Risk Committee, ensures that appropriate controls are established and maintained.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Publication of reports — IAR	Minergy demonstrates a strong commitment to transparency and sustainability through its Integrated Annual Report. This report offers Minergy's stakeholders a comprehensive and holistic view of the Company's operations and performance.
Comprehensive and transparent website	The Group's website is designed to provide stakeholders with easy access to essential publicly available information about the Company. It is consistently kept up-to-date to facilitate efficient and timely communication with stakeholders. The website encompasses all published information, including statutory documents like the Competent Persons Report, details about the Masama Coal Mine, leadership profiles, information on social investments and press releases.

Governing structures and delegations

Primary role and responsibilities of the board

Principle 6 — The board should serve as the focal point and custodian of corporate governance in the company.

The Board serves as the central authority and guardian of corporate governance across the Group. Additionally, various aspects of governance receive more focused attention through the established Board sub-committees, including the Audit and Risk, Remuneration and Nominations, and Social and Ethics Committees.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Board charter	The Board adheres to its Charter and policies to maintain a consistent practice of effective corporate governance across Minergy.
Detailed King IV™ governance register	Minergy follows the governance principles outlined in King IV™, and when necessary, it reinforces and enhances recommended practices through the Company's governance frameworks, systems and procedures. An annual gap analysis is conducted to evaluate how well Minergy aligns with the principles of King IV™. The Board is content that the Company adheres to most of the principles in the King IV™ Code that are relevant to its current status.

Minergy King IV™ application register 2023 continued

Composition of the board

Principle 7 — The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Board and its sub-committees conduct an annual evaluation of their composition, assessing the balance of skills, experience, diversity, independence and knowledge to ensure they can effectively fulfil their roles and responsibilities. The Board is confident that it has achieved the necessary balance in these aspects to carry out its duties.

Through the annual self-assessment of the Board and its sub-committees, knowledge and skill sets are reviewed and enhanced as needed. Additionally, subject matter experts are accessible when specialised guidance is necessary for specific matters.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Director rotation	Minergy enforces a stringent policy that mandates the rotation of Directors after a specified tenure. This policy is designed to ensure that no single individual or group accrues excessive influence over the decision-making process. It serves to foster accountability and prevent complacency within the organisation. During each Annual General Meeting ("AGM"), at least one-third of the Non-executive Directors retire from their positions through rotation. The Non-executive Directors required to retire in each year are those who have served the longest since their last election, along with any Non-executive Director who has held office for a three-year period since their last election or appointment. Shareholders ratify new appointments and rotations annually at the AGM.

Committees of the board

Principle 8 — The board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

The Board and its sub-committees align with the requirements outlined in King IV™, ensuring a proper balance of power to prevent any individual or group from having excessive decision-making authority. The Audit and Risk Committee confirms the independence of the auditor, and the audit firm is selected with a designated audit partner overseeing the audit process. The Acting Chief Financial Officer ("CFO") is responsible for managing the finance function, and an annual assessment of the CFO's performance is carried out by the Audit and Risk Committee.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Committee charters/terms of reference	Minergy utilises committee charters or terms of reference to delineate the roles, responsibilities and objectives of each committee within the Group. These documents serve as guiding frameworks, ensuring that committee members possess a well-defined comprehension of their responsibilities and are in alignment with Minergy's objectives. This approach enhances the efficiency and effectiveness of the decision-making process within the organisation.
Audit and Risk, Remuneration and Nominations, and Social and Ethics Committees	The Board has established three permanent committees to support its governance functions: The Audit and Risk Committee, the Remuneration and Nominations Committee, and the Social and Ethics Committee. In practice, it was decided to consolidate nomination responsibilities into the Remuneration Committee, resulting in the formation of a single committee known as the Remuneration and Nominations Committee. Similarly, risk-related responsibilities have been combined to create the Audit and Risk Committee. However, it's important to note that the Board maintains ultimate responsibility for the activities of these committees and approves significant recommendations and decisions made by them.

Evaluation of the performance of the board governing body

Principle 9 — The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness.

The terms of reference for the Board and all its sub-committees will incorporate the responsibility for conducting annual assessments. Performance evaluations of both the Board and its sub-committees will be carried out each year through internal assessment procedures.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Board self-evaluation	An annual evaluation of the Board, its committees and individual members is performed, and these evaluations are conducted through questionnaires facilitated by a digital platform. The most recent Board self-evaluation occurred in October 2023, and it was determined that the Board is generally content with its performance and effectiveness, as well as the support it receives from its various committees.

Minergy King IV™ application register 2023 continued

Appointment and delegation to management

Principle 10 — The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

There is a distinct separation of responsibilities and authority between the Board and the executive management.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Authority framework	A comprehensive Delegation of Authority policy and framework outline specific matters reserved for the Board and senior management. The Board is content with the Group's adequate resourcing and believes that its delegation of authority to management enhances an effective system for exercising authority and responsibilities.

Governance functional areas

Risk governance

Principle 11 — The board should govern risk in a way that supports the company in setting and achieving its strategic objectives.

The Board takes responsibility for governing risk by establishing the direction for how risk should be managed and addressed within Minergy.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Robust enterprise risk register	The Audit and Risk Committee plays a crucial role in assisting the Board in managing risk. The Board recognises the significance of risk management as it is closely linked to the Group's strategy, performance and sustainability. The Audit and Risk Committee is responsible for implementing processes to identify and manage risks to the Group's sustainability within acceptable parameters. They delegate to management the ongoing task of identifying, assessing, mitigating and managing risks within the current operating environment. To address these risks, mitigating controls are put in place and continuously monitored. Furthermore, the Audit and Risk Committee has established a framework to assess all strategic risks affecting the Company. The major risks facing Minergy have been identified, and where feasible, strategies to mitigate them have been implemented. The Risk Matrix can be found in the Integrated Annual Report.

Technology and information governance

Principle 12 — The board should govern technology and information in a way that supports the company setting and achieving its strategic objectives.

The Board, in collaboration with the Audit and Risk Committee, maintains continuous supervision of information and technology management. Their oversight ensures the integration of employees, stakeholders, future investment strategies and the economic outlook of the Company through effective information and technology management.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Committee terms of reference	The Audit and Risk Committee's terms of reference is augmented to address the governance of technology and information governance. External service providers report on adherence and recommendations are implemented.

Compliance governance

Principle 13 — The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen.

The Board, with the assistance of the Audit and Risk Committee, oversees compliance with the various regulations that the Group must adhere to and is responsible for monitoring compliance with relevant legislation.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Legislative register	Minergy maintains a register that contains information about the legislative framework relevant to the organisation. This register helps the Company stay informed and compliant with the specific laws and regulations that apply to its operations.
No penalties incurred	In the year under review, no significant penalties, sanctions or fines were incurred due to violations of regulatory obligations or relevant legislation. Minergy remained in compliance with these requirements during the reporting period.

Minergy King IV™ application register 2023 continued

Remuneration governance

Principle 14 — The board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board, with support from the Remuneration and Nominations Committee, takes measures to ensure that employees receive fair, responsible, transparent and industry-standard compensation. This commitment is outlined in the terms of reference of the Remuneration and Nominations Committee and aims to promote the sustainable creation of value within the organisation.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Remuneration policy	Minergy's Board employs its remuneration policy to establish a clear and transparent framework for determining fair compensation for both executives and employees. This policy aligns remuneration with performance metrics and industry norms, ensuring that compensation packages are not only equitable but also motivating. It reflects the Company's dedication to rewarding merit and fostering long-term value creation.

Assurance

Principle 15 — The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports.

The Board is content that the results of assurance activities demonstrate the presence of a robust and effective control environment, ensuring the integrity of reports that support informed decision-making. This responsibility is detailed in the charter of the Audit and Risk Committee.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Unqualified external audit report	Minergy's financial statements are considered to be free from significant misstatements or discrepancies, providing an accurate representation of the Company's financial position and operating results.

Stakeholder relationships

Stakeholders

Principle 16 — In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time.

The Board has identified various stakeholder groups and endeavours to strike a balance between their legitimate and reasonable needs, interests, and expectations. This approach reflects a commitment to effective stakeholder management and engagement.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
All communication with investors and shareholders is conducted in accordance with applicable securities regulations	Please refer Stakeholder engagement section detailed from pages 38 – 40.

Institutional investors

The board should ensure that responsible investment is practiced by the company to promote good governance and the creation of value by the companies in which it invests.

N/A – Minergy is not an institutional investor.

Remuneration and Nomination Committee report

Overview

The Remuneration and Nomination Committee (“REMCO” or the “Committee”) is pleased to present its report for the financial year ended 30 June 2023.

The Committee has adopted formal terms of reference in the form of a charter (“Charter”), which the Board has approved. The Charter sets out the Committee’s duties and responsibilities as delegated to it by the Board to fulfil certain of its duties in terms of the Companies Act, other applicable legislative and stock exchange requirements and incorporates additional responsibilities delegated to it that the Board considers improving its performance.

The Committee’s Charter is drafted to adhere to the requirements of King IV™ and the corporate governance guidelines in the BSE Equity Listing Requirements (further described below) and is reviewed by the Committee annually. No changes were made to the Charter during the 2023 financial year.

Remuneration philosophy

The Company’s remuneration philosophy, approved by the Board, applies to all operations and is reflected in the Company’s Remuneration Policy, which the Board previously adopted.

It is Minergy’s philosophy to:

- appropriately compensate management and employees for the services they provide to the Company;
- attract and retain management and employees with skills required to manage the operations and grow the business effectively; and
- motivate management and employees to perform in the Company’s and its stakeholders’ best interests.

Purpose of the Committee as set out in its charter

The Committee’s role is to assist the Board in achieving its objective of ensuring that:

1. Minergy’s remuneration policies, practices and procedures:
   - are aligned with the Company’s business strategy, overall objectives and market practice;
   - motivate executives to pursue the Company’s medium- to long-term growth;
   - demonstrate a clear relationship between the Company’s performance and the performance of executives; and
   - align the interests of executives with the creation of value for shareholders.
2. the Company has a Board of an effective composition, skills matrix, diversity, size and commitment to discharge its responsibilities and duties adequately.

Matters relating to both remuneration and nominations are dealt with by a single combined Remuneration and Nomination Committee.

Review of REMCO Charter against King IV™

The Company embraces the best corporate governance practices set out in King IV™ and continuously aspires to improve its existing practices by reviewing these against King IV™. Accordingly, reviews of the Committee’s Charter compared to guidance in the King IV™ Code of Corporate Governance and guidelines in the BSE Rules are undertaken annually. No further amendments were made to the Charter during the current reporting period.

Members of the Committee and meeting attendance

Members:

- **Leutlwetse Tumelo** — Chairman
- **Mokwena Morulane** — member

No formal REMCO meetings took place but remuneration matters requiring approval were provided on a round robin basis.

Remuneration, incentives, and retention

Overview

Remuneration comprises fixed remuneration, with no 13th cheque paid during the reporting period, reflecting a conservative approach taken by the Company considering that full capacity was only achieved during H1 2023 and that the business is currently managing various challenges. Accordingly, fixed remuneration during the reporting period was still at a reduced or deferred level for top management, reflecting a continuation of this conservative approach. However, backpay was restored for other affected junior and resigned staff.

As the Company produced positive operating and EBITDA results for H1 2023 with available cash flow COVID-19, related backpay, as provided for in the accounts, was restored to all staff.

The following represents the key components of the Company’s approach to remuneration and incentivisation of staff, as set out in its Remuneration Policy:

- Fixed remuneration and related benefits (salary, housing and superannuation contributions)
- Short-term incentives — constituting cash incentives for reaching specific pre-set objectives
- Long-term retention — primarily share options with qualifying tenure as the vesting criteria.

Remuneration and Nomination Committee report continued

Fixed remuneration

Various cost-saving measures, including reduced/deferred remuneration for top management, were kept in place, with full remuneration reinstated for other staff. Back pay emanating from cost cutting measures required by funders as part of debt restructuring remain unpaid for top management.

Employee benefits and retirement fund

Management has investigated various employee benefits and retirement fund options for approval by REMCO and the Board, which are scheduled to be implemented once the Group achieves successive quarters of production capacity.

13th cheque and bonuses

No bonuses or 13th cheques were paid out during the 2023 financial year as was the case in 2022.

To reward staff and boost staff morale, REMCO approved a gratuity or "Thank you payment" to all staff on the back of good H1 2023 performances. This was done against a background where no salary increases have been awarded for the last few years (including deferred salary reductions for top management still held in place). A maximum payment of P15 000 per employee was made. This was subject to the salary level of the employee. Where the employee salary was <P15 000 the payment was reduced to be equal to the employee's salary effectively equating to a 13th cheque for those.

Short-term Incentive Plan ("STIP")

No cash incentives were paid out during the financial year, an unfortunate trend since 2020.

A Short-term Incentive Plan will be implemented when successive periods of production capacity and profitability is achieved. In general terms, the STIP will set out rules for awards thereunder and the available pool of funds based on making or exceeding the budget to incentivise STIP participants. Awards qualified under the Plan will primarily be cash payments based on Key Performance Indicators.

Once finalised and approved by the Board, it is envisaged that the CEO will administer the STIP with respect to all participants except the CEO. REMCO approval and, in some cases, Board approval, will be required for all awards to the CEO.

Management retention plan

The Share Option plan, as revised, was approved at the Annual General Meeting on 11 November 2020. The exercise price of Options under the Plan is BWP 0.83 per Ordinary Share purchased in the Company. No changes were proposed to be made to the Plan and the CEO has issued offers of grant to selected staff. A total of 15.5 million options have been accepted by employees, including options for the CEO approved by REMCO and the Board. 500 000 options were granted, and 2 million options forfeited from resigned employees.

Salary adjustments and retrenchments

With the temporary closure of mining operations by the mining contractor and the subsequent start up in a reduced volume environment, harsh cost cutting measures were introduced, within the confines of proper consultations and legal requirements, which inter alia included:

- Retrenchments of 25% of Minergy employees on the mine and at the administration offices;
- Salary reductions — salaries below P20 000 per month were not adjusted. Salaries in higher brackets were permanently reduced between 10 – 20%;
- Implementation of a shift system for the weighbridge to eliminate overtime
- Subsequent to the year-end, salaries have been restored to motivate employees in light of the various changes

Share trading policy

A formal Share Trading Policy is in place. Refer to page 46 for the details.

Succession and nomination

Succession and nomination policy

A formal Succession and Nomination Policy (the "Policy") will be drafted and approved for the ensuing financial year. The Policy will embrace the principles contained in King IV™, and so long as the Company is listed on the BSE, the Equity Listing Requirements of the BSE.

Changes to the Board of Directors

The following changes, as announced, refer:

Leonard Makwinja tended his resignation from the Board with effect 19 September 2022, to pursue other business interests. Julius Ayo, the Acting Chief Financial Officer ("CFO"), was appointed as an Executive Director the same day.

On 28 August 2023, the CEO, Mr Morné du Plessis tended his resignation. Minergy's Board has begun the search for a suitable replacement for Mr. du Plessis, and the Company will provide further updates.

Mr Matome Tsholetsa Malema has been appointed to the Minergy Limited Board. He currently holds the position of CEO of MDCB.

Performance appraisals

The performance of the Board and its committees is vital to the success of an organisation. The Committee and the Board recognise that appropriate good corporate governance best practices set out in King IV™ can benefit the Company by enhancing the performance and effectiveness of the Board and its committees. The Company accordingly subscribes to performance appraisals, the purpose of which is to assess the efficacy and performance of the Board and committees of the Company and to identify areas of potential improvement.

Remuneration and Nomination Committee report continued

The Committee oversees the annual performance appraisals of the Company's Board, and its CEO, utilising the Governance Instrument provided by The Global Platform for Intellectual Property (Pty) Limited.

The performance appraisals are conducted to confirm that the Board and its committees are performing effectively overall. The instrument has been a valuable tool to guide the Board and its committees' pursuit of continuous improvement in its functioning and performance.

Non-executive Directors' ("NED") remuneration

Remuneration (in Botswana Pula) for Non-executive Directors for the year ended 30 June 2022 was as set out below:

Name	2023 (Pula)	2022 (Pula)
Mokwena Morulane	**265 000**	150 000
Leutlwetse Tumelo	**180 200**	102 000
Claude de Bruin (resigned)	**17 000**	102 000
Cross Kgosidiile	**180 200**	102 000
Leonard Makwinja (resigned)	**51 000**	102 000

The NED fees for 2023 includes the repayment of 2020 COVID-19 back pay deferrals, as accrued, and as mentioned above.

The Committee, and the Board, have recommended that at this stage, there be no increase in fees paid to Non-executive Directors. Accordingly, it is recommended that retainer fees (paid monthly) for the 2024 financial year remain at the same level for the time being as approved at the 2022 AGM, to be presented at the 2023 AGM as follows:

- Chairman of the Board P12 500
- Non-executive Directors P8 500

It is expected that a review of the level of retainer fees will be required at an appropriate time in the near future, as the Group continues to grow, to bring the level of fees in line with market related remuneration.

The fees reflect the reduction in fees that Directors have agreed on a deferral basis as a temporary measure. This will be reviewed as profitability is restored.

Executive Directors' remuneration

The remuneration for Executive Directors (inclusive of mandatory provisioning for severance benefits and fringe benefits) for the year ended 30 June 2023 was as set out below:

Name	2023 (Pula)	2022 (Pula)
Morné du Plessis (Outgoing CEO)	**3 441 710**	2 870 647

The 2023 remuneration includes the repayment of 2020 COVID-19 back pay deferrals, as accrued, as well as the once off fixed gratuity paid to all staff as mentioned above.

No benefits other than statutory benefits were accrued during the financial year, and the salaries represent a cash-based salary.

Statutory severance benefits have been calculated and provided for but not paid.

Thank you

I take the opportunity to thank the management team, my fellow committee members, and the Board for support during the year. I wish the management team and the Board every success as it navigates the new environment and changes facing the Company.

Leutlwetse Tumelo

Chairman of the Remuneration and Nomination Committee

25 October 2023

Audit and Risk Committee report

The Audit and Risk Committee ("ARCO") is pleased to present its report for the financial year ended 30 June 2023.

The Committee has adopted formal terms of reference in the form of a charter, approved by the Board, setting out its duties and responsibilities as prescribed in the Companies Act and other applicable legislative and stock exchange requirements, and incorporating additional duties delegated to it by the Board. For the ensuing year the terms of reference will be updated to include a section on IT infrastructure and controls. The Committee has approved a workplan encapsulating various tasks and functions for the ensuing financial year. The Committee is in the process of reviewing the terms of reference with respect to the requirements of King IV™.

Responsibilities

In summary, the Audit and Risk Committee assists the Board in its responsibilities to cover the following:

- external audit processes for the Company considering any significant risks;
- adequacy and functioning of the Company's internal controls;
- integrity of the financial reporting; and
- risk management and information technology.

The Audit and Risk Committee attends to both audit and risk responsibilities as one combined Committee.

Members of the Committee and meeting attendance

The CEO and the Acting CFO have a standing invitation to attend all of the Committee's meetings and attended all meetings scheduled for the year. The external independent auditors have unrestricted access to the Committee members and also attended as invitees.

Four meetings were held up to the issuance of the report on:

- 19 September 2022
- 21 March 2023
- 27 June 2023
- 25 September 2023

Attendance

- **Cross Kgosidiile** — Chairman — 100% attendance
- **Mokwena Morulane** — Member — 75% attendance
- **Leutlwetse Tumelo** — Member — 100% attendance

Role of the Audit and Risk Committee

The Committee:

- fulfils the duties that are delegated to it by the Board, for the Company and the Board to fulfil its duties in terms of the Companies Act and other applicable legislative requirements;
- assists the Board in overseeing the quality and integrity of the Company's integrated reporting process, including the financial statements and sustainability reporting, and announcements in respect of the financial results;
- ensures that an effective financial control environment in the Company is maintained;
- provides the CFO and external auditors with unrestricted access to the Committee and its Chairman as is required in relation to any matter falling within the ambit of the Committee;
- meets with the external auditors, senior managers and Executive Directors as the Committee may elect;
- reviews and recommends to the Board the interim financial results and annual financial statements; and
- conducts annual reviews of the Audit and Risk Committee's work plan and terms of reference.

Execution of functions

The Committee is satisfied that, for the 2023 financial year, it has performed all the functions required to be performed by an Audit and Risk Committee as set out in the Companies Act and the Committee's terms of reference.

External audit

The Committee, among other matters:

- managed the appointment of Grant Thornton Botswana ("GT") as the external and designated auditor and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- approved the external audit engagement letter, the audit plan and the proposed audit fees payable to the external auditor;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the Company and its subsidiaries;
- considered whether any reportable irregularities were identified and reported by the external auditor to management; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

Audit and Risk Committee report continued

The Committee is satisfied that GT is independent of the Company after taking the following factors into account:

- formal representations made by GT to the Committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the Company;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditors' independence was not prejudiced as a result of any previous appointment as auditor; and
- meets the criteria specified for independence by the Botswana Accountancy Oversight Authority ("BAOA").

Internal audit

Minergy has not appointed an internal audit function and will review the requirement annually. There is an opportunity to make use of MDCB resources to assist with this function which will be formalised during the ensuing year.

Internal controls

The Committee reviewed the plans and work outputs of the external auditors and concluded that these were adequate to address all significant financial risks the business may face. As noted above, it also reviewed the reporting around the adequacy of the internal controls and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

Significant areas of judgement

In arriving at the figures disclosed in the financial statements there are certain areas where judgement is required. These are outlined in Note 2 to the annual financial statements. The Audit and Risk Committee has assessed the quantum of the assets and liabilities on the Statements of Financial Position and other items that require significant judgement.

Legal, statutory and regulatory compliance

The ARCO Work plan includes a review of compliances to various Legal, Statutory and Regulatory requirements and reports on non-compliances. Adherence to King IV as well as Anti Money Laundering legislation is also reviewed. There were no material compliance issues for the year under review.

Risk management and information technology ("IT") governance

As part of meetings, a risk register is presented by management and reviewed by the Committee. The Committee oversaw the enhancement of various policies pertaining to risk assessment and risk management and approved the Financial Regulations as well as the Information Technology ("IT") Policy. These policies will contribute further to a robust governance environment and to an effective regular going concern assessment.

Information pertaining to the management of risk can be found in the Risk management section on page 10 – 13. A Risk Assessment Policy and HR Policy will be developed in the coming financial period.

Review of the mining contract

During the year ARCO tasked management to perform an external commercial review of the mining contract with Jarcon to evaluate contract commercials, benchmark pricing and evaluate escalation mechanisms. The report was presented to ARCO in March 2023.

Botswana Accountancy Oversight Authority (BAOA) Review

As referred to in the Corporate Governance report on page 43 – 47, Minergy's financial statements for 2022 and corporate government systems were review by BAOA during June 2023.

BAOA concluded the Financial Reporting Monitoring and Corporate Governance reviews for Minergy and issued a draft report. Under the auspices of ARCO, Minergy provided responses to the draft report on 30 September 2023 and await further feedback from BAOA.

Most of the financial reporting matters have either been corrected in the 2022 financial statements or are included in the financial statements that form part of this report. The matters raised under the Corporate Governance review have been responded to and is work in progress.

Integrated Annual Report

Following the review by the Committee of the consolidated annual financial statements of Minergy for the year-ended 30 June 2023, the Committee is of the view that in all material aspects they comply with the relevant provisions of IFRS and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended. The Committee has also satisfied itself of the integrity of the Integrated Annual Report and the sustainability of information reported therein.

Recommendation of the Integrated Annual Report for approval by the Board

Having achieved its objectives, the Committee has recommended the annual financial statements and the Integrated Annual Report for the year-ended 30 June 2023 for approval to the Board. The Board has subsequently approved the report, which will be open for discussion at the forthcoming AGM.

Cross Kgosidiile
Chairman of the Audit and Risk Committee

25 October 2023

Consolidated annual financial statements for the year ended 30 June 2023

This chapter includes various approvals by the directors including the directors report and the report from the independent auditors.

Various company statements of the overall financial position of the group as well as the accompanying notes are included.

Directors' responsibilities and approval

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group and the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's three year cash flow forecast, assumptions used and commitment from one of it's major stakeholders to provide continued financial support. In light of this review they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Refer to the directors' report for further detail.

The external auditors are responsible for the independently auditing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on pages 63 – 65.

The annual financial statements set out on pages 66 – 94, which have been prepared on the going concern basis, were approved by the Board of Directors on 25 September 2023 and were signed on its behalf by:

Mokwena Morulane
Chairman

Julius Ayo
Acting Chief Financial Officer

Directors' report

The directors have pleasure in submitting their report on the consolidated annual financial statements for the year ended 30 June 2023.

1. Nature of business

Minergy Limited ("Minergy" or " the Company") is an investment holding Company. Its principal subsidiary, Minergy Coal (Pty) Ltd ("Minergy Coal" or "the subsidiary") (together referred to as "the Group") holds Mining Licence 2018/9L (for coal) and is invested in the exploration, development, mining and trading of thermal coal. The Masama Coal Mine on the southern edge of the Mmamabula Coalfield in Botswana has been developed and is in full operation and is the Group's only operating asset.

2. Listing

The Company has been listed on the Botswana Stock Exchange (BSE) Main Board since 27 April 2017. The abbreviated name under which the Company is listed on the BSE is "Minergy" and the Company's Clearing House Code is "MIN".

3. Review of financial results and activities

The consolidated and Company annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new standards as disclosed in note 3.

Group attributable loss for the financial year ended 30 June 2023 was P138 843 206 (2022: P131 151 034) representing a loss per share of 29.54 thebe (2022: 27.91 thebe). Headline loss per share was 29.54 thebe (2022: 27.91 thebe).

Full details of the financial position, results of operations and cash flows of the Group and Company are set out in these consolidated annual financial statements.

4. Stated Capital

At 30 June 2023 the number of ordinary shares in issue and the weighted average number of shares was 469 975 134 (2022: 469 975 134) and 469 975 134 (2022: 469 975 134), respectively.

5. Share Option Plan

Details are provided in note 11.1.

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality	Office	Designation
Mokwena Morulane	Botswana	Chairman	Independent non-executive
Morné du Plessis (resigned 31 Aug 2023)	South Africa	Chief Executive Officer	Executive
Leutlwetse Tumelo	Botswana		Non-executive
Cross Kgosidiile	Botswana		Non-executive
Leonard Makwinja (resigned 19 Sep 2022)	Botswana		Independent non-executive
Julius Ayo (appointed 19 Sep 2022)	Botswana	Acting Chief Financial Officer	Executive
Matome Malema (appointed 25 Sep 2023)	Director		Non-executive

7. Directors' interest in shares

At 30 June 2023, the directors of the Company held direct and indirect interests in 11 305 621 (2022: 53 940 042) of the Company's issued ordinary shares. Details of shares held per individual director are listed below:

Shares	Direct beneficial	Indirect beneficial	Direct non-beneficial	Indirect non-beneficial	Total	%
2023						
Executive Directors						
Morné du Plessis*	**10 000 000**	**—**	**—**	**—**	**10 000 000**	**2.13**
	10 000 000	**—**	**—**	**—**	**10 000 000**	**2.13**
Non-executive Directors						
Leutlwetse Tumelo	**1 305 621**	**—**	**—**	**—**	**1 305 621**	**0.28**
	1 305 621	**—**	**—**	**—**	**1 305 621**	**0.28**
Total Executive and Non-executive Directors' interest	**11 305 621**	**—**	**—**	**—**	**11 305 621**	**2.41**

** Morné du Plessis has resigned as director effective 31 August 2023.*

Directors' report continued

Shares	Direct beneficial	Indirect beneficial	Direct non-beneficial	Indirect non-beneficial	Total	%
2022						
Executive Directors						
Morné du Plessis	10 000 000	—	—	—	10 000 000	2.13
	10 000 000	—	—	—	10 000 000	2.13
Non-executive Directors						
Claude de Bruin*	42 634 421	—			42 634 421	9.07
Leutlwetse Tumelo	1 305 621	—			1 305 621	0.28
	43 940 042	—	—	—	43 940 042	9.35
Total Executive and Non-executive Directors' interest	53 940 042	—	—	—	53 940 042	11.48

* *Claude de Bruin has resigned as Non-executive Director effective 15 July 2022.*

8. Borrowing powers

The directors may raise or borrow for the purposes of the business of the Company and/or its subsidiaries, such sum or sums of money as in aggregate at any time do not exceed half of the fair market value of the assets of the Group, or such higher limit as the shareholders may, by ordinary resolution, in a general meeting determine.

9. Special resolutions

No special resolutions were passed during the reporting period.

10. Events after the reporting period

The below events transpired after the reporting date, however they have no impact on the current period's balances.

Funding from Minerals Development Company of Botswana (MDCB):

On 3 August 2023, Minergy successfully finalised and received a disbursement of P90 million from its primary funder, MDCB. The funding is structured as a vanilla secured debenture facility, carrying similar interest rates to the existing MDCB funding. These rates are subject to fluctuations in the Bank of Botswana rate. The proceeds have been allocated towards settling the trade payable of the mining contractor.

Strengthening of the management team:

In conjunction with the funding agreement, MDCB has seconded Mr. Matthews Bagopi for a 12-month tenure to bolster the Minergy management team. He has assumed the role of Acting Chief Executive Officer in the subsidiary. With the exit of the Chief Executive Officer, additional human resources have been sourced, and facilitated by the MDCB.

Termination of Mining Contract:

Minergy has issued a notice terminating its mining contract with Jarcon Opencast Mining Botswana (Pty) Ltd ("Jarcon"). This decision aligns with the strategic direction determined by Minergy's Board of Directors and its financiers, aiming to stabilise operations and achieve sustainable profitability. During this transition phase, arrangements are in place to maintain business continuity and ensure minimal disruption in the coal supply to customers.

11. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realisation of assets and satisfaction of liabilities in the normal course of business. During the current year, the Group has focused exclusively on the continued operation of its principal project in Botswana (The Masama Coal Mine).

The Group incurred a net loss during the year ended 30 June 2023 of P138 843 206 (2022: P131 151 034). As at 30 June 2023 the Group had accumulated losses of P515 264 079 (2022: P376 420 873) and its net liabilities exceeded its net assets by P318 624 602 (2022: net liabilities exceeded its net assets by P180 279 583). This gives rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge the normal course of business. In mitigation the following was considered in management's assessment of the going concern.

The Group secured P90 million in funding from Mineral Development Company Botswana (MDCB), which was disbursed on 3 August 2023, towards its immediate trade obligations to its mining contractor Jarcon Opencast Mining (Pty) Ltd ("Jarcon").

Additionally, the Group made a decision to terminate its contract with Jarcon in line with its long-term vision of sustainable profitability. This will include settlement of indebtedness and processes to facilitate this is in progress.

Directors' report continued

The Group has taken significant steps to ensure its viability and future success. The year under review demonstrated that the company could operate profitably and at full capacity, as illustrated by the first 6-month period performance. For the four active trading years , the company has demonstrated annual increases in all disciplines from mining and beneficiation of coal to sales. The company continues to set the standard in the local coal industry by being the first company to evacuate coal through Walvis Bay, from landlocked Botswana, proudly delivering coal for 6 vessels or ~210,000 tons. The Minergy brand and quality of product is well established, supported by the fact that more than 1.8 million of coal has been sold, since inception.

MDCB, the primary financier to the business, has provided a letter of financial support to ensure the Group's capability to meet its financial obligations. In addition to its financial backing, MDCB's commitment to the Group's success is further evidenced by the provision of additional resources. Matthews Bagopi has been seconded into the Subsidiaries leadership as Acting Chief Executive Officer of the subsidiary for a 12-month period. Additional resources are also made available by MDCB to augment the management team.

Minergy still has approval from shareholders to issue P125 million of shares to assist with refinancing or expansion where required and various leads are pursued. Listing on a secondary international exchange remains viable based on proven operational capacity and is pursued to raise additional funding.

The Group remains proactive in refining its production and sales strategies to thrive in the current market. The inherent quality of the Group's product offerings, coupled with a loyal customer base and logistical advantage, establishes a positive trajectory toward sustained growth and profitability. Sales demand and pricing within a competitive market and cost management remain key factors.

Given the support of MDCB and the additional resources provided, the directors are confident that the Group will successfully achieve its goals and have sufficient funds to meet its obligations and continue as a going concern.

12. Auditors

Grant Thornton Botswana has been appointed as auditors of the Company and its subsidiaries for 2023 financial year.

13. Company secretary

The Company secretary is Desert Secretarial Services (Pty) Ltd

Postal address	PO Box 211008 Bontleng, Gaborone Botswana
Business address	Deloitte House, Plot 64518 Fairgrounds Office Park Gaborone Botswana

14. Details of subsidiaries

Details of the Group's interests in its subsidiaries are set out in note 5 of the consolidated annual financial statements.

Independent auditor's report

GrantThornton

Chartered Accountants

Grant Thornton
Acumen Park, Plot 50370
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Independent Auditor's Report

To the shareholders of Minergy Limited

Opinion

We have audited the consolidated and separate annual financial statements of Minergy Limited (the "company") and its subsidiaries (together the "Group") set out on pages 13 to 61, which comprise the consolidated and separate statement of financial position as at 30 June 2023, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements give a true and fair view of, the consolidated and separate financial position of Minergy Limited as at 30 June 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated and separate annual financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going concern

We draw attention to note 32 in the annual financial statements, which indicates that the group incurred a total comprehensive loss during the year ended 30 June 2023 of P138 843 206 (2022: P131 151 034) and, as of that date, the group had accumulated losses of P 515 264 079 (2022: P 376 420 873) and its net liabilities exceeded its net assets by P 318 624 602 (2022: P 180 279 583). As stated in note 32, these events or conditions, along with other matters as set forth in note 32, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

GRANT THORNTON
CHARTERED ACCOUNTANTS
GABORONE

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Independent Auditors Report ……………………..Contd

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these audit matters.

Key audit matter	How the matter was addressed in our audit
Inventory Inventory consists of coal categorized into different grades based on the quality, size and calorific value and coal in different stages of processing. The quantity of the inventory on hand is determined using several metrices and determined by management experts who have experience and qualification to undertake such surveys. In addition, the values of these inventory includes several estimates such as volume and area. Due to the nature, volume and value of inventory and its associated estimates, inventory is considered a key audit area.	• We obtained a reconciliation for the account balance, class of transaction or disclosure. • We evaluated the entity's accounting policies for appropriateness and consistency. • Attended the entity's inventory count as at 30 June 2023 and evaluated management's instructions and procedures for recording and controlling the results of the physical inventory count, observed the performance of management's count procedures. • We identified the management expert used in the Inventory existence and valuation. We assessed the competence and capabilities of the valuers by verifying the qualifications and experience. • We held discussions with these experts to gather an understanding of the various inputs, assumptions, estimates, and process used in arriving at the values relating to the existence of work in progress recorded in inventory. • Evaluated and documented that the significant assumptions used by expert are reasonable considering the measurement objectives of the financial reporting framework. • Evaluated the management inputs in the standard cost of extracting inventory and validated the same with supporting information. • Determined whether the inventory valuation method is appropriate and consistently applied. Verified the standard selling price of coal against the carrying value of cost of inventory and validated that the carrying value of inventory is done at the lower of cost or net realizable value. Our audit procedures have resulted in appropriate audit evidence with regards to the valuation of Inventory.

GRANT THORNTON
CHARTERED ACCOUNTANTS
GABORONE

Independent auditor's report continued

GrantThornton

Independent Auditors Report ....Contd

Other information

The directors are responsible for the other information. The other information comprises the Detailed Income Statement, the Statement of Directors' Responsibility and Approval and Director's Report, which we obtained prior to the date of this report, and the other parts of the Minergy Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial Statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Consolidated and Separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

GRANT THORNTON
CHARTERED ACCOUNTANTS
GABORONE

GrantThornton

Independent Auditors Report ....Contd

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and /or company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiaries or business activities within the group to express an opinion on the consolidated and separate annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

GRANT THORNTON
CHARTERED ACCOUNTANTS
GABORONE

Independent auditor's report continued

GrantThornton

Independent Auditors Report ……………………..Contd

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton

Grant Thornton
Firm of Certified Auditors
Practicing Member: Madhavan Venkatachary (CAP 0017 2023)

27 SEP 2023
Gaborone

Statements of financial position
as at 30 June 2023

Figures in Pula	Notes	Group 2023	Group 2022	Company 2023	Company 2022
Assets					
Non-current assets					
Property, plant and equipment	4	**547 862 810**	457 309 038	**416 936**	112 658
Investment in subsidiaries	5	**—**	—	**171 202 949**	161 063 323
Deferred tax asset	6	**144 807 616**	105 299 204	**848 941**	694 250
		692 670 426	562 608 242	**172 468 826**	161 870 231
Current assets					
Inventories	7	**118 604 878**	76 277 729	**—**	—
Trade and other receivables	8	**57 243 499**	95 392 892	**15 917 761**	17 378 694
Cash and cash equivalents	9	**13 188 532**	9 156 322	**68 392**	116 131
		189 036 909	180 826 943	**15 986 153**	17 494 825
Total assets		**881 707 335**	743 435 185	**188 454 979**	179 365 056
Equity and liabilities					
Capital and reserves					
Stated capital	10	**165 563 026**	165 563 026	**165 563 026**	165 563 026
Accumulated (loss)/profit		**(515 264 079)**	(376 420 873)	**15 871 157**	9 060 571
Other reserves	11	**31 076 451**	30 578 264	**631 794**	320 114
Equity attributable to owners of the parent		**(318 624 602)**	(180 279 583)	**182 065 977**	174 943 711
Total equity		**(318 624 602)**	(180 279 583)	**182 065 977**	174 943 711
Non-current liabilities					
Rehabilitation provision	12	**243 583 293**	161 665 560	**—**	—
Borrowings	13	**547 725 045**	565 017 069	**69 593**	—
		791 308 338	726 682 629	**69 593**	—
Current liabilities					
Borrowings	13	**181 278 607**	17 826 904	**392 647**	116 810
Trade and other payables	14	**225 581 457**	178 389 654	**3 763 227**	3 488 954
Current tax liabilities		**2 163 535**	815 581	**2 163 535**	815 581
		409 023 599	197 032 139	**6 319 409**	4 421 345
Total liabilities		**1 200 331 937**	923 714 768	**6 389 002**	4 421 345
Total equity and liabilities		**881 707 335**	743 435 185	**188 454 979**	179 365 056

Statements of comprehensive income
for the year ended 30 June 2023

Figures in Pula	Notes	Group 2023	Group 2022	Company 2023	Company 2022
Revenue	17	**512 540 399**	425 272 818	**—**	—
Cost of sales	18	**(558 665 431)**	(483 670 573)	**—**	—
Gross loss		**(46 125 032)**	(58 397 755)	**—**	—
Other income	19	**16 089 302**	2 975 064	**4 559 989**	4 548 000
Operating expenses		**(22 154 346)**	(18 836 111)	**(5 727 752)**	(5 238 562)
Operating loss	20	**(52 190 076)**	(74 258 802)	**(1 167 763)**	(690 562)
Finance income	21	**232 500**	96 786	**10 041 895**	7 560 869
Finance costs	22	**(124 230 507)**	(93 369 568)	**(54 702)**	(27 407)
(Loss)/profit before income tax		**(176 188 083)**	(167 531 584)	**8 819 430**	6 842 900
Income tax credit/(charge)	23	**37 344 877**	36 380 550	**(2 008 844)**	(822 474)
(Loss)/profit for the year		**(138 843 206)**	(131 151 034)	**6 810 586**	6 020 426
Other comprehensive income for the year		**—**	—	**—**	—
Total comprehensive (loss)/profit for the year		**(138 843 206)**	(131 151 034)	**6 810 586**	6 020 426
Total comprehensive loss attributable to:					
Owners of the parent		**(138 843 206)**	(131 151 034)		
Non-controlling interest		**—**	—		
		(138 843 206)	(131 151 034)		
Loss per share (thebe)	24	**(29.54)**	(27.91)		
Diluted loss per share (thebe)	24	**(29.54)**	(27.91)		

Statements of changes in equity
for the year ended 30 June 2023

Figures in Pula	Stated capital	(Accumulated loss)/profit	Other reserves	Total equity
Group				
Balance at 1 July 2021	**165 563 026**	**(245 269 838)**	**23 676 115**	**(56 030 697)**
Total comprehensive loss	—	(131 151 034)	—	(131 151 034)
Transactions — owners in their capacity as owners of equity				
Borrowings — conversion option reserve	—	—	6 583 154	6 583 154
Share-based payment expense	—	—	318 995	318 995
Balance at 1 July 2022	**165 563 026**	**(376 420 873)**	**30 578 264**	**(180 279 583)**
Total comprehensive loss	**—**	**(138 843 206)**	**—**	**(138 843 206)**
Transactions — owners in their capacity as owners of equity				
Share-based payment expense	**—**	**—**	**498 187**	**498 187**
Balance at 30 June 2023	**165 563 026**	**(515 264 079)**	**31 076 451**	**(318 624 602)**
	Note 10		Note 11	
Company				
Balance at 1 July 2021	**165 563 026**	**3 040 145**	**141 852**	**168 745 023**
Total comprehensive profit	—	6 020 426	—	6 020 426
Transactions — owners in their capacity as owners of equity				
Share-based payment expense	—	—	178 262	178 262
Balance at 1 July 2022	**165 563 026**	**9 060 571**	**320 114**	**174 943 711**
Total comprehensive profit	**—**	**6 810 586**	**—**	**6 810 586**
Transactions — owners in their capacity as owners of equity				
Share-based payment expense	**—**	**—**	**311 680**	**311 680**
Balance at 30 June 2023	**165 563 026**	**15 871 157**	**631 794**	**182 065 977**
	Note 10		Note 11	

Statements of cash flows
for the year ended 30 June 2023

		Group		Company	
Figures in Pula	Notes	**2023**	2022	**2023**	2022
Cash flows from operating activities					
Cash generated from/(utilised in) in operations	25	**5 229 964**	(109 515 604)	**1 273 096**	218 713
Finance costs paid	22	**(9 690 463)**	(8 178 787)	**(54 702)**	(27 407)
Tax paid		**(815 581)**	—	**(815 581)**	—
Net cash (used in)/generated from operating activities		**(5 276 080)**	(117 694 391)	**402 813**	191 306
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(38 205 138)**	(5 585 583)	**—**	(18 960)
(Increase)/decrease in investment in subsidiary		**—**	—	**(99 112)**	205 412
Finance income		**232 500**	96 786	**1 381**	699
Net cash (utilised in)/generated from investing activities		**(37 972 638)**	(5 488 797)	**(97 731)**	187 151
Cash flows from financing activities					
Proceeds from borrowings	13	**63 832 275**	136 895 257	**—**	—
Repayment of borrowings		**(16 551 347)**	(5 467 232)	**(352 821)**	(322 012)
Net cash from financing activities		**47 280 928**	131 428 025	**(352 821)**	(322 012)
Total cash movement for the period		**4 032 210**	8 244 837	**(47 739)**	56 445
Cash at the beginning of the period		**9 156 322**	911 485	**116 131**	59 686
Total cash at end of the period	9	**13 188 532**	9 156 322	**68 392**	116 131

Notes to the annual financial statements
as at 30 June 2023

1. Presentation of annual financial statements

The principal accounting policies applied in the presentation and in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The consolidated and separate financial statements of Minergy Limited as at and for the year ended 30 June 2023 comprise those of the Company and its subsidiaries (together referred to as the Group). These have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and presentation currency

Functional and presentation currency items included in the consolidated and separate financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Botswana Pula, which is the Group and Company's functional and presentation currency.

1.1 Consolidation

The consolidated financial information includes the financial statements of the Group and its subsidiaries. All financial results are consolidated with similar items on a line by line basis.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to , variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

1.2 Investment in subsidiaries

In the Company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary
- any funds advanced to or repayments received from the subsidiary on loans granted to the subsidiary as funding for the subsidiary on terms that are not commercial in nature.

1.3 Foreign currency translations

Items included in the financial statements of each of the Group's entities are measured using the functional currency of the entity.

Transactions in currencies other than the functional currency are initially recorded at the rates of exchange ruling on the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated to the functional currency at the rates prevailing on the reporting date.

Non-monetary items that are measured at fair value, as determined with reference to a foreign currency, are translated to the functional currency at the rates prevailing at the date of the valuation.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All exchange gains and losses are presented in the Statement of Comprehensive Income within operating expenses.

1.4 Exploration, evaluation and development expenditure

Recognition and measurement

Exploration and Evaluation costs are those costs required to find a mineral property and determine technical feasibility and commercial viability. Exploration and Evaluation costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources are commercially viable.

Costs incurred before the Group has obtained the legal right to explore an area are expensed. Exploration and Evaluation costs relating to the acquisition of, exploration for and development of mineral properties are capitalised and include, but are not restricted to: drilling, trenching, sampling, surveying and gathering exploration data; tunnelling and development, calculation and definition of mineral resource; test work on geology, metallurgy, mining and conducting geological, geophysical, engineering, environmental, marketing and financial studies.

Administration costs that do not relate directly to specific exploration and evaluation activity for capitalised projects are expensed as incurred.

Impairment

All capitalised Exploration and Evaluation expenditures are monitored for indications of impairment. Indicators of impairment include, but are not limited to:

(a) the period for which the right to explore is less than one year;
(b) further exploration expenditures that are not anticipated;
(c) a decision to discontinue activities in a specific area; and
(d) the existence of sufficient data indicating that the carrying amount of an exploration and evaluation asset is unlikely to be recovered from the development or sale of the asset.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that Exploration and Evaluation assets are not expected to be recovered, they are charged to the consolidated Statement of Comprehensive Income.

Notes to the annual financial statements
as at 30 June 2023 continued

1. Presentation of Annual Financial statements continued

1.4 Exploration, evaluation and development expenditure continued

Reclassification to property, plant and equipment

Capitalised Exploration and Evaluation costs for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an analysis, capitalised exploration costs are transferred to construction in progress/mine development costs within property, plant and equipment.

Demonstration of technical feasibility and commercial viability generally coincide with a board decision and approval to commence development and construction of a mine. This assessment also includes an assessment of initial development funding required as well as the availability of such funds. In addition, the assessment includes the estimation of projected future operating cash flows based on a detailed mine design plan supporting the extraction and production of established proven and probable reserves and an estimate of mineral resources expected to be converted into reserves in the future and includes initial construction and sustaining capital expenditures.

However, this determination may also be impacted by management's assessment of certain modifying factors including legal, environmental, social and governmental factors. All subsequent expenditures on the development, construction, installation or completion of infrastructure facilities are capitalised as part of mine development/construction in progress within property, plant and equipment.

1.5 Property, plant and equipment

An item of plant and equipment is recognised as an asset when:

- it is probable that the future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Mine development assets and capital work in progress includes expenditure that has been incurred through the exploration and development phases, and in addition, further development expenditure that is directly attributable to the construction of a mine and the related infrastructure.

Stripping costs comprise the removal of overburden and other waste products from a mine. Stripping costs incurred in the development of a mine before production commences are capitalised as part of constructing the mine.

Plant and equipment is initially measured at cost. Costs includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Plant and equipment is subsequently stated at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance is charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The depreciation charge for each year is recognised in the Statement of Comprehensive Income unless it is included in the carrying amount of another asset.

Depreciation on mining development assets and washing plant are calculated using the units-of-production method.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful lives as follows:

	Average useful life
• Plant and machinery	6 to 25 years
• Furniture and equipment	6 years
• Motor vehicles	4 years
• Computer equipment and software	3 years
• Leasehold improvements	4 years
• Right-of-use assets	1 to 25 years

The residual value and useful life of each asset category are reviewed, and adjusted if appropriate at the end of each reporting year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/income" in the Statement of Comprehensive Income.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal.

Leased assets/right-of-use assets (and related liabilities)

The Group considers whether any new contracts it enters into is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying 'asset) for a period of time in exchange for consideration.' To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. Depreciation on the wash plant is charged using the units-of-production method.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Notes to the annual financial statements
as at 30 June 2023 continued

1. Presentation of Annual Financial statements continued

1.5 Property, plant and equipment continued

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the Statement of Financial Position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in borrowings.

1.6 Financial assets

(a) Classification

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

(b) Recognition and derecognition

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to cash flows from the asset expire or have been transferred and the Group has transferred substantially all risks and rewards.

(c) Measurement

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments to collect principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

(d) Impairment

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses — the 'expected credit loss (ECL) model'.

Instruments within the scope included loans and other debt-type financial assets measured at amortised cost including trade receivables.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. Any receivable outstanding for more than 30 days is considered past due, and any outstanding for over 90 days is considered in default.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- Financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

Notes to the annual financial statements

as at 30 June 2023 continued

1. Presentation of Annual Financial statements continued

1.7 Financial liabilities

(a) Classification

The Group's financial liabilities include borrowings and trade and other payables. These financial liabilities are classified and accounted for at amortised cost.

(b) Recognition and derecognition

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are derecognised when these contractual obligations are discharged, cancelled, extinguished or expired.

(c) Measurement

Financial liabilities are stated initially on transaction date at its fair value including transaction costs directly attributable to the transaction.

Financial liabilities are subsequently carried at amortised cost using the effective interest method.

(d) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.8 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Stripping cost incurred during the production stage of a mine are deferred as part of inventory when all of the following criteria are met: (a) it is probable that future economic benefits will flow to the entity; (b) the entity can identify the components of the ore body to which the access has been improved; and (c) the cost incurred can be measured reliably.

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and the estimated costs necessary to make the sale. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

1.9 Trade receivables

Trade receivables are amounts due from customers for inventory sold or services performed in the ordinary course of business. If collection is expected in one year or less , they are classified as current assets.

If not, they are presented as non-current assets.

Trade receivables are measured at amortised cost.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Cash and cash equivalents are measured at amortised cost.

1.11 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

1.12 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or service were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transaction the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably. The value is determined at grant date and not subsequently adjusted.

If the fair value of the goods and services received cannot be estimated reliably, their value and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period, or on a straight-line basis over the vesting period.

If the identifiable consideration received appears to be less than the fair value of the equity instruments granted, this indicates that unidentifiable goods or services has been (or will be) received. The unidentifiable goods or services received (or to be received) are measured as the difference between the fair value of the shares issued and the fair value of any identifiable goods or services received (or to be received).

1.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities.

Trade payables are measured at amortised cost.

Notes to the annual financial statements
as at 30 June 2023 continued

1. Presentation of Annual Financial statements continued

1.14 Taxes

Income tax

Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value Added Tax (VAT)

Where VAT registration is allowed by tax authorities, VAT is not recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of VAT excluded.

1.15 Employee benefits

Short-term employee benefits

Remuneration of employees is charged to the Statement of Comprehensive Income. Short-term employee benefits are those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the services have been rendered such as paid vacation leave and sick leave, bonuses and non monetary benefits. These costs are recognised in the period which the service is rendered and are not discounted.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as result of past performance.

Share-based payments

Share-based compensation benefits are provided to Group employees and selected service providers via the revised Share Option Plan. Information relating to this scheme is set out in note 11.

Employee options

The fair value of options granted under the revised 2017 Share Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options:

- including any market performance conditions (e.g. the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. If vesting conditions are not met and options are not exercised, the estimates are considered forfeited and the adjustments are reversed.

When the options are exercised, the Group transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

1.16 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expected economic benefits to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense.

Contingent assets and contingent liabilities are not recognised.

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbances is proposed relating to the granting of prospecting and/or mining rights. Such costs arising from mining activities and the decommissioning of plant and other site preparation work, discounted to their net present value are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises.

These costs are charged against profits over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

Notes to the annual financial statements
as at 30 June 2023 continued

1. Presentation of Annual Financial statements continued

1.17 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group evaluates the specific terms and conditions of its contracts with customers and exercises judgment to determine whether it satisfies its performance obligations over time or at a point in time.

Revenue is recognised when the company meets all the performance obligations set out in contracts with customer. In recognising revenue, the Group follows the following five steps:

a. Identify the contract(s) with a customer
b. Identify the performance obligations in the contract
c. Determine the transaction price
d. Allocate the transaction price to the performance obligations in the contract
e. Recognise revenue when (or as) the entity satisfies a performance obligation

1.18 Transport and Free On Board ("FOB") Cost Recoveries

Transport and FOB Cost Recoveries represent the amounts received or receivable by the entity in respect of transportation and Free on Board related services. Such recoveries are recognised when the services are rendered and it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue can be reliably measured. The related costs incurred are recognised as an expense when incurred.

1.19 Other income

Other Income comprises all other financial inflows that are not part of the entity's core operating activities. These are recognised when it is probable that the economic benefits will flow to the entity and can be reliably measured, regardless of when the payment is made.

1.20 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Royalty expenses are recognised on an accruals basis in accordance with the substance of the relevant agreements.

1.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

1.22 Finance income

Finance income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Finance income on impaired loans is recognised using the original effective interest rate.

1.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the CEO.

There is only one segment relating to expenditure which is mining and trading of thermal coal.

1.24 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the following:

- the profit/(loss) attributable to owners of the Company, excluding and costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1.25 Comparatives

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements.

Notes to the annual financial statements
as at 30 June 2023 continued

2. Significant accounting estimates and judgements

The preparation of financial statements in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations of IFRIC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Mineral reserves and resources

The estimation of mineral reserves and resources impacts on the depreciation of property, plant and equipment, the estimation of the recoverable amount of cash generating-units, the valuation of inventory work in progress and the valuation and timing of environmental rehabilitation expenditure.

Factors impacting the determination of proved and probable mineral reserves and resources are:

- The actual grade of mineral reserves may vary from projections in resource models;
- Coal prices achieved may vary from price assumptions in resource models;
- Unforeseen operational issues at mine sites;
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- Expectations regarding future profitability would impact the decision to continue mining.

Property, plant and equipment — depreciation, residual values and useful lives

The depreciable amount of assets are allocated on a systematic basis over their useful lives. In determining the depreciable amount, management makes assumptions in respect to the residual value of assets based on the expected estimated amount that the entity would currently obtain from disposal of the asset, after deducting the estimated cost of disposal. If an asset is expected to be abandoned the residual value is estimated at zero. In determining the useful life of assets, management considers the expected usage of assets, expected physical wear and tear, legal or similar limits of assets such as mineral rights as well as obsolescence.

Property, plant and equipment — impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of the value-in-use calculations and fair value less cost of disposal. These calculations require the use of estimates and assumptions such as the estimation of cash flows and the use of discount rates.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Management assesses possible impairment indicators which include movements in coal prices, exchange rates and the economic environment. In estimating cash flows, the Group bases cash flow projections on reasonable and supportable assumptions that represent the Group's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets. At the end of each reporting period, the Group tests for any signs of impairment to the assets.

Refer note 4 for additional information.

Financial assets — impairment testing

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs for the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Refer note 8 for additional information.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Group's ability to utilise the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialisation of mineral reserves. To the extent that management's assessment of the Group's ability to utilise future tax deductions changes, the Group would be required to recognise more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Refer note 6 for additional information.

Environmental rehabilitation

The Group's policy with respect to provision for environmental rehabilitation is to record liabilities for statutory, legal, contractual or constructive obligations.

Estimates are made in determining the present liability of environmental rehabilitation provisions consisting of a restoration provision and decommissioning provision. Each of these provisions are based on an estimate of mine closure costs on reporting date, inflation and discount rates relevant to the calculation and the expected date of closure of mining activities in determining the present value of the total environmental rehabilitation liability.

Discounting of the costs relating to mine closure on reporting date is calculated over the expected life of the mine ("LOM"). The LOM is based on remaining reserves at the mine as well as the level of complexity to perform mining activities at these reserves.

Refer note 12 for additional information.

Inventory work in progress

The Company uses a comprehensive geological model for its inventory valuation, categorising each coal block by softs (m^3), hards (m^3), and coal tonnes. This categorisation facilitates the allocation of soft and hard quantities in each block to the coal content. The stripping cost valuation is determined by the cost of softs and hards mined from each block. It then uses the proportion of exposed coal to determine a stripping cost per ton to be expensed when the attached coal gets extracted. This approach gives a good estimate of the Company's inventory work in progress before coal extraction.

Refer note 7 for additional information.

Notes to the annual financial statements
as at 30 June 2023 continued

3. New standards and interpretations

(a) New standards and interpretations adopted

The Group has adopted the following IFRS and amendments effective for the first time for its annual reporting period commencing 1 July 2022:

New standard/amendment	Key requirement	Effective date
Amendments to IAS 1 Classification of liabilities as current or non-current	The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as noncurrent. If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions. In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances. The adoption of this amendment had no impact on the results of the Group.	1 January 2022
Improvement IFRS 1 Subsidiary as a first-Improvement IFRS 1 Subsidiary as a first-time adopter	A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. The adoption of this amendment had no impact on the results of the Group.	1 January 2022
Amendments to IFRS 3 Reference to the Conceptual Framework	The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination. The adoption of this amendment had no impact on the results of the Group.	1 January 2022
Improvement IFRS 9 Fees in the '10 per cent' test for derecognition of financial liabilities	The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included. The adoption of this amendment had no impact on the results of the Group.	1 January 2022
Amendments to IAS 16 Property, plant and equipment proceeds before intended use	The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required. The adoption of this amendment had no impact on the results of the Group.	1 January 2022
Amendments to IAS 37 Onerous contracts — cost of fulfilling a contract	The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation). The adoption of this amendment had no impact on the results of the Group.	1 January 2022

Notes to the annual financial statements
as at 30 June 2023 continued

3. New standards and interpretations continued

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

New standard/amendment	Key requirement	Effective date
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. It is unlikely that the amendment will have a material impact on the Group's consolidated financial statements.	1 January 2023
Amendments to IFRS 17 Insurance Contracts	Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than Groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach. It is unlikely that the amendment will have an impact on the Group's consolidated financial statements.	1 January 2023
IFRS S1: general requirements for disclosure of sustainability-related financial information **IFRS S2: climate-related disclosures**	IFRS S1 sets out the overall requirements for a reporting entity to disclose sustainability-related financial information about its sustainability-related risks and opportunities. This will enable reporting entities to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific requirements for the identification, measurement and disclosure of climate-related financial information and is designed to be used in conjunction with IFRS S1. Both standards are effective for annual reporting periods beginning on or after 1 January 2024. This means the first reporting will be seen in 2025 for reporting entities applying the standards to their 31 December 2021 reporting cycles. Early adoption is permitted. Reporting entities will need to apply both standards together to claim compliance; however, the ISSB has provided relief from some requirements in the first year of application. It is likely that the standard will have a material impact on the Group's consolidated financial statements.	1 January 2024

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year are not expected to have a material impact on the Group's financial statements.

Notes to the annual financial statements
as at 30 June 2023 continued

4. Property, plant and equipment

Group

Figures in Pula	2023 Cost	2023 Accumulated depreciation	2023 Carrying value	2022 Cost	2022 Accumulated depreciation	2022 Carrying value
Computer software	**14 617**	**(13 617)**	**1 000**	14 617	(13 617)	1 000
Furniture and equipment	**1 805 562**	**(726 790)**	**1 078 772**	1 757 021	(444 828)	1 312 193
IT equipment	**608 468**	**(430 555)**	**177 913**	553 897	(348 466)	205 431
Right-of-use assets — washing plant	**92 473 761**	**(8 539 164)**	**83 934 597**	92 473 761	(5 260 990)	87 212 771
Right-of-use assets — property	**2 508 958**	**(1 031 342)**	**1 477 616**	4 519 658	(2 014 384)	2 505 274
Right-of-use assets — machinery	**6 057 005**	**(5 857 309)**	**199 696**	5 928 762	(4 284 530)	1 644 232
Motor vehicles	**2 422 147**	**(1 638 214)**	**783 933**	2 422 147	(1 220 779)	1 201 368
Plant and machinery	**5 227 887**	**(1 478 979)**	**3 748 908**	5 162 715	(1 010 754)	4 151 961
Mine development asset	**486 063 060**	**(29 602 685)**	**456 460 375**	373 804 777	(14 729 969)	359 074 808
Total	**597 181 465**	**(49 318 655)**	**547 862 810**	486 637 355	(29 328 317)	457 309 038

Reconciliation of property, plant and equipment

Figures in Pula	Opening balance	Additions	Disposals	Reclassified	Depreciation	Total
2023						
Computer software	**1 000**	**—**	**—**	**—**	**—**	**1 000**
Furniture and equipment	**1 296 439**	**48 541**	**—**	**—**	**(266 208)**	**1 078 772**
IT equipment	**221 185**	**54 571**	**—**	**—**	**(97 843)**	**177 913**
Right-of-use assets — washing plant	**87 212 771**	**—**	**—**	**—**	**(3 278 174)**	**83 934 597**
Right-of-use assets — property	**2 505 274**	**745 117**	**(871 967)**	**—**	**(900 808)**	**1 477 616**
Right-of-use assets — machinery	**1 644 232**	**128 243**	**—**	**—**	**(1 572 779)**	**199 696**
Motor vehicles	**1 201 368**	**—**	**—**	**—**	**(417 435)**	**783 933**
Plant and machinery	**4 151 961**	**65 172**	**—**	**—**	**(468 225)**	**3 748 908**
Mine development asset	**359 074 808**	**112 258 283**	**—**	**—**	**(14 872 716)**	**456 460 375**
Total	**457 309 038**	**113 299 927**	**(871 967)**	**—**	**(21 874 187)**	**547 862 810**
		See Note (i)	See Note (ii)			

Figures in Pula	Opening balance	Transition to IFRS 16	Additions	Reclassified	Depreciation	Total
2022						
Computer software	—	—	—	—	1 000	1 000
Furniture and equipment	690 233	955 539	(128 815)	—	(220 518)	1 296 439
IT equipment	160 134	122 405	(5 954)	—	(55 400)	221 185
Right-of-use assets — washing plant	89 975 742	—	—	—	(2 762 971)	87 212 771
Right-of-use assets — property	3 151 729	1 096 895	(540 709)	—	(1 202 641)	2 505 274
Right-of-use assets — machinery	3 021 037	171 302	—	—	(1 548 107)	1 644 232
Motor vehicles	1 418 137	—	—	—	(216 769)	1 201 368
Plant and machinery	4 423 792	132 650	—	—	(404 481)	4 151 961
Mine development asset	287 990 299	80 096 158	—	—	(9 011 649)	359 074 808
Total	390 835 008	82 574 949	(679 383)	—	(15 421 536)	457 309 038
		See Note (i)	See Note (ii)			

Note (i) — Non-cash items in additions to property, plant and equipment:

The following non-cash items are included in the additions to property, plant and equipment:

Figures in Pula	2023	2022
Environmental rehabilitation asset	**73 349 458**	75 041 786
Right-of-use assets — property	**745 117**	1 096 895
Right-of-use assets — machinery	**128 243**	171 302
	74 222 818	76 309 983

Note (ii) — Non-cash items in disposals to property, plant and equipment:

The following non-cash items are included in the disposals to property, plant and equipment:

Figures in Pula	2023	2022
Right-of-use assets — property	**(871 967)**	(540 709)
	(871 967)	(540 709)

Notes to the annual financial statements
as at 30 June 2023 continued

4. Property, plant and equipment continued

Company

	2023			2022		
Figures in Pula	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	**14 617**	**(13 617)**	**1 000**	14 617	(13 617)	1 000
IT equipment	**50 361**	**(38 030)**	**12 331**	50 361	(32 433)	17 928
Right-of-use assets — property	**745 117**	**(341 512)**	**403 605**	843 568	(749 838)	93 730
Total	**810 095**	**(393 159)**	**416 936**	908 546	(795 888)	112 658

Reconciliation of property, plant and equipment

Figures in Pula	Opening balance	Additions	Disposals	Reclassified	Depreciation	Total
2023						
Computer software	**1 000**	**—**	**—**	**—**	**—**	**1 000**
IT equipment	**17 928**	**—**	**—**	**—**	**(5 597)**	**12 331**
Right-of-use assets — property	**93 730**	**745 117**	**(46 865)**	**—**	**(388 377)**	**403 605**
Total	**112 658**	**745 117**	**(46 865)**	**—**	**(393 973)**	**416 936**
2022						
Computer software	—	—	_	—	1 000	1 000
IT equipment	—	18 960	—	—	(1 032)	17 928
Right-of-use assets — property	374 919	—	—	—	(281 189)	93 730
Total	374 919	18 960	—	—	(281 221)	112 658

Note (i) — Non-cash items in additions to property, plant and equipment:

The following non-cash items are included in the additions to property, plant and equipment:

Figures in Pula	2023	2022
Right-of-use assets — property	**745 117**	—
	745 117	—

Note (ii) — Non-cash items in disposals to property, plant and equipment:

The following non-cash items are included in the disposals to property, plant and equipment:

Figures in Pula	2023	2022
Right-of-use assets — property	**(46 865)**	—
	(46 865)	—

Impairment assessment:

Management performed an impairment assessment at year end. No impairment provision was required.

The impairment assessment model is based on a fair value less cost of disposal (FVLCOD) methodology, which is based on estimated future cash flows discounted to net present value at a real post-tax discount rate over the projected life of mine.

The discount rate used was based on the Group's Weighted Average Cost of Capital (WACC) rate.

Summary of assumptions and inputs in impairment assessment model:

- Life of mine 20 years
- Risk adjusted real WACC rate (%) 13%
- Long-term Rand : Pula exchange rate 1.35
- Long-term average sales price (Pula per tonne) P620/t
- Long-term steady state sales volumes 1.76 mtpa

Sensitivity analysis:

- 5% increase in WACC rate
- 10% decrease in sales volumes
- 10% increase in exchange rate
- 10% decrease in sales prices

None of the above resulted in the need for an impairment provision.

5. Investment in subsidiaries

Company

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries:

Name of company	% Holding 2023	% Holding 2022	Carrying amount 2023	Carrying amount 2022
Minergy Coal (Pty) Ltd *	**100**	100	**171 202 949**	161 063 323
Minsales (Pty) Ltd **	**100**	100	**—**	—
			171 202 949	161 063 323

* *Registered in Botswana — coal mining and trading.*
** *Registered in South Africa — dormant.*

Notes to the annual financial statements
as at 30 June 2023 continued

5. Investment in subsidiaries continued

Investments in subsidiaries are represented as follows:

Figures in Pula	Minergy Coal	Minsales	Carrying amount
2023			
Acquisition cost (loan acquired)	**15 263 167**	**—**	**15 263 167**
Loan ***	**155 939 782**	**—**	**155 939 782**
	171 202 949	**—**	**171 202 949**
2022			
Acquisition cost (loan acquired)	15 263 167	—	15 263 167
Loan ***	145 800 156	—	145 800 156
	161 063 323	—	161 063 323

*** *The loan is unsecured and carries interest at the prevailing prime lending rate at First National Bank of Botswana Limited (6.76% as at year-end (2022: 5.76%)) and has been subordinated in favour of third party creditors. For accounting purposes, the substance of the loan is deemed to be of an equity nature and is therefore included as part of the investment in subsidiary.*

The carrying value of the investment in subsidiaries has been assessed for possible indicators of impairment. No indicators of impairment were identified. This is supported by the asset impairment assessment performed at subsidiary level.

6. Deferred tax assets

Deferred tax asset balance consist of:

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Temporary differences	**5 966 306**	(14 493 491)	**848 941**	694 250
Tax losses	**138 841 310**	119 792 695	**—**	—
Total deferred tax asset	**144 807 616**	105 299 204	**848 941**	694 250

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction and the law allows net settlement. Therefore, they have been offset in the Statement of Financial Position.

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Comprising:				
Deferred tax assets	**138 841 310**	119 792 695	**848 941**	694 250
Deferred tax liabilities	**5 966 306**	(14 493 491)	**—**	—
	144 807 616	105 299 204	**848 941**	694 250
Reconciliation:				
Balance at beginning of year	**105 299 204**	68 103 074	**694 250**	701 143
Charged/(credited) to the Statement of Comprehensive Income	**39 508 412**	37 196 130	**154 691**	(6 893)
Balance at the end of the year	**144 807 616**	105 299 204	**848 941**	694 250

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

The subsidiary losses can be carried forward indefinitely and have no expiry, while holding Company losses will expire in five years.

7. Inventories

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Work in progress	**90 868 482**	68 231 289	**—**	—
Raw coal	**1 094 014**	3 056 428	**—**	—
Finished product	**26 642 382**	4 990 012	**—**	—
	118 604 878	76 277 729	**—**	—

Work in progress represents overburden pre-stripping activity to expose coal for extraction.

Finished product is carried at the lower of cost or net realisable value.

Notes to the annual financial statements
as at 30 June 2023 continued

8. Trade and other receivables

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Trade receivables	**45 024 785**	82 512 095	**15 342 937**	16 845 784
Loss allowance	**(728 802)**	(2 024 883)	**—**	—
Trade receivables at amortised cost	**44 295 983**	80 487 212	**15 342 937**	16 845 784
Deposits	**685 411**	658 915	**32 000**	26 000
VAT and other taxes	**10 822 859**	13 505 253	**80 491**	76 100
Sundry debtors	**1 055 818**	416 473	**300 095**	300 095
Prepayments	**383 428**	325 039	**162 238**	130 715
	57 243 499	95 392 892	**15 917 761**	17 378 694

The fair value of these instruments approximates their carrying value, due to their short-term nature.

Reconciliation of the loss allowance:

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Opening balance	**(2 024 883)**	(1 131 798)	**—**	—
Bad debts for the year	**3 050 748**	—	**—**	—
Provision for the year	**(1 754 667)**	(893 085)	**—**	—
Closing balance	**(728 802)**	(2 024 883)	**—**	—

Exposure to credit risk

The risk that counterparties or customers will not perform as expected, resulting in a loss to the Group, is defined as credit risk.

The Group evaluates customers prior to the granting of credit. Exposure is evaluated by granting credit limits and constant evaluation of credit behaviour and considering credit ratings (where available), financial position and past experience.

The Group sells to a variety of customers in South Africa, Namibia and Botswana across a variety of industries, which mitigates the exposure of concentration risk resulting from credit risk.

There were no long outstanding third party trade receivables which required specific impairment as at year end and the Group's customers all have a good payment history.

The Group does not hold any security against trade or other receivables and the maximum exposure to credit risk is the carrying value of the financial assets.

In determining the loss allowance, the Group applied a simplified lifetime expected credit loss approach with the use of a provision matrix where customers were grouped based on entity type and days past due.

Refer to note 33 for additional disclosure on credit risk.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Cash on hand	**3 600**	4 000	**—**	—
Bank balances	**13 134 932**	9 102 322	**18 392**	66 131
Restricted cash	**50 000**	50 000	**50 000**	50 000
	13 188 532	9 156 322	**68 392**	116 131

The Group earns interest on its global account balances and the Group has no overdraft facilities.

When surplus cash is held in its current account from time-to-time the Group utilises its call account with an interest rate of 0.75%.

The credit rating of the Company's banker is AA, albeit that Botswana sovereign credit rating is BBB+ (2022: BBB+).

The carrying amount of cash and cash equivalents is stated at amortised cost, which approximates fair value.

10. Stated capital

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Number of shares issued				
Opening balance	**469 975 134**	469 975 134	**469 975 134**	469 975 134
Shares issued	**—**	—	**—**	—
Private placement	**—**	—	**—**	—
Closing balance	**469 975 134**	469 975 134	**469 975 134**	469 975 134
Shares of no par value				
Opening balance	**165 563 026**	165 563 026	**165 563 026**	165 563 026
Shares issued	**—**	—	**—**	—
Closing balance	**165 563 026**	165 563 026	**165 563 026**	165 563 026

All shares are fully paid up.

Notes to the annual financial statements
as at 30 June 2023 continued

11. Other reserves

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Share-based payment reserve (note 11.1)	**1 183 011**	684 824	**631 794**	320 114
Borrowings — conversion option reserve (note 11.2)	**29 893 440**	29 893 440	**—**	—
	31 076 451	30 578 264	**631 794**	320 114

11.1 Share-based payment reserve

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Opening balance	**684 824**	365 829	**320 114**	141 852
Share-based payment contribution — subsidiary	**—**	—	**—**	—
Share-based payment reversal	**—**	—	**—**	—
Share-based payment expense	**498 187**	318 995	**311 680**	178 262
Closing balance	**1 183 011**	684 824	**631 794**	320 114

The Share Option plan, as revised, was approved at the Annual General Meeting on 11 November 2020.

The purpose of the Share Option Plan is to provide Minergy Limited and its Subsidiaries, present and future (collectively "the Company"), with the means to encourage, attract, retain and motivate Service Providers and Insiders specifically in respect of the Masama Coal Mine by granting such Service Providers and Insiders share options to purchase ordinary shares in Minergy's share capital thereby giving them an ongoing proprietary interest in Minergy.

Salient features of the Share Option Plan

- maximum shares subject to Share Option Plan may not exceed 50 000 000 shares.
- maximum number of ordinary Shares which may be issued at any time to any one Service Provider or Insider may not exceed 10 000 000 shares.
- each option granted shall represent the right to purchase one Ordinary Share in the Company.
- price shall be P0.83 per share.
- options shall not have a term exceeding ten years after allotment.
- options granted shall vest upon the completion of not less than three continuous years of service to the Group, which period shall start from the date the Option(s) is granted to a Participant.
- options granted in terms of this Plan shall expire 24 months after Vesting, after which such Options are no longer exercisable for the purchase of Ordinary Shares.

The fair value at grant date was determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer Group companies.

Management expects that the options will only be exercised at the end of their lifetime.

The model inputs for options granted during the year ended 30 June 2023 included:

(a) Exercise price: P0.83 per share
(b) Grant date: 21 April 2021
(c) Maximum Exercise date: 21 April 2024
(d) Share price at 30 June 2023: P0.40
(e) Price volatility of shares: 60.16%
(f) Expected dividend yield: 0.0%
(g) Risk free rate: 6.50%

The expected price volatility was based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Service Providers and Insiders are obliged to make payment of the exercise price for the options exercised, whether in cash or using the cashless option.

Set out below are summaries of options granted under the plan:

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
As at 1 July	**17 000 000**	24 500 000	**9 500 000**	9 500 000
Granted during the year	**500 000**	—	**—**	—
Exercised during the year	**—**	—	**—**	—
Forfeited during the year	**(2 000 000)**	(7 500 000)	**—**	—
As at 30 June	**15 500 000**	17 000 000	**9 500 000**	9 500 000
Vested and exercisable at 30 June	**—**	—	**—**	—

Share options outstanding at the end of the year have the following expiry date and exercise price:

		Group		Company	
Figures in Pula Grant date	Expiry date	**Share options 2023**	Share options 2022	**Share options 2023**	Share options 2022
21 April 2021	21 April 2024	**15 000 000**	17 000 000	**9 500 000**	9 500 000
17 February 2023	17 February 2026	**500 000**	—	**—**	—
		15 500 000	17 000 000	**9 500 000**	9 500 000

The remaining contractual life of options outstanding at end of the period are 0.75 years (2022: 1.75 years)

The exercise per share option is P0.83

Notes to the annual financial statements
as at 30 June 2023 continued

11. Other reserves continued

11.2 Borrowings — conversion option reserve

	Group		Company	
Figures in Pula	2023	2022	2023	2022
Opening balance	29 893 440	23 310 286	—	—
MDCB debentures — conversion option	—	6 583 154	—	—
Closing balance	29 893 440	29 893 440	—	—

MDCB preference shares — conversion option

Refer to note 13.2 for additional information on this facility and its conversion option.

This facility has been 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%.

The residual value (difference between fair value of debt component and principal advanced at inception) was allocated to the equity portion.

BDC preference shares — conversion option

Refer to note 13.1 for additional information on this facility and its conversion option.

As this facility already carries a preference dividend rate of 21% no value is attributed to the conversion option.

12. Rehabilitation provision

	Group		Company	
Figures in Pula	2023	2022	2023	2022
Opening balance	161 665 560	82 498 832	—	—
Increase during the year	73 349 458	75 041 786	—	—
Unwinding of discount rate	8 568 275	4 124 942	—	—
Closing balance	243 583 293	161 665 560	—	—

The provision has been recognised as the Group has an obligation for rehabilitation of the mining areas. The provision has been calculated based on total estimated rehabilitation costs, discounted back to their present values over the lower of life of mine and remainder of lease.

The estimated cost of rehabilitation is reassessed on an annual basis.

An inflation rate of 4.5% and a risk free discount rate of 5.3% has been applied in calculating the present value of the future obligation. The estimated life of mine used is 20 years, which is the mining license award tenure and not the geological LOM of >100 years with the computed rehabilitation activities scheduled to occur at that time. The increase in the current year is due to a larger mining infrastructure footprint and opencast pit volume.

13. Borrowings

	Group		Company	
Figures in Pula	2023	2022	2023	2022
Botswana Development Corporation (BDC) (refer note 13.1)	153 016 484	125 915 883	—	—
Mineral Development Company Botswana (MDCB) (refer note 13.2)	351 510 847	295 025 961	—	—
Jarcon Opencast Mining (refer note 13.3 & 13.4)	157 104 171	79 807 892	—	—
Botrail siding advance (refer note 13.5)	2 250 000	4 398 976	—	—
Beneficiation Plant (refer note 13.6)	62 270 854	72 118 925	—	—
Right-of-use asset lease liabilities (refer note 13.7)	2 851 296	5 576 336	462 240	116 810
Total borrowings	729 003 652	582 843 973	462 240	116 810
Presented as follows:				
Non-current liabilities				
At amortised cost	547 725 045	565 017 069	69 593	—
Current liabilities				
At amortised cost	181 278 607	17 826 904	392 647	116 810
Total borrowings				
At amortised cost	729 003 652	582 843 973	462 240	116 810

The fair value of these instruments approximates their carrying value.

13.1 BDC Preference Share Agreement ("PSA")

	Group		Company	
Figures in Pula	2023	2022	2023	2022
BDC	153 016 484	125 915 883	—	—
Payable after one year	153 016 484	125 915 883	—	—
Payable within one year	—	—	—	—

The P80 million PSA carried interest at 18% until 31 March 2021 and is repayable on 14 February 2026.

Interest accrues until 30 November 2022. Interest payments and related covenant restrictions have been deferred as per the First Addendum to the PSA as part of the debt restructuring agreed to by funders. The coupon rate has been increased to 21% from 1 April 2022. As part of consenting to the subsequent event funding from MDCB, BDC has increased the coupon rate to 22% from 1 August 2023.

Notes to the annual financial statements
as at 30 June 2023 continued

13. Borrowings continued

Security
The facility is secured as follows:
- Guarantee from Minergy Limited.
- Pledge and session of Minergy Limited's shares and claims in Minergy Coal (Pty) Ltd.
- Cession of all debts to Minergy Coal (Pty) Ltd, but excluding trade receivables.
- First ranking mortgage bond over the land lease agreement in respect of the mine site.
- Deed of hypothecation over moveable assets, including all licences and unencumbered plant and machinery.

The security package above is shared between the BDC and the MDCB (refer note 13.2) through an inter-creditor agreement.

In accordance with Section 50(3) of the Mines and Minerals Act, the Minister of Mineral Resources, Green Technology and Energy Security has approved the encumbrance and pledge of shares in the subsidiary.

Conversion option
The BDC has the option, subject to applicable law, strike price and stock exchange requirements, to convert all of the preference shares into ordinary shares in Minergy Limited. The conversion ratio is based on a predetermined formula. The same conversion ratio will apply to any accumulated preference dividends that remain outstanding on the conversion date.

13.2 MDCB Secured Debenture Facility Agreement ("SDFA")

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
MDCB	**351 510 847**	295 025 961	**—**	—
Payable after one year	**351 510 847**	295 025 961	**—**	—
Payable within one year	**—**	—	**—**	—

The SDFA carries interest at 15% and is repayable on 19 March 2026. Interest accrued is capitalised. Interest payments have been deferred as per the Addendum to the Further Amended and Restated Secured Debenture Facility Agreement. An effective interest rate of 18% has been used for accounting purposes (note 11.2).

Conversion option
The MDCB has the option to convert the entire principal debenture amount outstanding, or part thereof, into an equity interest in Minergy Coal (Pty) Ltd. The conversion ratio is based on a pre-determined formula.

Should the MDCB elect to exercise the entire debenture principal of P235 000 000, this would result an equity interest of >40%. Shareholders approved conversion of debt to equity exceeding CAT 1 levels as determined by the BSE at the EGM on 18 February 2021.

As similar conversion ratio will apply to any unpaid capitalised items.

A similar conversion ratio will apply to any unpaid capitalised items.

13.3 Jarcon Senior Debt Facility

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Jarcon Opencast Mining (Pty) Ltd	**37 246 049**	33 053 993	**—**	—
Payable after one year	**—**	33 053 993	**—**	—
Payable within one year	**37 246 049**	—	**—**	—

The signed Jarcon Facilities Agreement provides for BWP 30 million trade payables owed by Minergy Coal (Pty) Ltd to Jarcon Opencast Mining (Pty) Ltd to be converted into a term loan (Senior Facility). The Senior Facility is repayable on or before 31 July 2023 or such a date as the Parties may agree in writing. Interest is charged at a rate of 12% and payable in accordance with the payment priorities set out in the agreed debt restructuring agreements. Minergy has the right to prepay the Senior Facility. This facility is secured by a guarantee from Minergy Limited, and security limited to the principal is shared with BDC and MDCB through an inter-creditor agreement.

13.4 Jarcon Deferral Facility

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Jarcon Opencast Mining	**119 858 122**	46 753 899	**—**	—
Payable after one year	**—**	46 753 899	**—**	—
Payable within one year	**119 858 122**	—	**—**	—

In terms of the Jarcon Facilities Agreement, contract mining rates payable to Jarcon Opencast Mining (Pty) Ltd by Minergy Coal (Pty) Ltd during the Restructuring Period shall be reduced by a factor of 0.15 and converted to a loan made by Jarcon to Minergy (Deferral Facility). The Deferral Facility is repayable on 31 July 2023 or such later date as the Parties may agree in writing. Interest is charged at a rate of 12% and payable in accordance with payment priorities set out in the agreed debt restructuring agreements. Minergy has the right at to prepay the Deferral Facility. The Deferral Facility, may at the option of Jarcon, be converted into shares in Minergy Limited on the basis of a current approved share price of BWP0.62 per share or such other price as may be determined from time to time by the shareholders and subject to BSE and capital market requirements.

13.5 Botrail siding advance

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Botswana Railways Organisation ("Botrail")	**2 250 000**	4 398 976	**—**	—
Payable after one year	**—**	3 898 976	**—**	—
Payable within one year	**2 250 000**	500 000	**—**	—

Botswana Railways Organisation (Botrail) provided a P5 million facility to partially fund the construction of the Tshele Hills rail siding. It is unsecured and bears no interest. The parties agreed that the outstanding advance will be settled on equal payments of P250 000 per month and the last payment will be March 2024.

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as at 30 June 2023 continued

13. Borrowings continued

13.6 Beneficiation Plant Agreement

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Johdee Mineral Processing Botswana (Pty) Ltd	**62 270 854**	72 118 925	**—**	—
Payable after one year	**41 873 686**	58 176 161	**—**	—
Payable within one year	**20 397 168**	13 942 764	**—**	—

Minergy entered into a Build Own Operate Transfer (BOOT) agreement with Johdee Mineral Processing Botswana (Pty) Ltd (Johdee) whereby Johdee would construct and finance the coal beneficiation plant. A revised BOOT and Capital Repayment agreement was signed and commenced in April 2021. Repayment will be in 60 equal monthly instalments over 5 years at an interest rate of 10%. Ownership of the beneficiation plant will transfer to Minergy Coal once all payments have been made.

Refer to note 22 for additional information on lease commitments.

13.7 Right-of-use asset lease liabilities

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Various land and building rentals	**2 851 296**	5 576 336	**462 240**	116 810
Payable after one year	**1 324 028**	2 192 196	**69 593**	—
Payable within one year	**1 527 268**	3 384 140	**392 647**	116 810

Upon adoption of IFRS 16 the Group assessed existing operating lease agreements and determined that right-of-use assets, with reciprocal liabilities, would be raised for lease agreements covering various property and machinery. Certain similar leases were entered into during the year. The various lease agreements cover periods of between 1 and 25 years. The Group's incremental borrowing rate or the rate implicit in the lease (where available) was used to discount the future lease payments upon initial recognition of the liability. Interest rates vary between 5.5% and 13%.

Refer to note 28 for additional information on lease commitments.

14. Trade and other payables

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Trade payables	**209 778 281**	165 724 697	**35 765**	7 121
Accrued expenses	**2 999 526**	3 766 700	**1 788 050**	1 878 350
Deposits	**—**	30 837	**—**	—
Payroll accruals	**6 684 913**	5 336 831	**1 740 485**	1 421 549
Other taxes	**5 591 646**	2 888 288	**63 562**	56 474
Other payables	**527 091**	642 301	**135 365**	125 460
	225 581 457	178 389 654	**3 763 227**	3 488 954

The fair value of these instruments approximates their carrying value, due to their short-term nature.

15. Financial assets by category

Group

Figures in Pula	Amortised cost	Non-financial assets	Total
2023			
Trade and other receivables	**46 037 212**	**11 206 287**	**57 243 499**
Cash and cash equivalents	**13 188 532**	**—**	**13 188 532**
	59 225 744	**11 206 287**	**70 432 031**
2022			
Trade and other receivables	81 562 600	13 830 292	95 392 892
Cash and cash equivalents	9 156 322	—	9 156 322
	90 718 922	13 830 292	104 549 214

Company

Figures in Pula	Amortised cost	Non-financial assets	Total
2023			
Trade and other receivables	**15 675 032**	**242 729**	**15 917 761**
Cash and cash equivalents	**68 392**	**—**	**68 392**
	15 743 424	**242 729**	**15 986 153**
2022			
Trade and other receivables	17 171 879	206 815	17 378 694
Cash and cash equivalents	116 131	—	116 131
	17 288 010	206 815	17 494 825

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as at 30 June 2023 continued

16. Financial liabilities by category

Group

Figures in Pula	Amortised cost	Non-financial assets	Total
2023			
Borrowings	**729 003 652**	**—**	**729 003 652**
Trade and other payables	**213 304 898**	**12 276 559**	**225 581 457**
	942 308 550	**12 276 559**	**954 585 109**
2022			
Borrowings	582 843 973	—	582 843 973
Trade and other payables	170 164 534	8 225 119	178 389 653
	753 008 507	8 225 119	761 233 626

Company

Figures in Pula	Amortised cost	Non-financial assets	Total
2023			
Borrowings	**462 240**	**—**	**462 240**
Trade and other payables	**1 959 180**	**1 804 047**	**3 763 227**
	2 421 420	**1 804 047**	**4 225 467**
2022			
Borrowings	116 810	—	116 810
Trade and other payables	2 010 931	1 478 023	3 488 954
	2 127 741	1 478 023	3 605 764

17. Revenue

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Coal: Sales	**458 877 243**	296 513 839	**—**	—
Coal: Transport and FOB cost recoveries	**53 663 156**	128 758 979	**—**	—
	512 540 399	425 272 818	**—**	—

The company satisfies all performance obligations associated with revenue at the point in time when the goods are dispatched at the mine gate and acknowledged by the customers who collect the goods.

18. Cost of sales

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Mining	**372 152 547**	232 131 324	**—**	—
Beneficiation	**84 121 594**	66 698 771	**—**	—
Transport, siding costs and FOB costs	**55 799 663**	128 126 852	**—**	—
Road maintenance	**8 167 246**	10 441 508	**—**	—
Employee cost	**9 592 910**	9 191 852	**—**	—
Royalties	**15 405 178**	8 767 778	**—**	—
Depreciation	**20 415 952**	14 203 336	**—**	—
Stock movement	**(21 652 369)**	2 647 100	**—**	—
Other	**14 662 710**	11 462 052	**—**	—
	558 665 431	483 670 573	**—**	—

19. Other income

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Administration and service fees received	**—**	—	**4 548 000**	4 548 000
By product recoveries	**15 661 020**	2 869 916	**—**	—
Profit on disposals of assets	**410 212**	105 148	**11 989**	—
Sundry income	**18 070**	—	**—**	—
	16 089 302	2 975 064	**4 559 989**	4 548 000

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20. Operating loss/profit

Operating loss for the year is stated after accounting for the following:

	Group		Company	
Figures in Pula	2023	2022	2023	2022
Audit fees				
Current year fee	**365 443**	333 940	**135 363**	125 460
Under provision — prior year	**28 230**	27 149	**10 682**	10 223
	393 673	361 089	**146 045**	135 683
Depreciation				
Cost of sales	**20 415 952**	14 203 336	**—**	—
Operating expenses	**1 458 231**	1 218 200	**393 973**	281 221
	21 874 183	15 421 536	**393 973**	281 221
Operating lease charges				
Office equipment	**90 507**	29 236	**—**	—
	90 507	29 236	**—**	—
Employee costs				
Cost of sales	**9 592 910**	9 191 852	**—**	—
Operating expenses	**2 407 228**	4 522 919	**—**	—
	12 000 138	13 714 771	**—**	—
Directors' emoluments				
Executive Directors	**3 441 710**	2 870 647	**3 441 710**	2 870 647
Non-executive Directors	**693 400**	558 000	**693 400**	558 000
	4 135 110	3 428 647	**4 135 110**	3 428 647
Share-based payment charge	**498 187**	318 995	**311 680**	178 262
Loss allowance on trade receivables	**1 754 667**	893 085	**—**	—
Loss/(profit) on foreign exchange				
Realised	**6 199 934**	(484 398)	**7 533**	13 001
Unrealised	**(1 322 294)**	—	**(108)**	—
	4 877 640	(484 398)	**7 425**	13 001

21. Finance income

	Group		Company	
Figures in Pula	2023	2022	2023	2022
Bank balances and short-term deposits	**232 500**	96 786	**1 381**	699
Intercompany loan	**—**	—	**10 040 514**	7 560 170
	232 500	96 786	**10 041 895**	7 560 869

22. Finance costs

	Group		Company	
Figures in Pula	2023	2022	2023	2022
Botswana Development Corporation	**29 578 249**	24 338 216	**—**	—
Mineral Development Company Botswana	**56 484 885**	49 047 801	**—**	—
Beneficiation Plant ("BOOT")	**6 784 031**	7 565 289	**—**	—
Jarcon Opencast Mining Botswana Facilities	**22 386 282**	7 679 822	**—**	—
Right-of-use lease liabilities	**428 784**	613 498	**54 702**	27 407
Unwind of discounted rehabilitation provision	**8 568 276**	4 124 942	**—**	—
	124 230 507	93 369 568	**54 702**	27 407
Non-cash finance costs:				
The following non-cash finance costs are included above:				
Botswana Development Corporation	**27 100 601**	24 338 216	**—**	—
Mineral Development Company Botswana	**56 484 885**	49 047 801	**—**	—
Jarcon Opencast Mining Botswana Facilities	**22 386 282**	7 679 822	**—**	—
Unwind of discounted rehabilitation provision	**8 568 276**	4 124 942	**—**	—
	114 540 044	85 190 781	**—**	—

Notes to the annual financial statements
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23. Income tax

Major components of the income tax

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
Normal	**(2 163 535)**	(815 581)	**(2 163 535)**	(815 581)
Capital gains tax	**—**	—	**—**	—
Total current tax	**(2 163 535)**	(815 581)	**(2 163 535)**	(815 581)
Deferred				
Tax losses available for set off against future taxable income	**19 048 615**	17 606 744	**—**	—
Origination and reversal of temporary differences	**20 459 797**	19 589 386	**154 691**	(6 893)
Total deferred tax	**39 508 412**	37 196 130	**154 691**	(6 893)
Income tax credit/(charge)	**37 344 877**	36 380 550	**(2 008 844)**	(822 474)

Reconciliation of the tax expense

The tax on the Group and the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows:

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
Accounting (loss)/profit before tax	**(176 188 083)**	(167 531 584)	**8 819 430**	6 842 900
Calculated tax at the applicable tax rate (22%)	**38 761 378**	36 856 948	**(1 940 275)**	(1 505 438)
Non-taxable items				
Share-based payment expense	**(109 601)**	(70 178)	**(68 569)**	(39 218)
Non-deductible finance cost	**(1 306 900)**	(1 128 402)	**—**	—
Assessed loss brought forward	**—**	722 182	**—**	722 182
	37 344 877	36 380 550	**(2 008 844)**	(822 474)

24. Loss and headline loss per share (thebe)

	Group 2023	Group 2022
Basic loss per share	**(29.54)**	(27.91)
Basic diluted loss per share	**(29.54)**	(27.91)
Headline loss per share	**(29.54)**	(27.91)
Diluted headline loss per share	**(29.54)**	(27.91)

Reconciliation of loss used in calculating loss per share and headline loss per share

Figures in Pula	Group 2023	Group 2022
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share	**(138 843 206)**	(131 151 034)
Adjustments	**—**	—
Headline loss	**(138 843 206)**	(131 151 034)

Weighted average number of shares used as the denominator

Figures in Pula	Group 2023	Group 2022
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**469 975 134**	469 975 134
Adjusted for calculation of diluted earnings per shares	**—**	—
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	**469 975 134**	469 975 134

No dilution has been calculated as the Group is in a loss position and the effect of dilutive options would be anti-dilutive.

25. Cash generated from/(utilised in) operations

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
(Loss)/profit before tax	**(176 188 083)**	(167 531 584)	**8 819 430**	6 842 900
Adjustments for:				
Depreciation	**21 874 183**	15 421 536	**393 973**	281 221
Loss allowance on trade receivables	**1 754 667**	893 085	**—**	—
Finance income	**(232 500)**	(96 786)	**(10 041 895)**	(7 560 869)
Finance costs	**124 230 507**	93 369 568	**54 702**	27 407
Share-based payment expense/(credit)	**498 187**	318 995	**311 680**	178 262
Changes in working capital				
Inventories	**(42 327 149)**	(33 644 856)	**—**	—
Trade and other receivables	**36 394 726**	(55 344 341)	**1 460 933**	(33 037)
Trade and other payables	**39 225 426**	37 098 779	**274 273**	482 829
	5 229 964	(109 515 604)	**1 273 096**	218 713

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as at 30 June 2023 continued

26. Contingent liabilities

The Group had the following contingent liabilities as at 30 June 2022 and 30 June 2023.

Cession of Fixed and Special Deposits Guarantee in favour of Botswana Unified Revenue Services ("BURS")

Minergy Limited provided a Cession of Fixed and Special Deposits Guarantee in favour of BURS to a maximum of P50 000 held by First National Bank of Botswana for the VAT deferral facility granted.

Put Option Deed in favour of Barak Fund

The subsidiary, Minergy Coal (Pty) Ltd, entered into a Build-Own-Operate-Transfer ("BOOT") agreement with Johdee Mineral Processing (Pty) Ltd to build, erect and commission a beneficiation plant. Johdee Mineral Processing (Pty) Ltd in turn entered into a facility agreement with Barak Fund, to finance the construction of the plant. In the interest of securing the facility the Group granted a put option in favour of Barak Fund in respect the outstanding indebtedness of Johdee Mineral Processing for a purchase consideration equal to the put strike price (which equates to facility outstanding balance), so long as the facility has not been irrevocably and unconditionally repaid and/or discharged in full.

As at the year-end the Johdee Mineral Processing (Pty) Ltd had met the terms of its repayments and therefore exercise of the option was not at risk. Should the Put Option be exercised , then Barak Fund shall be deemed to have sold the Facility Outstandings to Minergy and Minergy shall be deemed to have purchased the Facility Outstandings from Barak Fund.

Security on Facility with Botswana Development Corporation (BDC) and Mineral Development Company Botswana (MDCB)

Minergy Limited provided the following security towards its facilities with Minergy Coal (Pty) Ltd:

- A guarantee in favour of BDC, MDCB and Jarcon that ensures punctual performance by Minergy Coal (Pty) Ltd in all obligations under the facilities.
- A pledge and cession of tits shares in Minergy Coal (Pty) Ltd to BDC and MDCB.

Guarantee in favour of Vivo Energy Botswana

Minergy Limited provided a guarantee in favour of Vivo Energy Botswana for due and proper payment from Minergy Coal (Pty) Ltd towards all guaranteed obligations. In event Minergy Coal (Pty) Ltd fails to carry out, or perform the guaranteed obligations Minergy Limited shall become liable for settlement of the obligation.

Guarantees in favour of the Government of Botswana

Minergy Limited provided parent company guarantees in favour the Government of Botswana which guarantee the performance of Minergy Coal (Pty) Ltd towards its obligations under its mining licences and its compliance with the Mines and Minerals Act.

Termination of Mining Contract

The subsidiary, Minergy Coal (Pty) Ltd, has terminated its mining contract with Jarcon Opencast Mining Botswana (Pty) Ltd in alignment with strategic objectives. As part of this separation, the Group anticipates settlement discussions and the potential for disputes. The outcome of these discussions and any potential disputes cannot be predicted at this time, and as such, the possible financial implications are not yet ascertainable. The Group will closely monitor these matters and will disclose relevant financial information in accordance with regulatory requirements as and when necessary.

Apart from the above, the directors are of the opinion that there are no other contingent liabilities as at the year end.

27. Capital commitments

There were no capital commitments authorised by directors (contracted or non-contracted).

28. Lease commitments

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Leases not recognised as a liability:				
Operating leases — as lessee				
Minimum lease payments due				
— within one year	**61 500**	61 500	**—**	—
— in second to fifth year inclusive	**—**	—	**—**	—
	61 500	61 500	**—**	—

Leases recognised as a liability:

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised:

Figures in Pula	No. of assets leased	Remaining term (years)	No. of leases with extension options	No. of leases with purchase options	No. of leases with termination options
Right-of-use assets — washing plant	1	2.75	0	1	0
Right-of-use assets — property	10	1 to 20	2	0	10
Right-of-use assets — machinery	2	0.2	0	2	2

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2023 were as follows:

Figures in Pula	Within 1 year	Within 1 – 3 years	Within 3 – 5 years	After 5 years	Total
Lease payments					
Right-of-use assets — washing plant	**20 397 168**	**54 250 483**	**—**	**—**	**74 647 651**
Right-of-use assets — property	**910 963**	**411 933**	**229 225**	**3 694 865**	**5 246 987**
Right-of-use assets — machinery	**814 170**	**—**	**—**	**—**	**814 170**
	22 122 302	**54 662 416**	**229 225**	**3 694 865**	**80 708 808**
Less: future finance costs					
Right-of-use assets — washing plant	**(5 578 634)**	**(6 798 163)**	**—**	**—**	**(12 376 797)**
Right-of-use assets — property	**(185 472)**	**(466 385)**	**(347 311)**	**(2 198 300)**	**(3 197 468)**
Right-of-use assets — machinery	**(12 394)**	**—**	**—**	**—**	**(12 394)**
	(5 776 500)	**(7 264 548)**	**(347 311)**	**(2 198 300)**	**(15 586 659)**
Right-of-use asset lease liabilities					
Right-of-use assets — washing plant	**14 818 534**	**47 452 320**	**—**	**—**	**62 270 854**
Right-of-use assets — property	**725 491**	**(54 452)**	**(118 085)**	**1 496 565**	**2 049 519**
Right-of-use assets — machinery	**801 777**	**—**	**—**	**—**	**801 777**
	16 345 802	**47 397 868**	**(118 085)**	**1 496 565**	**65 122 150**

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28. Lease commitments continued

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

Figures in Pula	Within 1 year	Within 1 – 3 years	Within 3 – 5 years	After 5 years	Total
Lease payments					
Right-of-use assets — washing plant	19 685 691	43 200 000	25 951 332	—	88 837 023
Right-of-use assets — property	907 278	1 241 352	822 367	4 547 630	7 518 627
Right-of-use assets — machinery	1 528 959	764 479	—	—	2 293 438
	22 121 928	45 205 831	26 773 698	4 547 630	98 649 087
Less: future finance costs					
Right-of-use assets — washing plant	(6 703 380)	(8 653 560)	(1 361 158)	—	(16 718 098)
Right-of-use assets — property	(345 519)	(754 928)	(548 487)	(2 493 669)	(4 142 603)
Right-of-use assets — machinery	(81 488)	(11 637)	—	—	(93 125)
	(7 130 387)	(9 420 126)	(1 909 644)	(2 493 669)	(20 953 827)
Right-of-use asset lease liabilities					
Right-of-use assets — washing plant	12 982 311	34 546 440	24 590 174	—	72 118 925
Right-of-use assets — property	561 759	486 423	273 880	2 053 961	3 376 024
Right-of-use assets — machinery	1 447 470	752 842	—	—	2 200 312
	14 991 541	35 785 705	24 864 054	2 053 961	77 695 261

29. Related parties

RELATIONSHIPS

Subsidiaries	Minergy Coal (Pty) Ltd Minsales (Pty) Ltd
Members of key management	Refer note 30
Finance providers with board representation at Group level	BDC, MDCB
Finance providers with board representation at subsidiary level	BDC, MDCB
Suppliers with board representation at subsidiary level and shareholding at Group level	Jarcon Opencast Mining Botswana

Related party balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
(i) Trade and other receivables				
Minergy Coal (Pty) Ltd	**—**	—	**15 342 937**	16 845 784
The receivable is unsecured and does not carry any interest.				
(ii) Trade and other payables				
Jarcon Opencast Mining Botswana (Pty) Ltd	**164 445 551**	119 749 214	**—**	—
Key management — claims payable	**43 999**	—	**—**	—
The terms and conditions of the Jarcon Opencast Mining Botswana (Pty) Ltd payable are set out in the mining contract.				
(iii) Loan receivable				
Minergy Coal (Pty) Ltd	**—**	—	**171 202 949**	161 063 323
The loan is unsecured and carries interest at the prevailing prime lending rate at First National Bank (6.76% as at year-end).				
(iv) Loans payable				
Botswana Development Corporation	**153 016 484**	125 915 883	**—**	—
Mineral Development Company Botswana	**351 510 847**	295 025 961	**—**	—
Jarcon Opencast Mining Botswana (Pty) Ltd	**157 104 171**	79 807 892	**—**	—
The terms and conditions of these loan are set out in Note 13.				

Related party transactions

The following transactions were carried out with related parties:

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
(i) Compensation paid to directors and other key management				
Short-term benefits	**8 444 690**	7 601 508	**4 135 110**	3 428 647
(ii) Finance income				
Minergy Coal (Pty) Ltd	**—**	—	**10 040 514**	7 560 170
(iii) Finance cost				
Botswana Development Corporation	**29 578 249**	24 338 216	**—**	—
Mineral Development Company Botswana	**56 484 885**	49 047 801	**—**	—
Jarcon Opencast Mining Botswana (Pty) Ltd	**22 386 282**	7 679 822	**—**	—
(iv) Contractor services				
Jarcon Opencast Mining Botswana (Pty) Ltd	**428 842 759**	296 517 858	**—**	—
(v) Administration and service fees received				
Minergy Coal (Pty) Ltd	**—**	—	**4 548 000**	4 548 000

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30. Directors' emoluments

The disclosed amounts represent cash payments, other than statutory benefits. Cost deferred as part of agreed debt restructuring cost savings is not included.

Company

Figures in Pula	Salary	Benefits	Total
2023			
Executive			
Morné du Plessis (Chief Executive Officer) *	**2 915 000**	**526 710**	**3 441 710**
	2 915 000	**526 710**	**3 441 710**

* *Salary includes repayment of salary deferrals incurred during COVID-19.*

Benefits relate to statutory severance benefits.

Figures in Pula	Retainer fees	Benefits	Total
Non-executive			
Mokwena Morulane (Chairman) *	**265 000**	**—**	**265 000**
Leutlwetse Tumelo *	**180 200**	**—**	**180 200**
Claude de Bruin (resigned 15 July 2022)	**17 000**	**—**	**17 000**
Cross Kgosidiile *	**180 200**	**—**	**180 200**
Leonard Makwinja (resigned 19 September 2022) **	**51 000**	**—**	**51 000**
	693 400	**—**	**693 400**

* *Fees include repayment of fees deferred during COVID-19.*

** *L Makwinja fees include repayment of fees retained as part of debt restructuring cost savings.*

No bonuses and benefits have been paid to Non-executive Directors.

Figures in Pula	Salary	Benefits	Total
2022			
Executive			
Morné du Plessis (Chief Executive Officer)	2 400 000	470 647	2 870 647
	2 400 000	470 647	2 870 647

Benefits relate to housing and statutory severance benefits.

Figures in Pula	Retainer fees	Benefits	Total
Non-executive			
Mokwena Morulane (Chairman)	150 000	—	150 000
Leutlwetse Tumelo	102 000	—	102 000
Claude de Bruin (resigned 15 July 2022)	102 000	—	102 000
Cross Kgosidiile	102 000	—	102 000
Leonard Makwinja (resigned 19 September 2022)	102 000	—	102 000
	558 000	—	558 000

No bonuses and benefits have been paid to Non-executive Directors.

31. Segmental reporting

The Group currently has one operational mine in Botswana. In assessing potential operating segments, the Group has considered the information reviewed by the Chief Operating Decision Maker ("CODM"). The Group has identified the Chief Executive Officer as the CODM and is satisfied that the information as presented in the financial statements is the same as that assessed by the CODM for management reporting purposes.

32. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realisation of assets and satisfaction of liabilities in the normal course of business. During the current year, the Group has focused exclusively on the continued operation of its principal project in Botswana (The Masama Coal Mine).

The Group incurred a net loss during the year ended 30 June 2023 of P138 843 206 (2022: P131 151 034). As at 30 June 2023 the Group had accumulated losses of P515 264 079 (2022: P376 420 873) and its net liabilities exceeded its net assets by P318 624 602 (2022: net liabilities exceeded its net assets by P180 279 583). This gives rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge the normal course of business. In mitigation the following was considered in management's assessment of the going concern.

The Group secured P90 million in funding from Mineral Development Company Botswana (MDCB), which was disbursed on 3 August 2023, towards its immediate trade obligations to its mining contractor Jarcon Opencast Mining (Pty) Ltd ("Jarcon").

Additionally, the Group made a decision to terminate its contract with Jarcon in line with its long-term vision of sustainable profitability. This will include settlement of indebtedness and processes to facilitate this is in progress.

The Group has taken significant steps to ensure its viability and future success. The year under review demonstrated that the company could operate profitably and at full capacity, as illustrated by the first 6-month period performance. For the four active trading years , the company has demonstrated annual increases in all disciplines from mining and beneficiation of coal to sales. The company continues to set the standard in the local coal industry by being the first company to evacuate coal through Walvis Bay, from landlocked Botswana, proudly delivering coal for 6 vessels or ~210,000 tons. The Minergy brand and quality of product is well established, supported by the fact that more than 1.8 million of coal has been sold, since inception.

MDCB, the primary financier to the business, has provided a letter of financial support to ensure the Group's capability to meet its financial obligations. In addition to its financial backing, MDCB's commitment to the Group's success is further evidenced by the provision of additional resources. Matthews Bagopi has been seconded into the Subsidiaries leadership as Acting Chief Executive Officer of the subsidiary for a 12-month period. Additional resources are also made available by MDCB to augment the management team.

Notes to the annual financial statements
as at 30 June 2023 continued

32. Going concern continued

Minergy still has approval from shareholders to issue P125 million of shares to assist with refinancing or expansion where required and various leads are pursued. Listing on a secondary international exchange remains viable based on proven operational capacity and is pursued to raise additional funding.

The Group remains proactive in refining its production and sales strategies to thrive in the current market. The inherent quality of the Group's product offerings, coupled with a loyal customer base and logistical advantage, establishes a positive trajectory toward sustained growth and profitability. Sales demand and pricing within a competitive market and cost management remain key factors.

Given the support of MDCB and the additional resources provided, the directors are confident that the Group will successfully achieve its goals and have sufficient funds to meet its obligations and continue as a going concern.

33. Subsequent events

Funding from Minerals Development Company of Botswana (MDCB):

On 3 August 2023, Minergy successfully finalised and received a disbursement of P90 million from its primary funder, MDCB. The funding is structured as a vanilla secured debenture facility, carrying similar interest rates to the existing MDCB funding. These rates are subject to fluctuations in the Bank of Botswana rate. The proceeds have been allocated towards settling the trade payable of the mining contractor.

Strengthening of the management team:

In conjunction with the funding agreement, MDCB has seconded Mr. Matthews Bagopi for a 12-month tenure to bolster the Minergy management team. He has assumed the role of Acting Chief Executive Officer in the subsidiary. With the exit of the Chief Executive Officer, additional human resources have been sourced, and facilitated by the MDCB.

Termination of Mining Contract:

Minergy has issued a notice terminating its mining contract with Jarcon Opencast Mining Botswana (Pty) Ltd ("Jarcon"). This decision aligns with the strategic direction determined by Minergy's Board of Directors and its financiers, aiming to stabilise operations and achieve sustainable profitability. During this transition phase, arrangements are in place to maintain business continuity and ensure minimal disruption in the coal supply to customers.

34. Risk management

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out at Group level under policies approved by the Board of Directors. Group treasury identifies, evaluates and responds to financial risks in close co-operation of the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk and interest rate risk.

a) Market risk

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand, United States Dollar and Namibian Dollar. Foreign exchange risk arises mainly from sales to foreign customers.

To mitigate the Group's exposure to foreign currency risk, non-Pula amounts are monitored. Forward exchange contracts and hedging instruments are considered from time to time, but none have been entered into to date.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are translated into Pula at the closing rate:

	ZAR	N$	Other
2023			
Financial assets	**56 682 925**	**6 071 961**	**—**
Financial liabilities	**(2 665 414)**	**—**	**—**
Closing rate of exchange	**1.40**	**1.40**	**1.40**
2022			
Financial assets	67 517 869	4 838 503	—
Financial liabilities	(13 672 675)	—	—
Closing rate of exchange	1.32	1.32	1.32

The following table illustrates the sensitivity of profit in relating to the Group's financial assets and financial liabilities at year-end. If the Pula had strengthened against these currencies by 2.5% then this would have had the following impact on profit (a weakening of 2.5% would have an equal and opposite impact on profit):

	ZAR	N$	Other
2023			
Financial assets	**1 417 073**	**151 799**	**—**
Financial liabilities	**(66 635)**	**—**	**—**
2022			
Financial assets	1 687 947	120 963	—
Financial liabilities	(341 817)	—	—

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from borrowings and payables with variable rates, which expose the Group to cash flow interest rate risk.

At 30 June 2023 all of the Group's borrowings had fixed interest rates, hence no significant interest rate risk on borrowings. Overdue trade payables carry interest at prime rate.

Interest rate sensitivity

The following table reflects the potential impact on earnings, given an increase in interest rates of 25 basis points:

	Group		Company	
Figures in Pula	**Loss 2023**	Loss 2022	**Loss 2023**	Loss 2022
Increase of 25 basis points in interest rate	**411 114**	299 373	**—**	—

Notes to the annual financial statements
as at 30 June 2023 continued

34. Risk management continued

Financial risk management continued

A decrease in interest rates of 25 basis points would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions , alternative financing and hedging.

The scenarios are run only for liabilities that represent the major interest-bearing positions.

Price risk

The Group's sales prices are exposed to commodity price risk. Coal prices are subject to negotiations with customers, but are indirectly linked to international coal export prices. Sales prices are regularly reviewed and renegotiated with customers when deemed necessary. No hedging programmes are currently in place.

A 5% movement in sales prices would have increased/decreased the annual profit by P22 943 862.

b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk management

The credit risk is managed on a Group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed by dealing only with major reputable financial institutions.

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The Group's policy is to extend credit terms only to credit worthy counterparties. The credit terms are generally 30 days from date of statement. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of multiple customers in various industries and geographical areas.

The Group does not hold any security on the trade receivables balance.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on entity type, the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 12 months before 30 June 2023 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. Relative credit ratings and probability of default per geographical location and entity type was used as the most relevant factors to determine an expected credit loss rate.

A default occurs when a trade receivable is not settled within 180 days from the invoice date or when there's a failure to engage with the Company regarding alternative payment arrangements. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as at 30 June 2023 was determined as follows:

Figures in Pula	Not past due	Less than 30 days past due	More than 30 days past due	Total
At 30 June 2023				
Weighted expected credit loss rate (%)	**0.73**	**2.83**	**5.14**	
Gross carrying amount	**26 352 837**	**18 263 113**	**408 835**	**45 024 785**
Lifetime expected credit loss	**191 512**	**516 269**	**21 021**	**728 802**
At 30 June 2022				
Weighted expected credit loss rate (%)	2.63	1.25	2.07	
Gross carrying amount	71 572 698	10 452 287	487 110	82 512 095
Lifetime expected credit loss	1 884 496	130 315	10 071	2 024 883

Other receivables includes mainly VAT, deposits and prepayments. No loss allowance has been provided on these balances.

Loans receivables consist mainly of Group loans. Management evaluates the credit risk relating to these companies on an ongoing basis by taking into account its financial position, past experience and other factors.

The amount that best represents the Group's maximum exposure to credit risk at 30 June 2023 is made up as follows:

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Cash and cash equivalents	**13 188 532**	9 156 322	**68 392**	116 131
Trade and other receivables	**57 243 499**	95 392 892	**15 917 761**	17 378 694
Loans receivables	**—**	—	**155 939 782**	145 800 156
	70 432 031	104 549 214	**171 925 935**	163 294 981

The credit rating of the Company's banker is AA, albeit that Botswana sovereign credit rating is BBB+ (2022: BBB+)

No collateral is held for any of the above assets. None of the above assets are past due or impaired.

Notes to the annual financial statements
as at 30 June 2023 continued

34. Risk management continued

Financial risk management continued

c) Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings:

Group

Figures in Pula	Less than 1 year	Between 2 and 5 years	After 5 years	Total
At 30 June 2023				
Borrowings	**181 278 607**	**547 725 045**	**—**	**729 003 652**
Trade and other payables	**213 304 898**	**—**	**—**	**213 304 898**
At 30 June 2022				
Borrowings	17 826 904	565 017 069	—	582 843 973
Trade and other payables	170 164 534	—	—	170 164 534

Company

Figures in Pula	Less than 1 year	Between 2 and 5 years	After 5 years	Total
At 30 June 2023				
Borrowings	**462 240**	**—**	**—**	**462 240**
Trade and other payables	**1 959 180**	**—**	**—**	**1 959 180**
At 30 June 2022				
Borrowings	116 810	—	—	116 810
Trade and other payables	2 010 931	—	—	2 010 931

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, refinance debt, issue new capital or sell assets to reduce debt.

The capital structure consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital disclosed in the Statement of Changes in Equity and borrowings.

Management continually monitors the level of equity and debt. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Company's policy is to cover its annual net funding requirements through Group equity and external long-term loan facilities with maturities spread over time.

In terms of the BDC and MDCB facilities, the subsidiary is not entitled to make any payments in respect of interest or capital on shareholder loans or make any distributions of any kind to its shareholder until the facilities have been adequately serviced. Subsidiary cash flows are also subject to agreed payment waterfalls.

Refer to note 11 in the directors' report.

Shareholder information and Notice of Annual General Meeting

This chapter includes a description of how Minergy interacts with shareholders, the shareholder diary, and provides information on the shareholding of Minergy. It also includes the Notice of the Annual General Meeting of shareholders.

Shareholders' diary

AGM	29 November 2023
Interim period-end	31 December
Interim results announcement	March 2024
Financial year-end	30 June
Final results announcement	September 2024

Interaction with shareholders

Minergy maintains an open investor relations approach and dialogue with key financial audiences including institutional and private shareholders as well as analysts.

An Investor Relations consultancy has been appointed which disseminates information to the market, and shareholders are encouraged to contact Minergy management or the consultancy, Keyter Rech Investor Solutions, directly for additional information.

The Group adopts a proactive and open attitude to the timely dissemination of appropriate information to stakeholders and shareholders alike through print, electronic news releases, the Company's website and the statutory publication of the Group's financial performance through both the BSE and local Botswana newspapers.

Minergy has and will continue to host regular shareholder briefings (virtually or in person), in which the results, developments, prospects and the operating environment are discussed. Site visits are undertaken as and when requested. The website provides the latest and historical financial information, as well as information on the management of the Group and its operations. Shareholders are encouraged to attend the AGM, a notice of which is contained in this Integrated Annual Report, where shareholders will have the opportunity to put questions to the Board and management.

Shareholder analysis
as at 30 June 2023

Shareholder spread

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000 shares	249	48.07	112 736	0.02
1 001 – 10 000 shares	139	26.82	736 659	0.16
10 001 – 100 000 shares	43	8.30	1 760 068	0.37
100 001 – 1 000 000 shares	34	6.57	13 256 671	2.83
1 000 001 shares and over	53	10.24	454 109 000	96.62
Total	**518**	**100.00**	**469 975 134**	**100.00**

Distribution of shareholders

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Banks/brokers	1	0.19	1 705 217	0.36
Directors and Associates of the Company	2	0.39	50 279 938	10.70
Foreign company	18	3.47	46 964 716	9.99
Private and other corporations	6	1.16	38 934 744	8.28
Retail investors	473	91.31	137 165 506	29.19
Retirement funds	13	2.51	171 177 289	36.43
Trusts	5	0.97	23 747 724	5.05
Total	**518**	**100.00**	**469 975 134**	**100.00**

Public/non-public shareholders

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	**3**	**0.58**	**89 168 827**	**18.97**
Directors and Associates of the Company	2	0.39	50 279 938	10.70
Jarcon Opencast Mining (Botswana) (Pty) Ltd	1	0.19	38 888 889	8.27
Public shareholders	**515**	**99.42**	**380 806 307**	**81.03**
Other Public Shareholders	499	96.33	184 628 308	39.28
Vunani Fund Managers	2	0.39	109 747 175	23.35
Botswana Insurance Fund Management	1	0.19	34 647 870	7.37
Morula Capital Partners	2	0.39	22 919 708	4.88
Firecrest Trust Corporation	1	0.19	13 503 760	2.87
Resource Capital Investment	2	0.39	11 496 950	2.45
Kgori Capital	8	1.54	3 862 536	0.82
Total	**518**	**100.00**	**469 975 134**	**100.00**

Beneficial shareholders holding 5% or more

	Number of shares 2023	% of issued capital	Number of shares 2022	% of issued capital 2021
Vunani Fund Managers	**109 747 175**	23.35	109 747 175	23.35
De Bruin, C	**42 634 421**	9.07	42 634 421	9.07
Astrup, J	**40 279 938**	8.57	40 279 938	8.57
Jarcon Opencast Mining (Botswana) (Pty) Ltd	**38 888 889**	8.27	38 888 889	8.27
Botswana Insurance Fund Management	**34 647 870**	7.37	34 647 870	7.37
Total	**266 198 293**	**56.64**	**266 198 293**	**56.64**

Notice of Annual General Meeting

Minergy Limited

(Incorporated in accordance with the laws of Botswana)
(Botswana registration number: BW0001542791)
www.minergycoal.com

Notice is hereby given that the Annual General Meeting (the "Meeting" or the "AGM", unless referred to in full) of the shareholders of Minergy Ltd will take place at **10:00 on Wednesday, 29 November 2023**, at the Minergy office situated at Ground Floor, Unit 2, Building 3, Pinnacle Park, Setlhoa, Plot 75782, Gaborone, for the purpose of transacting the proposed business and passing if deemed fit with or without amendment the proposed resolutions.

Shareholders wishing to participate in the MS Teams AGM call should contact Corpserve Botswana at Plot 2482B Tshekedi Crescent Extension 9 Gaborone or by email to **contactus@corpservebotswana.com** at any time at least 48 hours before the start of the meeting. Corpserve will verify your shareholding and provide you with the MS Teams link.

Voting and proxies

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead.
2. The instrument appointing such a proxy must be deposited at the registered office of the Company or sent by email to **contactus@corpservebotswana.com** not less than 48 hours before the meeting, i.e., 10:00 on Monday, 27 November 2023.
3. The completion and lodging of the form of proxy will not preclude the relevant member from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.

Agenda

Presentation of annual financial statements and report.

The complete set of the consolidated audited annual financial statements (pages 66 – 67), together with the independent auditor's report (pages 63 – 65) and reports of the Audit and Risk Committee and Remuneration and Nomination Committee (pages 53 – 58), as well as the Social and Ethics Committee (pages 36 – 37) are contained in the Integrated Annual Report.

The following resolutions are proposed for consideration and adoption to be moved, with or without modification.

Ordinary resolutions

Ordinary resolution number 1

2023 financial statements

To receive, consider and adopt the audited financial statements for the year ended 30 June 2023.

Ordinary resolution number 2

Re-election of directors of the Company

To re-elect, by way of a separate vote, Mr. Leutlwetse Tumelo who retires in terms of clauses 19.9.1 and 19.9.2 of the constitution, and who is eligible and offers himself for re-election.

Leutlwetse is the Founder and Managing Director of Meriting Conferences. He has over 19 years of corporate experience in the capital markets and resources sector. During his professional career, he has held various executive and non-executive leadership roles in listed and unlisted companies. Leutlwetse is a member of the Botswana Institute of Chartered Accountants and the Institute of Directors South Africa. Leutlwetse is a Non-executive Director of Minergy Limited and Chairman of its subsidiary, Minergy Coal. He is also the chairman of the Social and Ethics Committee in Minergy Limited and has taken responsibility as Chairman of the Remuneration and Nominations Committee.

Ordinary resolution number 3

Confirmation of appointment of Director

To confirm the appointment of Mr. Matome Tsholetsa Malema ("MTM") as a Director to the Board in terms of clause 19.4 of the constitution.

Mr. Matome Tsholetsa Malema has been appointed to the Minergy Limited Board. He currently holds the position of CEO of the Minerals Development Company Botswana ("MDCB"). He is a Mining & Metals Executive with over 35 years' experience. This includes board experience at non-executive chairman level in state owned entities and industry experience in base metals, diamonds, and the original equipment manufacturer (Mining Services and Solutions) space in Botswana, such as BCL Limited, Debswana Diamond Company (a De Beers Group Company), Lucara Diamond Corporation, Joyglobal Inc./Komatsu Mining Corp, and Komatsu Limited. At these companies Matome has fulfilled various roles such as Project Metallurgist, Process Plant Manager, Metallurgical Manager, Assistant General Manager, General Manager and Director — Surface Mining and Country Manager. Matome is also a board member of the De Beers Group and a member of its Sustainability Committee.

Ordinary resolution number 4

Appointment of auditors

To reappoint the Company's current auditors Grant Thornton (Botswana) upon the recommendation of the Audit and Risk Committee, as the independent registered auditors of the Company.

Ordinary resolution number 5

Remuneration of auditors

To authorise the Board to determine the remuneration of the external auditors and the auditors' terms of reference.

Notice of Annual General Meeting continued

Ordinary resolution number 6

Remuneration of Non-executive Directors for 2023

To approve the remuneration of Non-executive Directors for the financial year ended 30 June 2023, in terms of Note 30 of the consolidated annual financial statements, as recommended by the Board and set out below:

Non-executive	Fees (Pula)*
Mokwena Morulane (Chairman)	265 000
Leutlwetse Tumelo	180 200
Claude de Bruin (resigned 15 July 2022)	17 000
Cross Kgosidiile	180 200
Leonard Makwinja (resigned 19 September 2022)	51 000
Total	**693 400**

* *fees included reimbursement of fees deferred during COVID-19 at the end of H1 2023 from available cash flows.*

Ordinary resolution number 7

Remuneration of Non-executive Directors for 2024

To approve the remuneration of Non-executive Directors for the financial year ending 30 June 2024, as recommended by the Board and set out in the table below:

Monthly Non-executive Director remuneration for the financial year ended 30 June 2024:

Name	Pula
Chairman of the Board	12 500
Board member	8 500
Chairman of Committee	8 500
Member of Committee	8 500

General

To transact such other business as may be transacted at an AGM including the sanction or declaration of dividends if deemed necessary.

To take and respond to questions of shareholders in respect to the affairs, operation and management of the Company.

Proxies and representatives

A shareholder may exercise the right to vote either by being present in person or by duly appointed representative or by delivery of a duly completed proxy form.

A representative or proxy for a shareholder is entitled to attend and be heard at a meeting and to cast votes as if the representative or proxy were the shareholder. A representative or proxy need not be a holder of a security issued by the Company.

A representative must be in a possession of a resolution of the Board of the company being represented, the trust or fund which is a shareholder which he/she represents, or mandate letter, a power of attorney from the principal which is a shareholder which he/she represents ("Appointment Documents").

Shareholders wishing to appoint a proxy must complete the proxy form enclosed to this notice.

If the proxy is signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) must accompany the proxy form.

If a representative is being appointed or if the proxy form is signed under a power of attorney, the Appointment Documents must be deposited at Corpserve's office by hand at Plot 2482B Tshekedi Crescent Extension 9 Gaborone, by post to PO Box 1583, AAD, Gaborone or by email to **contactus@corpservebotswana.com** not later than 48 hours before the meeting.

Voting

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.

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.

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 proxy form. Appointment Documents and any proxy form which is duly completed in accordance herewith and the notes to the proxy form shall be accepted.

By order of the Board

Morné du Plessis
Outgoing Chief Executive Officer

Registered office
Ground Floor, Unit 2, Building 3
Pinnacle Park, Setlhoa
Plot 75782
Gaborone, Botswana

Form of proxy

I/we (full name in BLOCK LETTERS please):

of (address):

Telephone — work: ( )

Telephone — home: ( )

being a shareholder of Minergy and holder of ordinary shares, hereby appoint:

1. or failing him/her

2. or failing him/her

3. The Chairman of the AGM

as my/our proxy to act for me/us at the Meeting or any adjournment thereof for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions and/or abstain from voting as indicated in respect of each resolution to be considered at said Meeting.

Signed at on 2023.

Name (full name in BLOCK LETTERS please):

Signature:

Assisted by me:

Full names of signatory/ies if signing in a representative capacity (name in BLOCK LETTERS please):

	For	Against	Abstain
Ordinary resolution number 1: Audited Financial Statements for the year ended 30 June 2023			
Ordinary resolution number 2: Re-elect Mr. Leutlwetse Tumelo: Board			
Ordinary resolution number 3: Confirmation of appointment of Mr. Matome Tsholetsa Malema			
Ordinary resolution number 4: Appointment of auditors			
Ordinary resolution number 5: Remuneration of auditors			
Ordinary resolution number 6: Approve remuneration of Non-executive Directors for 2023			
Ordinary resolution number 7: Approve remuneration of Non-executive Directors for 2024			

Notes to the form of proxy

Instructions for signing and lodging this form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the AGM," but any such deletion must be initialled by the shareholder concerned. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Minergy, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote at the Meeting as he/she deems fit in respect of all the shareholders votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. The date must be filled in on this proxy form when it is signed.

4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Meeting in person or virtually and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the joint holder whose name appears first in the register will be accepted.

5. Documentary evidence 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 secretaries or waived by the Chairman of the AGM of Minergy shareholders.

6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

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 Transfer Secretaries.

8. Forms of proxy must be received by the Corpserve office by hand at Plot 2482B Tshekedi Crescent Extension 9 Gaborone, by post to PO Box 1583, AAD, Gaborone or by email to **contactus@corpservebotswana.com** at any time **at least 48 hours** before the start of the meeting.

9. If required, additional forms of proxy are available from the transfer secretaries.

Corporate and general information

Corporate information

Registered office and business address

Ground Floor, Unit 2,
Building 3 Pinnacle Park,
Setlhoa, Plot 75782,
Gaborone, Botswana

Postal address

P.O. Box 2330 ABG
Broadhurst, Gaborone, Botswana

Registration number

BW00001542791

Website

www.minergycoal.com

Company secretary

Desert Secretarial Services (Pty) Ltd
Tel: +267 395 2474

Deloitte House, Plot 64518,
Fairgrounds Office Park

P.O. Box 211008
Bontleng, Gaborone, Botswana

Investor Management Services

Corpserve Botswana
Tel: +267 393 2244

Plot 2482B Tshekedi Crescent Extension 9 Gaborone

P.O. Box 1583, AAD, Gaborone, Botswana

Attorneys

Akheel Jinabhai & Associates
in Association with McKee Commercial Law
Tel: +267 316 3125

AJA House, Unit 2,
Matante Mews, Plot 54373
CBD, Gaborone, Botswana

P.O. Box 20575,
Gaborone, Botswana

Bankers

RMB Botswana
Tel : +267 395 3577

First Place CBD,
Gaborone, Botswana

General information

Country of incorporation and domicile

Botswana

Nature of the business

The Group is invested in the exploration, development, mining and trading of sized thermal coal, regionally and internationally. The quality and size of the Minergy coal resource is also suitable to expand the supply of coal for the power generation sector.

Directors

M Morulane
L Tumelo
M du Plessis (resigned 28 August 2023)
C Kgosidiile
M T Malema (appointed 25 September 2023)
J Ayo

Level of assurance

The financial statements have been audited in compliance with the applicable requirements of the Companies Act of Botswana (CAP 42.01).

Preparer

The audited full year consolidated financial statements were prepared by the Chief Financial Officer, Julius Ayo (Bachelor of Accounting ("BACC") and Association of Certified Chartered Accountants ("ACCA")) under the supervision of the Outgoing Chief Executive Officer ("CEO"), Morné du Plessis, CA(SA).