



Minergy Limited

(Incorporated in accordance with the laws of Botswana)

(Company Number: BW00001542791)

www.minergycoal.com

("Minergy" or "the Company")

**CONTRACT MINER AT THE MASAMA COAL MINE ("MASAMA")
TEMPORARILY HALTS MINING OPERATIONS**

A large proportion of Minergy Coal (Pty) Ltd ("Minergy") sales for the last 6-months were generated by coal exports through Walvis Bay, buoyed by high coal prices originating from the Russia-Ukraine war as gas and coal from Russia were banned, resulting in a global energy crisis. This afforded Minergy the opportunity to run mining and plant operations at full capacity and the company ramped up operations accordingly.

The significant drop in coal prices from mid-December 2022 (>33%) has resulted in the need to curtail operations at Masama in order to optimise operational costs.

At current pricing the exports through Walvis Bay are marginal, however all possible efforts are being made by all parties involved to optimize this route and to continue with exports. Minergy continues to experience good regional demand for its coal.

The strong coal price assisted with the repayment of historical arrears, but with volumes and sales revenues now under pressure, lower cash flow generation has resulted. As with many businesses, when structural changes occur in a market and external demand factors influence price, operational adjustments need to be made to bring operating costs in line.

Acting within their contractual rights, Jarcon Opencast Mining Botswana (Pty) Ltd ("Jarcon"), the mining and materials handling contractor at Masama, notified Minergy Coal (Pty) Ltd that it will curtail operations as it seeks clarity on overdue payments and operational issues arising from consequences of the reduced sales. Minergy and Jarcon are finding constructive solutions to move forward. These discussions now include Minergy's funders.

Unfortunately, and pre-emptively as part of their internal processes, Jarcon had issued Section 25 letters to staff, giving notice of an anticipated reduction of mining operations and the corresponding workforce at Masama. These letters have been widely circulated by Jarcon employees.

Minergy wishes to assure stakeholders that certain operations such as sales of stockpiles will continue with Jarcon's assistance, but mining, and indirectly, beneficiation operations have currently stopped and will be resumed in line with demand and price.

There is no truth to the rumour that Minergy is closing the Masama mine.

Minergy undertakes to keep shareholders and stakeholders informed of the progress it makes in resolving the above challenges.

By Order of the Board

Morné du Plessis

Chief Executive Officer

7 March 2023

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