

*Building a Mid-Tier
Coal Mining &
Energy Company*

Investor Presentation
30 March 2017



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Overview

Minergy will be positioned to supply quality coal product across Southern Africa

Objectives



- Introduction of Minergy investment opportunity
 - Background
 - Project details
 - Valuation
 - Process
- List on the Botswana Stock Exchange (BSE) on 27 April 2017
- Proposed future listing on the Johannesburg Stock Exchange (JSE) 2017/2018
- Raise capital
- Secure shareholder spread of 300+ shareholders

Background

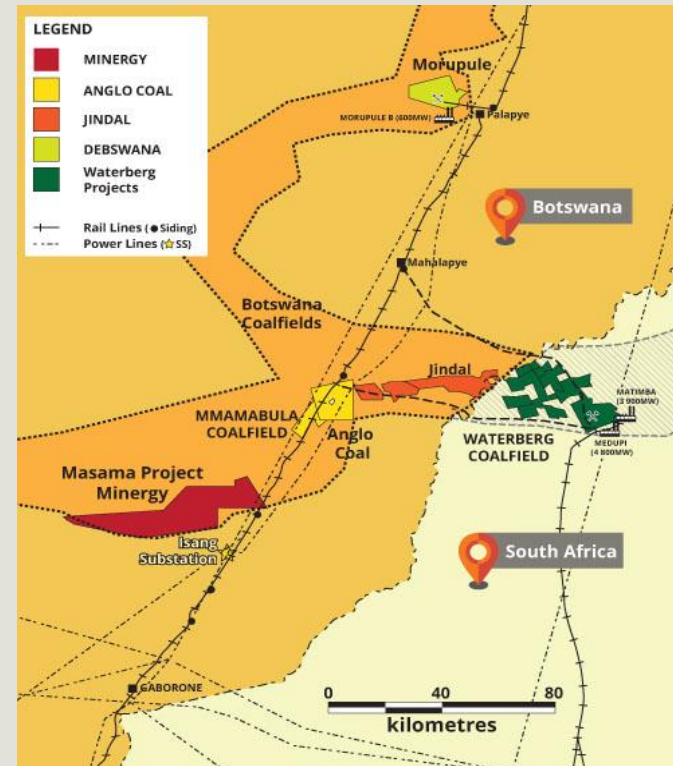


- Historical exploration by Shell which relinquished their rights – 1980's
- Minergy secured prospecting rights in 2012
- Exploration drilling phase now complete
 - Obtained Shell exploration data
 - Minergy conducted extensive additional work on the resource 2012 - 2015
 - 347 Mt Resource (Inferred and Indicated, SAMREC Code 2016) after further drilling in area of focus - 2016
 - Mine plans, preliminary CAPEX, logistics, market research and financial models – 2016
- CPR, detailed mine plans and preliminary CAPEX plan available
- Professional management and advisers with coal experience in Southern Africa
- No debt and low overheads
- Prospectus issued on 27 March 2017
- P70 million raised by private placement with selected investors

Project - Introduction



- Minergy owns 100% of a 347 Mt⁽¹⁾ Masama Coal Project in Botswana, 50 km north of Gaborone, with good working infrastructure into regional markets
- Potential for >2Bt⁽²⁾ tonnes with further exploration
- Minergy plans to build a 2.4 Mtpa ROM opencast coal mine within 16 - 18 months of BSE listing focusing on delivering coal to the regional market including Botswana and South Africa (North West and Northern Cape provinces)
- Potential to expand coal supply for export market & power stations



1. 347 Million tonne SAMREC Code 2016, including 60Mt in Indicated Category
2. 2.8 Billion tonne Inferred Resource (JORC 2012 Code) delineated by Coffey Mining in 2013 over broader project area

Project - Introduction



- Mining licence application in progress
 - EIA studies initiated - 12 months to complete
 - Further drilling program in progress
 - Measured resource, additional Indicated resources and sub-outcrop definition
 - Feasibility study in progress
 - Geology, mining and processing, product handling, transport and marketing, detailed financial modelling
 - Engaging with government departments
 - Ministry, Department of Mines, DEA, Transport, Rail, Power, Surface Rights
 - Commercial
 - Supply agreements, logistics agreements, coal sales agreements

Mining licence expected to be granted by Q2 2018

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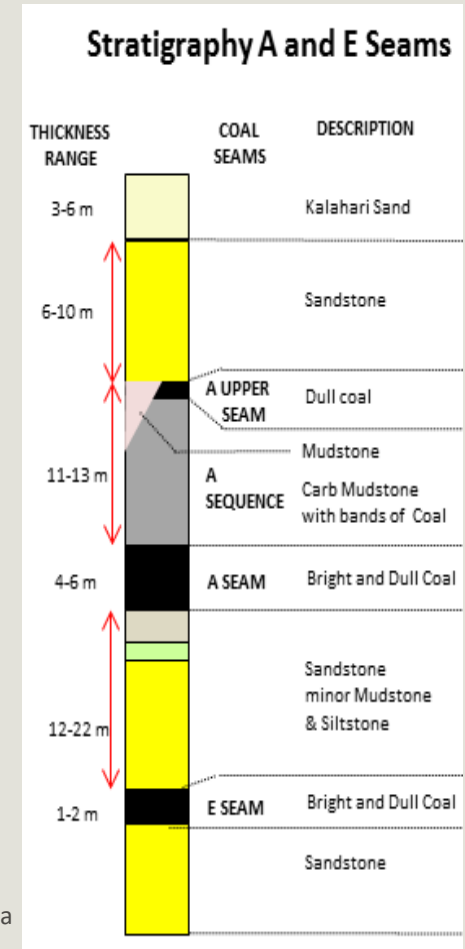
The Coal Resource

347 Mt of high quality coal in area of focus

Project - Coal Resource

- Exploration drilling phase complete
- High quality 347 Mt Resource⁽¹⁾
- Potential for >2Bt⁽²⁾ with further exploration
- 71 Mt identified for opencast mining in two sections
- Shallow underground mining potential for remainder
- Significant location advantage
- Competent persons report (“CPR”) prepared by GM Geotechnical (Prof. D.S. Coetzee)
- SAMVAL⁽³⁾ report prepared by Coffey Mining

1. 347 million tonne SAMREC Code (2016 Edition), including 61Mt in Indicated category
2. 2.8 billion tonne Inferred Resource (JORC 2012 Code) delineated by Coffey Mining in 2013 over broader project area
3. Completed in accordance with the SAMVAL CODE (2016 Edition)



Project - Coal Resource



2016 RESOURCES				Raw Coal Qualities (Air Dried)					
SEAM	AREA	CLASSIFICATION	MTIS (Mt) ¹	RD	C.V. (MJ/kg)	ASH (%)	IM (%)	V.M. (%)	TS (%)
A Seam	Opencast (Section A)	Indicated	25.15	1.49	22.62	18.6	6.3	25.5	1.65
A Seam	Opencast (Section B)	Indicated	36.54	1.53	21.57	19.5	6.7	24.1	1.63
Total A Seam	Opencast (A+B)	Indicated	61.69	1.51	22.00	19.1	6.5	24.7	1.64
A Seam	Opencast (Section A)	Inferred	9.52	1.54	21.18	23.5	5.3	24.6	2.74
Total A Seam	Opencast (A)	Inferred	9.52	1.54	21.18	23.5	5.3	24.6	2.74
A Seam	Underground (Section A)	Inferred	166.62	1.51	22.34	20.6	5.3	24.6	2.11
A Seam	Underground (Section B)	Inferred	15.56	1.60	18.82	28.3	5.3	22.9	0.84
E Seam	Underground (Sections A & B)	Inferred	93.71	1.51	21.59	25.3	4.7	25.3	1.44
Total A & E Seam	Total Underground	Inferred	275.89	1.51	21.89	22.6	5.1	24.7	1.81
TOTAL RESOURCE			347.10	1.51	21.89	22.0	5.4	24.7	1.81
<i>1 MTIS – Mineable Tonnes In Situ, Geological Loss of 30% applied and underground areas adjusted for minimum mining height of 1.5m</i>									

This Resource estimation has been prepared by Prof D.S. “Faan” Coetzee in accordance with the SAMREC Code (2016 Edition)

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The Coal Industry



Coal is a crucial source of energy

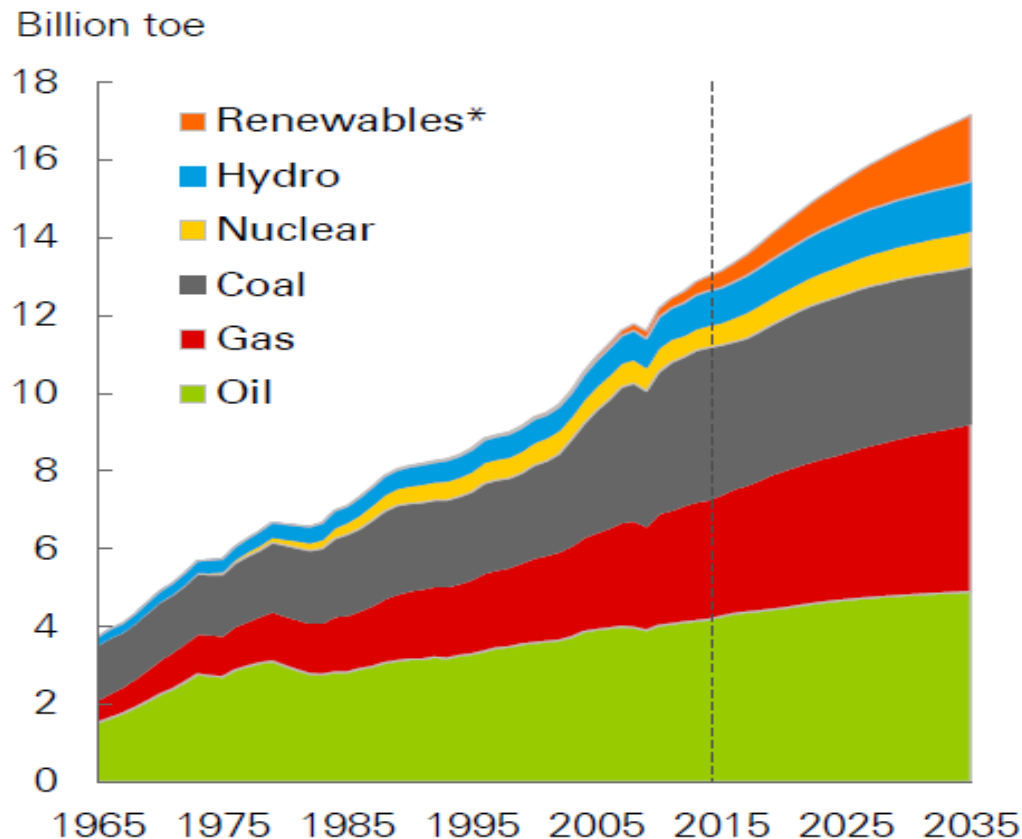
Coal Industry



- In the World Energy Outlook 2016 report, the International Energy Agency (“IEA”) forecasts that coal will remain the largest single source of electricity generation through to 2040.
- The World Coal Association sees coal playing a crucial role in meeting global energy demand.
- Coal still makes up 41% of global electricity generation and 29% of primary energy demand.
- It will continue to play a major role in delivering energy access and security long into the future.

Coal Industry

Primary energy consumption by fuel



SOURCE: XMP CONSULTING

- The transition in the fuel mix continues with non-fossil fuels accounting for half of energy growth.
- Even so, oil, gas and coal remain the dominant sources of energy powering the world economy,
- Will account for more than 75% of total energy supplies in 2035 (down from 85% in 2015).

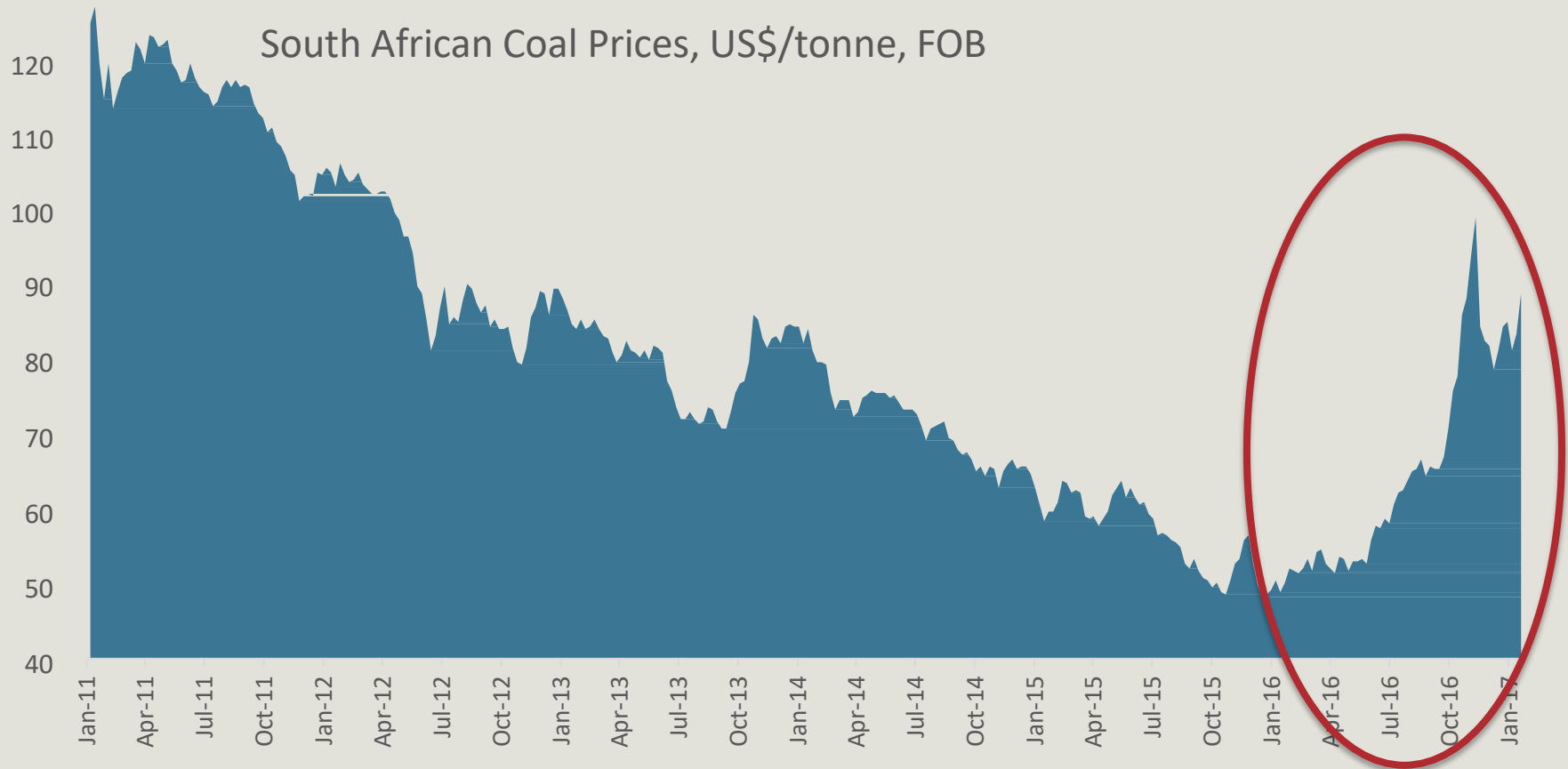
Coal Industry



Coal Supply	2014	2015	2016	2017	2020	2025	2030
Indonesia	440	378	370	380	390	330	280
Australia	198	200	200	200	210	220	220
Russia	97	102	108	108	105	125	150
Colombia	75	82	88	90	100	95	85
South Africa	71	75	73	74	80	80	80
US	33	24	16	14	12	12	12
Other	30	26	35	32	35	27	31
Total supply	943	888	890	885	932	889	858
Total Demand	944	887	889	911	960	1,069	1,241
Balance	0	0	0	-13	-28	-180	-383

- At current prices, Indonesia and Australia will not be able to ramp-up production
- Only the lowest cost producers with existing spare capacity can expand (Colombia and Southern Africa)
- Green field projects will be needed from the middle of the next decade
- Coal from Colombia and USA will also be required to fulfill base requirements in Asia
- Russian coal also important for the mix, but currency uncertainty will remain an issue

Coal industry in Transition



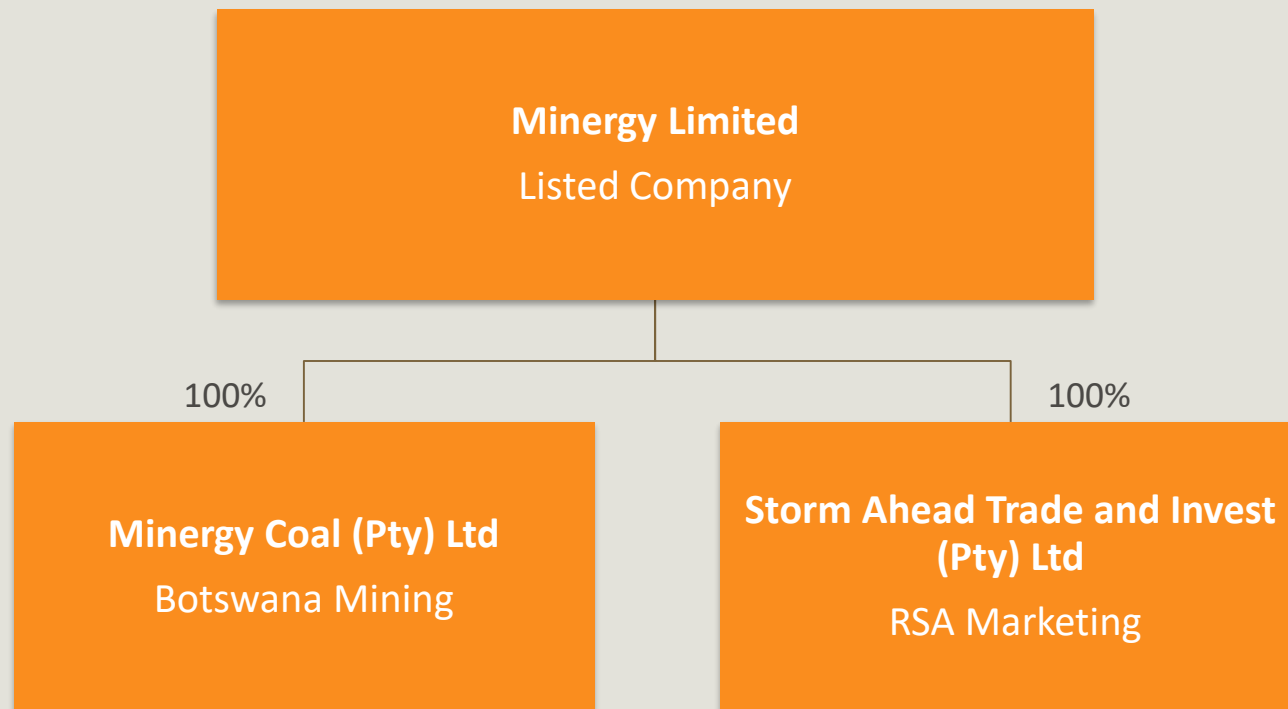
Source: Reuters, Argus/McCloskey

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Company Overview

Minergy will be well positioned to supply quality coal product across Southern Africa

Company Overview - Structure



Company Overview - Operational



- **Minergy Limited**
 - Botswana registered company
 - List on the Botswana Stock Exchange (BSE) on 27 April 2017
 - Proposed future listing on the Johannesburg Stock Exchange (JSE) 2017/2018
 - Oversee and provide strategic direction to the subsidiaries
 - Provide financial assistance to the subsidiaries
 - Directed by two executive and three non-executive directors
- **Minergy Coal (Pty) Ltd**
 - Botswana registered company
 - Holds prospecting licence, and mining licence in the future
 - Will conduct all prospecting, mining and processing activities
 - Managed by key executives

Company Overview - Operational



- Storm Ahead Trade and Invest (Pty) Ltd – South Africa
 - South African registered company
 - Will market all coal produced by Minergy Coal
 - Will trade coal from other producers in the region
 - Managed by highly experienced marketing and trading personnel

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Market and Logistics

Supply the regional and export markets

Coal Markets - International



- API#4 at RBCT increased from \$49 to > \$80 in 2016/2017
- Increase on the back of production cutbacks of 500 Mtpa in China
- Major producers focusing on returns at the expense of volume
- Increased demand in Asia
- No greenfields projects on the drawing board
- International traders bullish on future pricing.

Coal Markets - Regional



- Cement and lime producers, brickworks, breweries, paper and sugar mills, chemical and metallurgical industries
- Major coal producers withdrawing supply to the regional market to focus on export
- Regional coal prices have escalated by 43% during 2016/2017 to *take-it-or-leave-it* levels last seen in 2005 – 2007
- Window of opportunity for Masama mine

Market Opportunities



- Masama mine will be a low cost producer vs current suppliers to target market (Botswana, Limpopo, North West and Northern provinces of RSA)
 - Low in situ strip ratios
 - Lower input costs e.g diesel
 - Low CAPEX cost
 - Corporate tax rates 22% vs 28%
- Coal supply is a logistics game due to the significant transport cost component vs product cost
 - Situated 50 km's north of Gaborone
 - Masama is 180 to 250 kms closer to target market compared to other producers
- Consumers will seek the most economical product of a suitable quality available

Market Opportunities



- Will focus on specific customer base and have entered into discussions with various companies including:
 - Cement and lime industry in Mafikeng, Lichtenburg, Danielskuil and surrounding areas
 - Botswana industry
 - Large industrial users
 - Metallurgical industry in Rustenburg and Brits
 - Merchants

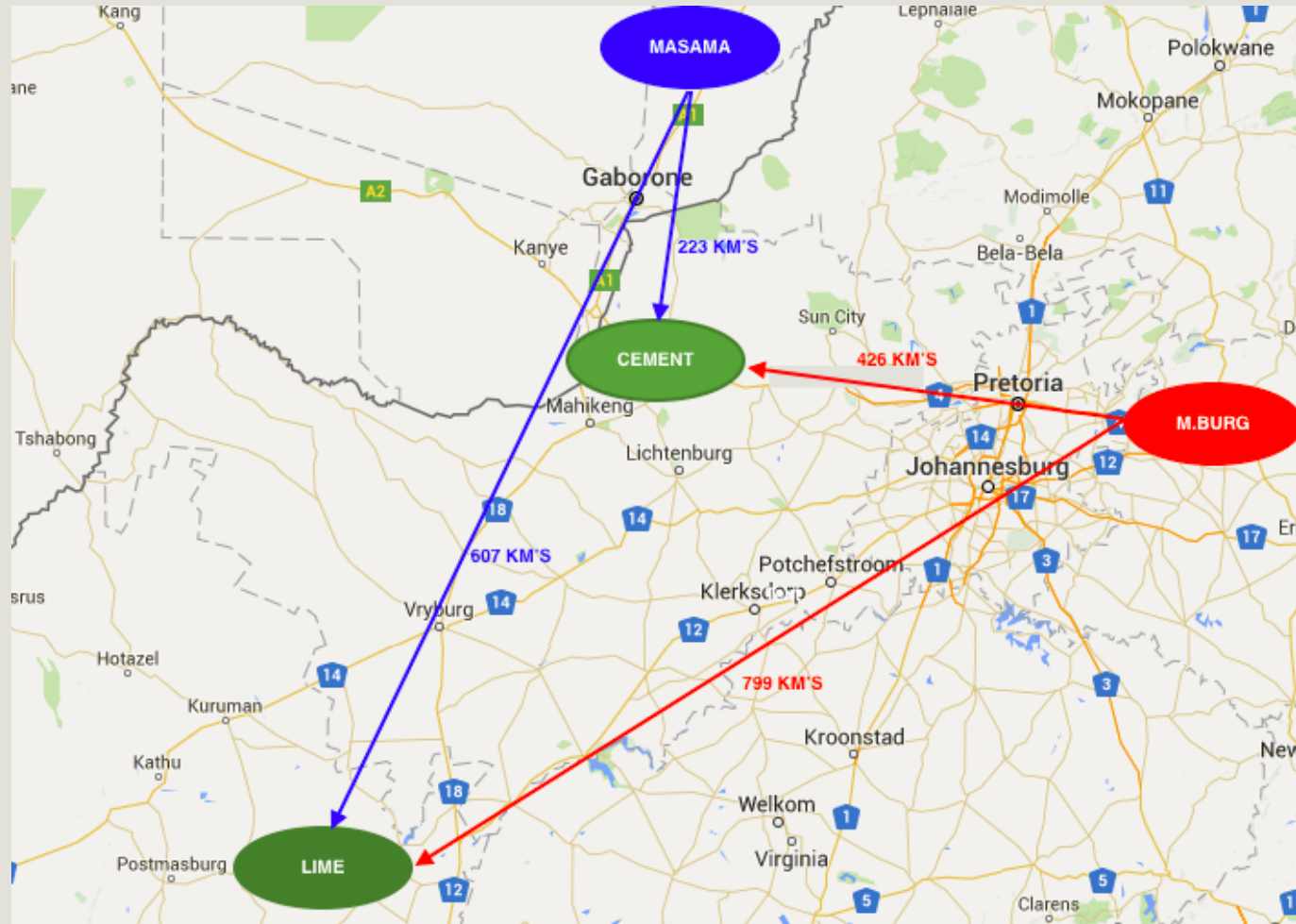
Strategy:

Leverage the significant product and logistics cost advantage over other producers supplying the target market to secure short and longer term off-take agreements

- Transport via road or rail
- Rail users
 - Cement and lime
 - Large industrial users
 - Export market
- Botswana Railways has consented to the construction of a rail siding for Minergy and provided indicative costing
 - Located at their new rail spur at Tshele Hills near Pilane which will be completed in Q1, 2018
- Transport by road from the mine to Tshele Hills rail siding is a distance of 49 km. Consideration being given to a siding at Masama
- Road users
 - Cement and Lime
 - Large industrial users
 - Botswana industry
 - Metallurgical
 - Merchants

Cost Advantages to Markets

- ~180km distance advantage over nearest supplier to cement industry
- >200km distance advantage over central basin supply to lime industry

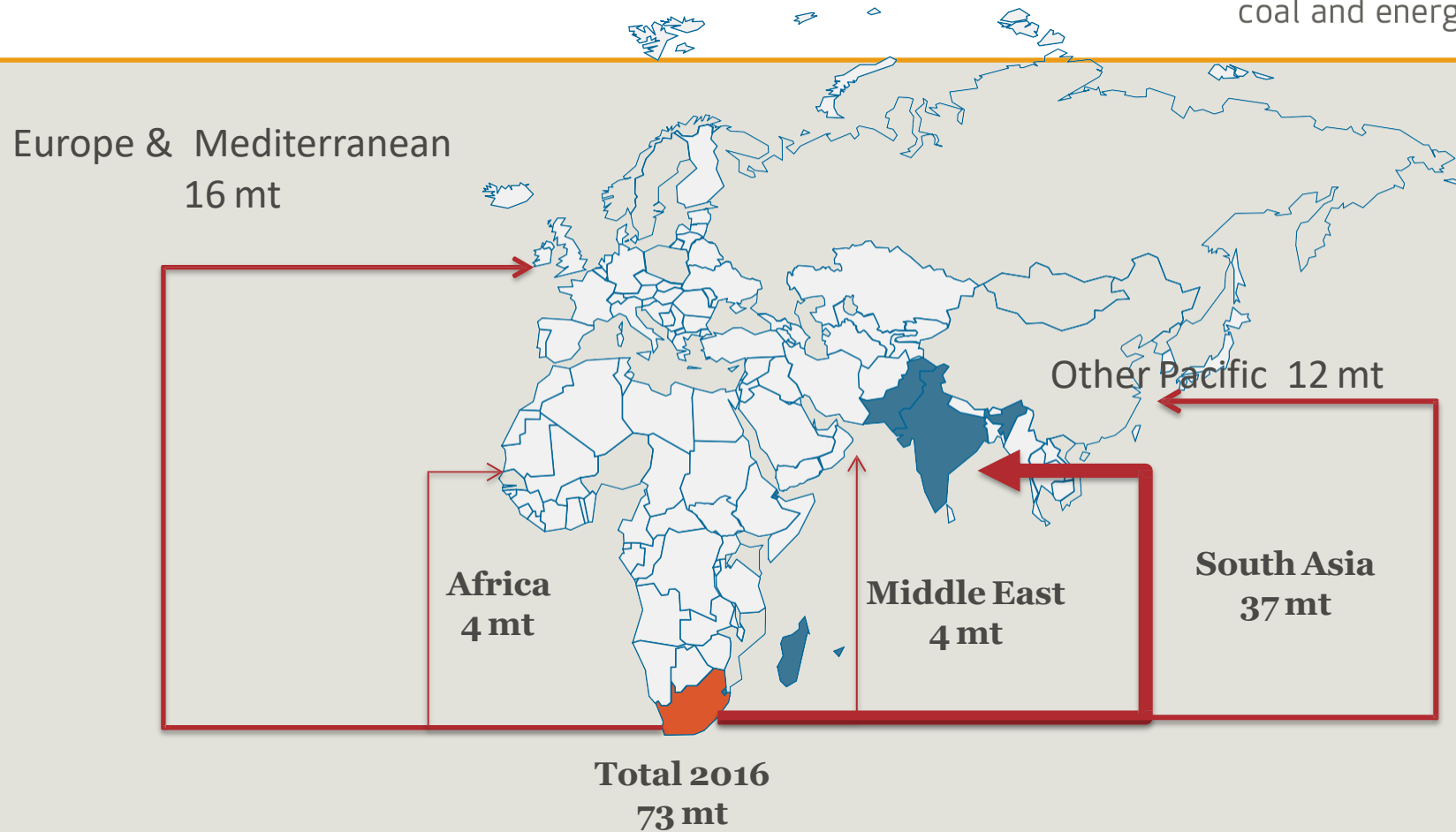


Export Market



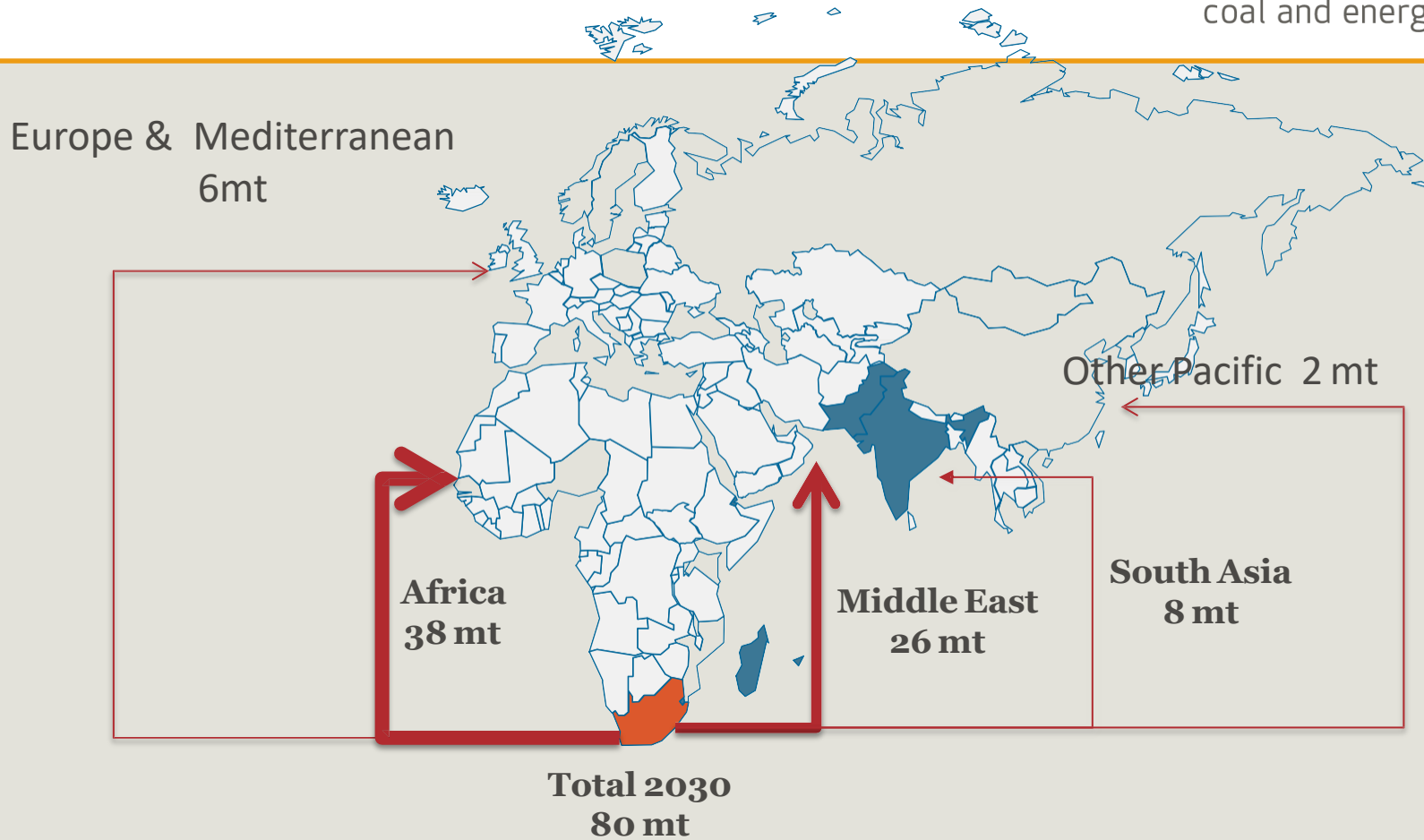
- Export must be explored due to the recent surge in prices
- Have been approached by various international traders for off take agreements and potential funding arrangements
 - Pre- payment arrangements
 - Funding the processing plant
- Transnet Freight Rail (“TFR”) have included Botswana in their business plans
 - Boost tonnage on coal line
 - TFR have appointed an international business manager for this pupose
 - TFR encouraging us to consider alernative ports
 - Containers or dry bulk

Export Market



In 2016, 50% of South African Exports went to South Asia

Export Market



In 2030, 80% of South African coal exports will go to Africa and the Middle East

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Financial Highlights

Realistic projections underpinning compelling valuation

Financial Projections – 5 year



BWP '000s	June 2019	June 2020	June 2021	June 2022
Revenue	365 238	566 152	644 366	666 475
Operating income	56 756	133 460	164 875	165 778
EBITDA	62 199	140 455	171 677	172 568
Net profit after tax	43 093	103 454	130 669	134 264
HEPS (thebe) ⁽¹⁾	10.16	24.39	30.81	31.65
DPS (thebe) ⁽¹⁾	5.08	12.19	15.40	15.83

1. Based on 424 166 787 shares in issue
2. Projections on this slide are that of the Company based on unaudited projections and are targets only. The independent opinion of Coffey Mining with respect to a 3 year projected Income Statement can be found in Annexure 3 of the Prospectus, which is an extract from Coffey's Masama Valuation Report.

Financial Projections – 5 year



Key assumptions of the Minergy financial projections

- Exchange rate: BWP1.00 = R1.29
- Start of production Q3, 2018
- Average base selling price of BWP455/ton
- Botswana inflation escalation 3% per annum
- RSA inflation escalation 6% per annum
- Processing yield factor of 59%

1. It should be noted that the assumptions of Minergy's Financial Projections on this slide may differ to that used in the independent opinion of Coffey Mining in the Masama Valuation Report, from which its 3 year projected Income Statement has been extracted and made available in Annexure 3 of the Prospectus.

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Investment Opportunity

Excellent capital growth and dividend potential

Capital Requirements



- Investment required to reach full production status ~BWP200 million

Item (BWP000's)	Mining licence	Plant	Production
EIA and ML Application	3 530		
Feasibility Studies	2 863		
Exploration Drilling	4 447		
Processing Plant		66 151	
Mine Infrastructure	10 323		22 315
Mine Commissioning			35 116
Surface Rights	3 388		
Services	5 063		
Siding Construction			9 748
Other Capex	1 948		4 616
Operating Expenses	10 164	10 164	10 164
	41 726	76 315	81 959

Source of Funding



- Private placement BWP 70 million - completed
- Vendor financing for mine infrastructure BWP 35 million
- Build Own, Operate, Transfer (“BOOT”) BWP 65 million
- Second placement and JSE listing BWP 30 million
- Total BWP 200 million

Investment Detail



- Total shares in issue post listing – 424 166 787
- Issue of shares ~ BWP 50 million
 - 50,000,000 to be issued at BWP 1.00
 - Minimum of BWP 100 per investor
- Listing on the BSE on 27 April 2017
- Listing on the JSE planned for 2017/2018
- Current shareholders⁽¹⁾ and management shares locked-up for 3 years or on reaching production of 40,000 saleables tons per month.
- SAMVAL project valuation = BWP662 million

1. Shareholders prior to the private placement of P70 million

Investment Rationale



- Low-cost, long-life open cast mine
- Short lead time to production
- Major competitive advantage based on project proximity to regional market
- Upside in domestic and international coal prices
- Experienced management team
- Potential to supply power producers and export markets in medium term
- Solid base to develop significant coal mining group
- Significant benefits to Botswana

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Timing & Process

Clear path to full production

Project Timelines



Phase	Activity	2016					2017												2018											
		A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Exploration - Completed	Drilling & analytics, Geotech, CPR																													
Mining Licence & Preparation	Drilling & analytics, Geotech, EIA & EMP, updated CPR, feasibility - Mining licence application, Surface & water rights																													
Commercial	Supply agreements, Transport contracts, Development funding																													
Development / Mining	Construction																													
Production	Ramp up to steady state																													

These timelines are based on the premise of the mining license being issued by Q2 2018

Fund Raising



Process	Approximate date
Pre-listing investor presentation	30 March 2017
Subscription and payment close for placement	12 April 2017
Notification of allocation	13 April 2017
Issue of shares	26 April 2017
Listing on BSE	27 April 2017
Listing JSE	By end 2017

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Conclusion

*Unique near term, low risk opportunity,
relatively independent of global commodities market
cycles, offering investors attractive returns and
future expansion opportunities
in foreign based earnings*

Annexures



Key Executives



Andre Boje, CTA - (CEO)

An accountant with more than two decades of experience in the South African coal industry. He founded South African focused coal trading company Chandler Coal in 1997. In 2005 after a period of exponential growth the company was listed on the JSE as Wescoal Holdings Limited, enabling a transition from purely coal trading activities to a fully-fledged coal miner and trader. Wescoal is now one of the leading junior coal mining and trading companies in Southern Africa. Andre was appointed in January 2016.

Gabotshwarege Tshekiso, MSc Mech Eng. – (Project Executive)

An engineer with 32 years experience in the Department of Mines of the Botswana government. He began his career as an assistant engineer in 1984 and progressed through the ranks culminating in his appointment as Director of Mines in 2010, a post he held until his retirement in 2016. Tshekiso was appointed in January 2017

Morne du Plessis, CA (SA); MBA - (CFO)

A chartered accountant with an MBA from Heriott Watt University Edinburgh, Scotland. Extensive experience in the mining industry having been Chief Financial Officer of several groups including contract mining and beneficiation service provider Genet SA, junior coal miner Umcebo Mining Group, and JSE listed junior coal miner Wescoal Holdings limited. Morne was appointed in July 2016.

John Astrup, BSc. (Hons) Geology; MSc. - Exploration Geology - (GM)

A geologist (SACNASP and a member of the GSSA) with two decades of experience in the mining industry, with senior management positions in both public and private companies. Previously held positions with Falconbridge, Harmony, Council for Geoscience and Platmin (now Sedibelo Platinum). Minergy Co-Founder.

Martin Bartle, (Operations Manager)

A teacher with more than three decades of experience in the South African mining industry of which the last 16 years were coal focused. Martin has worked for Rand Mines, Exxaro, Anglo Coal and most recently as managing director of Wescoal Mining, a part of the Wescoal group.

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Thank you