

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY SEEK ADVICE FROM YOUR LEGAL ADVISER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.



Minergy Limited

Incorporated in accordance with the laws of Botswana on 1 September 2016

Company Number 2016/18528

(“Minergy” or “the Company”)

PROSPECTUS

-
- relating to a placing of up to 50 000 000 ordinary shares with the Sponsoring Broker for onward subscription by invited investors at a price of BWP 1.00 per share
 - relating to a listing by way of a placing of all the issued shares in Minergy, being up to 424 166 667 shares, on the Main Board of the Botswana Stock Exchange (“BSE”)
-

This Prospectus is issued in terms of the Companies Act and Listing Requirements of the Botswana Stock Exchange for the purpose of providing information to potential investors in ordinary shares in the Company.

This Prospectus supports the Placing comprising up to 50 000 000 ordinary shares (referred to herein as the “Offering” or the “Offered Shares”) with the Sponsoring Broker to invite selected potential investors to apply to subscribe for the Offered Shares in the Company, and as such is a “placing” as contemplated by Rule 5.11 of the Listing Requirements of the Botswana Stock Exchange.

This document contains forward-looking financial information for the year ending 30 June 2017 and 30 June 2018. As any forward-looking information is based on assumptions concerning future events, actual results may vary materially from the profit estimates and other estimates and forecasts which have been presented. Consequently, no assurances are given on whether or not the estimates made herein will be achieved. Accordingly, prospective investors are urged to closely examine their financial position and to make every effort to familiarise themselves with the implications and the consequences of the non-attainment of objectives and profit estimates and other estimates and forecasts outlined in this Prospectus. Investors are urged to seek independent financial advice on these matters. Investment is not advised for any person or entity dependent upon a guaranteed fixed return.

There are currently 374 166 667 ordinary shares of no par value in issue and outstanding with existing shareholders. The Company proposes to allot 50 000 000 ordinary shares of no par value which shall rank *pari passu* with all the other shares issued by it to placees at a price of BWP1 per share. Pursuant to the Placing in terms of this Prospectus, and assuming that all of the 50 000 000 ordinary shares are taken up, the issued share capital of the Company shall comprise 424 166 667 shares.

Unless otherwise stated in this Prospectus, a South African Rand to Botswana Pula foreign exchange rate of ZAR1.30:BWP1.00 has been used. Unless otherwise stated in this Prospectus, a United States Dollar to Botswana Pula foreign exchange rate of USD1=BWP10.5 has been used.

This Prospectus has been registered with the Companies and Intellectual Property Authority (CIPA). Application has been made to the Listings Committee of the BSE, which has agreed to grant approval for a listing of shares in the Company on the Main Board of the BSE, subject to compliance with the BSE’s Listings Requirements. It is expected that such listing will become effective and that dealings in shares in the Company will commence from 5 April, 2017. The listing will be on the Main Board of the BSE, under the abbreviated name Minergy and share code MIN.

Prospective investors in the equity of the Company, as with any other listed company should ensure that they fully understand the nature of the Company’s operations, its valuation and the extent of their exposure to risks, and that they consider the suitability of the Company’s shares as an investment in light of their own circumstances and financial position. The Botswana Stock Exchange’s approval of the listing of the issued shares of the Company should not be taken as an indication of the merits of the Company. The Botswana Stock Exchange has not verified the accuracy and truth of the contents of the documentation submitted to it and, the Botswana Stock Exchange accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from the investment in the equity of the Company.

WARNING: THE SHARES SHOULD BE CONSIDERED SPECULATIVE.

Date of Registration at CIPA: 2 March 2017

Date of Issue: 2 March 2017

LISTING DETAILS

PARTICULARS OF THE SHARES BEING LISTED

Assuming full subscription of the Offered Shares, being 50 000 000 ordinary shares in the Company

Class	Ordinary shares
Total number of securities to be listed	424 166 667
Market capitalisation on Listing	BWP424 166 667

All issued shares of the Company are of the same class and rank *pari passu* in every respect.

Important dates	2017
Issue of Prospectus	2 March
Roadshow to Investors	7 March
Placing Opens	7 March
Placing Closes	17 March
Last day for receipt of Application Forms	17 March
Allotment of Purchased Shares	20 March
Approval of BSE for Listing	29 March
Publication of Press Announcement and Prelisting Statement	31 March
Settlement Date	3 April
Date of Listing	5 April
Shares allocated to CSDB accounts from	5 April
Trading of Shares on the BSE	5 April

DETAILS OF LISTING

The BSE has conditionally granted approval to the Company a listing of all of the issued shares of the Company, being up to 424 166 667 ordinary shares, on the Main Board of the BSE as follows:

Abbreviated name: [Minergy]
Share code: [MIN]
ISIN: [•]

ADVISORS AND EXPERTS CONSENTS

The Lead Advisor, Corporate Finance Advisor, Sponsoring Broker, Transfer Secretaries, Competent Person's, and Reporting Accountant, whose names are included in this Prospectus, have given, and had not at the date of this Prospectus withdrawn, their written consents to the inclusion of their names in the capacities as stated.

Lead Advisor

Collins Newman & Co...

Corporate Finance Advisor



Transfer Secretary



Reporting Accountants



Sponsoring Brokers

IMARA
INVESTING
IN AFRICA

Securities

Receiving Bankers



TABLE OF CONTENTS

	<i>Page</i>
Listing details	Inside front cover
Corporate information, directors and advisors	[•]
Definitions and interpretation	[•]
Part A: Salient features of the listing	[•]
Part B: Overview of Minergy	[•]
Part C: Directors	[•]
Part D: Management	
Part E: Financial information	[•]
Part E: Share capital	[•]
Part F: Other information	[•]
Annexure 1: Independent reporting accountants' report on the historical financial information	[•]
Annexure 2: Historical financial information	[•]
Annexure 3: Profit estimates for the years ending June 2017, 2018, 2019	
Annexure 4: Copy of the Prospecting Licence	[•]
Annexure 6: Executive summary of Competent Person's Report	[•]
Annexure 6: Extracts of the Constitution in respect of the Directors	[•]
Annexure 7: Share Application Form	[•]
- Companies	
- Individual	

CORPORATE INFORMATION, DIRECTORS AND ADVISORS

<p>Registered Office</p> <p>Plot 67978, Mokolwane House, 1st Floor, Fairgrounds, Gaborone P.O Box AD 54 ACJ, Riverwalk, Gaborone Contact person: Morné du Plessis Tel No: +27 82 466 3998 Email: morne@minergy.co.za</p>	<p>Company Secretary</p> <p>Rhoss (Pty) Ltd Plot 67978, Mokolwane House, 1st Floor, Fairgrounds, Gaborone P.O Box AD 54 ACJ, Riverwalk, Gaborone Contact person: Olivia Britz Tel No: +267 395 7524 Email: olivia@rhoss.biz</p>
<p>Board of Directors</p> <p>Mokwena Morulane (Independent - Non-executive Chairman) Andre Boje (Chief Executive Officer) Morne du Plessis (Chief Financial Officer) Claude de Bruin (Non-executive Director) Leutlewetse Tumelo (Non-executive Director)</p>	<p>Auditor and Reporting Accountants</p> <p>PricewaterhouseCoopers Plot 50371, Fairground Office Park P O Box 294 Gaborone, Botswana Contact person: Rudi Binedell Tel No; +267 395 2011 Email: rudi.binedell@bw.pwc.com</p>
<p>Corporate Finance Advisor</p> <p>Exchange Sponsors (2008) (Pty) Ltd 44A Boundary Road Inanda, Sandton Republic of South Africa Contact person: Marius Meyer Tel No: +27 11 880 2113 Email: marius@exchangesponsors.co.za</p>	<p>Transfer Secretaries</p> <p>Corpserve Botswana Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds Gaborone, Botswana Contact person: Stephen Pezarro Tel No: +267 393 2244 Email: stephen@corpservebotswana.com</p>
<p>Lead Advisor</p> <p>Collins Newman & Co Plot 4863, Dinatla Court Gaborone, Botswana Contact person: Neill Armstrong Tel No: +267 395 2702 Email: neill.armstrong@collinsnewman.bw</p>	<p>Competent Person's Report</p> <p>GM Geotechnical Consultants CC 5 Laver Street Middelburg, Republic of South Africa Contact person: D.S Coetzee Tel No; +27 82 308 3758 Email: +27 13 282 4672</p>
<p>Sponsoring Broker</p> <p>Imara Capital Securities Member of the Botswana Stock Exchange 2nd Floor, Morojwa Mews Unit 6, Plot 74770 Western Commercial Road, CBD Gaborone, Botswana Contact person: Gregory Matsake Tel No: +267 3188886 Email: Gregory.Matsake@imara.com</p>	<p>Receiving Bankers</p> <p>RMB Botswana (a division of First National Bank of Botswana) Plat 54362 First Place CBD Gaborone, Botswana PO Box 1552 Gaborone, Botswana Contact person: Kabo Molimi Tel No: +267 370 6514 Email: kmolimi@fnbbotswana.co.bw</p>

DEFINITIONS AND INTERPRETATION

Unless explicitly stated otherwise or the context requires otherwise, when used in this Prospectus, the words or phrases in the first column bear the meaning stipulated in the second column and cognate expressions shall bear corresponding meanings. Words in the masculine shall import both the feminine and the neuter. Words in the singular shall include the plural and vice versa. Words importing natural persons shall include juristic persons (whether corporate or incorporated and vice versa), including corporations and associations of persons:

“Act” or “Companies Act”	the Companies Act Cap 42:01 of Botswana as amended or replaced;
“African Alliance”	African Alliance Management Company (Pty) Ltd, the asset manager for certain shareholders which invested in the Company in terms of the Private Placement;
“Afena Capital”	Afena Capital Botswana (Pty) Limited, the asset manager for certain shareholders which invested in the Company in terms of the Private Placement;
“Agreement for Cession”	the agreement described in section 36.3;
“Board” or the “Directors”	the Board of Directors of the Company for the time being;
“Botswana”	the Republic of Botswana;
“BSE”	The Botswana Stock Exchange as established by the Botswana Stock Exchange Act Cap 56:08;
“Bt”	billion tonnes;
“BWP”	refer to definition of “Pula” below;
“Coffey Mining”	Coffey Mining South Africa (Pty) Ltd (registration number 2006/030152/07, an independent international Mining Engineering and Consulting Firm;
“Company” or “Minergy”	a limited liability company registered in Botswana under the name of Minergy (Proprietary) Limited on 1 September 2016 with Company Number CO.2016/18528, which had on 13 January 2017 changed its name to Minergy (Proprietary) Limited, and on 10 February 2017 by Special Resolution converted into a public company and adopted a Constitution;
“Competent Person’s”	GM Geotechnical Consultants CC, a company incorporated in accordance with the laws of the Republic of South Africa, represented by Dr. D.S. Coetzee, PhD Geology; Pr. Sci. Nat. 400136/00; MGSSA (963564) as Consulting Geologist;
“CPR” or	
“Competent Person’s Report”	the report by the Competent Person’s in accordance with the SAMREC CODE (2016 Edition) in which the Competent Person’s declared the Masama Coal Resource and the Indicated and Inferred Resource Classification;
“Collins Newman & Co”	Lead advisor, being attorneys practising as such according to the laws of Botswana;
“Constitution”	the Constitution of the Company adopted on 10 February 2017 and as amended from time to time;
“Corporate Finance Advisor”	Exchange Sponsors (2008) (Pty) Limited (registration number 2008/019553/07), a private company registered and incorporated under the laws of the South Africa and registered with the JSE as a sponsor;
“CSDB”	Central Securities Depository Company of Botswana, operated by

	Central Securities Depository of Botswana (Pty) Ltd under the auspices of the BSE;
“DEA”	Department of Environmental Affairs of Botswana;
“Ecosurv”	Ecosurv Environmental Consultants (Pty) Ltd (registration number CO. 87/87), a private company registered and incorporated in accordance under the laws of the Botswana;
“EIA”	Environmental Impact Assessment;
“EMP”	Environmental Management Plan;
“Export Focused Scoping Study” or “Scoping Study”	A positive independent Scoping Study completed by Coffey Mining in 2014 in accordance with the JORC Code (2012 Edition), assessing an Export Focused Mine to produce export thermal coal for the seaborne thermal coal market, where the Export Focused Scoping Study assessed an area that overlaps with part of the Focus Area for the Masama Coal Mine which is proposed to be developed primarily to produce coal to initially sell into the regional coal market;
“Feasibility Study”	a comprehensive study of a range of options for the technical economic viability of a mineral project that has advanced to a stage where a preferred mining method in the case of underground mining or the opencast pit configuration is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the modifying factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably to determine if all or part of the mineral Resources may be converted to a coal reserve at the time of reporting;
“Financial Year”	the financial year ending 30 June annually;
“Focus Area”	an area within the Prospecting Licence, where the Masama Coal Resource has been delineated and where it is proposed to develop the Masama Coal Mine;
“Group”	the Company, Minergy Coal, and Minergy (SA);
“Investors”	means the investors who have agreed to subscribe for Offered Shares by signing the Application for Shares;
“JORC”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition) which provides for minimum standards for public reporting;
“JSE”	the JSE Limited, a company duly registered and incorporated with limited liability under the company laws of the Republic of South Africa under the registration number 2005/022939/06, licensed as an exchange in South Africa under the Financial Markets Act (Act No. 19 of 2012), as amended or replaced from time to time;
“King Code”	the King Code on Corporate Governance for South Africa, as amended or replaced from time to time;
“Lead Advisor”	Collins Newman & Co;
“Lidar Survey”	means Light Detection and Ranging, being a remote sensing method used to examine the surface of the Earth;
“Listing”	the listing of the Shares of the Company on the BSE;
“Listing Date”	the date which the Company will list on the BSE, on or around 5 April 2017;
“Listing Price”	BWP 1 per share;
“Mining Licence”	means a mining licence issued in terms of the Mines and Minerals Act

	Cap 44:06 of the laws of Botswana;
the “Masama Valuation Report”	A detailed project and techno - economic assessment and valuation of the viability of the Masama Coal Mine, independently completed and reported in November 2016 by Coffey Mining in accordance with the SAMVAL CODE (2016 Edition) for mineral reporting and valuation, based on the Masama Coal Resource;
“Masama Coal Mine” or “Masama Mine”	a proposed coal mine to be developed within the Focus Area to predominantly supply the regional coal market as described in this Prospectus ;
“Masama Coal Resource”	a coal Resource of 347Mt within the Focus Area which was delineated in accordance with the Indicated and Inferred categories of the SAMREC CODE (2016 Edition);
“Masama Project” or the “Project”	the Focus Area where the Masama Coal Resource has been delineated, which is situated within the greater area of the Prospecting Licence;
“Minergy Limited (BVI)”	Minergy Limited, a limited liability British Virgin Islands incorporated company with British Virgin Islands Company Number 1383704, which holds 100% of the issued shares in Minergy Mineral Resources;
“Minergy Mineral Resources”	Energy Mineral Resources and Mining Limited, a limited liability British Virgin Islands incorporated company with Company Number 1870038, being a shareholder in the Company,
“Minergy Coal” or “the Subsidiary”	Minergy Coal (Pty) Limited, (registration number CO.2012/9728, a limited liability company incorporated and registered according to the laws of Botswana on 28 August 2012, which will be a wholly owned subsidiary of Minergy upon completion of the Listing, as set out in section 6.7 of this Prospectus;
“Minergy”	refer to the definition of the “Company”;
“Minergy (SA)”	Storm Ahead Trade and Invest (Pty) Ltd (registration number 2016 / 399165 / 07), a limited liability company incorporated and registered according to the laws of South Africa on 13 September 2016 which will by special resolution change its name to Minergy (SA) (Pty) Limited, and which is a wholly owned subsidiary of Minergy, as set out in section 6.5 of this Prospectus;
“Minergy Group” or “the Group”	the related companies consisting of Minergy, Minergy Coal, and Minergy (SA), as set out herein;
“Mtpa”	million tonnes per annum;
“Offering” or “Offered Shares”	50 000 000 Shares in the Company;
“Placing”	a placement of the Offered Shares with the Sponsoring Broker for onward subscription by a number of selected investors in terms of section 5.11 of the BSE Listing Requirements, this is accordingly not sold through a public offering;
“Private Placement”	a private placement of 116 666 667 shares which was completed prior to the date of this Prospectus;
“Prospectus”	this Prospectus issued on 2 March 2017 and its annexures and attachments;
“Prospecting Licence”	means prospecting licence number PL278/2012 covering an area of 697.1 km ² in the Mmamabula Coalfield of eastern Botswana, issued in terms of the Mines and Minerals Act Cap 44:06 of the laws of

	Botswana to the Subsidiary;
“Pula” or “P”	Botswana Pula, the legal tender of the Republic of Botswana in which all monetary amounts in this Prospectus are expressed;
“Reporting Accountants”	PricewaterhouseCoopers, Certified Public Accountants, Botswana, who are the Reporting Accountants for the purposes of the Listing;
“Resource”	a coal resource delineated in accordance with the SAMREC Code;
“ROM”	Run of mine;
“Sale and Purchase Agreement”	the agreement described in section 34;
“SAMREC Code”	the 2016 Edition of the South African Code for Reporting of Mineral Resources and Mineral Reserves including the guidelines contained therein;
“SAMVAL Code”	the 2016 Edition of the South African code for the reporting of mineral asset valuation;
“SANAS”	the South African National Accreditation System, administered by a South African organization responsible for carrying out accreditations in respect of conformity assessment, as mandated through the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act (Act 19 of 2006) of South Africa;
“Shares” or “Ordinary Shares”	ordinary Shares of no par value in the issued shares of the Company;
“Sponsoring Brokers”	Imara Capital Securities, a member of the BSE which is the Sponsoring Broker for the purposes of the Listing;
the “Subsidiary”	refer the definition of “Minergy Coal” above;
“Transfer Secretary”	Transaction Management Services (Pty) Ltd T/A, Corpserve Botswana; and
“ZAR”	South African Rand, the legal tender in South Africa.

PART A: SALIENT FEATURES OF THE LISTING

The salient features presented below are a summary of this Prospectus. For full appreciation, this Prospectus should be read in its entirety.

1. RATIONALE OF THE LISTING

1.1 The Directors have decided to apply for a listing of all the issued Shares on the Main Board of the BSE by way of a placing. There are a number of reasons for the Listing including the following:

1.1.1 to raise further development funding for pre-development work and the development of Masama Coal Mine;

1.1.2 to establish a platform for the future raising of development capital to realise the Company's growth plans;

1.1.3 to raise the regional profile of the Company; and

1.1.4 to make the Company a more attractive investment opportunity for market participants and investors.

2. LISTING ON THE BSE

The BSE has agreed to the Listing of all the issued ordinary share capital of Minergy on the Main Board of the BSE under the abbreviated name "Minergy". The Listing will take place with effect from the commencement of trade on 5 April 2017.

3. OTHER LISTINGS

The issued Shares of the Company are not currently listed on any other stock exchange; however, it should be noted that the Company intends to list on the JSE during the second half of 2017.

4. COPIES OF THE PROSPECTUS

4.1 Copies of this Prospectus are available from:

4.1.1 The Company at its registered office as set out in the "Corporate Information" section;

4.1.2 The Lead Advisor, at its address as set out in the "Corporate Information" section; and

4.1.4 The Sponsoring Broker at its address as set out in the "Corporate Information" section.

PART B: OVERVIEW OF THE COMPANY

5. INTRODUCTION

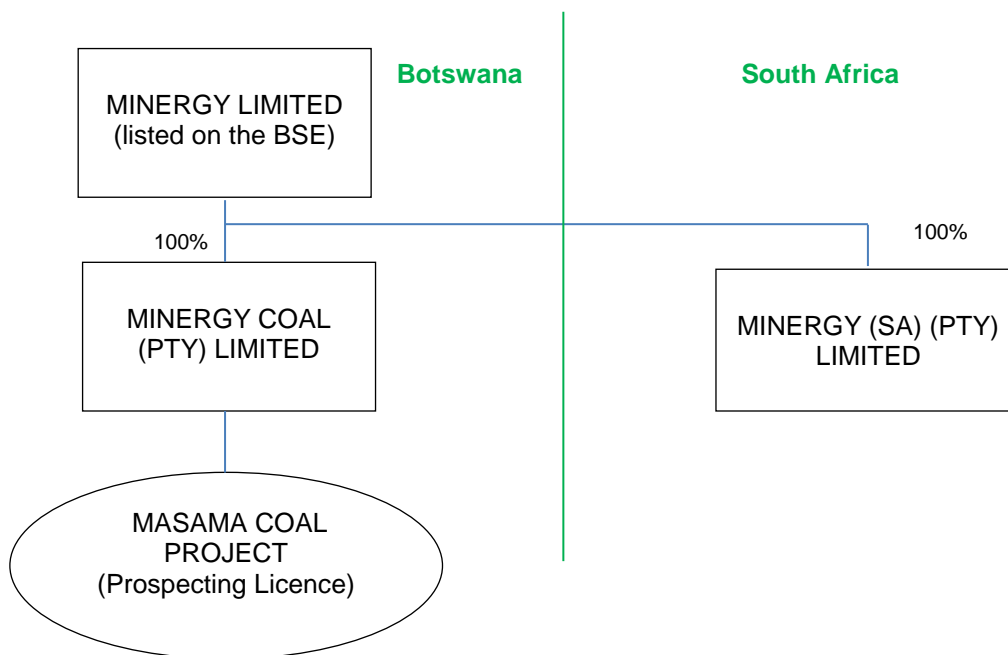
Minergy is the holding company of the Minergy Group which pursues mineral exploration, and is currently working towards the development of its Masama Coal Mine on the southern edge of the Mmamabula Coalfield in Botswana. The Masama Coal Resource is a unique coal asset that represents a low cost mine development opportunity, and the development of the Masama Coal Mine represents the first step in Minergy's strategy of becoming a mid-tier Southern African coal mining and energy company.

An investment in the Company offers shareholders an opportunity to invest in an anticipated cash generative coal mining operation which presents a platform for further growth and creation of shareholder value. Assessments of the Masama Coal Mine completed to date indicate that it will be capable of generating commercially attractive returns which would enable the Company to pay attractive dividends. Management has significant mine development and operational experience and a wide range of expertise underpinned by strategic and practical knowledge of coal and energy markets in the region and internationally. This Prospectus provides investors and the market with information on the Company, its projects, Directors and management, and financial history.

6. INCORPORATION, HISTORY AND GROUP STRUCTURE

- 6.1 The Company is a limited liability company registered on 1 September 2016 in Botswana with Company Number CO.2016/18528, under the name Egapes (Proprietary) Limited, which on 13 January 2017 by Special Resolution of the Company changed its name to Minergy (Pty) Limited and on 10 February 2017 by Special Resolution of the Company converted into a public company and adopted a Constitution.
- 6.2 The Company's strategy is to create a mid-tier coal mining and energy group, with the proposed development of the Masama Open Cast Coal Mine being the first step in this strategy. A 347Mt Coal Resource (Indicated and Inferred - in accordance with the SAMREC CODE (2016 Edition) was recently independently declared within the Focus Area of the greater area of the Prospecting Licence, and a 2.8Bt Coal Resource (Inferred – JORC – Coffey Mining) had previously been delineated over the larger Prospecting Licence area. Development of the Masama Coal Mine and the vast coal resources held by the Subsidiary presents an opportunity to create significant value for shareholders and for Botswana.
- 6.3 The Company has raised BWP 70 million in the Private Placement during the last two months prior to the date of this Prospectus and intends to raise up to BWP 50 million of additional funding in terms of the Placing under this Prospectus. The purpose of the funds raised is primarily to cover funding requirements towards development of the Masama Coal Mine as described in section 19, 20, and 21 of this Prospectus.
- 6.4 The Company intends to complete a listing on the JSE in the second half of 2017 after it has completed its listing on the BSE.

- 6.5 The Group structure consists of three entities, and upon completion of the Listing will be as set out below.



- 6.6 Minergy Limited will be the holding company for the Group and will be the company listed on the BSE.
- 6.7 In terms of the Sale and Purchase Agreement described in sections 34 of this Prospectus, upon completion of the Listing, Minergy Coal will be the subsidiary of the Company holding the Prospecting Licence and the Company will own all claims relating to moneys previously advanced on loan account to the Minergy Coal for the purposes of completing exploration activities at the Prospecting Licence.
- 6.8 Minergy (SA) (Pty) Limited has no trading history but has been set up with the intention of trading coal regionally.

7. NATURE OF THE BUSINESS

- 7.1 Minergy's near term focus is the development of the Masama Coal Mine within the Focus Area at its Prospecting Licence located on the southern edge of the Mmamabula Coalfield in south-eastern Botswana. Minergy's wholly owned subsidiary Minergy Coal holds the Prospecting Licence for Coal and Coal-Bed Methane, where a 347Mt Coal Resource has recently been independently delineated within the Focus Area.
- 7.2 Minergy holds Prospecting Licence PL278/2012 (for coal and coal bed methane) through its Subsidiary. As described in paragraph 18.14.2 below, having exceeded its expenditure and work program commitments relating to the Prospecting Licence, the Prospecting Licence can be renewed for a further two year period (before extensions) after it expires on 30 September 2017, by lodging a renewal application prior to 30 June 2017, or an application for a Mining Licence can be made once certain work has been completed.

Licence	Issue date	Expiry	Commodities
PL278/2012	1 October 2015 (First Renewal)	30 September 2017, then renewal for further two years or Mining Licence application	Coal and Coal-Bed Methane

- 7.3 During the last 24 months, the Group through its subsidiary Minergy Coal, has conducted extensive drilling and exploration programs. A detailed project and techno - economic assessment of the viability and the value of the Masama Coal Mine (the Masama Valuation Report) was also independently completed and reported in November 2016 by Coffey Mining in accordance with the SAMVAL CODE (2016 Edition) for mineral reporting and valuation. The Masama Valuation Report was based on the portion of the Masama Coal Resource (which was delineated in accordance with the SAMREC CODE - 2016 Edition) where it is proposed that the Masama Coal Mine be developed. The Masama Valuation Report incorporated coal exploration and drilling work reported in the CPR and other work completed by Minergy which forms part of the foundation work being undertaken by the Minergy Group for a Feasibility Study on the Masama Mine. The Masama Valuation Report evaluated the Masama Mine in the context of selling its coal into the regional coal market. Coffey Mining reported in the Masama Valuation Report that Masama is an “attractive project”.
- 7.4 The Masama Coal Mine has a relatively quick ramp up and payback period and is expected to produce approximately 2.4Mtpa to 3.45Mtpa during steady state, with an initial mine life of approximately 20 years.
- 7.5 A decision has been taken to complete a full Feasibility Study of the Masama Coal Mine during 2017.
- 7.6 The decision has been taken to complete an Environmental Impact Assessment during 2017.
- 7.7 The Company expects to apply for a Mining Licence after the completion of the Feasibility Study and approval of its Environmental Impact Assessment.
- 7.8 Minergy is well positioned to take advantage of both the regional and international market trends by focusing on the 18 to 20 million tons per annum regional coal market with future expansion to supply the international coal markets. Key highlights of Minergy and the Masama Coal Mine are as follows:
- Significant logistical advantages to certain regional coal markets due to location on southern edge of Botswana’s Mmamabula Coalfield;
 - Extensive management and marketing experience in the regional coal markets;
 - Potential to be a low cost producer with high quality in-situ coal;
 - Close to the required rail and road logistical infrastructure;
 - High Quality 347 Mt Coal Resource (SAMREC CODE 2016 Edition);
 - Masama Coal Resources at the Project are shallow – Sub-crop ~20m to 130m max;
 - Gently dipping coal seams (~3 degrees);
 - Simple structure (very few faults, no dolerite);
 - Thick high quality coal seams – up to 6m.

8. PROSPECTS

The Company seeks to increase shareholder value by developing the low cost Masama Coal Mine as the first step in its strategy to become a profitable mid-tier coal company that delivers coal to customers regionally in the near term, and internationally in the longer term. The high quality coal of the Masama Project much of which is opencastable, and its proximity to key customers in certain markets represents competitive advantages.

The Masama Coal Mine is expected to generate significant free cash flow. This should present an opportunity to pay attractive dividends and also enable the Company to consider various opportunities for growth in the future.

9. MASAMA PROJECT LOCATION

The Prospecting Licence is at its centre point located at Latitude 24.0205° South, Longitude 26.0316° East, some 50km north of Gaborone, Botswana's capital city and main population centre. The Masama Project is located within the area of the Prospecting Licence which covers some 697.1km² in the Kweneng and Kgatleng Districts of eastern Botswana. The entire Prospecting Licence is in a category of land in Botswana called Communal or Tribal land, which is administered by Land Boards. Land use in the area is predominantly for low intensity subsistence agriculture, livestock (cattle) and limited crop cultivation. The diversity of natural fauna in the area tends to be low. The area is generally flat with an elevation of ~1000 m above mean sea level.

The Masama Project is readily accessible from Gaborone via the A1 highway and well established roads on the Prospecting Licence generally provide good site access year round.

The Masama Coal Resource is amenable to shallow low cost opencast mining, and the Masama Project has a significant distance (and therefore cost of delivery) advantage over competitors because of its proximity to several significant customers in the regional coal market which are accessible by both existing road and existing rail infrastructure. The proximity of the Project to major power infrastructure also places it well to participate in potential regional power projects.

10. INFRASTRUCTURE

Botswana has a well-developed transportation network with good quality paved roads as well as numerous gravel roads providing access to most of the country.

The road running north from Gaborone to Lentsweletau and on to Medie provides access to the West Block of the Prospecting Licence, while the A1 highway from Gaborone to Francistown provides access to the east of the Prospecting Licence. The road from the A1 to the village of Dikgonnye provides access to the Central portion of the project area. Running parallel to the A1 highway, are railway lines, pipelines and power lines. Collectively this is often referred to as "Botswana's Infrastructure Corridor".

Secondary roads and new drilling roads provide access within the Prospecting Licence area. The Project can generally be accessed year round.

The Masama Project is close to the existing power transmission grid in Botswana, which links into the regional SAPP (Southern African Power Pool) power grid. The Isang Substation in south east Botswana (with transmission lines up to 400 kV) is located ~20 km from the proposed Masama Coal Mine. Three 220 kV power lines run adjacent to each other just south of the project area (one line operational with two under construction). The villages of Lentsweletau and Dikgonnye are connected to the local power grid; and the closest potential 11 kV grid connections are approximately 20 km from the Focus Area of the Project. Initial power supply to the Masama Coal Mine will be by means of diesel generators.

Both Medie and Dikgonnye have water supply systems. In addition to this, there are numerous water boreholes in the area, which indicate the presence of extensive groundwater aquifers.

Good telecommunications exist in the Focus Area of the project, with coverage provided by Be Mobile.

11. COAL – GENERAL

- 11.1 Thermal coal is a carbonaceous material with high energy content, formed from the altered remains of prehistoric vegetation.
- 11.2 The energy content of thermal coal can be released chemically or through combustion, representing a convenient store of solar energy captured by plants millions of years ago in

a processes known as photosynthesis.

- 11.3 The physical properties and chemical constitution of thermal coal can vary greatly between different coal deposits depending on the conditions that existed during the formation of coal in a specific location.

12. USES OF PRODUCT

Demand and use of coal can be split into the segments as set out below:

- 12.1 Electricity production by Eskom, Botswana Power Corporation and various Independent Power Producers. South African demand is estimated to be 120 to 130 million tons per annum.
- 12.2 Export to Europe, Asia and Africa with latest statistics indicating 75 million tons for 2016 increasing to 82 million tons per annum by 2018.
- 12.3 Use for energy in various regional production facilities such as cement and lime production, breweries, steel works, sugar and paper mills, the chemical industry and others. Minergy's regional target market demand is estimated to be 18 to 20 million tons per annum.
- 12.4 As a reductant in the metallurgical industry producing ferrochrome, vanadium, manganese and other metallurgical products. Southern African demand is estimated to be 6 to 8 million tons per annum.
- 12.5 To provide feedstock for liquid fuels production by companies such as Sasol.

13. MARKET DEMAND FOR PRODUCT

13.1 Coal Industry – International

13.1.1 The international seaborne thermal coal market has rebounded significantly from the lows of 2014/2015 with international prices rising 70% during 2016 alone. Contributing factors are:

- Chinese targeting of a 500 million ton per annum production cut back by 2021;
- Major multinational commodity companies focusing on returns, not volumes, thereby cutting production and disposing of or closing marginal mines;
- Rising economies internationally; ICE Coal Futures platform during June 2016 rose 66% month on month to a new record high of 311.6 million tons, primarily due to larger volumes of ICE Rotterdam futures.

13.2 Coal Industry – Regional

13.2.1 The regional market has seen a significant reduction of coal availability with prices rising between 15% and 20% during 2016. Contributing factors are:

- The international coal market with Richards Bay Coal Terminal shareholders maximizing export volumes;
- End of life of producing mines in South Africa generally, with no significant brownfields expansion or greenfield projects under way;
- Production cut back or closure of marginal mines in South Africa;

- A 1.8 million tons per annum increase in rail capacity from the South African Waterberg coal fields to Richards Bay Coal Terminal which is diverting more coal into the seaborne thermal coal market, and away from the regional market. This capacity is planned to be further increased by 4.2 million tons per annum;
- An increase in exports of more than 7 million tons per annum from Richards Bay Coal Terminal is forecast by 2019 due to continued strength of international coal prices.

14. PRICE OF PRODUCT

14.1 Pricing per segment – estimated mine gate prices

- 14.1.1 Power production which uses a low grade 0 x 40mm product would be P215 to P330 (or ZAR280 to ZAR430) per metric ton depending on calorific value.
- 14.1.2 RB1 high quality 0 x 50mm export product P620 to P780 (or ZAR800 to ZAR1 000) per metric ton depending on logistical distance to the various ports (Free on truck pricing).
- 14.1.3 Energy production (which uses various grades of product in rotary kilns, chain grate stoked boilers and pulverized fuel) estimated at P427 to P580 (or ZAR550 to ZAR750) per metric ton depending on calorific value.
- 14.1.4 Metallurgical industry (uses a +28mm sized product) estimated at P577 to P654 (or ZAR 750 to ZAR 850) per metric ton.

14.2 Product prices prevailing during 2016 were used in the Masama Valuation Report as described in section 15 below, and were significantly lower than the above prices. If the above 2017 coal prices were to be used in the Masama Valuation Report it would result in a significantly higher valuation for the Project.

15. MASAMA VALUATION REPORT

15.1 Background

- 15.1.1 Coffey Mining was engaged to undertake and report a valuation in accordance with the SAMVAL CODE (2016 Edition) of the Masama Coal Mine. Coffey Mining is an internationally recognised infrastructure engineering and consulting organization with offices around the world. The study assessed the techno – economic viability of the Masama Coal Mine.
- 15.1.2 The initial target market for the Masama Coal Mine is the regional coal market in southern Africa, which is estimated to be approximately 18 to 20 Mtpa in size, with potential for future exports into the seaborne thermal coal market. A range of coal product is available from the shallow high quality coal seams within the Focus Area, including high energy sized coal suitable for customers in the regional market or the seaborne thermal coal market. Coal mined at the Masama Coal Mine will be processed to meet the specifications required by customers in each relevant market segment. The Masama Coal Resource is amenable to shallow low cost opencast mining, and the Project has a significant cost advantage over competitors resulting from its much closer proximity to several significant customers in the regional market.

15.2 Masama Valuation Report Assumptions

- 15.2.1 20 year opencast mining operation by means of conventional truck and shovel by

suitably experienced contractor miner;

- 15.2.2 Steady state production rate of ~2.4Mtpa to 3.45 Mtpa (ROM);
- 15.2.3 Mining estimates a unit cost of P 165 (or ZAR 214) per tonne (ROM);
- 15.2.4 Coal beneficiation estimates a unit cost of P 27 (or ZAR 35 per tonne (ROM);
- 15.2.5 Overhead Costs of P 22 (or ZAR 29) per tonne (ROM);
- 15.2.6 Coal pricing assumptions were derived from purchasing prices provided in 2016 by merchants as well as forecasts from coal marketing experts, experience of the Minergy Management team and published pricing data at the time, obtained for similar coal products from operating mines; and
- 15.2.7 Real Discount Rate of 8.85% used.

15.3 Findings of the Masama Valuation Report

- 15.3.1 Coffey's finding as stated in the Masama Valuation Report was that it was of the "opinion that Masama is a medium risk but attractive project in the current economic climate if all the assumptions are correct, and based on this assessment, should be pursued further".
- 15.3.2 The location of the Project presents significant competitive advantages to accessing regional markets with up to 200km of distance advantage to coal customers compared to the next nearest competitor coal supplier representing significant cost and coal marketing advantages for the Project.
- 15.3.3 On the basis of the findings of the Masama Valuation Report, the Company believes that the development of the Masama Coal Mine for sale of its product predominantly into the regional coal market, is technically and economically attractive and sustainable, and is practically possible in the near term.

15.4 Minergy Valuation

- 15.4.1 The independent valuation of the Project by Coffey Mining as reported in the Masama Valuation Report in accordance with the SAMVAL Code recorded a Net Present Value for the Masama Coal Mine of ZAR 861 million, or BWP 662 million using a real discount rate of 8.85%, and an internal rate of return of 41.6% on the basis of net profits (after taxes and royalties) expected to be generated by the Project. These valuations were based on 2016 coal pricing, which is significantly lower than coal prices prevailing at the time of this Prospectus.
- 15.4.2 The Masama Valuation Report assessed only the value of the coal Resources that are proposed to be mined in the Masama Coal Mine and did not assess the value of the rest of the coal Resources within the 347 million tonne (GTIS) Masama Coal Resource delineated within the Focus Area, nor did it assess the value of the 2.8 billion tonne (TTIS) JORC (2012 Edition) coal Resource previously delineated over the Prospecting Licence.
- 15.4.3 The Placing pursuant to this Prospectus in terms of which Minergy is currently raising funds, at a pre-money valuation of BWP374 million (ZAR486million), represents a significant discount to its value using a discounted cash flow based valuation, and which valuation does not take into account any additional value related to the coal Resources as stated in section 15.4.2 above. Management believes that once the

Masama Coal Mine is in operation the Company should at least be valued at or close to the net present value of the Project, presenting significant returns on capital invested.

16. ENVIRONMENTAL STUDIES

- 16.1** In order to apply for a Mining Licence the Company will need to complete an EIA and EMP, which are to be approved by the Department of Environmental Affairs.
- 16.2** The Company has through its preferred Environmental Consultants, Ecosurv, commenced specialist studies for the Masama Coal Mine, which form part of the full EIA relating to development of the mine.
- 16.3** The EIA process in Botswana is well defined through the Environmental Assessment Act, 2011, and includes description of baseline environmental and socio-economic conditions, consultation with affected parties, specialist studies, assessment of impacts, mitigation of impacts, consideration of alternatives, as well as the development of an Environmental Management Plan.
- 16.4** A desktop environmental screening assessment was undertaken by Coffey Mining as part of the Scoping Study (Coffey 2014). The Focus Area currently being assessed substantially overlaps with the areas considered in the Scoping Study and accordingly the outcomes of the environmental screening assessment are applicable to a medium size coal mine as envisaged for the Project.
- 16.5** The Coffey (2014) Scoping Study concluded the following;
- “At this stage of the project development it does not appear that any environmental or social fatal flaws are present”.
- 16.6** The EIA to be completed by Ecosurv includes the assessment of impacts, assessment of alternatives, preparation of mitigations, preparation of management and monitoring plans and a first level closure plan (8 to 12 months depending on integration of information from specialist studies and the duration of the review process by the Department of Environmental Affairs). The total duration of the assessment is approximately 12 months.

17. RECENT AND HISTORICAL EXPLORATION AND STUDIES AT THE MASAMA PROJECT

17.1 Objectives

The objectives of prior exploration drilling programs and studies completed were to estimate code compliant Resources at the Masama Project and the Prospecting Licence, so that the business cases of several potential mine developments at the Masama Project could be studied and assessed.

17.2 Exploration and studies completed

- 17.2.1** Initial exploration of the Masama Project area was conducted by Shell (Shell Coal Botswana (Pty) Limited), in the 1970's and 1980's. Since 2012 Minergy has been actively exploring the project with two drilling programs and a series of studies.
- 17.2.2** In total 147 boreholes have been drilled in the Prospecting Licence by both Shell and Minergy Coal. Most holes were geophysically and geologically logged and coal seams intersected were sampled and analysed. The work completed has confirmed the presence of good quality coal seams at shallow depths.

- 17.2.3 Down-the-hole geophysical logging was conducted on most boreholes drilled by Shell and on all boreholes drilled by Minergy Coal. All samples were submitted to the SANAS accredited laboratories for coal quality analyses. Historical aeromagnetic data was used to identify major geological boundaries, structures and the presence of late Karoo aged intrusives affecting the coal deposit at the Prospecting Licence.
- 17.2.4 Following the drilling program conducted by Minergy Coal in 2012, Coffey Mining conducted a Coal Resource estimate in accordance with the JORC Code (2012 Edition). A total in situ Coal Resource of 2.8 Bt was estimated over the areas explored at that time over the Masama Project. During 2014 Coffey Mining completed a positive Scoping Study relating to a portion of the coal deposit at the Masama Project. The Scoping Study assessed an export focused opencast mine producing approximately 5 Mtpa of product.
- 17.2.5 During 2015 and early 2016 Minergy Coal commissioned power infrastructure and engineering firm Mott MacDonald, which conducted a concept Study on a 300 MW mine mouth Power Station at the Masama Project.
- 17.2.6 During the first and second quarters of 2016 Minergy Coal conducted a further drilling exploration program in the Focus Area to evaluate shallow portions of high quality coal seams for potential opencast mining in two areas described as Section A and Section B, and to upgrade and classify a portion of the 2.8Bt (JORC 2012 Edition – Coffey Mining 2014) Inferred Coal Resource into the Inferred and Indicated Categories of the SAMREC CODE (2016 Edition).
- 17.2.7 As reported by the Competent Person in the Competent Person’s Report attached as Appendix 5 hereto, during 2016 GM Geotech conducted a revised Resource estimate over the Focus Area incorporating new information from the 2016 drilling and exploration program described in 17.2.6 above. The revised Resource estimate focused on the E and A Seams in the Focus Area, where it is proposed that the Masama Coal Mine be developed.
- 17.2.8 In parallel to the completion of the revised Resource estimate reported in the CPR, a detailed project and techno - economic assessment of the viability and valuation of the Masama Coal Mine was independently completed and reported in November 2016 by Coffey Mining in accordance with the SAMVAL CODE (2016 Edition) (being the Masama Valuation Report)
- 17.2.9 Various other work including specialist and other Environmental Studies have also been completed or are currently underway.

17.3 Key findings and results

- 17.3.1 The conclusion of the work completed is that development of the Masama Coal Mine, initially selling its product predominantly into the regional coal market, is technically and economically attractive and is the most viable and practically possible near term development path for a mine at the Masama Project.
- 17.3.2 Referring to the techno-economic attributes of the Masama Coal Mine Coffey Mining reported in the Masama Valuation Report that Masama is an “attractive project”.
- 17.3.3 The Expected Exploration Program and the Expected Mine Development Work described in sections 19, 20 and 21 below are designed to be a cost effective and economically attractive development of the Masama Coal Mine in the near term.
- 17.3.4 More generally, the Masama Coal Resource contains large tonnages of high quality high energy content coal at good yields, and at very shallow depths.

- 17.3.5 The location of the Project presents significant competitive advantages to accessing regional markets where Masama is located up to 200 km closer to coal customers compared to the next nearest competitor coal supplier.

18. RISK FACTORS AND MITIGATION

A prospective purchaser of Offered Shares should be aware that there are various risks, including those described below, that could have a material adverse effect on, among other things, the operating results, earnings, properties, business, business prospects and condition (financial or otherwise) of the Company. These risk factors, together with all of the other information included in this Prospectus, including information contained in the section entitled "Cautionary Statements Regarding Forward-Looking Information" should be carefully reviewed and considered before a decision to purchase Offered Shares is made.

18.1. The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management and outside contractors

- 18.1.1 The success of the Company depends largely upon the expertise of the Directors and management and their ability to develop the Group's intended business activities profitably. The loss of one or more of the Directors or management team members would have an adverse effect on the Company and its viability; whilst the Company has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of its business.
- 18.1.2 Investors must be willing to rely to a significant extent on Management's discretion and judgment, as well as the expertise and competence of outside contractors. Whilst it is the intent of the Company to put in place formal programs for succession of management and training of management, it does not currently have such programs in place. The loss of one or more of these key employees or contractors, if not replaced, could adversely affect the Company in several ways, including its ability to successfully develop the Project (or to develop it at all), its profitability, results of operations and financial condition.
- 18.1.3 The Company's Board regularly reviews the skills that are available within it in relation to the activities of the Company. Should there be a shortfall then the required expertise is acquired through the engagement of consultants or the employment of relevant individuals.

18.2. The Company's mineral resources are estimates only and there can be no assurance that these estimates are confirmed in future exploration or that mineral reserves suitable for extraction will be declared

- 18.2.1 There is no certainty that the mineral Resources, or any future mineral reserve, attributable to the prospecting licenses held by the Group will be mined or realised. Until a deposit is actually mined and processed the quantity of mineral resources, or any future mineral reserve, and / or coal qualities must be considered as estimates only. In addition, the quantity of mineral resources, and any future mineral reserve, will depend upon among other things on prevailing coal prices and currency exchange rates. Any material change in the quantity of mineral resources, or any future mineral reserve, or coal qualities, may affect the economic viability of the Company going forward. Any material reductions in the estimates of mineral resources, or future mineral reserves, or the Group's ability to extract the ore, or material within which such mineral resources or reserves are hosted, could have a material adverse effect on the Group's future results of operation and financial

condition.

- 18.2.2. Coal exploration projects may not be successful and are highly speculative in nature. Exploration for coal is highly speculative in nature and there is no guarantee of exploration success. The Group's exploration in Botswana involves many risks and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of, or the confirmation of a mineral reserve or mineral resource or result in the discovery of any mineral resource suitable for economic extraction.
- 18.2.3. The Company's principal asset is underpinned by a Coal Resource which was recently independently declared in accordance with the SAMREC Code. A large Coal Resource (in accordance with the JORC Code - 2012 Edition) was previously independently declared over the area of the Prospecting Licence. Historically Shell also confirmed the presence of significant coal deposits in the Project area.

18.3. Economic extraction of minerals from identified coal deposits may not be viable

- 18.3.1. The economic viability of the coal deposit at the Masama Project, or any part thereof, is dependent upon a number of factors, not all of which are within the control of the Company. These include deposit attributes such as size, coal quality and availability of and proximity to infrastructure, building materials, water or other resources that may be required, structural complexity including faulting and other geological structures, government regulation, the prevailing price for various coal products, prevailing currency exchange rates, land tenure and titles, availability of capital and other factors. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not being able to economically extract minerals from any identified mineral resource.

18.4. Coal price may change and may affect the production, profitability, financial position and financial condition of the Company

- 18.4.1. Coal prices historically have fluctuated both within the regional market and also in the seaborne thermal coal market, and are affected by numerous external factors beyond the Company's control. However, coal pricing in the regional market has historically tended to be less volatile than the export seaborne thermal coal market.
- 18.4.2. There are numerous factors outside of the Company's control that may affect the price of coal, including industrial and retail demand, the availability of substitute sources of energy for industrial uses, sales and purchases of coal, forward sales of coal by producers and speculators, levels of coal production, short-term changes in supply and demand because of speculative hedging activities, the strength of the U.S. dollar (the currency in which the price of coal is generally quoted in the seaborne thermal coal market), and global or regional political or economic conditions or events, including economic conditions or events in major coal producing and consuming countries.
- 18.4.3. The profitability of any future coal mining operation will be directly related to the then prevailing price of coal. If coal prices decline for a substantial period below the cost of production at the proposed mines, it may not be economically feasible to start or maintain production at such mines. A decline in the prevailing price of coal may also require the Company to write-down its mineral resources or any mineral reserves, which would have a material and adverse effect on its earnings and profitability.

18.5. The development of any mines by the Group, or the development of commercially viable mines cannot be assure

18.5.1. Coal development projects, such as the proposed Masama Mine, have no operating history upon which to base estimates of future commercial viability. Estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and studies and assessments. This information is used to calculate estimates of the capital cost and operating costs based upon anticipated tonnage and coal qualities, and yields of coal to be mined and processed, the configuration of the coal resource, volumes of waste to be removed, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that the actual capital cost, operating costs and economic returns of any proposed mine may differ from those estimated and such differences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. There can be no assurance that the Group will be able to complete development of their mineral projects, or any of them, at all or on time or to budget due to, among other things, and in addition to those factors described above, changes in the economics of the mineral projects, delays in receiving required consents, permits and licenses (including mining licences, or environmental approvals), the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. As well, certain local inhabitants of lands upon which mining operations may occur may be required to be re-located prior to the commencement of mining operations, which may delay or increase the estimated costs associated with commencing any future mining operation. Should any of these events occur, it would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

18.6. The Group's exploration activities and any future mining operations are, and will be, subject to operational risks and hazards inherent to the mining industry

18.6.1. The Group's exploration activities and any future mining operations are, and will be, subject to risks and hazards inherent in the mining industry, including but not limited to, variations in coal qualities and yield, deposit size, and other geological problems, hydrological conditions, metallurgical and other processing problems, mechanical equipment performance problems, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, fuel (diesel and petroleum), power and water supply and adverse weather conditions. Should any of these risks and hazards affect any of the Group's exploration activities or future mining operations, it may cause the cost of exploration or production to increase to a point where it would no longer be economic to carry out these activities which would have a material and adverse effect on the financial condition, results of operation, and cash flows of the Company.

18.7. The Group has never been profitable, and there can be no assurance that the Company will ever be profitable

18.7.1. The Group's operations, which have been in an exploration and evaluation phase, have accordingly not been profitable during recent fiscal years, as would be expected of any company in that phase of the project lifecycle. The Company expects the Group to continue to not be profitable during the period of development of the mine and until such time as the mine is fully operational. There can however be no guarantee that the Company will ever be profitable.

18.7.2. By their very nature, early stage investments bear the risk that the Company may have a higher chance of failure.

18.7.3. The Company currently has no revenues and therefore there are currently no profits available for distribution to shareholders. The Company's strategy is to get into a revenue producing position at the soonest possible time, to enable distribution of profit to shareholders.

18.8. The Group has no history of mining operations

18.8.1. Whilst Management of the Company has been involved in several large scale mine development projects and operating mines in southern Africa, the Group itself currently has no history of mining operations.

18.8.2. Although the Group's human resources are being re-constituted to accommodate proposed mining operations, the Company cannot give assurance that it will be able to successfully run a mining operation. Other factors mentioned in this risk section of the Prospectus may also prevent the Group from successfully operating a mine.

18.9. The Group's properties are subject to environmental risks

18.9.1. Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. The Company cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results of operations.

18.10. Further capital may be required

18.10.1. The Company's intent is to utilise the funds received from the Placing to develop the Project. The Company may need to raise further funds in the future relating to development of the Project, expansions of the Project, or to fund other opportunities including potential exploration activities in the broader area of the Prospecting Licence, or to fund unforeseen capital requirements, or to supplement the funds raised through the Placing in order to develop the Project. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for ordinary Shares at the same price as the Listing Price, or higher, or that such a fundraising will be available on terms that are acceptable to the Company. Shareholders may be materially diluted by any further issue of ordinary Shares by the Company. The Company generally embarks on fundraising exercises several months before its cash reserves run out.

18.10.2. In addition, the Company may incur major unanticipated liabilities or expenses. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on acceptable terms, if at all. Where the Company issues Shares in the future if existing shareholders do not follow their rights, such issuance will result in such shareholders of the Company sustaining dilution to their relative proportion of the total Shares and securities in the Company.

18.11. There can be no assurance that an active and liquid trading market will develop for the Shares on any securities exchange upon which the Shares may be listed

18.11.1. The Shares have no history of trading. There can be no assurance that an active and liquid trading market will develop for the Shares on any securities exchange upon which the Shares may be listed, the failure of which may have a material and adverse impact on the value of the Shares, and the ability of a purchaser to dispose of the Shares in a timely manner, or at all.

18.12. There can be no guarantee that the plans of the Company, for the Group including the development or commercially viable development of any mines are realized within the time frames originally anticipated.

18.12.1. There can be no guarantee that the plans of the Company, for the Group including the development or commercially viable development of any mines are realised within the time frames originally anticipated.

18.12.2. The Shares carry significant risk; Management's ambitions for the Company may take a period of time to be realised which is longer than the period of time suitable in short-term investments. Investors may therefore not realise their original investment at all, or within the time frame they had originally anticipated. The Company is only targeting investors whom are financially capable to assess the risks for themselves or those that have been advised of the long-term nature of the investment.

18.1.4 The Company will use its management's expertise and experience to make decisions that it believes will add value to the Company and its shareholders.

18.13. Risk of changes in the regulatory and legal framework

18.13.1. The Group's businesses may be adversely affected by the introduction of new legislation, amendments to existing legislation by the Botswana Government or the interpretation of those laws by the Botswana Government which could impact adversely on the assets, operations and ultimately the financial performance of the Company.

18.14. Title to mineral rights could be challenged

18.14.1. The Company owns or may acquire various licenses granted by Government. These licenses have limited life and will rely on Government approvals for renewal. No guarantee can be given that such renewals will be forthcoming.

18.14.2. The current Prospecting Licence expires on 30 September 2017, and will need to be renewed by application to the Minister for the Ministry of Minerals, Green Technology and Energy Resources in Botswana. The Company has met its minimum licence work program requirements for the current term of the Prospecting Licence, and this is to be confirmed by Government during the application for renewal of the Prospecting Licence. The minimum funds raised as part of the Placing will allow the Company to be able to meet the expected minimum licence work program requirements during the next term of the Prospecting Licence.

18.14.3. There is no guarantee that the Prospecting Licence will be renewed. Non-renewal would materially delay or restrict the Group from proceeding with its exploration activities or any development or future mining operations.

18.15. Currency Risk

18.15.1. Currency fluctuations may affect the cash flow that the Group may realise from its future production. Fluctuations in exchange rates between currencies in which the Group operates in the future may cause fluctuations in its financial results. The Company actively manages its exposure to risk associated with currency fluctuations.

18.15.2. Currency fluctuations may affect the costs that the Group incurs. The large proportion of the Group's coal will be sold in South Africa based principally in South African Rand. However, a majority of the Group's expenses (including drilling and other exploration costs, and development and contract miner costs) are incurred in Botswana Pula. The appreciation of the Botswana Pula against the South African Rand would increase the Company's exploration costs, as well as any future production costs which are expected to be incurred principally in Botswana Pula, either of which, among other effects, could materially and adversely affect the Company's profitability, results of operation and financial condition, and may limit the Group's ability to carry on its exploration or any production activities.

18.15.3. With regards to export of the Group's coal products into the seaborne thermal coal market, coal is sold in this market throughout the world based principally on a United States dollar price. However, as noted above a majority of the Group's expenses (including drilling and other exploration costs, and development and contract miner costs) are incurred in Botswana Pula. The appreciation of the Botswana Pula against the United States dollar may increase the Group's exploration costs, as well as any future production costs which are expected to be incurred principally in Botswana Pula, either of which, among other effects, could materially and adversely affect the Group's profitability, results of operation and financial condition, and may limit the Company's ability to carry on its exploration or any production activities.

18.16. The Company's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable

18.16.1. The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. The Company currently has no operational insurance or sovereign risk coverage but may insure certain of its risks in the future. As a result, there is no insurance to cover machinery breakdown or consequent loss of income, or consequential damages which may arise from future operations. As well, insurance does not cover, among other things, theft, fire, willful damage, sabotage or political risk. No coverage is currently carried for environmental liabilities.

18.17. The Group's current and proposed exploration and mining activities are situated entirely in a single country

18.17.1. The Group is conducting its exploration and development activities entirely in Botswana. The Company believes that the Government of Botswana supports the development of natural resources. There is no assurance that future political and economic conditions in Botswana will not result in the Government of Botswana adopting different policies in respect to the ownership, exploration, development or mining of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and mineral concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the Group's ability to undertake exploration and development and mining activities in respect of future properties as well as its ability to continue to explore and develop those properties in respect of which it has obtained mineral exploration rights to date.

18.17.2. The Company is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, terrorism, nationalisation, expropriation of property export quotas, royalty and tax increases and other risks arising, as well as risks of loss due to civil strife, acts of war (whether declared or not), guerrilla activities and insurrection.

18.17.3. The Company believes that Botswana represents a low risk operating environment, both geopolitical and from an operational perspective, however, such circumstances present a significant factor in Directors' ability to carry out their duties effectively, and any change in such circumstance may have a detrimental effect on such abilities and the Company.

18.18. Future coal products are likely to be predominantly sold into the coal market of a single country

18.18.1. The Group's future coal products are likely to be predominantly sold into the South African coal market. The Company believes that the Government of South Africa supports cross border trade within the Southern African Development Community, in particular with Botswana, however, there is no assurance that future political and economic conditions in South Africa will not result in the Government of South Africa adopting different policies respecting the importation of coal or related products from Botswana. Any such changes in policy may result in changes in laws affecting the ability of the Group to sell its coal to South African customers.

18.19. Government regulations may have an adverse effect on the Group's exploration activities, development projects and future mining operations

18.19.1. The Group's exploration activities, development projects and any future mining operations are subject to laws and regulations in Botswana governing the acquisition and retention of title to mineral rights, mine development, health and worker safety, employment standards, waste disposal, protection of the environment, and protection of endangered and protected species and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits or licences and agreements applicable to the Company or its projects, which could have a material and adverse impact on the Group's current exploration activities, planned development projects or future mining operations, including by requiring the Group to cease, materially delay or restrict exploration, development or mining operations.

18.19.2. Where required, obtaining necessary permits to conduct exploration or mining operations can be a complex and time consuming process and the Company cannot assure whether any necessary permits or licences will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits or licences and complying with these permits or licences and applicable laws and regulations could stop, delay or restrict the Group from proceeding with exploration activities or with development or future mining operations. Any failure to comply with applicable laws and regulations or permits or licences, even if inadvertent, could result in interruption or restriction of exploration activities, development or mining operations or fines, penalties or other liabilities.

18.20. The operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company

18.20.1. The operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, explosions and acts of God. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains

will be adequate and available to cover any such claims. The Company intends insure itself as its operations reach the appropriate stage.

18.20.2. The occurrence of any of these hazards can delay activities of the Group and may result in liability. The Group may become subject to pollution or other hazards against which the Company has not insured or cannot insure, including those in respect of past activities for which it was not responsible. The environmental impact assessment being carried out by the Company will enable the Company to actively minimise its effect on the environment and exposure to potential pollution.

19. FUTURE USE OF PROCEEDS

The three-year abridged budget plan for the year June 2017 to 2019 (which includes the completion of development of the Masama Coal Mine) is as follows:

<i>BWP Thousands</i>	30-Jun-17	30-Jun-18	30-Jun-19
Income / Investment	721 048	1 758 637	-
Office and administration	9 347 087	12 479 215	-
Directors and management fees	36 036	244 860	-
Listing fees, studies and brokerage	4 444 490	2 082 308	-
Exploration expenditure	6 421 606	-	-
Environmental consultants	1 113 296	1 394 149	-
Mine development	272 000	51 351 083	-
Mining infrastructure	-	93 272 335	-
Geological studies (exploration related)	989 167	3 162 000	-
Subtotal expenditure	22 623 682	163 985 950	-
Contingencies (dedicated contingencies for each item above)	-	-	-
Total Net Expenditure	21 902 634	162 227 312	-

All proceeds are utilized by the 30 June 2018.

A more detailed breakdown of the use of proceeds specific to development of the Masama Coal Mine is presented in the table below in section 21. The difference between the sum of the totals for the 2017 to 2019 years in the table above in this section 19, compared with the total of P 186,609,632 in section 21 relates to the amount of interest earned on excess funds which is taken into account in the above table in this section 19. The table in section 21 shows the full gross capital expenditure requirement excluding interest earned on funds raised.

The Company plans to fund capital requirements that exceed the available funds balance of the Company from the Private Placement and the Placement pursuant to this Prospectus by raising funds as part of the future listing of the Company on the JSE. The Company will also give consideration to capital reduction approaches such as “build - own - operate and transfer” contractual arrangements which are commonly used in the mining industry, with respect in particular to components such as the processing plants, and will also consider vendor funding of sections of the mine establishment such as the box cut. These approaches present potential to reduce the amount of funding required by the Company.

20. EXPECTED EXPLORATION WORK PROGRAM

20.1 Objectives

- 20.1.1 The Masama Project represents an opportunity for the development of a medium scale coal mine in Botswana and it is planned to advance the Project to a Feasibility Stage and to apply for a Mining Licence.
- 20.1.2 Exploration work and permitting that the Group intends to complete in order to transition the Project into mining includes the work described below:-
- i. *Upgrading of the Masama Resources.* As part of a Feasibility Study further drilling will be conducted to increase the confidence in the Coal Resources, upgrading portions of the existing Inferred Resources into the Indicated Category of the SAMREC Code and portions of the existing Indicated Resources into the Measured Category of the SAMREC Code;
 - ii. *Completion of an Environmental and Social Impact Study.* An Environmental and Social Impact Study needs to be completed as prescribed under Botswana legislation. The Company has commissioned Ecosurv to conduct this study. This process will include consultation with affected parties and the development of an Environmental Management Plan;
 - iii. *Completion of a Feasibility Study;* and
 - iv. *Mining Licence application.* The Company intends to apply for a Mining Licence by the end of 2017. Amongst others the Company intends to complete the work outlined in section 20.2 below in order to apply for a Mining Licence.

20.2 Proposed Exploration Activities in 2017 and 2018

In order to apply for a Mining Licence the Company plans to complete *inter alia* the following:-

- 20.2.1 Additional drilling and exploration on the Masama Project to update geological models and revise and upgrade Resource estimates, and the incorporation of the resulting information into an updated competent person's report prepared in accordance with the SAMREC Code and which will in addition, comply with JSE listing requirements.
- 20.2.2 EIA and related water and other specialist studies (to be completed by Ecosurv on the Company's behalf), in accordance with the legislated EIA process.
- 20.2.3 A Feasibility Study to refine the current assessment of a medium sized coal mine supplying coal into selected regional markets. As part of the Feasibility Study, Lidar Survey geotechnical investigations will be conducted.
- 20.2.4 Refinement of the mine layout, refinement of mine infrastructure, more detailed plant design, discards facility design, logistics and marketing to achieve optimisation.
- 20.2.5 The budget relating to the work program items outlined in this section 20 is presented in section 19 above.

21. EXPECTED MINE DEVELOPMENT WORK

21.1 Objectives

- 21.1.1 The Company intends to develop the Masama Coal Mine in the near term. The key attributes of the Masama Coal Mine are described in the Masama Valuation Report which is summarised in section 15 above.

21.2 Proposed mine development activities 2017, 2018, 2019

21.2.1 Section 19 above sets out an abridged three-year budget plan for the year June 2017 to 2019, including various costs related to development of the Masama Mine.

21.2.2 Mine development overhead costs relating to anticipated capital expenditure for the development of the Masama Coal Mine is presented in more detail in the table below. Anticipated Company corporate overhead costs have also been included under capitalised cost.

Masama Coal Project proposed work capital expenditure for Mine Development.

ITEM SUMMARY	Pula
1. Wash Plant	66,150,700
2. Mining Site Establishment	11,219,955
3. Mining Box cut	18,076,948
4. Access Road	10,323,761
5. Main Entrance	279,510
6. Weighbridge	1,225,609
7. Site Offices	1,609,300
8. Power Reticulation	5,063,317
9. Water Reticulation	539,000
10. Other CAPEX	6,564,250
11. 11. Signage	84,700
12. Vehicles	1,778,700
13. EIA	2,892,505
14. Feasibility studies	2,862,860
15. Listing studies (not stock exchange related)	211,750
16. Surface Rights	3,388,000
17. Exploration Drilling	4,446,750
18. Siding Costs	9,748,067
19. Furniture and Equipment	847,000
20. IT and Telecoms	4,954,950
21. Capitalised costs	30,492,000
22. Discard Facility	3,850,000
TOTAL	P 186,609,632

The difference between the sum of the totals for the 2017 to 2019 years in the table in section 19 above, compared with the total of P 186,609,632 in this section 21 relates to the amount of interest earned on excess funds which is taken into account in the table in section 19. The table in this section 21 shows the full gross capital expenditure requirement excluding interest earned on funds raised.

The Company plans to fund capital requirements that exceed the available funds balance of the Company from the Private Placement and the Placement pursuant to this Prospectus by raising funds as part of the future listing of the Company on the JSE. The Company will also give consideration to capital reduction approaches such as “build - own - operate and transfer” contractual arrangements which are commonly used in the mining industry, with respect in particular to components such as the processing plants, and will also consider vendor funding of sections of the mine establishment such as the box cut. These approaches present potential to reduce the amount of funding required by the Company.

22. COMPETENT PERSON'S REPORT

22.1 Annexure 5 to this Prospectus contains a Competent Person's Report in accordance with section 12 of the BSE Listings Requirements.

22.2 Within the two years preceding the date of this Prospectus, the Competent Person has had no direct or indirect interest, beneficial or non-beneficial interest in:

22.2.1 any asset including any right to explore for minerals which has been acquired or disposed of by or leased to or by the Group, including any interest in the consideration passing to or from the Group;

22.2.2 in the share capital of any Company in the Group; and

22.2.3 in the promotion of the Company.

PART C: DIRECTORS

23. DIRECTORS

23.1 The full names, ages, qualifications, nationalities, addresses, occupations of the Directors of the Company are:

Name	Nationality	Address	Other Directorships	Nature of business
Andre Boje	South African	17 Dunkirk Road, Salt Rock, Umhlali Beach 4391, South Africa	Minergy Limited (BW)	Group holding company of the Project, the subject of this Prospectus
			Minergy (SA) (Pty) Limited, (SA)	Coal trading company, a wholly owned subsidiary of Minergy
Morne du Plessis	South African	11 Cambridge Gardens, Chaucer Street, Farrarmere, Benoni, 1501, South Africa	Minergy Limited (BW),	Group holding company of the Project, the subject of this Prospectus
			Minergy Coal (Proprietary) Limited (BW),	Holds the Prospecting Licence
			Minergy (SA) (Pty) Limited, (South Africa)	Coal trading company, wholly owned subsidiary of Minergy
			Gallo Industrial Solutions (Pty) Limited, (SA),	Power tools trader
Claude de Bruin	New Zealander	P.O Box 317, Varsity Lakes, Australia	Minergy Limited (BW)	Group holding company of the Project, the subject of this Prospectus
			Minergy Botswana (Pty) Ltd (BW),	Minerals exploration, currently not trading
			Barkarama (Pty) Ltd (BW)	Administrative company

			Coal Fields Botswana (Pty) Ltd (BW),	Minerals exploration company
			Minergy Coal (Proprietary) Limited (BW)	Holds the Prospecting Licence
			Minergy Limited (BVI),	Investment holding company
			Energy Mineral Resources and Mining Limited (BVI)	Investment holding company
Leutlwetse Tumelo	Motswana	Plot 39233, Mapoka Crescent, Block 6, Gaborone, Botswana	Minergy Limited (BW)	Group holding company of the Project, the subject of this Prospectus
			Minergy Coal (Proprietary) Limited (BW)	Holds the Prospecting Licence
			Minergy Botswana (Pty) Ltd, (BW)	Minerals exploration, currently not trading
			Barkarama (Pty) Ltd, (BW)	Administrative company
			Coal Fields Botswana (Pty) Ltd, (BW)	Minerals exploration company
			Afinitas Limited, (BW)	Investment holding company
			Capital Conferences (Pty) Ltd, (BW)	Event management company
			Capital Corporate Finance (Pty) Ltd, (BW)	Corporate finance advisory, currently not trading
			Mod Resources Botswana (Pty) Ltd, (BW)	Mineral exploration company focused on copper
			Tshukudu Metals (Pty) Ltd, (BW)	Mineral exploration company focused on copper
			Discovery Mines (Pty) Ltd, (BW)	Mineral exploration company focused on copper

			Horizon Capital (Pty) Ltd, (BW)	Investment company
Mokwena Morulane	Motswana	P.O. Box 20694 Gaborone	Makgabana Construction (Pty) Ltd (BW)	(Family business - Construction & Property Co.
			Old Mutual Life Botswana (BW)	Life insurance.

23.2 The Curriculum Vitae of the Directors are:

1. **MOKWENA MORULANE (BA Accounting (Hons), (45) – Independent, Non-executive Chairman**

Mokwena Morulane is a Motswana, who holds a BA Accounting Honours degree from the University of Bedfordshire, England. Mokwena did his articles with Deloitte & Touche in Gaborone. He is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of Botswana Institute of Chartered Accountants (BICA). He is also a member of the Chartered Secretaries of Southern Africa (CIS).

Mokwena has extensive experience in the resources sector. Until recently, he was Country Manager for Discovery Metals Ltd. (DML) an Australia Stock Exchange (ASX) listed entity involved in base metals and a Director of DML subsidiaries in Botswana. Prior to joining DML he was Financial Manager of Gem Diamonds Botswana, a junior diamond mining company which recently started diamond production in Central Botswana.

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 is currently General Manager - Corporate Services at Botswana Oil Limited, where he provides strategic leadership in the implementation of effective operational support services in the areas of Finance & Administration, Information & Communication Technology and Human Resources Development. Mokwena was appointed as the independent Non-executive Chairman of Minergy in January 2017.

2. **ANDRÉ BOJÉ (CTA) (61) – Chief Executive Officer**

André Bojé is a South African citizen, who is 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 (Pty) Ltd in 1997 following a successful executive management career in various industries. 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 Holdings Limited, with three fully operational mines, is now one of the leading junior coal mining and trading companies in Southern Africa. André was appointed to the Board of Directors of Minergy on 25 January 2017 and was appointed as its Chief Executive Officer on 1 February 2017.

3. **MORNÉ DU PLESSIS (CA – South Africa, MBA) (47) – Finance Director, and Chief Financial Officer**

A South African citizen, and 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. Morné was appointed to the Board of Directors of Minergy on 25 January 2017 and was appointed as its Chief Financial Officer on 1 February 2017.

4. CLAUDE DE BRUIN (LLB; BMS. (Fin) (39) – Non - executive Director

Claude de Bruin is a New Zealand citizen, who is a lawyer and entrepreneur with more than a decade of experience in the international mining industry focusing on Africa. He is a Barrister of the High Court of New Zealand and member of the Auckland District Law Society and New Zealand Law Society. He has held senior management positions with several private & public companies including Platmin (now Sedibelo Platinum – previously listed on the TSX and the AIM Market of the London Stock Exchange), with leading roles in significant equity raisings through private & public placements and stock exchange listings in several jurisdictions. Claude is a co-founding member of the Minergy group of companies, alongside of John Astrup who is a geologist and a Director on the board of several companies in the Minergy Group. He was appointed to the Board of the Subsidiary during November 2012 and was appointed to the Board of Minergy in September 2016.

5. LEUTLWETSE TUMELO (B.Acc) (36) – Non-executive Director

Leutlwetse Tumelo is a Motswana with experience in Botswana's capital markets, having worked with one of Botswana's leading broking firms. In November 2012 Mr. Tumelo was appointed as a Director of the Subsidiary in November 2012, and was appointed to the Board of Minergy in September 2016.

24. QUALIFICATION, APPOINTMENT AND REMUNERATION OF DIRECTORS

24.1 The relevant provisions of the Constitution concerning the qualification, appointment and remuneration of the Directors are set out in Annexure 6 of this Prospectus.

24.2 The proposed and forecast aggregate remuneration and benefits to be paid to the Non-executive Directors with respect to their services as Non-executive Directors of the Company is P 221 000 per annum. Each Non-executive Director will be paid a sitting allowance of P 6 000 for each Board Meeting and Board Committee Meeting attended. The Chairman of a Board Committee Meeting will be paid a sitting fee of P9, 240 for each meeting chaired, and the Chairman of the Board will be paid a sitting allowance of P12 000 for each Board Meeting chaired.

25. INTERESTS OF THE DIRECTORS IN THE COMPANY

25.1 As at the date of this Prospectus the following Directors have a direct or indirect interest in the Company.

Name	Shares in Minergy	Direct Interest *	Indirect Interest *
		%	%
Andre Boje	15 000 000	3.54	nil
Morne du Plessis	10 000 000	2.36	nil
Claude de Bruin	39 746 880(**)	nil	17.5(**)
Leutlwetse Tumelo	678 133(**)	nil	0.30(**)

* Percentage interest in the issued share capital of the Company assuming the successful placing of all of the 50 000 000 Offered Shares. ** Shares held indirectly through Minergy Energy Minerals, and are subject to change.

25.2 There has not been any sum paid or agreed to be paid by the Company within the three years preceding the date of the Prospectus to any of the Directors or to any company in which he is beneficially interested, directly or indirectly or of which he is a Director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by

any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or the company, partnership, syndicate or other association in connection with the promotion or formation of the Company.

26. AGGREGATE REMUNERATION AND BENEFITS TO DIRECTORS

- 26.1** There was no remuneration, benefits, bonuses, retention or sitting fees paid by the Company and any of its subsidiaries to the Directors for the year ended 30 June 2016.
- 26.2** None of the new Directors appointed on Listing have received any salaries, fees, bonuses, benefits or other remuneration from the Company for the year ended 30 June 2016.
- 26.3** Save for the fees disclosed in this Prospectus, no other fees have been paid to Executive or Non-executive Directors in respect of bonuses and performance-related payments, expense allowances, commission, gain or profit-sharing arrangements
- 26.4** No fees have been paid, accrued or are proposed to be paid by the Company to any third party in *lieu* of Directors' fees.
- 26.5** There will be no variation in the remuneration receivable by any of the Directors as a direct consequence of the Listing.
- 26.6** The Company will not be managed by any third party under any contract or arrangement.

27. CONSENT OF DIRECTORS

The Directors have consented to act as such and have undertaken to comply with the BSE Listings Requirements.

28. CORPORATE GOVERNANCE

28.1 The Board is fully committed to effective corporate governance and the need for integrity and high ethical standards in the conduct of the business of the Company, and the Company is fully committed to achieving the applicable and practicable principles of good corporate governance embodied in the BSE Code of Corporate Governance and King Codes II and III insofar as practicable and applicable, the Company will comply with the principles of the King Codes II and III on corporate governance. By virtue of the fact that the Company will have few employees (on the basis that mining will be outsourced) there is no need for a remuneration committee.

28.2 Board training will be conducted from time to time to ensure compliance with the above.

29. BOARD OF DIRECTORS

The Board comprises of three Non-executive Directors, one of whom is independent, and two executive Directors. The Directors have a range of complementary skills and experience. The Board is chaired by Mokwena Morulane, an independent Non-executive Director. The Board meets at least four times a year and retains full responsibility for the strategic direction and control of the Company.

PART D: FINANCIAL INFORMATION

30. PROFIT HISTORY, FORECAST AND DIVIDEND POLICY

30.1 Profits

There have been no profits to date.

30.2 Profit forecast

30.2.1 The valuation of the Project as reported in the Masama Valuation Report which uses the CPR as its base, was based on the assumptions set out in Annexure 3 of this Prospectus.

30.3 Indicative Income and Expenditure

Please refer to paragraph 19 of this Prospectus.

30.4 Dividend policy

30.4.1 Current year dividends

There have been no dividends distributed to date.

30.4.2 Future dividends

Dividends will only be payable once the Company is profitable and generates the required free cash flow. It is proposed that dividends will be declared annually based on the financial performance of the Company for the 12 months ended 30 June, on a two times cover (of headline earnings per share) basis, and paid on or about October of each year. The Board shall determine the specifics of the dividend policy of the Company from time to time.

30.4.3 Unclaimed Dividends

Any dividends unclaimed for a period of three years after due date for payment shall be deemed forfeited and may be appropriated by the Company.

31. ANTICIPATED BALANCE SHEET

ANTICIPATED STATEMENT OF FINANCIAL POSITION

31.1 Pro-forma Statement of Financial Position

The pro-forma consolidated Statement of Financial set out below has been prepared to illustrate the impact of the Placing on the audited Statement of Financial Position of the Group as at 30 June 2016 as if the Group had been constituted on that date and the Placing occurred on that date.

The Company and the Group did not exist at 30 June 2016 and therefore no consolidated historical financial information for the Group exists at the time of preparing this Prospectus.

Being newly formed, up to 30 June 2016 the consolidated Minergy Group had no activities, and the only company that had activities up to that time which has subsequently been incorporated into the Minergy Group is Minergy Coal (Pty) Ltd as reflected in the financial statements below. It is therefore deemed appropriate to present the financial statements of Minergy Coal (Pty) Ltd in this Prospectus as the aforementioned financial information of Minergy Coal (Pty) Ltd is substantially the same as that of the Minergy Group. The main difference between the financial statements of Minergy Coal (Pty) Ltd and the consolidated financial statements of the Minergy Group would be the Loan Payable to Related Parties as reflected on the Statement of Financial Position of Minergy Coal (Pty) Ltd, which at the consolidated Minergy Group level would be included as equity. Apart from the aforementioned item, the standalone historical financial statements of Minergy Coal (Pty) Ltd give a true and fair view of the financial information of the consolidated Minergy Group.

The pro-forma consolidated Statement of Financial Position has been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the audited financial statements of Minergy Coal for the year ended 30 June 2016. The pro-forma consolidated Statement of Financial Position has been prepared for illustrative purposes only and because of its nature may not fairly represent the consolidated financial position after the Placing:

None of the transactions presented affect the Statement of Comprehensive Income and as a result of the non-impact it is not presented.

	<u>Minergy Coal (Pty) Ltd at 30-Jun-2016</u>	<u>Subscription by investors</u>	<u>Formation of Minergy Limited Group</u>	<u>Cash Raised through Private Placement</u>	<u>Cash Raised through Placing of Offered Shares</u>	<u>Preliminary expenses</u>	<u>Pro forma Minergy Limited Group at 30-Jun-2016 Pro-forma after Placing</u>
	<u>As Reported</u>	<u>(Note 1)</u>	<u>(Note 2)</u>	<u>(Note 3)</u>	<u>(Note 4)</u>	<u>(Note 5)</u>	
In Pula							
ASSETS							
Current Assets							
Cash and cash equivalents	200	150,000	120	70,000,000	50,000,000	(2,622,000)	117,528,320
Total Current Assets	200	150,000	120	70,000,000	50,000,000	(2,622,000)	117,528,320
Non-Current Assets							
Mineral exploration & evaluation expenditure	15,263,167						15,263,167
Total Non-Current Assets	15,263,167	-	-	-	-	-	15,263,167
Total Assets	15,263,367	150,000	120	70,000,000	50,000,000	(2,622,000)	132,791,487
LIABILITIES							
Current Liabilities							
Loans from related entities	(15,263,167)		15,263,167				-
Current Liabilities	(15,263,167)	-	15,263,167	-	-	-	-
Total Liabilities	(15,263,167)	-	15,263,167	-	-	-	-
Net Assets	200	150,000	15,263,287	70,000,000	50,000,000	(2,622,000)	132,791,487
Equity							
Stated Capital	200	150,000	15,263,287	70,000,000	50,000,000	(2,622,000)	132,791,487
Accumulated profit							-
Total Equity	200	150,000	15,263,287	70,000,000	50,000,000	(2,622,000)	132,791,487
Number of shares in issue	120	30,000,000	227,500,000	116,666,667	50,000,000		424,166,787
Net asset value per share (cents)	166.67						31.31

Note 1

Assumes that the subscription of Shares by early investors as described in paragraph 32.3.2 occurred on 30 June 2016. The effect of this transaction increases the Group's Cash and Stated Capital by BWP 150 000.

Note 2

Assumes that Minergy Limited acquired 100% of the shares and claims in Minergy Coal (Pty) Ltd on 30 June 2016 (In terms of the Sale and Purchase Agreement referred to in paragraph 34 of this Prospectus, whereby Minergy Limited issued 227 500 000 Shares to Energy Mineral Resources as purchase consideration for all of the shares and claims of Minergy Coal (Pty) Ltd. The effect of this transaction creates the Minergy Group and eliminates all related party loans upon consolidation.

Note 3

Assumes that the Private Placement where Minergy Limited issued 116 666 667 Shares for a cash consideration of BWP70 000 000.20 occurred on 30 June 2016. The effect of this transaction increases the Group's Cash and Stated Capital by BWP 70 000 000.20.

Note 4

Assumes that all of the 50 000 000 Offered Shares in respect of the Placing pursuant to this Prospectus

were issued on 30 June 2016 at BWP 1.00 each. The effect of this transaction increases the Group's Cash and Stated Capital by BWP 50 000 000.

Note 5

Assumes that all the Preliminary expenses as listed in paragraph 39.6 of this Prospectus are directly related to the costs related to the Placing and that it occurred on 30 June 2016. These costs reduce the Group's Cash and are capitalised against Stated Capital.

31.2 Adequacy of capital

- 31.2.1 The Directors of the Company are of the opinion that after the issue of Shares post listing:
- the Company's stated capital is adequate for the purposes of the business of the Company for the foreseeable future; and
 - the Company's working capital resources will be adequate cover for its current and foreseeable requirements.

31.3 Loans and loan capital

- 31.3.1 At the date of this Prospectus all historical exploration expenditure had been provided to the Group by loan account from the original shareholder of the Company. The loan account has been settled in full by the issue of Shares in the Company.
- 31.3.2 There are no loans to the Directors of the Company. At the date of this Prospectus the Company has and will have no outstanding borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, finance lease obligations, mortgages, charges, guarantees or other contingent liabilities.

31.4 Borrowing powers of Directors

- 31.4.1 The Directors may raise or borrow for the purposes of the Group's business, 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 General Meeting determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Group, present and future, or by the issue, at such price as they may think fit, of debentures either charged upon the whole or any part of the property and assets of the Group, or not so charged or in such other way as the Directors may think expedient.

31.5 Capital commitments, lease payments and contingent liabilities

At the date of this Prospectus, the Company has no material commitments for capital expenditure. At the date of this Prospectus the Company has no contingent liabilities save for those similarly disclosed and there has been no off Statement of Financial Position financing of the Company.

31.6 Material changes

The Directors' report that to their knowledge there have been no material changes in the financial or trading position of the Company since the date of the Accountants' Reports on the Pro Forma Financial Information of the Company in Annexure 1 to this Prospectus, other than in the ordinary course of business or as set out in the Prospectus.

31.7 Promoter's fees

There are no Promoter's fees to be paid in relation to this Prospectus and the Placing. However, the pre-operating costs, and the Preliminary Expenses set out in Section 39.6, shall be borne by

the Company on account of a loan from an existing shareholder of the Company, which stands to be repaid to the same out of the proceeds of the Placing.

31.8 Funding

31.8.1 During the last two months prior to the date of this Prospectus the Company completed the Private Placement, in terms of which it raised P70 000 000.20

31.8.2 The minimum funding requirement was set at P50 000 000 in order to fund the completion of a Feasibility Study and related drilling and exploration work required for the Company to lodge a Mining Licence for the Project as outlined in section 20.1 above, including the following:

- i. Complete EIA and EMP
- ii. Completion of a further exploration and drilling program
- iii. Complete feasibility studies
- iv. Surface rights and associated costs
- v. Sustain Operational costs during the feasibility study phase
- vi. Appoint mining contractor
- vii. Costs referred to in 39.6

31.8.3 Accordingly, with the recent completion of the Private Placement, the Company has sufficient funds to cover the minimum funding requirement and to allow the Company to complete all of the exploration work critical components of the development work described in more detail in sections 19, 20 and 21.

31.8.4 There are currently no unexercised warrants in the Company.

PART E: SHARE CAPITAL

32. SHARE CAPITAL

32.1 All of the issued Shares in the Company are of the same class and rank pari passu in every respect.

32.2 None of the Shares are listed on any stock exchange, other than in terms of the proposed listings on the BSE and the JSE.

32.3 Issues or offers of securities of the Company and its subsidiaries during the preceding three years

32.3.1. The Company was incorporated with a stated capital of P120 divided into 120 ordinary shares.

32.3.2. On 19 January 2017 the Company increased its stated capital to P150 120 and issued 30 000 000 Shares.

32.3.3. On 19 January 2017 the Company further increased its stated capital to P15 413 287 and issued 227 499 880 Shares representing the remaining Shares to be issued in terms the Sale and Purchase Agreement described in section 34 of this Prospectus, in order to bring the total Shares held to 227 500 000 Shares.

32.3.4. On 31 January 2017 the Company increased its stated capital to P 135 413 287.20, offered 50 000 000 Shares to the Sponsoring Broker in terms of Section 11.5 of the BSE Listing Requirements to be placed with Investors who subscribe at a price of not less than P1 per Share pursuant to the Placement of Offered Shares in terms of the Prospectus and placed such Shares in the hands of the Directors for allotment, and issued 116 666 667 Shares pursuant to the Private Placement.

32.3.5. Other than the Share issues provided above (including the Private Placement described in section 31.8.1 in this Prospectus) there have been no issues or offers of Shares by the Company or its subsidiaries in the three years preceding the publication of this Prospectus.

32.4 Pricing

32.4.1. The 116 666 667 Shares the subject of the Private Placement were offered and subscribed for at 60 thebe per Share. The Offered Shares are available for subscription at P1 per share.

32.4.2. The Directors believe that the premium is justified on the basis that prior to the completion of the Private Placement the Company did not have the requisite financial resources nor any prospects. The Subscription of P70 000 000.20 received in the Private Placing makes available vital financial resources and gives the Company prospects with a concomitant uplift in value.

32.5 Summary of any consolidations or sub-divisions

There have been no consolidations or sub-divisions of Shares in the Company or its

subsidiaries in the three years preceding the publication of this Prospectus.

32.6 Voting rights

In accordance with the Constitution, at any general meeting, every shareholder, present in person or by authorised representative or proxy shall have one vote for every Share held.

32.7 Options or preferential rights in respect of Shares

There will be no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been given to any person to subscribe to Shares. Further, no deferred shares have been awarded to founders of the Company or management.

32.8 Offers to the public

No offer has been made to the public for the subscription of Shares during any period preceding the date of the issue of this Prospectus.

32.9 Shares held by advisors and promoters

None of the advisors set out in this Prospectus, nor any of the promoters, save as disclosed elsewhere in the Prospectus, hold any Shares or have agreed to acquire any Shares, as at the date of this Prospectus.

33. LOCK- IN AGREEMENT

Notwithstanding that there is no requirement for any Lock-In of shares in terms of the BSE Listing Requirements relating to companies listed on the Main Board, all existing shareholders prior to the Private Placement have agreed in writing to a "Lock-up" effective from the Listing Date.

Subject to certain exceptions, in terms of this arrangement the aforementioned shareholders commit not to sell their shares for 3 years, or until such time that a monthly processing rate of 40 000 tons per month of saleable product is achieved, whichever is sooner.

Copies of the Lock up agreements are available for inspection at the offices of the Lead Advisors.

34. ACQUISITION

34.1 On 19 January 2017 an agreement (the "Sale and Purchase Agreement") was entered into in terms of which the Company, subject to certain conditions, will acquire all the issued shares and all of the claims (the "Claims", being funding advanced on loan account for the completion of various exploration activities at the Prospecting Licence) of Minergy Coal Botswana (Proprietary) Limited, being the holder of the Prospecting Licence.

34.2 In terms of the Sale and Purchase Agreement, the Company shall have issued, prior to the Listing of the Company on the BSE, 227 500 000 Shares to Minergy Mineral Resources as purchase consideration for all of the shares and claims of the Subsidiary, where upon satisfaction of all the resolute conditions precedent which includes the completion of the Listing of the Shares of the Company, all of the shares and claims of the Subsidiary shall be transferred to the Company in accordance with an agreement for cession (the "Cession").

34.3 The requirement for the Company to issue 227 500 000 Shares to Minergy Minerals Resources has already been satisfied through the issuance of the Shares described in sections 32.3.1 and 32.3.3 above, and upon the satisfaction of the remaining resolute conditions precedent, which as described above includes the completion of the Listing, all of the shares and claims in the Subsidiary will be transferred to the Company in accordance with the Cession.

34.4 Accordingly, upon completion of the Listing Minergy Coal (Proprietary) Limited will become a subsidiary of the Company and the Company will indirectly through the Subsidiary have a 100% interest in the Prospecting Licence. A copy of the Sale and Purchase Agreement is

available for inspection at the offices of the Lead Advisor.

35. INFORMATION ON SHAREHOLDING

35.1 Assuming all of the 50 000 000 Offered Shares are subscribed for the issued share capital of the Company is as follows:

Name	Total Shares	%
Minergy Mineral Resources	227 500 000	53.63
African Alliance	75 000 000	17.68
Afena Capital	41 666 667	9.82
Andre Russel Boje	15 000 000	3.54
Morne du Plessis	10 000 000	2.36
Martin Bartle	5 000 000	1.18
Other members of the public	50 000 000	11.79
Total Issued Shares	424 166 667	100

35.2 Details of the controlling shareholder(s)

Assuming subscriptions for all the 50 000 000 Offered Shares the following Shareholders held 5% or more of the issued Shares, prior to Listing Date:

Name	Country	Total shares	Percentage
Minergy Mineral Resources	British Virgin	227 500 000	53.63%
African Alliance	Botswana	75 000 000	17.68%
Afena Capital	Botswana	41 666 667	9.82%

If less than 50 000 000 of the Offered Shares are subscribed for, the percentages in the above table will be adjusted upwards.

36. ISSUED ORDINARY SHARES

36.1 Subject to the provisions of the Companies Act, the Constitution of the Company and the BSE Listings Requirements, to the extent applicable, where the Company in a general meeting has granted a general authority to the Directors, the Directors may in their discretion allot and issue Shares to such persons at such times and on such terms and conditions and for such consideration, as the Directors may think fit.

- 36.2 At the general meeting of the Company held on 31 January 2017 the shareholders of the Company at the date of such resolution approved, by ordinary resolution, the placing of the Offered Shares, being 50 000 000 ordinary shares, under the control of the Directors of the Company, in order to issue and allot such Offered Shares by way of Placing as described in this Prospectus.
- 36.3 At a meeting of Directors on the 10 February 2017 the Directors resolved that such number of Shares as are subscribed for by Investors be issued to Investors who had offered to subscribe for same pursuant to the terms of this Prospectus, on the basis of delivery against Payment as set out in the Application Form(s) enclosed herewith.

PART F: OTHER INFORMATION

37. MATERIAL CONTRACTS

The following material contracts have been entered into by the Company during the two years preceding the date of issue of this Prospectus, other than other contracts in the ordinary course of business:

37.1 Employment contracts effective 1 February 2017 were entered into with the following members of management:

- Andre Boje – CEO, Minergy
- Morne du Plessis – CFO, Minergy
- John Astrup – Managing Director, Minergy Coal
- Martin Bartle – Operations Manager, Minergy Coal

37.2 The Sale and Purchase Agreement described in Section 34

37.3 Agreement for Cession described in Section 34

38. CONSENTS

The Lead Advisors, Corporate Finance Advisor, Sponsoring Broker, Reporting Accountants, Competent Person's and Company Secretaries and Transfer Secretaries and the experts, the Reporting Accountants and Coffey Mining have given and have not, prior to the issue of this Prospectus withdrawn their written consent to the inclusion of their names and, where applicable, reports in the form and context in which they appear.

39. GENERAL

39.1 Directors' responsibility statement

39.1.1 Directors, whose names are given in section 23 of this Prospectus collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts, and that the Prospectus contains all information required by law.

39.1.2 The Directors confirm that the Prospectus includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and of the rights attaching to the securities to which the Prospectus relates.

39.2 Litigation

As at the date of the Prospectus hereof neither the Company nor its subsidiaries is subject to any litigation, arbitration or legal proceedings.

39.3 Commissions paid or payable in respect of underwriting

There have not been any commissions, discounts, brokerages or other special terms granted during the three years preceding the date of the Prospectus in connection with the issue or sale

of any securities, stock or debentures in the capital of the Company.

A commission of 1.5% and 2% shall be paid to the Supporting Broker and Financial Advisor respectively, in respect of applications for issues of Shares secured, and which are accepted.

39.4 Vendors

No person save for Minergy Mineral Resources in respect of the sale of shares and cession of loan claim to the Company, as described in clause 34 hereof has sold any property to the Company in the 3 years preceding the date of this Prospectus.

39.5 Underwriting

The issue of Shares to the Investors has not been underwritten.

39.6 Preliminary expenses

Preliminary expenses related to the formation and listing of the Company are estimated at approximately P 2 666 000 (excluding VAT) comprising payments relating to various services as set out below, and will be borne by the Company:

	Fees (P)	VAT (P)	Total (BWP)
Lead Advisors	500 000	60 000	560 000
Sponsoring Broker	100 000	12 000	112 000
Reporting Accountants	583 000	69 960	652 960
Corporate Finance Advisor	770 000	92 400	862 400
BSE	116 000	13 920	129 920
Transfer Secretary	35 000	4 200	39 200
Road Show Bookbuild	100 000	12 000	112 000
Printing of Prospectus	231 000	27 720	258 720
Contingency	231 000	27 720	258 720
Total	2 666 000	319 920	2 985 920

40. DOCUMENTS AVAILABLE FOR INSPECTION

40.1 Copies of the following documents will be available for inspection at the registered office of the Company at any time during business hours on weekdays (excluding Botswana public holidays) from the 2 March 2017 to 17 March 2017.

- Constitution;
- Masama Valuation Report;
- Competent Person's Report;
- The written consents of the legal advisor, corporate financial advisor, sponsoring broker, Company Secretary, Transfer secretaries, named in this Prospectus and experts the Reporting Accountants, Coffey Mining and the Competent Person's, which consents have not as at date hereof been withdrawn;
- The signed report of Reporting Accountants, the text of which is set out in Annexure 1;
- Employment Contracts; and
- The Lock-In Agreements.

Duly authorised to sign for and on behalf of the Board on the

2017.

Name:

Name:

Capacity:

Capacity:

41. INSTRUCTIONS TO INVITEES

If you wish to apply to be allotted and subscribe for Shares you should:-

41.1 Complete the appropriate Application Form which is annexed hereto (for a company or an individual as is applicable to you);

41.2 Deliver the application form duly completed to:

The Transfer Secretaries
"Minergy Share Offer"

By hand to: Corpserve Botswana

Unit 206, Second Floor, Plot 64516, Showgrounds Close,
Fairgrounds, Gaborone, Botswana

By post to: Corpserve Botswana

P.O. Box 1583 AAD;
Gaborone, Botswana

By fax to: Corpserve Botswana

Fax: +267 393 22 43

By email to: Corpserve Botswana

Email: stephen@corpservebotswana.com

41.3 Your application to subscribe for shares in terms of the Application Form constitutes an unconditional, irrevocable offer by you to subscribe for any shares allocated to you by the Company at a price of BWP1 per share, where the number of shares that could be allocated to you will not be more than such number of shares applied for in terms of your Application Form.

41.4 The Company may reject your offer, or accept your offer in whole or in part.

41.5 The Company will indicate acceptance of your offer, and the number of Shares allocated to you by email to you or your broker on or before 20 March 2017.

41.6 Payment of the price due by you, being the number of Shares allocated to you by the Company (the Purchased Shares) multiplied by a price of BWP1 per Share allocated to you (the Price), is payable on or before the Issue Date, which can be made (a) by cheque made in favour of "Minergy Share Offer" delivered to the Transfer Secretaries on or before the Issue Date or (b) paid directly by electronic funds transfer on or before the Issue Date, without any deduction for bank charge, levy, commission, or the like in BWP with notice of payment to the Transfer Secretaries. You are to instruct your paying bank that there are to be no charges whatsoever to the beneficiary account. Quote Code, "OUR" at Field 71A on the Swift Message.

Duly authorised to sign, for and on behalf of each of the Directors.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT HISTORICAL FINANCIAL INFORMATION

Independent auditor's report on the historical financial information To the board of directors of Minergy Coal (Proprietary) Limited

We have audited the accompanying financial information which comprise the Statements of Financial Position of Minergy Coal (Proprietary) Limited as of 30 June 2015 and 30 June 2016 and the related Statements of comprehensive income, cash flows and changes in equity for the years then ended and a summary of significant accounting policies and other explanatory notes as set on pages 50 to 57 of the Prospectus. The financial information has been prepared solely to assist the owners to present the financial position and results constituting Minergy Coal (Proprietary) Limited.

Directors' responsibility for financial information

The directors of Minergy Coal (Proprietary) Limited is responsible for the preparation of the financial information that give a true and fair view in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and presentation of financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial information is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and presentation of the financial information 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial information give a true and fair view of, the financial position of Minergy Coal (Proprietary) Limited as of 30 June 2015 and 30 June 2016 and of its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards. Furthermore, in our opinion, the mentioned financial information of Minergy Coal (Proprietary) Limited is substantially the same as Minergy Limited, and that the standalone historical financial statements of Minergy Coal (Proprietary) Limited give a true and fair view of the financial information of Minergy Limited.

Other matter

We did not audit the financial information of Minergy Coal (Proprietary) Limited for the years ended 30 June 2013 and 30 June 2014, from which the summary financial information for these periods included as comparative information to the financial information for the years ended 30 June 2015 and 30 June 2016 have been extracted, and express no opinion on this comparative financial information.

HISTORICAL FINANCIAL INFORMATION

The historical financial information presented in this annexure relates to Minergy Coal (Pty) Ltd and covers its latest financial year being 1 July 2015 to 30 June 2016, together with appropriate comparative historical information.

The Company and the Minergy Group did not exist at 30 June 2016 and therefore no consolidated historical financial information for the Group exists at the time of preparing this Prospectus.

Up to 30 June 2016 the Company had no other activities, and the only active company which has subsequent thereto been incorporated into the Minergy Group was Minergy Coal (Pty) Ltd as reflected in the financial statements. It is therefore deemed appropriate to present the Minergy Coal (Pty) Ltd financial statements in this Prospectus as the aforementioned financial information of Minergy Coal (Pty) Ltd is substantially the same as the consolidated financial information of the Minergy Group. The main difference between the financial statements of Minergy Coal (Pty) Ltd and that of the consolidated Minergy Group would be the Loan Payable to Related Parties as reflected on the Statement of Financial Position of Minergy Coal (Pty) Ltd, which at the consolidated Minergy Group level would be included as equity. Apart from the aforementioned item, the standalone historical financial statements of Minergy Coal (Pty) Ltd give a true and fair view of the financial information of the consolidated Minergy Group.

STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2016

	Note	2016 P	2015 P	2014 P	2013 P
ASSETS					
Current Assets					
Cash and cash equivalents	3	200	200	200	200
Total Current Assets		200	200	200	200
Non-Current Assets					
Mineral exploration & evaluation expenditure	5	15,263,167	11,567,931	8,219,692	5,071,217
Total Non-Current Assets		15,263,167	11,567,931	8,219,692	5,071,217
Total Assets		15,263,367	11,568,131	8,219,892	5,071,417
LIABILITIES					
Current Liabilities					
Loans from related entities	6 & 9	15,263,167	11,567,931	8,219,692	5,071,217
Trade and other payables		-	-	-	-
Total Current Liabilities		15,263,167	11,567,931	8,219,692	5,071,217
Non-Current Liabilities		-	-	-	-
Total Non-Current Liabilities		-	-	-	-
Total Liabilities		15,263,167	11,567,931	8,219,692	5,071,217
Net Assets		200	200	200	200
Equity					
Stated Capital	4	200	200	200	200
Accumulated profits		-	-	-	-
Total Equity		200	200	200	200

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 June 2016

1. **NATURE AND CONTINUANCE OF OPERATIONS**

Minergy Coal (Proprietary) Limited ("the Company") is a company limited by shares, incorporated in Botswana. The Company was incorporated on 28 August 2012 and acquired as a shelf company during early November 2012, and these financials are for the period 1 July 2015 to 30 June 2016.

The Company holds Prospecting Licence PL278/2012 (for coal and coal bed methane) and, having exceeded its expenditure and work program commitments relating to the Prospecting Licence, the Prospecting Licence can be renewed for a further two year period (before extensions) after it expires on 30 September 2017 by application lodged before 30 June 2017, or an application for a Mining Licence can be made once certain work has been completed.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and satisfaction of liabilities in the normal course of business.

As at 30 June 2016, the Company has no source of operating cash flows as it has not yet achieved profitable operations and expects to incur further cash outflows in the development of its business.

The Company's ability to continue as a going concern is dependent upon obtaining additional equity and/or debt financing and/or new strategic partners in connection with the development of its coal project in Botswana. However, there is no assurance that further financings and/or strategic partnerships will be obtained on favourable terms or at all. Failure to obtain future financing and/or strategic partnerships could result in the delay or indefinite postponement of further exploration and development of the Company's coal project. These material uncertainties may cast significant doubt upon the Company's ability to realise its assets and discharge their liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Although the Company has been successful in the past in obtaining financing, there is no assurance that they will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.

Subsequent events:

Subsequent to 30 June 2016, an agreement (the "Sale and Purchase Agreement") for purchase and sale of all of the shares and claims (the "Claims", being funding advanced on loan account for the completion of various exploration activities at the Prospecting Licence) of Minergy Coal (Pty) Ltd (which holds the Prospecting Licence) was entered into between Minergy Limited, Minergy Coal (Pty) Ltd, and Minergy Mineral Resources. In terms of the Sale and Purchase Agreement, subject to certain resolutive conditions precedent which include the listing of Minergy Limited on the Botswana Stock Exchange ("BSE"), Minergy Limited shall have issued 227 500 000 Shares to Minergy Mineral Resources as purchase consideration for all of the shares and claims of Minergy Coal (Pty) Ltd. An agreement for the cession of the Claim (the "Cession") was entered into between Minergy Limited (BVI) being the owner of the Claims, its wholly owned subsidiary Minergy Mineral Resources, Minergy Limited, and Minergy Coal (Pty) Ltd. In terms of the Cession, subject to various conditions precedent including the completion of the Listing of the Company on the BSE and the closing of the Sale Agreement, the Claims will be ultimately ceded Minergy Limited.

When effective, the abovementioned transaction will result in all of Minergy Coal (Pty) Ltd's shares and claims being owned by Minergy Limited. The related party loan reflected as a current liability on Minergy Coal (Pty) Ltd's Statement of Financial Position will eliminate on consolidation of the Minergy Limited Group, resulting in the Minergy Limited Group having no liabilities (apart from payables relating to new expenditure subsequent to 30 June 2016). During January 2017 and February 2017, Minergy Limited raised BWP70,000,000.20 in cash from the issue of Shares in a Private Placement. The abovementioned proceeds will be used to fund further exploration and development activities within Minergy Coal (Pty) Ltd. At the time of this report, Minergy Limited was in the process of applying for a listing on the BSE, whilst at the same time through the Sponsoring Brokers offering additional shares to invited investors in order to raise up to an additional BWP50,000,000.

At this time, the Directors are of the opinion that the Company has access to sufficient funding in order to continue as a going concern and that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 30 June 2016. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 June 2016

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting basis and conventions

These financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared on a 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.

The following specific accounting policies have been consistently applied, unless otherwise stated.

a) **Exploration, Evaluation and Development Expenditure**

Expenditure incurred during exploration and the early stages of evaluation of new areas of interest and costs of acquisition is capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

b) **Financial Instruments**

Financial assets

- Cash: The Company currently only has one category of financial asset, being cash. This is accounted for at amortised cost using the effective interest method

Financial liabilities

- Loans from related entities: The Company currently only has one category of financial liabilities, being its loans payable to related parties. These loans are carried at amortised cost using the effective interest method.

c) **Stated Capital**

Shares issued are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

d) **Taxes**

Income tax

Income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those rates which are enacted or subsequently enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 June 2016

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

d) **Taxes (Continued)**

Value Added Tax (VAT)

The Company is currently below the threshold requirements for VAT registration, and is not registered for VAT. Consequently any VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, therefore VAT is 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 included.

Commitments and contingencies are disclosed inclusive of the amount of any VAT recoverable from, or payable to, the taxation authority.

e) **Foreign currencies**

Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Botswana Pula, which is Minergy Coal (Pty) Ltd's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated from the functional currency (the Botswana Pula) using the exchange rates prevailing at the dates of the transactions. 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 capitalised as part of Mineral exploration and evaluation expenditure where the underlying transactions related directly to these activities.

f) **Trade and other Payables**

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

g) **Provisions**

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

h) **Accounting standards and interpretations not yet effective and not early adopted**

The Company has assessed the accounting standards and interpretations that are not yet effective and believe that have none of these standards will have a material impact.

i) **Critical accounting estimates & judgements**

The preparation of financial statements in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (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. 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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 June 2016

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

i) **Critical accounting estimates & judgements (continued)**

i) Significant accounting judgements

In the process of applying the Company'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:

Capitalisation of exploration and evaluation expenditure

The Company has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned. Only expenditure that is directly related to the exploration and evaluation of the Company's Masama Project in Botswana have been capitalised. The following types of expenditure are considered eligible for capitalisation: acquisition of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching; sampling; and activities in relation to evaluating the technical feasibility and commercial viability of the Project.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize 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 realized. The ultimate realization 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 commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

The directors have not accounted for any deferred tax assets in the Company due to the uncertainty over the timing and extent of its utilisation at this stage.

Environmental rehabilitation

The Company's policy with respect to provision for environmental rehabilitation is to record liabilities for statutory, legal, contractual or constructive obligations. To date, the Company's advancements on its projects have not created any significant disturbance on the land that would yield a material liability.

ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on an number of factors, including whether the Company decides to exploit the related licence(s) itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2016, the carrying value of exploration expenditure is P15,263,167.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 June 2016

	2016 P	2015 P
3. CASH AND CASH EQUIVALENTS		
Cash on hand	200	200
	2016 P	2016 No. of shares
4. CONTRIBUTED EQUITY		
Issued and paid up share capital		
Ordinary shares – fully paid	200	120
Movements in ordinary share capital		
Opening Balance at 1 Jul	200	120
Shares issued	-	-
	200	120
Less: share issue costs	-	-
Closing Balance at 30 June	200	120

Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder's meetings. In the event of winding up ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

	2016 P	2015 P
5. MINERAL EXPLORATION AND EVALUATION EXPENDITURE		
Mineral exploration and evaluation expenditure	15,263,167	11,567,931
Mineral exploration and evaluation expenditure is analysed as follows:		
Drilling and related expenditure	3,179,574	2,354,444
Geological and geophysical studies	2,862,299	2,360,712
Evaluation of technical and commercial viability	8,340,658	6,312,562
Miscellaneous project expenditure	880,636	540,213
	15,263,167	11,567,931

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the discovery of commercially viable resources. In assessing the project for impairment, the Board of Directors have taken to consideration the data on hand, the planned programs and expenditures and the potential recoverability of expenditures by commercial development or divestment.

6. RELATED PARTY TRANSACTIONS

All mineral exploration and evaluation expenditure was incurred and paid for on behalf of the Company by Minergy Limited (BVI), the ultimate and sole parent entity prior to the Listing. Only expenditure directly related to the exploration and evaluation activities of the Company's Masama Project have been on-charged to the Company. The Company incurred no other expenditure. The related party loan currently bears no interest and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 June 2016

7. CAPITAL MANAGEMENT

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to pursue the evaluation, development and exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company currently depends on funding from its shareholders to fund its activities. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, obtain additional shareholder funding, acquire or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are approved by the Board of Directors and updated as necessary depending on various factors, including capital deployment and general industry conditions. The Company anticipates continuing to access shareholder funding to fund continued exploration and development of its exploration and evaluation assets and the future growth of the business. The Company will also consider obtaining specific project finance to assist in funding the development of feasible projects. The Company is not subject to any externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company does not currently have any significant financial instruments. Financial assets consist of cash and cash equivalents and financial liabilities consist of loans payable to related parties. These financial instruments do not expose the Company to significant financial and market risks. All the financial instruments are denominated in the Company's functional currency. The Company places its cash with high credit quality financial institutions.

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are currently comprised of loans payable to related parties, which currently have no fixed repayment terms and in accordance with the agreement described above under subsequent events, and below in note 9, will not be a draw on the cash of the Company.

Market risk is the risk that the fair value for assets or future cash flows will fluctuate because of changes in market conditions. The Company evaluates market risk on an ongoing basis and has established policies and procedures for mitigating its exposure to foreign exchange fluctuations. The Company is not exposed to interest rate risk, as it does not hold external debt balances and is not currently charged interest on its related party loans.

The Company operates mainly in Botswana and is exposed to international transactions from time to time and therefore, foreign exchange risk exposures arise from transactions denominated in foreign currencies. No financial instruments were denominated in a foreign currency at the Statement of Financial Position date.

At 30 June 2016 (and the comparative periods), the carrying values and the fair values of the Company's financial instruments are deemed to be the same.

9. STATEMENT OF COMPREHENSIVE INCOME, STATEMENT OF CHANGES IN EQUITY AND STATEMENT OF CASH FLOWS

The Company has capitalised all of its exploration and evaluation expenditure and has incurred no other income or expense transactions. No Statement of Comprehensive Income has therefore been presented. There has been no changes in equity since incorporation of the Company. No Statement of Changes in Equity has therefore been presented. All exploration and evaluation expenditure was paid by the parent entity on behalf of the Company. No Statement of Cash Flows has therefore been presented.

10. EVENTS AFTER BALANCE DATE

An agreement has been entered into whereby a nominee of Minergy Limited (BVI), being the original shareholder of Minergy Coal (Pty) Ltd, will at listing of the Company on the BSE, have been issued 227,500,000 ordinary shares in the share capital of Minergy Limited, a company incorporated in Botswana as full and final settlement of the loan payable by Minergy Coal (Pty) Ltd to Minergy Limited (BVI). This loan bears no interest as agreed between the parties. Refer to note 1 for additional information.

PROFIT ESTIMATE FOR MINERGY FOR THE YEAR ENDING JUNE 2017, 2018, 2019

Figures in BWP	<u>2017</u>	<u>2018</u>	<u>2019</u>
PROJECTED STATEMENT OF PROJECTED FINANCIAL POSITION			
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	24,810,236	174,182,110	212,130,021
Deferred Tax asset	2,718,224	5,546,421	-
	<u>27,528,460</u>	<u>179,728,531</u>	<u>212,130,021</u>
<i>Current Assets</i>			
Inventory	-	-	14,424,674
Trade and other receivables	-	-	50,329,490
Cash and cash equivalents	98,247,366	3,020,054	31,571,238
	<u>98,247,366</u>	<u>3,020,054</u>	<u>96,325,402</u>
Total Assets	<u>125,775,826</u>	<u>182,748,585</u>	<u>308,455,423</u>
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Equity attributable to equity holders of parent			
Share capital	135,413,167	202,413,167	202,413,167
Reserves	-	-	2,948,625
Retained Income	(9,637,341)	(19,664,582)	22,574,813
Equity attributable to equity holders of parent	<u>125,775,826</u>	<u>182,748,585</u>	<u>227,936,605</u>
Non-controlling interest	-	-	-
	<u>125,775,826</u>	<u>182,748,585</u>	<u>227,936,605</u>
<i>Non-current liabilities</i>			
Deferred tax liabilities	-	-	11,326,647
Rehabilitation Provisions	-	-	37,913,157
	-	-	<u>49,239,804</u>
<i>Current liabilities</i>			
Trade and other payables	-	-	31,279,014
Current tax liabilities	-	-	-
	-	-	<u>31,279,014</u>
Total Equity and liabilities	<u>125,775,826</u>	<u>182,748,585</u>	<u>308,455,423</u>

Figures in BWP	<u>2017</u>	<u>2018</u>	<u>2019</u>
STATEMENT OF PROJECTED COMPREHENSIVE INCOME			
Revenue	-	-	365,238,489
Cost of Sales	-	-	(281,035,948)
Contribution	-	-	84,202,541
Operating expenses	(13,076,613)	(14,614,075)	(26,969,150)
Other Income	-	-	-
Operating (loss) / income	(13,076,613)	(14,614,075)	57,233,391
Interest expense	-	-	(2,936,652)
Interest received	721,048	1,758,637	426,057
(Loss) / profit	(12,355,565)	(12,855,438)	54,722,796
Income tax expense	2,718,224	2,828,196	(12,483,401)
Net (loss) / profit after Tax	(9,637,341)	(10,027,241)	42,239,395

Figures in BWP	<u>2017</u>	<u>2018</u>	<u>2019</u>
STATEMENT OF PROJECTED CASHFLOWS			
<i>Cash flows from operating activities</i>			
Cash used in operations	(12,355,565)	(12,855,438)	33,551,184
	(12,355,565)	(12,855,438)	33,551,184
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	(24,810,236)	(149,371,875)	(5,000,000)
	(24,810,236)	(149,371,875)	(5,000,000)
<i>Cash flows from financing activities</i>			
Proceeds on share issue	135,413,167	67,000,000	-
	135,413,167	67,000,000	-
Total cash movement for the year	98,247,366	(95,227,312)	28,551,184
Total cash at the beginning of the year	-	98,247,366	3,020,054
Total cash at end of the year	98,247,366	3,020,054	31,571,238

Assumptions

The projected information presented has been prepared based on the assumptions used in the SAMVAL report detailed in paragraph 15.2

COPY OF THE PROSPECTING LICENCE



Republic of Botswana

PROSPECTING LICENCE

in favour of

Minergy Coal (Pty) Ltd

RENEWAL OF PROSPECTING LICENCE NO. 278/2012





REPUBLIC OF BOTSWANA

Form II

Prospecting License No. 278/2012

Issued in terms of section 16 of the Mines and Minerals Act.

WHEREAS MINERGY COAL (Pty) Ltd a company incorporated under the laws of citizen of Republic of Botswana (hereinafter referred to as "the holder") has made application for the right to prospect for Coal and Coal-bed Methane on land to which the Republic of Botswana holds mineral rights.

AND WHEREAS provision is made under section 14 of the Act for the conferring of such rights by means of a prospecting license:

NOW THEREFORE the Minister hereby grants to the holder the exclusive right to prospect for Coal and Coal-bed Methane in the license area for a period of 2 years commencing on 01 October 2015 and ending on 30 September 2017.

1. The License area shall be the area shown on the map annexed hereto in extent of Six Hundred and Ninety Seven Point One Square Kilometers (697.1 km²), located in Central District(s) and more fully described in Annexure I hereto; and as reduced from time to time in accordance with the provisions of the Act.



2. In accordance with section 70 of the Act, the holder shall, simultaneously with issuance of this license, and thereafter on each anniversary thereof, pay to the Government at the Office of the Director of Department of Mines, an annual charge equal to (BWP5.00) multiplied by the number of square kilometers in the License area subject to a minimum annual charge of Five Hundred Pula (BWP500.00).
3. The holder shall incur the minimum annual expenditures and shall expeditiously carryout the programme of prospecting operations set out in Annexure II.

GIVEN under my hand at GABORONE this 23rd day of September in the year 2015.

Intokolo

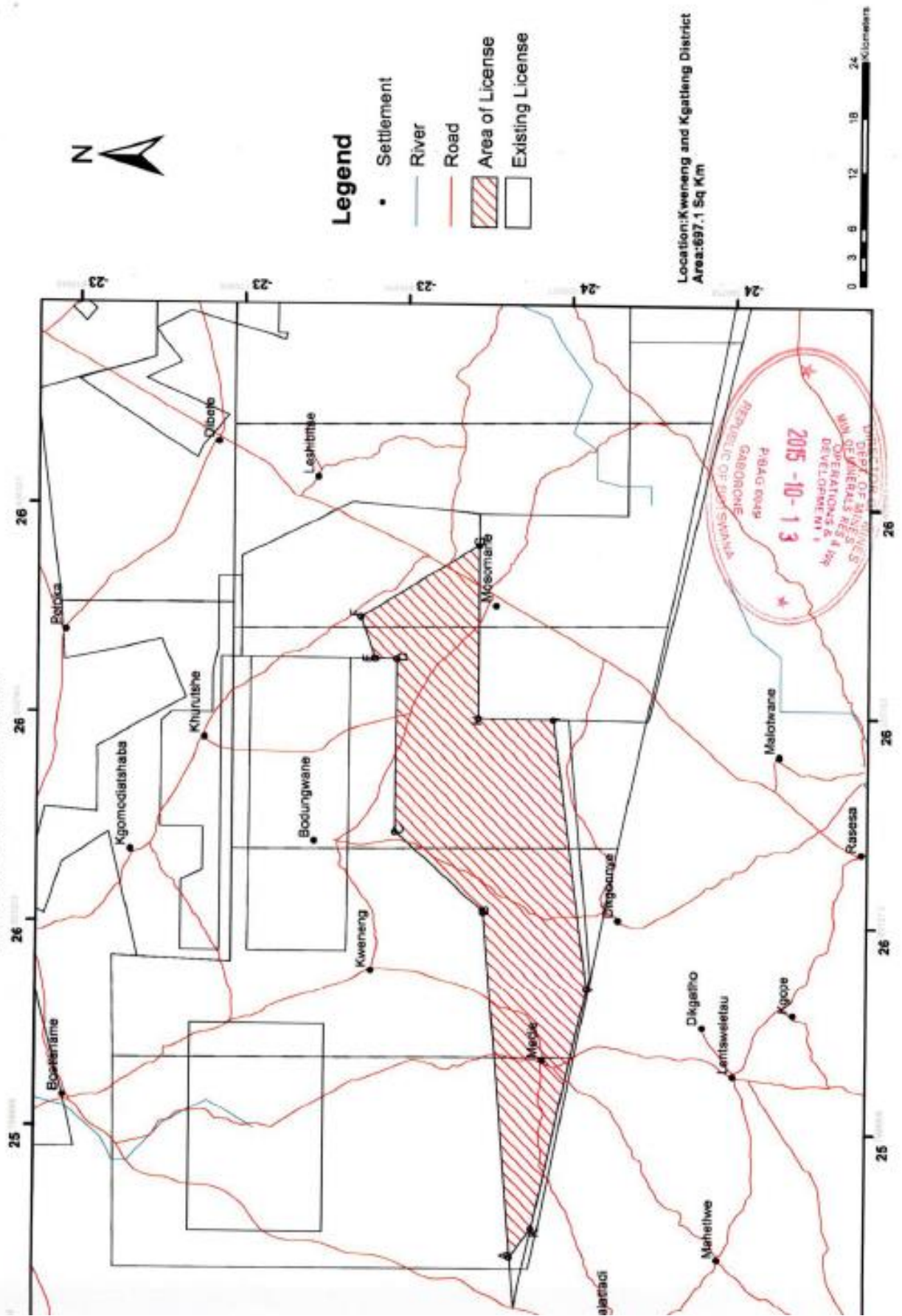
Minister
Ministry of Minerals, Energy and
Water Resources



Prospecting License No.278/2012

Minergy Coal (PTY) Ltd Renewal

Annexure 1



Location: Kweneng and Kgatleng District
Area: 697.1 Sq Km

ANNEXURE II

1. Table 1.0. Summary of the proposed programme, minimum expenditure and work done by Minergy Coal (Pty) Ltd.

Programme of prospecting operations	Proposed minimum expenditure
<p>Year 1</p> <ul style="list-style-type: none"> i. Carry out infill drilling on the inferred resource totaling up to 1500m. ii. Carry out drilling on areas considered to have potential totaling up to 600m. iii. Carry out down-hole geophysical logging on all boreholes that intersect coal seams. iv. Carry out detailed chemical and physical testing of the coal intersections. v. Carry out environmental studies and rehabilitation. 	<p>One Million Nine Hundred and Ten Thousand Pula</p> <p>(BWP 1 910 000.00)</p>
<p>Year 2</p> <ul style="list-style-type: none"> vi. Carry out metallurgical test-work on selected coal borehole samples. vii. Initiate Environmental and Social Impact Assessment Studies. viii. Initiate pre-feasibility studies including mining studies, geotechnical studies, coal processing, mining infrastructure and financial modelling. ix. Carry out geological modelling and resource estimate. x. Carry out Environmental Studies and Rehabilitation. 	<p>Two Million Three Hundred and Sixty Thousand Pula</p> <p>(BWP 2 360 000.00)</p>



EXECUTIVE SUMMARY OF COMPETENT PERSON'S REPORT

EXECUTIVE SUMMARY

GM Geotechnical Consultants CC (GM Geotech) was commissioned by Minergy Coal (Pty) Ltd (Minergy or Client), to prepare a resource estimate and competent persons report on the Coal Resources of the West Block (Focus Area) of the Masama Coal Project in accordance with the SAMREC Code (2016)¹ and applicable requirements of Section 12 of the Botswana Stock Exchange (BSE) Listing Requirements (2003)⁴.

The document details the estimate of the Coal Resources as at 01 November 2016 and incorporates all valid exploration and other relevant data available up to this date, viz. historic Shell Coal Botswana (Pty) Ltd. data, information collected by Minergy during an exploration and drilling programme conducted during 2012 as well as the new information collected by Minergy during an exploration and drilling programme conducted during the first semester of 2016.

Project Outline

The Masama Coal Project is located in the Kweneng and Kgatleng Districts of eastern Botswana and lies approximately 50 km north of Gaborone (Fig.1). The larger Prospecting License (PL278/2012) area is outlined with a solid black line in Figure 1. Minergy has previously defined the West Block (WB), Central Block (CB) and East Block (EB) coal prospects outlined with purple stippled lines in Figure 1 and previously drilled and delineated Coal Resources on the WB and CB. Historically an area overlapping with the WB and CB and the area inbetween, was extensively explored by Shell Coal Botswana (Pty) Ltd. between 1974 and 1982 (see Table 1). More recently Minergy has identified significant shallow Coal Resources in two coal seams within the "Focus Area" (outlined in red in Fig.1).

The prospecting licence (PL278/2012) for the Masama Coal Project, entitles Minergy Coal (Pty) Ltd. as the holder to the exclusive right to prospect for coal and coalbed methane and to access the land to which the prospecting licence relates. The licence covers an area of 697.1 km². The current licence is valid until 30 September 2017 and is renewable for a further two-year period (before extensions).

The entire licence representing the Masama project is in a category of land in Botswana called Communal or Tribal Land. Tribal land is administered by Land Boards who are empowered to grant, acquire, repossess and rezone tribal land.

The Directors of Minergy Coal (Pty) Ltd. has confirmed by means of a written statement that there are no pending or existing legal proceedings against the company that may have an influence on the current prospecting licence or the Company's ability to apply for a mining licence.

Accessibility, Physiography and Infrastructure

Botswana has a well-developed transportation network and the Masama Project can be accessed by gravel roads with further access within the project areas by tracks. The project is located close to Botswana's main A1 highway, which also has a railway line, pipelines and power lines running parallel to it. Collectively this is often referred to as "Botswana's Infrastructure Corridor".

The project area is generally flat with one small drainage line. Vegetation in the area is classified as tree savannah. Land use in the area is predominantly for subsistence agriculture, livestock (cattle) and limited crop cultivation. Land in the area has been well utilised and the diversity of natural fauna tends to be low.

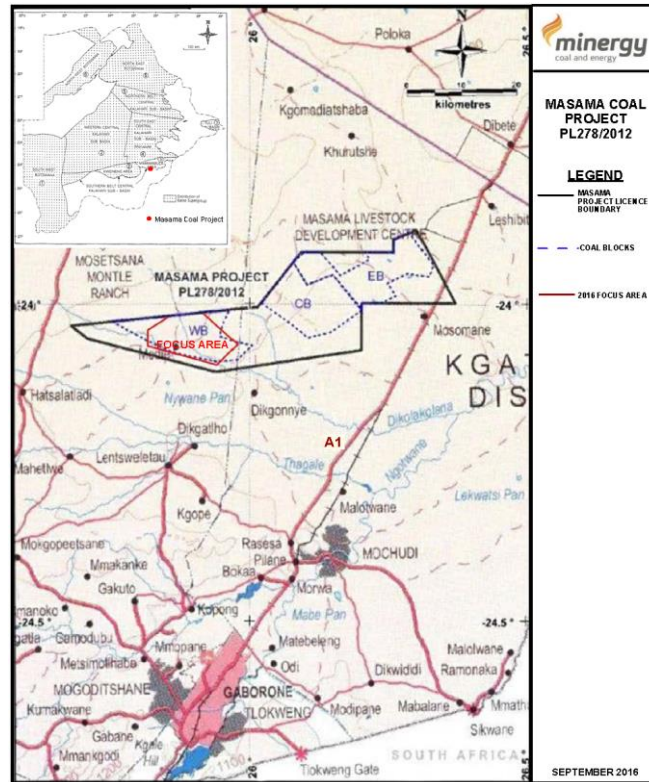


Figure 1: Masama Coal Project locality map. The Masama Project License (PL PL278/2012) area is outlined in solid black; the West Block, Central Block and East Block are outlined in stippled purple and the “Focus Area” in solid red.

One small village (Medie) is located within the “Focus Area”. The Masama Coal Project and therefore the “Focus Area” is close to the existing transmission grid in Botswana.

Project History

Parts of the area representing the Masama Coal Project were previously explored by Shell Coal Botswana between 1974 and 1982. Shell confirmed the presence of high quality coal at shallow depths. Minergy was able to source much of the exploration data collected by Shell and have also verified their results.

In 2013 after initial exploration by Minergy, Coffey Mining estimated a 2.8 BT Inferred Coal Resource in accordance with the JORC Code (2012)¹⁶ for five seams and in two areas of the project. The current report covers only two coal seams in a much smaller “Focus Area”.

During 2014 Minergy conducted a Scoping Study (Coffey, 2014)⁶ on a large export focussed opencast mine with Coffey Mining.

During 2015 and early 2016 Minergy conducted a concept Study on a 300 MW mine mouth Power Station at the Masama Project with Mott MacDonald (2016)¹⁵.

Geological Setting and Coal Deposit Type

The Masama Coal Project is located within the Mmamabula Area of the Southern Belt of the Central Kalahari Sub-Basin of Botswana. The Mmamabula Coalfield is contiguous with and forms the western extension of the Waterberg Coalfield of South Africa.

Geologically the Masama Coal Project area is underlain by coal, coaly mudstone and sandstone of the Mmamabula Formation of the Eccca Group of the Karoo Supergroup (Fig. 2).

Five major coal seams and a coal sequence are developed in the Masama Coal Project area. These are from the base upwards, the E Seam, A Seam, A Sequence, A Upper Seam, K Seam and G Seam. In this report, coal resources were only estimated for the E Seam and A Seam in a Focus Area within the western portion (West Block) of the project area.

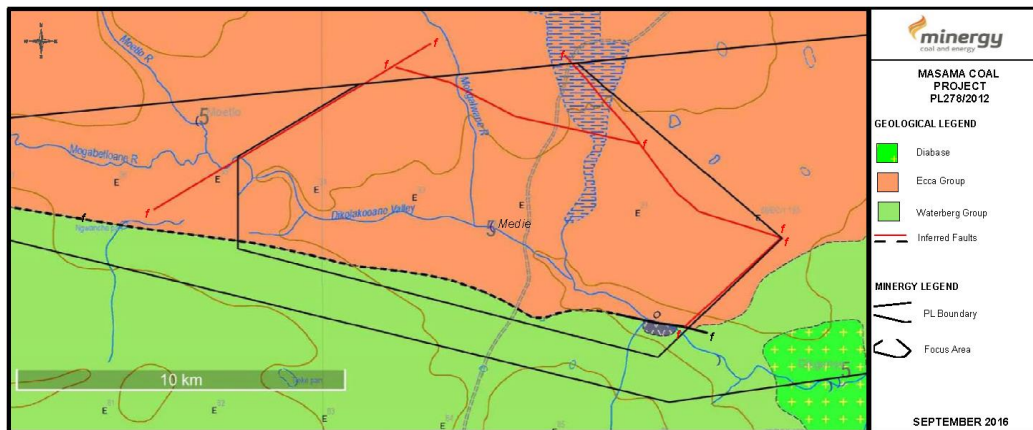


Figure 2: Regional geological map.

The strata in the Masama Coal Project area are generally flat, dipping gently at less than 3°. Two major “structural highs” were regionally identified by Shell in their exploration of the area. These are the large “Central High”, which separates the West and the Central Blocks and also the smaller “South West High”, which lies in the central area of the West Block. The current exploration focuses in the environs of the South West High as described by Shell. All coal seams pinch out over the “structural highs” and locally dip directions may vary away from these features. A few faults, trending northeast-southwest and northwest-southeast, were identified by Shell and more recently by GM Geotech. The southern boundary of the coal-bearing Eccca Group with the Waterberg Group is interpreted as a faulted-contact.

Exploration Data and Information

The past (1974 – 1982) and present (2012 and 2016) exploration drilling programmes conducted by Shell Coal Botswana (Pty) Ltd. and Minergy Coal (Pty) Ltd. respectively are summarized in Table 1.

Table 1: Summary of exploration programmes (historical reports and information provided by the Client).

COMPANY	DATE	No. OF BH	CORED	OPEN-HOLED	WIRELINE LOGGING	BH SPACING
Shell Coal Botswana (Pty) Ltd	1974-1975	4	3	1*	BPB	-
	1976	11	6	5	BPB	-

	1980	25	14	11	Mini-Logger	±2 – 2.5 km
	1981-1982	76	31	45	BPB	±1.2 – 2 km
Minergy Coal (Pty) Ltd.	2012	20*	20	0	Poseidon Geophysics	2.5 -3km
	2016	11	11	0	Poseidon Geophysics	±500 m.

* West Block and Central Block boreholes

Aeromagnetic data flown by the Fugro Airborne Surveys for, and on behalf of, the Botswana Government (DGS) in 1986 were used to identify major geological boundaries, structures and the presence of late Karoo aged intrusives affecting the Masama Coal deposit.

The main objectives of the exploration programmes were to verify the historic results and to infill the historic Shell and Minergy boreholes in order to estimate Inferred and Indicated Coal Resources on the Masama Coal Project in accordance with the guidelines of the SAMREC code (2016)¹ and SANS guide (SANS10320:2004)².

All the boreholes were drilled by Diabor Botswana (Pty) Ltd. as either HQ or TNW diameter core. All boreholes were drilled vertically.

Down-the-hole geophysical logging was conducted on most boreholes drilled by Shell (1982)¹⁴ and on all boreholes drilled by Minergy. The typical suite of data collected was, long spaced density, short spaced density, gamma and calliper.

Core was logged and sampled in accordance with Minergy's protocols and samples were submitted to the SANAS accredited, SABS Secunda Laboratory (T0230), Noko Analytical Services (T0512) and Bureau Veritas Inspectorate (T0313) for coal quality analyses (float sink wash tests at a range of densities); and Letaba Civil Engineering Materials Laboratory (Pty) Ltd. (T0549) for foundation indicator analyses. Samples were prepared and analysed using SABS, ASTM and ISO standard methods.

Site visits were conducted by Gerhard Mulder (Geologist) and Pauline Venter (Technical Assistant) on 4, 5 and 31 May 2016 as well as 1 June 2016; by Dan Ferreira (Surveyor and Mine Planner) on 5 and 6 May 2016; and by D.S. Coetzee (Geologist) on 15 July 2016.

From the Effective Date of this CPR until the date this CPR was issued, the CP is not aware of any material changes that have occurred in relation to the Masama Coal Project. Work undertaken prior to the inspection by the Competent Person has been validated and the information can be relied on.

As far as the CP has been able to ascertain, the information provided by the Client was complete and not incorrect, misleading or irrelevant in any material aspect. The CP has no reason to believe that any material facts have been withheld.

Coal Resource Estimates

The Coal Resource estimate was conducted in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC) Code (2016)¹, as well as considering the South African guide to the systematic evaluation of coal resources and coal reserves (SANS10320:2004)². As part of the resource estimation process all available geological and geophysical data were reviewed in detail and during classification of the resource consideration was

given to the consistency of the coal seam thicknesses and coal quality over the West Block as well as the larger Masama Coal Project Prospecting License area.

The consultants who have provided input to this CPR are listed alphabetically by name below:

Name	Professional Registration	Qualification	Professional Membership	Company	Discipline
Dan Ferreira		Mine Surveyor's Certificate of Competency	South Africa Institute of Mine Survey (SAIMS)	Dan Ferreira Technical Services cc	Mine Surveying and Mine Planning
Faan Coetzee	Pr. Sci. Nat.	BSc Geol.; BSc Hons Geol.; MSc Geology; PhD. Geology	MGSSA	GM Geotechnical Consultants	Structural & Coal Geology & Coal Resources
Gerhard Mulder		BSc Geol.	MGSSA	GM Geotechnical Consultants	Coal Geology and Geotechnical work
Pauline Venter				GM Geotechnical Consultants	CAD Operator and technical field assistant

The author and lead Competent Person responsible for this report is Prof. D.S. (Faan) Coetzee an experienced geologist and an associate of GM Geotech.

Golden Software Surfer® Version 11 and Model Maker® Version 12.02 were used for the structural, physical and quality modelling of the coal resource as well as for the mine design. Seam volumes were calculated in Surfer and utilized to calculate coal tonnages. Kriging was used to interpolate coal qualities and physical parameters.

Boundaries to the resource estimate took into account data derived from Shell Coal Botswana (Pty) Ltd.'s structural interpretation (Shell 1982)¹⁴; an interpretation of the southern faulted contact from the Botswana Government aeromagnetic data and published geological maps; the Prospecting License boundaries and recent structural as well as sub-outcrop interpretations by the author.

The seam thickness constraint applied for opencast operations of the A Seam was a minimum thickness of 0.5 m. The A Seam is foreseen to be mined by opencast methods in areas where the in situ strip ratio is less than 5:1 (cubic meters waste:tonnes coal). The remaining resource will be mined by underground methods.

The seam thickness constraint applied for underground operations of the E Seam and A Seam was a minimum thickness of 1.5 m.

The values of the critical coal quality parameters, namely calorific value, ash content, inherent moisture content and volatile matter content as reflected in the resource summary table (Table 2) implies that all the coal meets, or can be blended or beneficiated to meet the quality criteria of the specific relevant markets at acceptable yields, therefore no raw quality cut-offs are applied.

The proposed resource areas for the A Seam and the E Seam as defined in accordance with the current information are shown in Figure 3 and Figure 4 respectively.

The Masama Coal Resources were partly classified as Indicated Resources and partly as Inferred Resources in the areas as shown in Figure 3 and Figure 4. A discount of 30% was applied to the entire resource for unforeseen geological losses. This classification and the discount applied was done considering the confidence levels of drilling techniques, logging, drill sample recovery, sub-sampling techniques and sample preparation, quality of assay data, verification of sampling and assaying, location of sampling points, data density and distribution, database integrity, geological interpretation, seam deposit type, estimation and modelling techniques and consistency of physical coal parameters and coal qualities.

A summary of the Coal Resource estimate is presented in Table 2.

Technical Studies

Detailed technical studies have not yet been conducted on the Coal Resources reported in this report however some of the studies conducted as part of a Scoping Study (Coffey 2014)⁶ are relevant as they cover similar areas.

Other Relevant data and Information

The Masama Coal Project is located near to Jindal Steel and Power's 2.4 BT Mmamabula East Coal Project and also proximate to the 670 Mt Mmamabula South and Central Coal Projects (Anglo Coal Botswana). Morupule Coal Mine, Botswana's only operating coal mine is located some 200 km northeast of Masama near the town of Palapye in southeast Botswana. The Waterberg Coalfield across the border to the east of Masama in the RSA hosts several operating coal operations including the Grootegeluk Coal Mine (Exxaro) as well as other advanced projects like Eskom's Medupi and Matimba coal-fired power stations, which have a combined capacity of ~8 000 MW.

Possible material and legal/environmental risk factors identified are:

- The local influence of large- and small-scale geological structures on the coal deposit;
- Drainage line and roads passing through the potential mining area; as well as the village of Medie that falls near opencast mining areas and on top of a potential underground within the potential mining area;
- The possible influence of mining operations on groundwater occurrences;
- Acid Mine Drainage from coal discards or from carbonaceous material that is backfilled into the pit voids.
- The depth of weathering and its impact on the exact position that opencast mining can commence.
- Variation in E Seam thickness impacting on underground mining
- Not all Inferred Resource are upgraded to Indicated Resources
- Insufficient power supply;
- Distance to some potential markets.

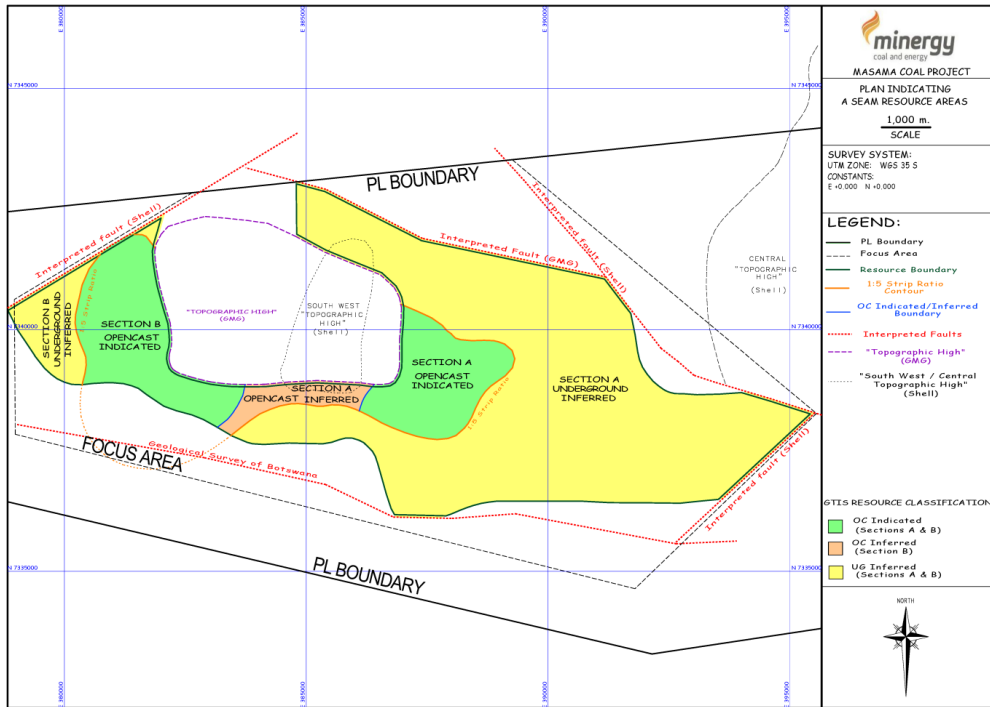


Figure 3: A Seam Resource Classification plan.

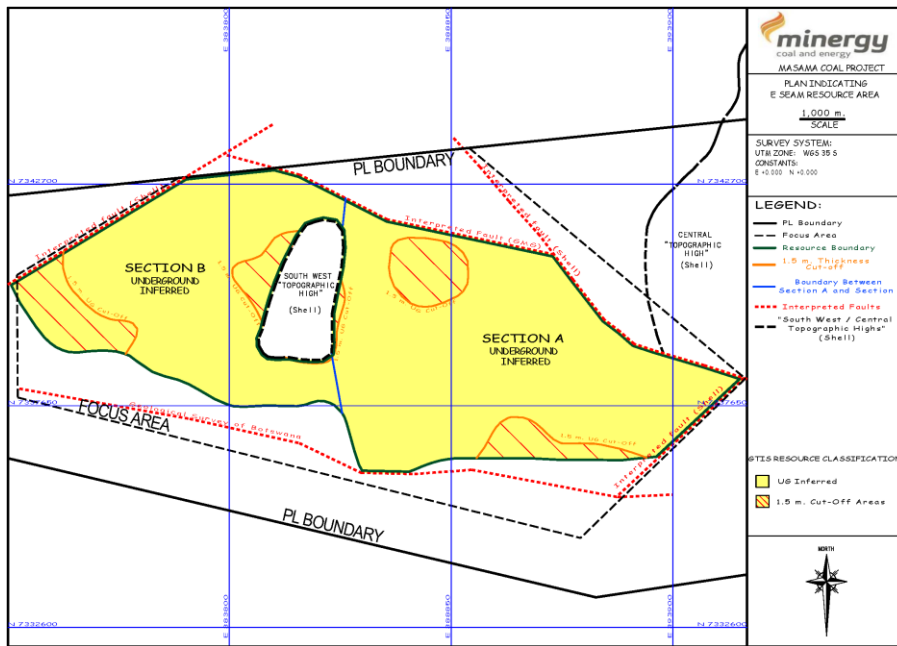


Figure 4: E Seam Resource Classification plan.

Table 2: Mineable Tonnes In Situ Coal Resource Summary – “Focus Area”.

FOCUS AREA - MASAMA COAL PROJECT: BOTSWANA										
COAL RESOURCES					Raw Coal Qualities (Air Dried)					
SEAM	AREA	CLASSIFICATION	Average Seam T (m)	MTIS Resource (Mt)	RD	C.V. (MJ/kg)	ASH (%)	IM (%)	V.M. (%)	TS (%)
A Seam	Opencast (Section A)	Indicated	4.88	25.15	1.49	22.62	18.6	6.3	25.5	1.65

A Seam	Opencast (Section B)	Indicated	5.40	36.54	1.53	21.57	19.5	6.7	24.1	1.63
TOTAL A SEAM	Opencast (Sections A & B)	Indicated	5.19	61.69	1.51	22.00	19.1	6.5	24.7	1.64
A Seam	Opencast (Section A)	Inferred	5.93	9.52	1.54	21.18	23.5	5.3	24.6	2.74
TOTAL A SEAM	Opencast (Section A)	Inferred	5.93	9.52	1.54	21.18	23.5	5.3	24.6	2.74
A Seam	Underground (Section A)	Inferred	4.68	166.62	1.51	22.34	20.6	5.3	24.6	2.11
A Seam	Underground (Section B)	Inferred	5.04	15.56	1.60	18.82	28.3	5.3	22.9	0.84
TOTAL A SEAM	Underground (Sections A & B)	Inferred	4.71	182.18	1.52	22.04	21.3	5.3	24.5	2.00
E Seam	Underground (Section A)	Inferred	1.68	52.41	1.44	24.57	16.4	5.2	27.0	1.28
E Seam	Underground (Section B)	Inferred	1.84	41.30	1.59	17.80	36.5	4.0	23.2	1.64
TOTAL E SEAM	Underground (Sections A & B)	Inferred	1.75	93.71	1.51	21.59	25.3	4.7	25.3	1.44
TOTAL A & E SEAMS	Underground (Sections A & B)	Inferred		275.89	1.51	21.89	22.62	5.09	24.75	1.81
TOTAL RESOURCE				347.10	1.51	21.89	22.02	5.35	24.73	1.81

Interpretation and Conclusions

A total Coal Resource of 347 Mt has been estimated for the E Seam and A Seam within the Focus Area of the West Block of the Masama Coal Project. This Resource can be further broken down as follows:

- 61.7 Mt Indicated Coal Resource in the A Seam within Opencast Section A and Section B;
- 9.5 Mt Inferred Coal Resource in the A Seam within Opencast Section A;
- 275.9 Mt Inferred Coal Resource in the E Seam and the A Seam within Underground parts of Section A and Section B.

Raw coal quality ranges for the E Seam and A Seam are as follows:

- E Seam Section A (U/G): CV 21.0 MJ/kg to 25.7 MJ/Kg, Ash 28.1% to 12.5%, Total Sulphur 1.2% to 2.8%
- E Seam Section B (U/G): CV 15.2 MJ/kg to 23.2 MJ/Kg, Ash 43.2% to 19.8%, Total Sulphur 0.5% to 2.7%
- A Seam Section A (O/C and U/G): CV 21.2 MJ/kg to 23.2 MJ/Kg, Ash 25.1% to 17.8%, Total Sulphur 0.8% to 2.8%
- A Seam Section B (O/C and U/G): CV 18.8 MJ/kg to 22.1 MJ/Kg, Ash 28.3% to 17.2%, Total Sulphur 0.6% to 2.6%

Wash results from borehole core for the Masama Coal Project indicate that different potential products could be produced for the E Seam and the A Seam at acceptable theoretical product yields as indicated below:

- For the E Seam (Section A, Underground), a product with an average CV of 26.8 MJ/kg (6,401 kcal/kg), with 10.4% ash and 0.52% TS could be produced at an average theoretical product yield of ~86%;
- For the E Seam (Section B, Underground), a product with an average CV of 25 MJ/kg (5,971 kcal/kg), with 14.5% ash and 0.47% TS could be produced at an average theoretical product yield of ~62%.
- For the A Seam (Section A, Opencast and Underground), a product with an average CV of 26.0 MJ/kg (6,210 kcal/kg), with 10.1% ash and 0.47% TS could be produced at an average theoretical product yield of ~63%.
- For the A Seam (Section B, Opencast and Underground), a product with an average CV of 25.0 MJ/kg (5,971 kcal/kg), with 11.5% ash and 0.26% TS could be produced at an average theoretical product yield of ~60%.

Recommendations

Only a small segment of the Masama Prospecting Licence area has been explored to date and there is potential to increase the Resource with further drilling.

Infill drilling is also recommended to upgrade the selected Indicated Resources to Measured Resources and the Inferred Resources to Indicated Resources and eventually Measured Resources.

It is highly recommended that a laser derived ground digital terrain model must be developed for the Masama Coal Project Focus Area prior to finalizing the mine planning.

The potential coal products that could be produced and their potential markets should be examined in more detail.

Low quality coal is present above the A Seam and would be extracted during opencast mining – potential uses for this coal should be investigated. This coal is not included in the Coal Resource estimate.

The Masama Coal Project represents an exciting opportunity for the development of a small to medium scale coal mine in Botswana and it is recommended that the project be advanced to a feasibility stage. In order to prepare the project for a Mining Licence application a comprehensive Environmental and Social Impact Study needs to be completed as prescribed under Botswana legislation.

Minergy has met its expenditure commitments and plans further exploration and related work for the Masama Coal Project as shown in Table 3.

Table 3: Masama Coal Project proposed work programme and budget.

Work Item	Cost ZAR	Comments
Fully cored (Diamond) Drilling 1000 m	4 500 000	Includes drilling, field costs, assays, DH geophysics, interpretation and updated resource estimates
Percussion Drilling 600 m	750 000	Includes drilling, field support, DH geophysics, and interpretation

EIA and water studies	3 415 000	Includes all aspects of the EIA studies as well as water studies
Feasibility Study	3 380 000	Includes all aspects of a Feasibility Study, Lidar Survey and geotechnical studies
Total	12 045 000	

This Executive Summary represents a true reflection of the content of the full report.

EXTRACTS OF THE CONSTITUTION IN RESPECT OF THE DIRECTORS

1. APPOINTMENT OF DIRECTORS

- 1.1. The Current Directors shall be the person whose names appear in the First Schedule on page 7 of the Prospectus
- 1.2. Subject to 1.3 below, all Directors of the Company shall subsequently be appointed by the Board either to fill any vacancy or as additional Directors and shall hold office until they or any of them are removed by the Board, or by an ordinary resolution of the Company in meeting of shareholders, or until they vacate the office. Any Director appointed by the Board either to fill any vacancy or as an addition to the Board shall be confirmed at the next annual meeting. At least two Directors must be ordinarily resident in Botswana.
- 1.3. At every Annual General Meeting at least one third of the Directors for the time being shall retire from office. The Directors so to retire in each year shall be those who have been longest in office.
- 1.4. As between persons who were last elected as Directors on the same day, those to retire, unless they otherwise agree amongst themselves, shall be determined by lot. Notwithstanding anything contained herein, if, at the date of any ordinary meeting any Director shall have held office for a period of three years since his last election or appointment, he shall retire at such meeting, either as one of the Directors to retire in pursuance of the foregoing provisions, or additionally thereto.
- 1.5. Retiring Directors shall be eligible for re-election, but no person not being a retiring Director shall be eligible for election to the office of the Director at any Annual General Meeting unless the member intending to propose him has, at least five days before the meeting, left at the registered office of the Company, or delivered to the Company, a notice in writing, duly signed signifying the intention of such members to propose the candidate and the consent of the candidate to assume the office of the Director.
- 1.6. The Company may by Ordinary Resolution in an Annual General Meeting increase or reduce the number of Directors and alter their qualifications and may also determine in what rotation such increased or reduced number is to go out of office. Whenever such increase is made the Directors at the said meeting, or failing them, the shareholders may fill up the new seats so created.
- 1.7. Notwithstanding anything to the contrary, any person who is employed under a contract with the Company, or who has any other contract with the Company, which contract has a condition that the person shall be a director of the Board, that person shall not be subject to retirement by rotation as envisaged, but the period for which that person shall be a Director and hold office as such shall be determined by the terms and conditions of his contract with the Company..
- 1.8. Directors shall be appointed on such terms and conditions including remuneration and other benefits as the Company by ordinary resolution may determine. Each Director is entitled to be paid for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Company's business. If any Director shall be required to perform extra services, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of Directors.
- 1.9. The Board may from time to time appoint one of the Directors to be the Managing Director either for a fixed term and on such other terms (including remuneration) as the Board determines. A Managing Director may be re-appointed for a further period. The Board may from time to time remove any such Managing Director as such in which event such person shall continue as director without the rights and duties of Managing Director and be subject to retirement by rotation set out in this Constitution and appoint another or others in his or her place. Any Managing Director who is removed by resolution of the Board shall have no right or claim to continue in office and his or her only remedy against the Company (if any) shall be in damages. Any Director holding the office of Managing Director at the date of adoption of this Constitution shall continue in office. A Managing Director shall, subject to the provisions of any contract between him or her and the Company, be subject to the same provisions concerning resignation, removal and disqualification as the other Directors. If a

Managing Director ceases to hold the office of Director from any cause he or she immediately ceases to be Managing Director. The power to appoint alternate Directors conferred on Directors by this Constitution does not confer on any Managing Director the power to appoint an alternate Managing Director.

- 1.10.** Each Director may from time to time appoint any person who is not already a Director and who is approved by a majority of the other Directors to be the Director's alternate director (an "Alternate Director"). No Director may appoint a deputy or agent otherwise than by way of appointment of an Alternate Director. Any appointment or removal of an Alternate Director must be by notice in writing to the Company signed by the relevant Director. An Alternate Director will cease to be an Alternate Director: if the Director who appointed the Alternate Director ceases to be a Director or revokes the appointment, on the occurrence of any event relating to the Alternate Director which, if the Alternate Director were a Director, would disqualify the Alternate Director from being a Director; or, if a majority of the other Directors resolve to revoke the Alternate Director's appointment.

2. PROCEEDINGS OF DIRECTORS

2.1. Chairperson

- i. The Directors may elect one of their number as chairperson of the Board and determine the period for which the chairperson is to hold office.
- ii. If no chairperson is elected, or if at any meeting the chairperson is not present within fifteen minutes after the time appointed for the commencement of the meeting, the Directors present may choose one of their number to be chairperson of the meeting.

2.2. Notice of meeting

- i. A Director or any other person, if requested by a Director to do so, may convene a meeting of the Board by giving notice in accordance with this paragraph.
- ii. A notice of meeting of the Board shall be sent to every Director at least 7 days before the meeting and must specify the date, time and place of the meeting and, if the meeting is to be by means of audio or audio and visual communication, the manner in which the Director will be contacted to participate at the time of the meeting.

2.3. Methods of holding meetings

A meeting of the Board may be held either:

- i. by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- ii. by means of audio, or audio and visual, communication by which all the Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

2.4. Quorum

- i. Unless otherwise determined by the Board, a quorum for a meeting of the Board is at least four Directors, provided that of such number each Executive Director is present or able to participate, and provided that at least two thirds of Non-executive Directors of which at least one third shall also be independent are present or able to participate, and provided that all Directors have received proper notice of the meeting.. The number of Directors required for a quorum may be amended by Ordinary Resolution.
- ii. No business may be transacted at a meeting of the Board unless a quorum is present.

2.5. Voting

- a) Every Director has one vote.
 - i. The chairperson shall not have a casting vote.
 - ii. A resolution of the Board is passed if it is agreed to by all Directors present without dissent or a majority of the votes cast on it are in favour of it.
- b) A Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless that Director expressly dissents or expressly abstains from voting on, or votes against, the resolution.

2.6. Resolutions in writing.

- i. A resolution in writing, signed or assented to by a majority of Directors entitled to receive notice of a meeting of the Board, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.
- ii. Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form, each signed or assented to by one or more Directors.
- iii. A copy of any such resolution must be entered in or kept with the records of Board proceedings.

2.7. Other procedures

Except as set out in this clause 2, the Board may regulate its own procedure.

3. MINUTES

- a) The Board must ensure that minutes are kept of all proceedings at meetings of the Board.
- b) The Secretary shall cause minutes to be made of all proceedings of the Board or of committee thereof, including:
 - i. all appointments of officers made by the Directors;
 - ii. all the names of the Directors present at each meeting of the Directors and of any committee of the directors.
 - iii. all resolutions and proceedings at all meetings of the Company, and of the Directors, and of committees of Directors.
- c) Such minutes shall be signed by the chairperson of that meeting or of the meeting at which they are approved. Any minutes of any meeting of the Company or of the Directors or of any committee, purporting to be signed by the chairperson of such meeting or of the meeting at which they are approved, shall be receivable in all courts, and by any person authorised to take evidence as prima facie evidence of the matters stated in such minutes.

4. BOARD MEETINGS

- a) Except as otherwise provided in this constitution, a Director interested in any transaction may attend any meeting of the Board or any committee thereof and shall declare such interest and may vote on any resolution and the vote shall be counted.
- b) Meetings of the Board of Directors shall be held, chaired and minuted in Botswana.
- c) A Director may appoint an alternate who can be another person or another Director. An alternate shall be appointed in writing under the hand of the appointer.

5. DISCLOSURE OF SHARE DEALINGS BY DIRECTORS

A Director shall where he has a Relevant Interest in shares in accordance with section 154 of the Act, disclose such interest in accordance with section 156 of the Act.

6. INDEMNITY

Subject to the provisions of the Act, and of any other statute for the time being in force,

- a) Every Director shall be indemnified by the Company for any costs referred to in section 159 of the Act [against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to, or be incurred by the Company in the execution of his office, or in relation thereto].
- b) The Board may determine the amounts and terms and conditions of such an indemnity.
- c) The Board may effect an insurance cover for a Director and other officers as it may deem fit.

SHARE APPLICATION FORM

APPLICATION FORM FOR COMPANIES



Minergy Limited

Incorporated in accordance with the laws of Botswana on 1
September 2016 with Company Number 2016/18528
(*"the Company"*)

Application form and Terms and Conditions (the **"Form"** or the **"Application"**) for allotment of part of 50 000 000 Ordinary Shares offered by the Sponsoring Brokers on behalf of the Company, as set out in the Prospectus issued by the Company and registered in terms of the Companies Act [Cap 42:01] on 2 March 2017

Please complete this form in BLOCK CAPITALS and in ink.

Full name of entity: _____

Nature of entity (association/society/company/
pension fund / other legal entity): _____

Registered Office: _____

Principal Place of business: _____

Association/society/company/pension fund/other
legal entity registration number: _____

Country of incorporation/registration: _____

Postal address (PO Box/Private Bag): _____

Telephone number (in case of query): _____

E-mail address: _____

Applications must be for a minimum of 100 (one hundred) Ordinary Shares and thereafter must be in multiples of 100 (one hundred) Ordinary Shares. Applications must reach the Company by not later than 12 noon on 17 March 2017. The Directors of the Company (**"the Directors"**) reserve the right to reject an application if the conditions contained in the Prospectus and instructions on this Form are not complied with. Multiple applications in the same name will be rejected.

We irrevocably apply to subscribe for purchase (the **"Application Shares"**): (Number of Ordinary Shares in figures)

(_____) (Number of Ordinary Shares in words)

In the capital of the Company, at a price of P1 per Ordinary Share on the terms and conditions set out in the Prospectus.

We acknowledge that we will be advised by the Company of the number of shares allotted to us on or before 20 March 2017.

We irrevocably undertake to pay to the Company, an amount (the **"Payment"**) equal to the number of shares allotted to us (the **"Purchased Shares"**), multiplied by BWP 1 (the **"Price"**) on or before 12 noon on 3 April 2017 (the **"Settlement Date"**) provided that the Botswana Stock Exchange (**"BSE"**) shall have granted to the Company permission to list all the issued Shares of the Company on the Main Board of the BSE on a date within 2 Business Days of the Settlement Date (the **"Issue Date"**).

We acknowledge that the Shares allotted to us shall be registered in our name, within the book entry system of the Central Securities Depository of Botswana, following payment on the Settlement Date, on the Issue Date.

All shares issued will be in a dematerialised form only. We acknowledge that if we do not have a securities account with the Central Securities Depository Botswana (**"CSDB"**), we shall be required to open such an account with the

CSDB, and provide the Company with details of such account with the CSDB.

Broker name/Custodian name:

CSDB A/C number:

STATUS: LC/LI/FC/FI/FR/JR/FJ:

Bank account details for refunds, if applicable, and payment of any future dividends:

Name:

Account name:

Branch code:

Branch name:

Account number:

TERMS AND CONDITIONS

1. We acknowledge that:-
 - 1.1. this application constitutes an offer by us to be allotted and subscribe for the shares the subject hereof;
 - 1.2. (on our own behalf and, if applicable, on behalf of each person on whose behalf we are contracting) that this offer is subject to rejection, acceptance or allotment by the Company in whole or in part.
 - 1.3. (on our own behalf and, if applicable, on behalf of each person on whose behalf we are contracting) that the Shares applied to subscribed for by us hereunder form part of a larger issuance and sale by the Company of up to 50 000 000 Shares at a subscription price of BWP 1 per Share (the “Offering” or the “Offered Shares”) in terms of a Placing as defined in the Prospectus to which this Application is attached, but that completion of the Placing of the Offered Shares is subject to the Company obtaining approval from the BSE Committee to list on the Main Board of the BSE.
2. We (on our own behalf and, if applicable, on behalf of each person on whose behalf we are contracting) acknowledge that the Offering consists of a limited number of shares available in terms of the Placing, being 50 000 000 Shares, available at a subscription price of BWP1 per Share, and that the Company may allot such Shares to applicants who applied for such shares before us, or in accordance with this Form to any other applicant other than us.
3. We (on our own behalf and, if applicable, on behalf of each person on whose behalf we are contracting) represent, warrant and covenant to the Company (and acknowledges that the Company and its counsel, are relying thereon) that both at the date hereof and at the Settlement Date: we have been independently advised as to restrictions with respect to the Placing and trading in the Offered Shares or any Purchased Shares in terms thereof, imposed by applicable laws, that no representation (written or oral) has been made to us by or on behalf of the Company with respect thereto, that we are aware of the characteristics of the Offered Shares applied for by us in terms of the Placing, the risks relating to an investment therein and of the fact that we may not be able to resell any Purchased Shares as may be allocated to us from the Offered Shares in terms of the Placing, except in compliance with requirements of applicable laws and we further acknowledge that we have been advised to consult our own advisor for full particulars of any resale restrictions applicable to us; and that we understand that the and any Purchased Shares allocated to me in terms of the Placing out of the Offered Shares, will be purchased by me on a “private placement” basis only, and on the basis of terms set out in the Prospectus issued on 2 March 2017.
4. We (on our own behalf and, if applicable, on behalf of each person on whose behalf we are contracting) acknowledge that:-
 - 4.1. neither the Companies and Intellectual Property Authority nor the Botswana Stock Exchange Committee or similar regulatory authority has reviewed or passed on the merits of the Offered Shares; and
 - 4.2. there is no government or other insurance covering the Offered Shares; and
 - 4.3. there are risks associated with the purchase of the Offered Shares; and
 - 4.4. there may be restrictions on our ability to resell the Offered Shares and it is our responsibility to find out what those restrictions are and to comply with them before selling the Offered Shares; and
 - 4.5. as a Company, partnership, trust, unincorporated association or other entity, we have the legal capacity to make, enter into and be bound by this Application and further certifies that all necessary approvals of Directors, trustees, fiduciaries, shareholders, partners, stakeholders, holders of voting Shares or otherwise have been given and obtained; and
 - 4.6. the entering into of this Application and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to us (or any person on whose behalf we are contracting), or if we (or any person on whose behalf we are contracting) is not a natural person, any of such person’s contracting documents, or any agreement to which such person is a party or by which it is bound; and

- 4.7. this Application has been duly and validly authorised, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of us; and
- 4.8. in the case of our acting as agent for a principal, we are duly authorized to execute and deliver this Application and all other necessary documentation in connection with such Application on behalf of such principal and this Application has been duly authorised, executed and delivered by or on behalf of, and constitutes a legal, valid and binding agreement of, such principal; and
- 4.9. We have such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Offered Shares and, are able to and agree to bear the economic risk of loss of its investment or, where we are not purchasing as principal, each beneficial purchaser is able to and agree to bear the economic risk of loss of its investment; and
- 4.10. We have relied solely upon publicly available information set forth in the Prospectus and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Company.
5. We acknowledge that the Company's advisors are acting as advisors to the Company and not as advisors to us (or any person on whose behalf we are contracting).
6. We undertake that if we or the Company are required by applicable legislation, regulations, rules, policies or orders or by any stock exchange or other regulatory authority, we will execute, deliver, file and otherwise assist the Company in filing, such reports, undertakings and other documents with respect to the issue of the Purchased Shares comprising a portion of the Offered Shares including, without limitation this Application;
7. We declare that:-
 - 7.1. the acquisition of the Purchased Shares hereunder by us (and each person on whose behalf we are contracting) will not result in us (or any such person) becoming a "control person" in respect of the Company, as defined under applicable laws; and
 - 7.2. no person has made to us (or any person on whose behalf we are contracting) any written or oral representations
 - (i) that any person will resell or repurchase the Purchased Shares (except in accordance with the Constitution of the Company), or
 - (ii) that any person will refund the purchase price of the Purchase Shares, or
 - (iii) as to the future price or value of the Purchased Shares; and
 - 7.3. the Payment which will be advanced by us to the Company hereunder will not represent proceeds of crime for the purposes of the Proceeds of Serious Crime Act Cap 08:03 (Botswana) (the "PSCA") and we acknowledge that the Company may in the future be required by law to disclose our name and other information relating to this Application and our subscription hereunder, on a confidential basis, pursuant to the PSCA; and to the best of our knowledge
 - (i) none of the subscription funds to be provided by us (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Botswana, or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to us, and
 - (ii) we shall promptly notify the Company if we discover that any of such representations ceases to be true, and to provide the Company with appropriate information in connection therewith; and
 - 7.4. we (including any person on whose behalf we are contracting) have been encouraged to obtain independent legal, income tax and investment advice with respect to the Placing and the Offered Shares available to be applied for in terms thereof, and this Application and the subscription for Purchased Shares hereunder, and accordingly, have had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to us (and each person on whose behalf we are contracting) for purposes of giving representations, warranties and covenants under this Application; and
 - 7.5. we are duly authorised to enter into this Application.
8. We acknowledge that our Application and our offer to purchase any Purchased shares as may be allocated to us is irrevocable and may not be withdrawn.
9. We acknowledge that the Directors may accept or reject the whole or any part of our Application, for whatever reason, in their absolute discretion.
10. We agree to accept and purchase the same or smaller number of Ordinary Shares in respect of which this Application is made, as may be allotted to us by the Company, being the Purchased Shares in accordance with

this Subscription and the terms of and subject to the Prospectus and the Constitution of the Company;

11. We declare that if we make the Payment due by cheque that the cheque will be honoured on first presentation;
12. We confirm that we have read and understood all the conditions of the Placement as set out in the Prospectus, upon which our Application and offer is based and that all the information supplied by us is true and correct.
13. The Company will, after receiving the Payment for the Purchased Shares upon the successful listing of the Company, cause our ownership of such shares to be credited in our CSDB accounts.
14. In the event that the Company does not list on the BSE within six months of obtaining approval or such later date as we and the Company may agree, then this Application will be deemed terminated by mutual consent.
15. The Company shall be entitled to rely on an executed copy of this Application delivered via facsimile or electronically (including email), and acceptance by the Company of such executed copy of this Application shall be legally effective to create a valid and binding agreement between us and the Company in accordance with the terms hereof.
16. This Application may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. If less than a complete copy of this Application is delivered to the Company, it will be deemed that we accept and agree with all of the terms and conditions of this Application on the pages not delivered, and the Company shall accordingly be entitled to assume the same.
17. We, on our own behalf and (if applicable) on behalf of others for whom we are contracting hereunder, agree and covenant that the representations, warranties and covenants we make in terms of this Application are true and correct both as of our execution of this Application and as of the Settlement Date and will survive the completion of the issuance of the Purchased Shares. The representations, warranties and covenants herein are made with the intent that they be relied upon by the Company and its counsel in determining the eligibility of a purchaser of the Purchased Shares and we (on its own behalf and, if applicable, on behalf of each person on whose behalf we are contracting) agree to indemnify and save harmless the Company and its affiliates, shareholders, Directors, officers, employees, counsel and agents against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur which are caused or arise from a breach thereof.
18. We undertake to immediately notify the Company at, Attention: Gregory Matsake, Telephone: +267 318 8886, Email: Gregory.Matsake@imara.com, of any change in any statement or other information relating to us set forth herein which takes place prior to the Settlement Date.
19. We acknowledge that this Application requires us to provide certain personal information to the Company. Such information is being collected by the Company for the purposes of completing the Placing, which includes, without limitation, determining our eligibility (or that of any person on whose behalf we are contracting) to purchase the Purchased Shares under applicable laws, and causing the Purchased Shares to be issued to us and completing filings required by any stock exchange or regulatory authority. We agree that our personal information (and that of any person on whose behalf we are contracting) may be disclosed by the Company to: (a) stock exchanges or regulatory authorities (including the BSE as defined below), (b) the Company's registrar and transfer agent, (c) Botswana tax authorities, and (d) any of the other parties involved in the Offering, including legal counsel, and may be included in closing books in connection with the Offering. By executing this Application, we (on its own behalf and on behalf of any person for whom we are contracting hereunder) consent to the foregoing collection, use and disclosure by the Company of such personal information. We (on our own behalf and on behalf of any Disclosed Beneficial Purchaser for whom we are contracting hereunder) also consent to the filing of copies or originals of any of our documents delivered in connection with this Application as may be required to be filed with any stock exchange or regulatory authority in connection with the transactions contemplated hereby and expressly consents to the collection, use and disclosure of the personal information by the Botswana Stock Exchange for the purposes identified by such exchange, from time to time.
20. We acknowledge that we have consented to and requested that all documents evidencing or relating in any way to the sale of the Purchased Shares, constituting a portion of the Offered Shares be drawn up in the English language only.
21. The contract arising out of acceptance of this Application and all documents relating thereto is governed by and construed in accordance with the applicable laws of Botswana. We irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Botswana.
22. This Application and its acceptance represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.
23. The terms and provisions of this Application and its acceptance are binding upon and inure to our benefit and the

Company and our/its respective heirs, executors, administrators, successors and assigns; provided that, except for as otherwise herein provided, this Application is not assignable by us without prior written consent of the Company.

24. We, on our own behalf and, if applicable, on behalf of others for whom we are contracting hereunder, agree that this Application is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by us, on our own behalf and, if applicable, on behalf of others for whom we are contracting hereunder.
25. Neither this Application nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.
26. The invalidity, illegality or unenforceability of any provision of this Application does not affect the validity, legality or enforceability of any other provision hereof.
27. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.
28. In this Application, references to "BWP" are to Botswana Pula.

Signature:

Date:

Full name:

Capacity:

Brokers/Bank stamp (if applicable)

APPLICATION FORM FOR INDIVIDUALS



Minergy Limited

Incorporated in accordance with the laws of Botswana on 1
September 2016 with Company Number 2016/18528
(*"the Company"*)

Application form and Terms and Conditions (the **"Form"** or the **"Application"**) for allotment of part of 50 000 000 Ordinary Shares offered by the Sponsoring Brokers on behalf of the Company, as set out in the Prospectus issued by the Company and registered in terms of the Companies Act [Cap 42:01] on 2 March 2017

Please complete this form in BLOCK CAPITALS and in ink.

Full names:

Residential Address:

Postal Address:

Nationality:

Identity / Omang No:

Passport No:

Telephone No:

Cellphone No:

E-mail address:

Full names:

Applications must be for a minimum of 100 (one hundred) Ordinary Shares and thereafter must be in multiples of 100 (one hundred) Ordinary Shares. Applications must reach the Company by not later than 12 noon on 17 March 2017. The Directors of the Company (**"the Directors"**) reserve the right to reject an application if the conditions contained in the Prospectus and instructions on this Form are not complied with. Multiple applications in the same name will be rejected.

I irrevocably apply to subscribe for purchase (the **"Application Shares"**): (Number of Ordinary Shares in figures)

() (Number of Ordinary Shares in words)

In the capital of the Company, at a price of P1.00 per Ordinary Share on the terms and conditions set out in the Prospectus.

I acknowledge that I will be advised by the Company of the number of shares allotted to me on or before 20 March 2017.

I irrevocably undertake to pay to the Company, an amount (the **"Payment"**) equal to the number of shares allotted to me (the **"Purchased Shares"**), multiplied by BWP 1 (the **"Price"**) on or before 12 noon on 3 April 2017 (the **"Settlement Date"**) provided that the Botswana Stock Exchange (**"BSE"**) shall have granted to the Company permission to list all the issued Shares of the Company on the Main Board of the BSE on a date within 2 Business Days of the Settlement Date (the **"Issue Date"**).

I acknowledge that the Shares allotted to me shall be registered in our name, within the book entry system of the Central Securities Depository of Botswana, following payment on the Settlement Date, on the Issue Date.

All shares issued will be in a dematerialised form only. I acknowledge that if I do not have a securities account with the Central Securities Depository Botswana (**"CSDB"**), I shall be required to open such an account with the CSDB, and provide the Company with details of such account with the CSDB.

Broker name/Custodian name:

CSDB A/C number:

STATUS: LC/LI/FC/FI/FR/JR/FJ:

Bank account details for refunds, if applicable, and payment of any future dividends:

Name:

Account name:

Branch code:

Branch name:

Account number:

TERMS AND CONDITIONS

1. I acknowledge that:-
 - 1.4. this application constitutes an offer by me to be allotted and subscribe for the shares the subject hereof;
 - 1.5. (and, if applicable, on behalf of each person on whose behalf I am contracting) that this offer is subject to rejection, acceptance or allotment by the Company in whole or in part.
 - 1.6. that the Shares applied to subscribed for by me (or if applicable, on behalf of each person on whose behalf I am contracting) hereunder form part of a larger issuance and sale by the Company of up to 50 000 000 Shares at a subscription price of BWP 1 per Share (the “Offering” or the “Offered Shares”) in terms of a Placing as defined in the Prospectus to which this Application is attached, but that completion of the Placing of the Offered Shares is subject to the Company obtaining approval from the BSE Committee to list on the Main Board of the BSE.
2. I (and if applicable, on behalf of each person on whose behalf I am contracting) acknowledge that the Offering consists of a limited number of shares available in terms of the Placing, being 50 000 000 Shares, available at a subscription price of BWP1 per Share, and that the Company may allot such Shares to applicants who applied for such shares before me, or in accordance with this Form to any other applicant other than me.
3. I (and if applicable, I on behalf of each person on whose behalf I am contracting) represent, warrant and covenant to the Company (and acknowledges that the Company and its counsel, are relying thereon) that both at the date hereof and at the Settlement Date: I have been independently advised as to restrictions with respect to the Placing and trading in the Offered Shares or any Purchased Shares in terms thereof, imposed by applicable laws, that no representation (written or oral) has been made to me by or on behalf of the Company with respect thereto, that I am aware of the characteristics of the Offered Shares applied for by me in terms of the Placing, the risks relating to an investment therein and of the fact that I may not be able to resell any Purchased Shares as may be allocated to me from the Offered Shares in terms of the Placing, except in compliance with requirements of applicable laws and I further acknowledge that I have been advised to consult our own advisor for full particulars of any resale restrictions applicable to me; and that I understand that the and any Purchased Shares allocated to me in terms of the Placing out of the Offered Shares, will be purchased by me on a “private placement” basis only, and on the basis of terms set out in the Prospectus issued on 2 March 2017.
4. I (and if applicable, on I behalf of each person on whose behalf I am contracting) acknowledge that:-
 - 4.1. neither the Companies and Intellectual Property Authority nor the Botswana Stock Exchange Committee or similar regulatory authority has reviewed or passed on the merits of the Offered Shares; and
 - 4.2. there is no government or other insurance covering the Offered Shares; and
 - 4.3. there are risks associated with the purchase of the Offered Shares; and
 - 4.4. there may be restrictions on our ability to resell the Offered Shares and it is our responsibility to find out what those restrictions are and to comply with them before selling the Offered Shares; and
 - 4.5. as a Company, partnership, trust, unincorporated association or other entity, I have the legal capacity to make, enter into and be bound by this Application and further certifies that all necessary approvals of Directors, trustees, fiduciaries, shareholders, partners, stakeholders, holders of voting Shares or otherwise have been given and obtained; and
 - 4.6. the entering into of this Application and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to me (or any person on whose behalf I am contracting), or if I (or any person on whose behalf I am contracting) is not a natural person, any of such person’s contracting documents, or any agreement to which such person is a party or by which it is bound; and
 - 4.7. this Application has been duly and validly authorised, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of me; and
 - 4.8. in the case of our acting as agent for a principal, I am duly authorized to execute and deliver this Application and all other necessary documentation in connection with such Application on behalf of such principal and this Application has been duly authorised, executed and delivered by or on behalf of, and constitutes a legal, valid and binding agreement of, such principal; and
 - 4.9. I have such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Offered Shares and, are able to and agree to bear the economic risk of loss of its investment or, where I am not purchasing as principal, each beneficial purchaser is able to and agree to bear the economic risk of loss of its investment; and

- 4.10. I have relied solely upon publicly available information set forth in the Prospectus and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Company.
5. I acknowledge that the Company's advisors are acting as advisors to the Company and not as advisors to me (or any person on whose behalf I am contracting).
6. I undertake that if I am required by applicable legislation, regulations, rules, policies or orders or by any stock exchange or other regulatory authority, I will execute, deliver, file and otherwise assist the Company in filing, such reports, undertakings and other documents with respect to the issue of the Purchased Shares comprising a portion of the Offered Shares including, without limitation this Application;
7. I declare that:-
- 7.1. the acquisition of the Purchased Shares hereunder by me (and each person on whose behalf I am contracting) will not result in me (or any such person) becoming a "control person" in respect of the Company, as defined under applicable laws; and
- 7.2. no person has made to me (or any person on whose behalf I am contracting) any written or oral representations
- (iv) that any person will resell or repurchase the Purchased Shares (except in accordance with the Constitution of the Company), or
- (v) that any person will refund the purchase price of the Purchase Shares, or
- (vi) as to the future price or value of the Purchased Shares; and
- 7.3. the Payment which will be advanced by me to the Company hereunder will not represent proceeds of crime for the purposes of the Proceeds of Serious Crime Act Cap 08:03 (Botswana) (the "PSCA") and I acknowledge that the Company may in the future be required by law to disclose our name and other information relating to this Application and our subscription hereunder, on a confidential basis, pursuant to the PSCA; and to the best of our knowledge
- (iii) none of the subscription funds to be provided by me (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Botswana, or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to me, and
- (iv) I shall promptly notify the Company if I discover that any of such representations ceases to be true, and to provide the Company with appropriate information in connection therewith; and
- 7.4. I (including any person on whose behalf I am contracting) have been encouraged to obtain independent legal, income tax and investment advice with respect to the Placing and the Offered Shares available to be applied for in terms thereof, and this Application and the subscription for Purchased Shares hereunder, and accordingly, have had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to me (and each person on whose behalf I am contracting) for purposes of giving representations, warranties and covenants under this Application; and
- 7.5. I am duly authorised to enter into this Application.
8. I acknowledge that our Application and our offer to purchase any Purchased shares as may be allocated to me is irrevocable and may not be withdrawn.
9. I acknowledge that the Directors may accept or reject the whole or any part of our Application, for whatever reason, in their absolute discretion.
10. I agree to accept and purchase the same or smaller number of Ordinary Shares in respect of which this Application is made, as may be allotted to me by the Company, being the Purchased Shares in accordance with this Subscription and the terms of and subject to the Prospectus and the Constitution of the Company;
11. I declare that if I ,make the Payment due by cheque that the cheque will be honoured on first presentation;
12. I confirm that I have read and understood all the conditions of the Placement as set out in the Prospectus, upon which our Application and offer is based and that all the information supplied by me is true and correct.
13. The Company will, after receiving the Payment for the Purchased Shares upon the successful listing of the Company, cause our ownership of such shares to be credited in our CSDB accounts.
14. In the event that the Company does not list on the BSE within six months of obtaining approval or such later date as I and the Company may agree, then this Application will be deemed terminated by mutual consent.
15. The Company shall be entitled to rely on an executed copy of this Application delivered via facsimile or

electronically (including email), and acceptance by the Company of such executed copy of this Application shall be legally effective to create a valid and binding agreement between me and the Company in accordance with the terms hereof.

16. This Application may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. If less than a complete copy of this Application is delivered to the Company, it will be deemed that I accept and agree with all of the terms and conditions of this Application on the pages not delivered, and the Company shall accordingly be entitled to assume the same.
17. I, and (if applicable) I on behalf of others for whom I am contracting hereunder, agree and covenant that the representations, warranties and covenants I make in terms of this Application are true and correct both as of our execution of this Application and as of the Settlement Date and will survive the completion of the issuance of the Purchased Shares. The representations, warranties and covenants herein are made with the intent that they be relied upon by the Company and its counsel in determining the eligibility of a purchaser of the Purchased Shares and I (and if applicable, on I behalf of each person on whose behalf I am contracting) agree to indemnify and save harmless the Company and its affiliates, shareholders, Directors, officers, employees, counsel and agents against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur which are caused or arise from a breach thereof.
18. I undertake to immediately notify the Company at, Attention: Gregory Matsake, Telephone: +267 318 8886, Email: Gregory.Matsake@imara.com, of any change in any statement or other information relating to me set forth herein which takes place prior to the Settlement Date.
19. I acknowledge that this Application requires me to provide certain personal information to the Company. Such information is being collected by the Company for the purposes of completing the Placing, which includes, without limitation, determining our eligibility (or that of any person on whose behalf I am contracting) to purchase the Purchased Shares under applicable laws, and causing the Purchased Shares to be issued to me and completing filings required by any stock exchange or regulatory authority. I agree that our personal information (and that of any person on whose behalf I am contracting) may be disclosed by the Company to: (a) stock exchanges or regulatory authorities (including the BSE as defined below), (b) the Company's registrar and transfer agent, (c) Botswana tax authorities, and (d) any of the other parties involved in the Offering, including legal counsel, and may be included in closing books in connection with the Offering. By executing this Application, I (and I on behalf of any person for whom I am contracting hereunder) consent to the foregoing collection, use and disclosure by the Company of such personal information. I (and I on behalf of any Disclosed Beneficial Purchaser for whom I am contracting hereunder) also consent to the filing of copies or originals of any of our documents delivered in connection with this Application as may be required to be filed with any stock exchange or regulatory authority in connection with the transactions contemplated hereby and expressly consents to the collection, use and disclosure of the personal information by the Botswana Stock Exchange for the purposes identified by such exchange, from time to time.
20. I acknowledge that I have consented to and requested that all documents evidencing or relating in any way to the sale of the Purchased Shares, constitution a portion of the Offered Shares be drawn up in the English language only.
21. The contract arising out of acceptance of this Application and all documents relating thereto is governed by and construed in accordance with the applicable laws of Botswana. I irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Botswana.
22. This Application and its acceptance represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.
23. The terms and provisions of this Application and its acceptance are binding upon and inure to our benefit and the Company and our/its respective heirs, executors, administrators, successors and assigns; provided that, except for as otherwise herein provided, this Application is not assignable by me without prior written consent of the Company.
24. I, and, if applicable, on I behalf of others for whom I am contracting hereunder, agree that this Application is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by me, and, if applicable, anyone on whose behalf I am contracting hereunder.
25. Neither this Application nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.
26. The invalidity, illegality or unenforceability of any provision of this Application does not affect the validity, legality or enforceability of any other provision hereof.

27. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

28. In this Application, references to "BWP" are to Botswana Pula.

Signature:

Date:

Full name:

Capacity:

Brokers/Bank stamp (if applicable).

