

PRESS RELEASE

Statement and Clarification on Minerals Development Company Botswana (Proprietary) Limited's ("MDCB") Relationship with Minergy Coal (Proprietary) Limited ("Minergy")

1. MDCB has, of late, become aware of conveyed misunderstandings from some members of the public regarding its relationship with Minergy. This communique seeks to provide clarity regarding the same.
2. A crucial aspect of MDCB's mandate is to grow the mining sector through strategic investments and to facilitate the development of Botswana's mining and minerals sector, among others. It was in the execution of this mandate that MDCB engaged with Minergy and provided certain convertible and non-convertible facilities. This followed extensive due diligence exercises to assess the viability of the business case presented by Minergy in each instance.
3. Over time, MDCB (as "Lender") and Minergy (as "Borrower") entered into various convertible and non-convertible facilities in terms of which MDCB provided loan facilities totalling approximately BWP 997 476 423 (inclusive of principal, capitalised fees, and accrued interest as of 30 June 2025). These loan facilities were secured by diverse collateral instruments, including a mortgage bond over Minergy's Masama Coal Mine ("Masama"), prescribed rights to the in situ unmined coal, deeds of hypothecation over all movable assets, as well as guarantees.
4. At present, MDCB is not a shareholder of Minergy. The cited loan facility agreements do not reflect a legal or contractual undertaking on MDCB to advance any fiduciary, legal, strategic, technical, advisory, and/or governance support to Minergy. However, given that Minergy is a meaningful investment in the Botswana coal eco-system, MDCB has, and continues to support Minergy beyond the remit of its aforementioned contractual role. This stems from MDCB's optimism of Minergy's medium to long-term recovery due to, among others, the following key considerations:
 - 4.1. The growing electricity consumption in Botswana and the Southern Africa region underscores the urgent need for reliable, cost-effective energy sources in the market.
 - 4.2. The quality of the coal mined at Masama is high-grade and suitable for various beneficiation projects, thermal power plants, and the growing export market.
 - 4.3. Masama has an abundance of coal resources with an estimated life of mine of over 100 years.
5. MDCB acknowledges the logistical, coal price volatility, and other market constraints faced by Minergy. It is, however, MDCB's considered view that with the right support, Minergy can turn the tide, generate positive returns, and contribute significantly to Botswana's economic trajectory.
6. MDCB assures the public that it is closely monitoring the challenges at Minergy (including those sustained by its employees and key contractors). To this end, the appropriate engagements with the relevant stakeholders will continue to be pursued, where feasible, to aid in the resolution of the same. By way of example and with due consideration of the applicable legal and contractual disclosure limitations, MDCB continues to render Minergy with the following assistance:
 - 6.1. MDCB is coordinating with Minergy and other stakeholders to facilitate the entity's turnaround through offering high-level support (where appropriate) in the context of engagements with external financiers. The capital procurement efforts are in pursuit of raising sufficient capital to settle the entity's cited outstanding obligations, to finance the entity's turnaround efforts, including the execution of key strategic projects required for its long-term sustainability, as well as to fund the entity's long-term beneficiation goals. Progress has been made in this regard.
 - 6.2. Furthermore, the Government has approved for MDCB to convert its debt into equity in Minergy to deleverage Minergy's balance sheet to expedite the capital raising plans, and the process is ongoing.

-End-

For any further details, please contact:

Esther Norris
Chief Corporate Affairs Officer

Landline: +267 3810326
Cellphone: +267 71526383
Email: Norrise@mdcb.co.bw

About Minerals Development Company Botswana

Minerals Development Company Botswana (Pty) Ltd is an investment holding company wholly owned and established by the Government of Botswana to grow, optimise and diversify the Government's mining and mineral investment portfolio with a view to generating attractive financial returns and contribute to Botswana's financial security. MDCB also provides advisory services (commercial and technical) to the Government and facilitates the development of the Botswana's mining and minerals sector. As part of its mandate the company also houses the Government Diamond Valuation (GDV) function responsible for negotiating best prices for the country's diamonds and deriving optimum value thereof, for the benefit of Botswana.

