Morupule Coal Mine

Seam to Value





2024 Annual Report

Nurturing a **Zero-harm** Operating Environment



CONTENTS PAGE

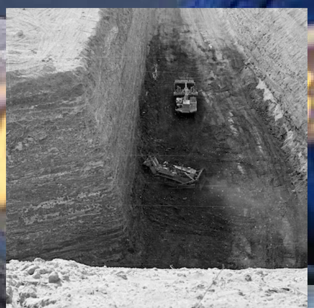


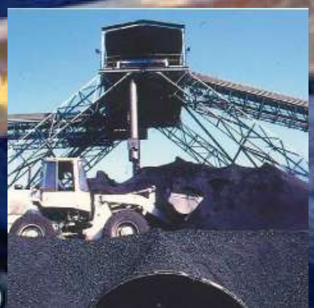



For more information and acess of the report, please go to
https://mcm.co.bw/publications

INTRODUCTION

01





Nurturing a **Zero-harm**
Operating Environment

2024 **Morupule Coal Mine** Annual Report

COMPANY HISTORY

Morupule Coal Mine (MCM) is located on the outskirts of Palapye, Botswana, along the Serowe-Palapye road. MCM started production in 1973 as an Anglo American Corporation subsidiary with the main objective of supplying coal to the then Bamangwato Concessions Limited Mine (now BCL) and BPC power plant situated in Selebi Phikwe.

MCM ownership was transferred to Debswana Diamond Company in 2000 when Anglo disinvested its operations in Botswana. In 2016, the De Beers interest in MCM (held under Debswana) was acquired by the Mineral Development Company of Botswana (MDCB).

The history of coal discovery in Botswana dates back to the early 1930's when a major coal seam was discovered through sinking of boreholes. In the course of digging boreholes, coal seams were found in the common coal bearing rocks in Africa through the Ecca series of the Karoo system.

The Morupule area is underlain by Karoo sedimentary rocks which form the Eastern margin of the major Karoo basin developed to the West of Morupule.

These sedimentary rocks consist of shales, coals, and sandstones of the middle and lower Ecca. The Anglo American Corporation (AAC) was given a mining lease in 1966, and developed a colliery at the Morupule coalfield, which opened in 1973.

The main customers then were Botswana Power Corporation and Bamangwato Concession Limited (BCL). BCL smelter consumed 42% of the coal and the Botswana power corporation (BPC) 55%. The consumption by BPC was divided between the Selibe Phikwe and Gaborone Power Stations, as 35% and 20% respectively.

The Gaborone Power Station was the biggest in the country. Between 1970 and 1972 the Gaborone Power Station used coal to fire its generators, and Gaborone's growth made BPC an important MCM consumer. Beginning in 1972 BPC met increased demand for electricity by extending its diesel usage and heavy furnace fuel.

The trend towards burning oil products was caused by the relatively cheaper cost of oil than coal, given the quantity of energy produced and the readily available oil-fired stations equipment's.

As of 1973, less than half of the electricity produced by the Gaborone Power Station (which also supplied to Lobatse), came from coal-fired boilers. However, as a consequence of the fuel crisis in 1973, the Government instructed the BPC to consider switching to coal. Earlier plans of installing diesel generating sets, scheduled for 1977 and 1979 to meet an expected increase demand, were abandoned.

The Colliery production steadily increased and finally picked up in 1982 when a new Morupule power station was opened next to the Mine.

Nurturing a **Zero-harm** Operating Environment

2024 **Morupule Coal Mine** Annual Report

OUR JOURNEY

1970
INCORPORATED AS ANGLO SUBSIDIARY
The history of coal discovery in Botswana dates back to the early 1930's when a major coal seam was discovered through sinking of boreholes

1973
1st PRODUCTION OF ROM COAL
Started production to supply coal to then Anglo's CU NI and BPC's 80MW power plan both in Selebi Phikwe, some 200km away from the mine

1982
132MW MORUPULE A POWER STATION COMMISSIONED
4x PF boiler – turbine units, mine mouth supplied

1992
BOTASH COMMISSIONED
Botswana Ash commenced coal off take after commissioning the salt and soda ash plant in the Sua Pan

2000
DEBSWANA TAKEOVER
100% Takeover by Debswana from Anglo

2004
1st CONTINOUS MINER REPLACES CONVENTIONAL MINING
1 million tons per annum capacity

2008
COAL WASHING FACILITY COMMISSIONED
Low phosphorous reductant substitute in a ferrochrome smelter in Zimbabwe

2011
MCM1 EXPANSION TO 20.8 MTPA TO SUPPLY MOR B PLANT

2012
600MW MORUPULE B POWER STATION COMMISSIONED
Coupled with 1st washed coal exports to Namibia

2016
MDCB TAKEOVER
100% takeover by GRB via minerals investment company MDCB

2021
MOTHEO PROJECT GROUNDBREAKING
Extraction of two seams and to boost regional washed coal exports to 1 mtpa. Scalable to enable seaborne exports

MORUPULE COAL MINE CURRENT CORPORATE STRUCTURE

GOVERNMENT OF BOTSWANA

100%

MINERALS DEVELOPMENT COMPANY BOTSWANA

100%

Morupule Coal Mine (Seam to Energy) | **OTHER ASSOCIATES, SUBSIDIARIES, JVs**

Nurturing a **Zero-harm**
Operating Environment

2024 **Morupule Coal Mine** Annual Report

MCM BRAND








Our Corporate brand is one that is synonymous with national development and the ethos of our heritage as Batswana. This Brand Standards Manual details who we are as Morupule Coal Mine, how we want to be seen and our aspirations as a historic support to the economy of our country.

MCM of yesterday endeavoured on being a leader in the energy business. Our ambition now is to be a partner of choice in the global coal transition, for the purpose of creating value out of our coal resources.

Seam to Value

The MCM Brand promise; **"Seam to Value"**, further captures the essence of mining resources efficiently and sustainably for the prosperity of our nation and all our key stakeholders. Our Values: Safety and Health, Together, Value Creation, Integrity, Stakeholder Focus and Sustainability demonstrate our unambiguous spirit to be a responsible Corporate Citizen and a globally competitive and recognisable business with contemporary practices in our ways of work.

With coal production contributing significantly to the economy and social sustainability of our country, our brand is our pride and must be managed appropriately and diligently.

Our Vision

To be a partner of choice in the global energy transition

Our Mission

We are a globally competitive supplier of quality coal products with the agility to deliver value to markets and diverse stakeholders

Our Values

Brand values are the qualities on which Morupule Coal Mine prides itself and they are what we want to be known for:

- SAFETY AND HEALTH
- TOGETHER
- INTEGRITY
- VALUE CREATION
- STAKEHOLDER FOCUS
- SUSTAINABILITY

BOARD CHAIRPERSON'S STATEMENT

02

It is with great pride and a sense of responsibility that I address you as the Chairperson of the new Board of Directors, following our appointment in October and November 2024. I would like to begin by extending my gratitude to my predecessor, Dr. Bonny Matshediso, for his exemplary leadership and unwavering dedication, which have laid a solid foundation for us to build upon.

As we reflect on the past year, Morupule Coal Mine (MCM) continues to demonstrate its resilience, adaptability, and commitment to excellence amidst a rapidly changing global and regional landscape. The extractive industry is undergoing significant transformation, and MCM remains at the forefront, driven by innovation and a dedication to sustainability.

Adapting to Global Dynamics

In 2024, we have further aligned ourselves with global trends in mining technologies, sales strategies, and environmental stewardship. MCM has harnessed nearly five decades of expertise in coal mining to evolve beyond the traditional value chain, focusing on creating integrated, sustainable, and innovative solutions. This year, we advanced our efforts to diversify our market reach. New international partnerships ensured that Botswana's coal continues to be a significant player in the global energy mix.

Empowering Our People, Employees, and Communities

Central to our mission is our commitment to empowering Batswana through inclusive economic participation. The Citizen Economic Empowerment Programme (CEEP) reached new milestones in 2024, integrating local enterprises and entrepreneurs more deeply into MCM's value chain. This initiative ensures that the economic benefits of our operations are widely distributed, fostering growth and prosperity within our communities.

Our employees are the backbone of MCM, and their development remains a top priority. In 2024, we increased investments in upskilling programs, fostering innovation, and adopting cutting-edge technologies to ensure our workforce is equipped to navigate the future of mining and energy. This commitment to our people enhances productivity, safety, and job satisfaction, building a strong foundation for sustained success.

Moreover, our partnerships with the financial sector have strengthened, providing local businesses access to the resources they need to thrive. We have also made strides in capacity building, supporting educational initiatives and skill development programs that prepare the next generation of Batswana for meaningful roles in the mining and energy sectors.

Commitment to Sustainability

In response to global calls for climate action, MCM continues to prioritise environmental sustainability as a core pillar of our business strategy. Our journey toward decarbonisation has gained momentum, with the addition of an electric vehicle of our fleet and the continued implementation of our Energy Management Plan reflecting our commitment to reducing our carbon footprint. These initiatives are aligned with our broader decarbonisation strategy, reaffirming our pledge to operate responsibly and sustainably.

Ongoing Strategy #1-3-27

The corporate strategy, #1-3-27, launched in 2021, continues to guide our transformative journey. This strategy is designed to position the company as a leader in the evolving energy sector, ensuring long-term business sustainability while contributing to national and regional energy security. The transition into the broader energy space is not just necessary but imperative, as we work to build a future that balances economic growth with environmental stewardship.
As we build on the progress made over the past years, I am confident in the collective strength of our Board, management, employees, and stakeholders. Together, we will continue to overcome challenges, seize opportunities, and solidify MCM's legacy as a trailblazer in the mining and energy industry.

Thank you for your unwavering support and trust as we move forward. Let us remain steadfast in our mission to drive progress, empower communities, and ensure the prosperity of our nation.

Patrick Boitumelo
Chairperson of the Board
Morupule Coal Mine

MR. PATRICK BOITUMELO
Board Chairperson

"...A major highlight was the celebration of MCM's 50-year milestone in 2023, a testament to our enduring legacy and significant contributions to Botswana's economy and energy sector. This commemoration, though a year behind us, continues to inspire our operations and strategic initiatives as we honour our history while looking forward to future growth..."

CHIEF EXECUTIVE OFFICER'S STATEMENT

03

Dear Stakeholders

2024 presented yet another challenging landscape, characterised by turbulence in the coal industry and fluctuating market dynamics. In such a climate, it becomes even more crucial to reflect on our shared achievements, the hurdles we faced, and the significant milestones we celebrated as a team. Despite these adversities, Morupule Coal Mine (MCM) has stood firm, showcasing remarkable resilience, forward-thinking innovation, and an unyielding dedication to excellence. Our unwavering commitment to teamwork, integrity, and operational excellence has been the cornerstone of our success, propelling us to overcome challenges and seize opportunities for growth.

Safety: A Cornerstone of Our Success

One of the most outstanding milestones this year has been reaching 23 consecutive years without a fatality, a remarkable reflection of our steadfast dedication to safety and our commitment to a zero-harm culture. Since 2013, we have surpassed the Coal Industry Benchmark of 0.45, achieving a 57% improvement. Further solidifying our reputation for safety and sustainability, MCM successfully retained ISO 14001 and ISO 45001 certifications during surveillance audits in October.

While these accomplishments reflect our unwavering commitment to safety, we also faced challenges. A Lost Time Injury (LTI) after 24 months of a clean record reminded us that we must remain vigilant. Initiatives such as Visible Felt Leadership (VFL), safety stand-downs, improved contractor management, and enhanced near-hit reporting underscore our enduring focus on ensuring every employee and contractor returns home safely. At MCM, Zero Harm is not just a goal - it is an expectation.

Operational Excellence and Innovation

This year marked significant advancements in operational excellence and teamwork, as evidenced by the successful completion of major projects like the CHPP tie-ins to the Underground ROM and Coal Wash Plant product conveyors. Enhancements to screening setups and the decommissioning of power screens have improved operational efficiencies and reduced costs, aligning us with our vision to maximise washed coal production and meet our ambitious P3 billion objective.

A significant milestone this year was achieved in September 2024, when MCM recorded its highest monthly production since 2016, producing 249,000 tonnes. This achievement demonstrates the dedication, hard work, and teamwork of our people, alongside our focus on operational efficiency. Through collaboration with Komatsu experts, the introduction of slim-line picks and enhanced operator training yielded remarkable results, including shorter cycle times, optimised equipment utilisation, and a significant reduction in fines to below 10%.

Meanwhile, the adoption of drone technology has revolutionised stockpile surveys, enabling quicker, safer, and more precise assessments that enhance inventory management and responsiveness to customer needs. These advancements underscore the power of teamwork, adaptability, and innovation in driving our growth and operational excellence.

Commitment to Our People and Communities

Our employees are the backbone of MCM, and their welfare and development remain our top priorities. This year, we celebrated numerous global events and key milestones together, including commemorations of International Women's Day, World Environment Day, and Mine Safety Week, which underscored our dedication to fostering a culture of inclusivity, environmental stewardship, and safety.

Key company milestones included the launch of extended wellness initiatives aimed at improving employee health and well-being, as well as service awards that recognised long-standing contributions and dedication of our workforce. These events serve as a testament to our commitment to valuing and celebrating the individuals who make MCM great.

The Employee Value Proposition (EVP) initiative launched in 2024 underscores our focus on attracting, retaining, and engaging top talent. A strong and compelling EVP not only supports employee satisfaction but also contributes to reducing turnover, improving engagement, and achieving sustainable growth.

MR. EDWIN T. ELIAS
Chief Executive Officer

"...A major highlight was the celebration of MCM's 50-year milestone in 2023, a testament to our enduring legacy and significant contributions to Botswana's economy and energy sector. The 50th-anniversary commemoration was a grand occasion that brought together our Board of Directors, Shareholders, employees, and business partners, all of whom contributed significantly to the festivities. These celebrations included a series of events, special commemorative collateral, and various activities designed to honour this remarkable achievement. This commemoration, though a year behind us, continues to inspire our operations and strategic initiatives as we honour our history while looking forward to future growth..."

CHIEF EXECUTIVE OFFICER'S STATEMENT CONT.

Strategic Positioning and Industry Participation

This year, MCM actively participated in several strategic events, including the Mining Indaba, The Future of Mining Summit, and other key industry conferences. These platforms have been instrumental in positioning the MCM brand as a leader in the mining sector and showcasing our commitment to innovation, sustainability, and operational excellence.

Our participation in these events has allowed us to exchange ideas, collaborate with industry leaders, and highlight our achievements on a global stage, reinforcing our role as a preferred partner in Botswana's mining sector.

Building a Sustainable Future

At Morupule Coal Mine (MCM), our view of sustainability extends far beyond compliance, it is the foundation of how we create lasting value. As the global energy landscape evolves, we continue to adapt our operations to meet the expectations of a low-carbon future while securing Botswana's energy needs.

Our focus is clear: to grow responsibly, operate efficiently, and lead sustainably. We have made tangible progress on our decarbonisation journey through initiatives such as expanding the use of electric vehicles across our fleet and advancing the Energy Management Plan, which is designed to enhance energy efficiency and reduce emissions.

These initiatives are not isolated actions, but part of a larger transformation toward becoming a diversified energy company that champions environmental responsibility and innovation.

Strategy #1-3-27

Guided by our corporate blueprint, Strategy #1-3-27, we are reshaping MCM into a modern energy enterprise, one that blends the strength of our mining heritage with the agility required for the future. The strategy, launched in 2021, is anchored on three priorities: operational excellence, energy diversification, and sustainability leadership. Through this framework, we aim to position MCM at the forefront of Botswana's and the region's industrial and energy development.

This transition is not just about changing how we operate, but redefining what we stand for, progress with purpose. It means ensuring that every step forward contributes to economic growth, environmental preservation, and community empowerment.

Edwin Elias
Chief Executive Officer
Morupule Coal Mine

Nurturing a **Zero-harm**
Operating Environment

2024 **Morupule Coal Mine** Annual Report

BOARD OF DIRECTORS

04

Mr. Patrick Boitumelo

Board Chairperson

Ms. Mboko Modie

Board Member

Mr. Johannes Motshegare

Board Member
Remunerations and Nominations Committee (REMCO) Chairperson

Dr. Bonny Matshediso

Board Member
Audit and Risk Committee Chairperson

Mr. Johannes Tsimako

Board Member
Technical and Sustainability Committee Chairperson

Nurturing a **Zero-harm**
Operating Environment

2024 **Morupule Coal Mine** Annual Report

EXECUTIVE MANAGEMENT

05

Mr. Edwin T. Elias

Chief Executive Officer

Mr. Jonathan Nhovo

Head of Commercial

Mr. Lefika Moagi

Head of Strategy and Projects

Mr. Nelson Nareetsile

Head of Beneficiation

Mr. Albert Meiring

Head of Marketing and Logistics (A)

Mr. Tom Mongale

Head of Human Resources

Mr. Ernest Kelapile

Head of Internal Audit

Mr. Tshephang Motimedi

Head of Engineering

Ms. Patricia Nkuna

Head of Safety and Sustainability

Ms. Keneilwe Orapeleng

Head of Mining

CORPORATE GOVERNANCE REPORT

06

Steering the Business with Integrity, Insight, and Oversight

At MCM, good governance is not just a regulatory requirement - it is the foundation of our business philosophy. The Board of Directors plays an important role in shaping our long-term direction, monitoring organisational performance and ensuring that MCM remains agile, accountable and aligned with its strategic mandate.

Through structured oversight, rigorous engagement and a deep understanding of both risk and opportunity, the Board protects the Company's integrity while championing value creation for all stakeholders. From financial stewardship to environmental sustainability, the Board ensures that all decisions are informed, inclusive and rooted in ethical practice.

Board Composition and Expertise
Presently, MCM's Board is made up of five (5) members with diverse industry experience spanning finance, engineering, sustainability, technology and governance. This collective depth allows the Board to consider issues pertaining to the Company from different perspectives, which fosters well-rounded strategic thinking.

Board members bring independent judgment, specialised knowledge and a clear commitment to the Company's mission and values. In carrying out their responsibilities, they actively contribute to setting priorities, assessing performance and anticipating future challenges in a rapidly evolving operating environment.

Morupule Coal Mine Board Profiles

Patrick Boitumelo
Patrick Boitumelo, Chairperson of the Morupule Coal Mine Board, is a globally experienced mining executive. He currently serves as a Chief Operating Officer (COO) of Brazilian Nickel and is based in Toronto, Canada. He holds a BSc (Hons) in Mineral Process Engineering from the University of Leeds and a Master's in Business Leadership from UNISA.

Mr. Boitumelo has held senior leadership roles at Lundin Mining, Vale Base Metals, Rio Tinto, and De Beers. At Vale, he was Global Head of Technology and Innovation and later Head of Atlantic Operations. At Diavik Diamond Mines, he was President and Chief Operating Officer (COO).

His career spans exploration, innovation, project development, and operations across continents. Mr. Boitumelo is known for combining technical expertise with strategic insight to lead complex global mining initiatives.

Key Specialties:
- Mining operations and strategic oversight
- Global project leadership and execution
- Technology and innovation in mining
- Business development and growth strategy
- Executive leadership and board governance

Dr. Bonny Ignatius Matshediso
Dr. Bonny Ignatius Matshediso is a distinguished Mining Engineer and academic with over thirty (30) years of experience in academia, industry, and government. He currently serves as a Senior Lecturer in Mining Engineering and Acting Director at the Centre for Mining and Mineral Beneficiation at BIUST.

He has significantly contributed to the development of Botswana's Mineral Policy and National Development Plans. Dr. Matshediso has held senior academic positions at the University of Botswana and the University of the Witwatersrand, where he led academic and research initiatives. In government, he served as Principal Mining Engineer in the Ministry of Minerals and Energy and frequently acted as the Mining Commissioner. He also has practical mining experience at Orapa, Letlhakane, BCL, and Map Nora Gold Mines.

Academically, he holds a PhD from Wits University, an MSc and DIC from Imperial College London, and a BSc from the University of Alberta. He has published extensively, contributed to SADC reports, and co-authored a monograph on small-scale mining.

Dr. Matshediso has served on the Morupule Coal Mine Board for eighteen (18) years, including four (4) as Chair, and also served on the BOTEC Board. He is a member of the Botswana Institute of Engineers and represents academia at the Botswana Chamber of Mines.

Key Specialties:
- Mining engineering and operations
- Mineral economics and policy development
- Mining education and academic leadership
- Strategic leadership in the mining sector
- Government relations and legislative input
- Research, publication, and consultancy

Johannes Motshegare
Johannes Motshegare is a seasoned Human Resources leader with over twenty – five (25) years of experience across government, parastatals, and private industry. He is currently the CEO of Allaboard Botswana and Director at Allaboard Africa, where he drives organisational transformation and talent development.

His career includes roles at Debswana, DPSM, and Botswana Telecommunications. Mr. Motshegare holds a Master's degree in Manpower Planning, a Bachelor's in Economics and Statistics, and a BTech in HR Development. He has completed executive training at the University of Cape Town and London Business School. He is a Certified Talent Practitioner (CTP™), Chartered Organisational Development Practitioner (CODP™), and certified DDI Facilitator. Mr. Motshegare has led initiatives in performance management, change management, and learning and development. He has served as Chair of Broadhurst Primary School and on the HR Committee of the Botswana Accountancy College. His innovative leadership continues to shape HR practices in Botswana.

Key Specialties:
- Human capital strategy and development
- Organizational transformation
- Talent and performance management
- Leadership and executive development
- Change management
- HR policy and strategy formulation

Johannes Tsimako
Mr. Johannes Tsimako is a veteran in mineral exploration with more than thirty-two (32) years of public and private sector experience. He currently serves as Deputy Permanent Secretary at the Ministry of Transport and Public Works, and previously held the same role at the Ministry of Minerals and Energy.

His private sector roles include serving as Country Operations Manager for Kalahari Metals Limited and leading exploration at Khoemacau Copper Project, bringing it to a bankable project stage. He also worked with Kopore Metals and began his career at Rio Tinto Botswana.

In government, Mr. Tsimako spent over a decade with the Department of Geological Survey as Chief Geologist and led the National Integrated Geo-Information System. He has played a critical role in mineral promotion and policy development. He served as Chairperson and Vice Chairperson of the Botswana Chamber of Mines and holds a BSc in Geology from the University of Botswana and an MSc in Mineral Exploration from ITC in the Netherlands.

CORPORATE GOVERNANCE REPORT CONT.

Key Specialties:
- Mineral exploration and project development
- Policy formulation and regulatory oversight
- Public-private sector integration
- Geological information systems
- Stakeholder engagement and land tenure
- Health, safety, and environmental compliance

Mboko Onkarabile Modie

Mboko Onkarabile Modie is a seasoned transformational leader with extensive experience in corporate governance, strategy oversight, risk management, and organisational transformation across public and private sector institutions in Botswana.

She currently serves as the Chief Executive Assistant to the Commissioner General at Botswana Unified Revenue Service, driving organisational transformation and supporting executive leadership.

Mboko also serves as a Board Committee Member at Sir Ketumile Masire Teaching Hospital, contributing to the Risk, Legal and Compliance Committee and the Project Steering Committee, with a focus on regulatory compliance, enterprise risk management, project governance, and the safeguarding of stakeholder and public interest.

Mboko brings deep expertise in strategic planning, performance oversight, enterprise risk management, regulatory compliance, project and programme governance, digital transformation, and benefits realisation.

She has overseen large, complex portfolios with significant budgets, driven cost savings, strengthened controls, and enhanced service delivery and organisational performance, through her roles at BURS, FNB and WUC.

Ms. Modie holds a Master of Science in Project Management, a Postgraduate Certificate in Enterprise Risk Management, and a Bachelor of Business Information Systems. She has also completed executive leadership programmes at the Gordon Institute of Business Science (GIBS) and the University of Stellenbosch. Her professional credentials include Prosci® Certified Change Practitioner, Certified Product Manager, Managing Benefits Practitioner, Change Management Registered Practitioner, and PRINCE2 Practitioner in Project Management.

Key Specialties:
- Corporate governance and regulatory compliance
- Risk, assurance and project management
- ICT and system modernisation
- Strategy oversight and transformation
- Stakeholder engagement and change leadership
- Executive support and institutional reform

Board Committees

To ensure focused attention on key areas of governance and business performance, the Board has established three (3) Committees with defined mandates and reporting obligations.

These Committees support the Board by reviewing complex matters in detail and making informed recommendations for decision-making.

1. **Audit and Risk Committee (ARC) Chairperson: Dr. Bonny Ignatius Matshediso**

Members: Ms. Mboko Onkarabile Modie, Mr. Johannes Tsimako

The Audit and Risk Committee is tasked with overseeing the financial reporting process, evaluating the effectiveness of internal controls and ensuring that the integrity of risk management practices in the Company is sound.

The Committee also reviews audit findings, monitors compliance with regulatory frameworks and ensures that risk exposures are effectively managed across the organisation.

During the year, the Committee:

- Reviewed quarterly and annual financial statements for accuracy and transparency;
- Monitored internal audit reports and management's implementation of the Board and/or Committee's recommendations;
- Assessed the performance and independence of external auditors; and
- Oversaw compliance with statutory and regulatory requirements.

2. **Remuneration and Nominations Committee (REMCO) Chairperson: Mr. Johannes Motshegare**

Members: Ms. Mboko Onkarabile Modie, Dr. Bonny Ignatius Matshediso

This Committee serves as MCM's human resources oversight committee with a mandate that covers all aspects of employee management across the Company, including but not limited to recruitment, pay and benefits, performance, development, succession and staff welfare, ensuring that people practices are aligned with the Company's values and strategic goals.

Key focus areas include:

- Oversight of remuneration structures and performance-linked remuneration;
- Executive appointments and succession planning;
- Company-wide performance management;
- HR policies, employee development and welfare; and
- Ensuring fair, competitive and aligned people practices across all staff levels.

Board Meetings

During the reporting period, the Board met in line with its constitutive documents.

The Board met through both scheduled and special meetings to ensure effective oversight and timely decision-making on emerging strategic and operational matters.

These engagements provided a structured platform for the Board to monitor performance, consider key risks and guide Management on priority initiatives.

All Board Committees convened in accordance with their respective Terms of Reference and discharged their mandates diligently.

Committee Chairpersons provided comprehensive reports to the Board and highlighted significant developments, assurance activities and recommendations requiring Board attention.

This coordinated approach supported robust governance, enhanced accountability and ensured that Board deliberations were informed, transparent, and aligned to the priorities of the organisation.

Director Remuneration and Support

Directors are remunerated in line with MCM's Remuneration Policy and as per the Shareholder's determination. Compensation includes sitting allowances and quarterly retainers, reflecting the responsibilities and time commitments associated with governance duties. Board members are also provided with relevant materials, access to governance resources, and technical tools to support their roles.

Ethics, Conflicts of Interest, and Disclosure

Transparency and accountability are upheld through a strict declaration of interests process. Directors are required to disclose any personal or professional interests that may influence their judgment or create the appearance of bias.

Annual declarations are submitted and updated as required. In circumstances where a conflict arises, the affected Director recuses themselves from all deliberations and decision-making related to the matter.

Board Diversity and Inclusion

MCM's Board values diversity as a source of strength. The range of professional disciplines, cultural perspectives and age groups that are represented nurtures creativity, adaptability, and relevance.

This diversity supports more effective governance and reflects our commitment to inclusive leadership.

Looking Ahead

As MCM continues to navigate a complex and evolving environment, the Board remains focused on enabling sustainable growth, improving accountability, and reinforcing stakeholder trust.

Our governance framework will continue to evolve to meet new challenges while staying rooted in principles of transparency, fairness, and integrity.

CORPORATE GOVERNANCE REPORT CONT.

INTERNAL AUDIT

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve MCM's operations. It helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit Function is led by the Head of Internal Audit (HoIA). The HoIA reports functionally to the Board Audit and Risk Committee (ARC) and administratively to the Chief Executive Officer (CEO).

The Internal Audit Department and its staff are governed by The Institute of Internal Auditors' Code of Ethics as well as the Institute's International Professional Practices Framework- IPPF (The standards). Both the Code of Ethics and the Standards constitute the operating procedures for the department. A new set of standards has been released by the Institute of Internal Auditors Global (IIA) and came into effect in January 2025.

The Board has granted the Internal Audit Function authority for full, free, and unrestricted access to any and all of MCM records, physical assets and personnel relevant to any function under review. All MCM employees are required to assist the Internal Audit Department in fulfilling their mandate. The Internal Audit Department also has free and unrestricted access to the Chairman of the Board Audit and Risk Committee (ARC).

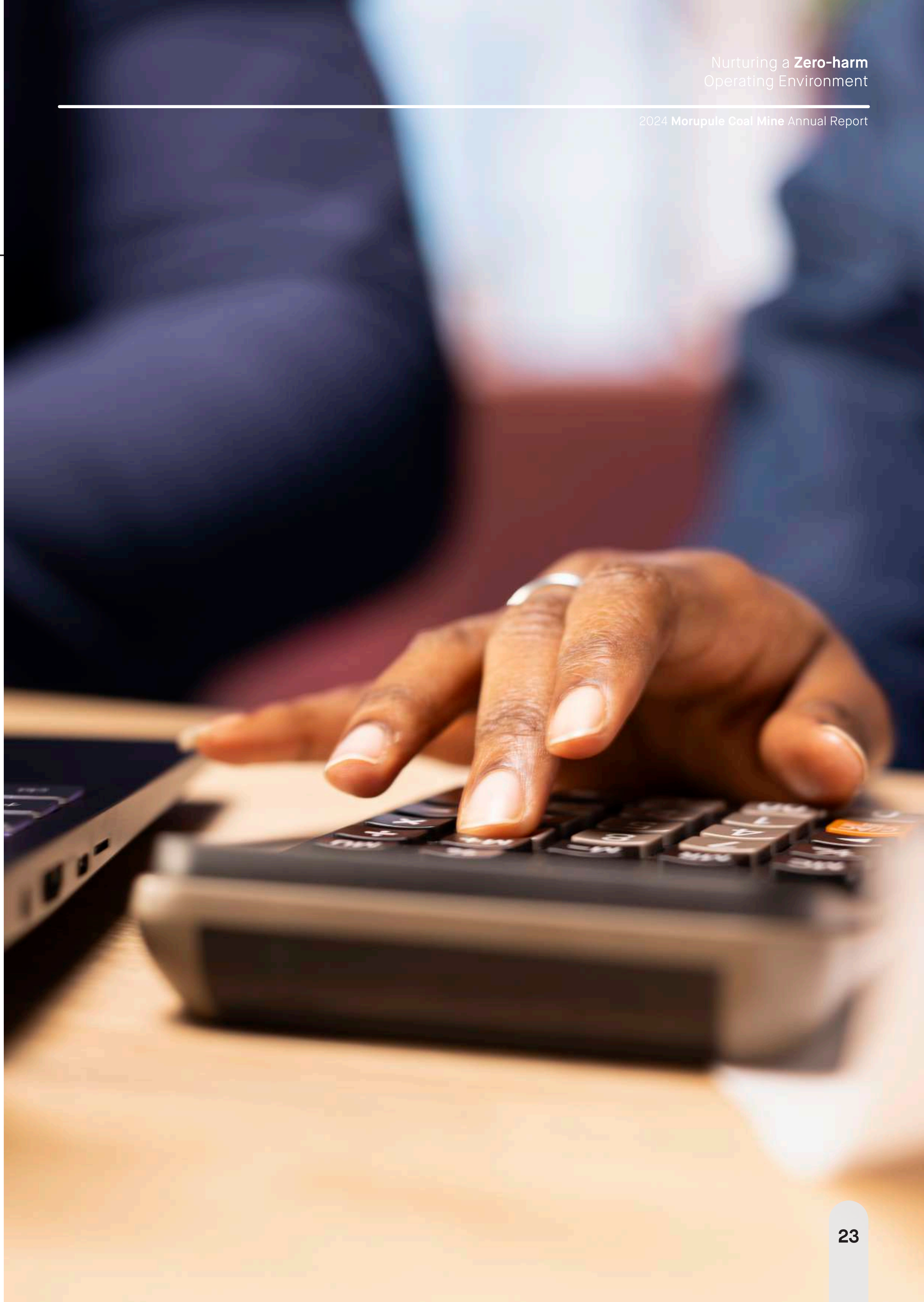
All Internal Audit activities remain free of influence by the Mine, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective function. The Internal Audit Department also has no direct operational responsibility or authority over any of the activities it reviews.

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the Mine's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the Mine's stated goals and objectives. It includes:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Reviewing the systems and processes established to ensure compliance with those policies, plans, procedures, legislation (where applicable) and regulations which could have a significant impact on operations and reports and whether the Mine is in compliance.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Reviewing and appraising the economy and efficiency with which Mine resources are employed.
- Reviewing operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned.
- Reviewing specific operations at the request of senior management and the Audit and Risk Committee as appropriate in addition to the internal audit work programme.
- Monitoring and evaluating the effectiveness of the Mine's risk management system.
- Supporting, only where appropriate and where this does not interfere with the Standards, senior management's requirement to report on the adequacy of internal controls over financial reporting and Mine operations. The role of IAD in this respect will be agreed with senior management annually as part of the annual internal audit programme.

The prevention, deterrence and detection of fraud are the responsibility of management. The usual role of internal auditors is to develop audit programs and procedures to evaluate the internal controls that management has established to manage the risk of fraud. In practice internal auditing sometimes deters employees from committing fraud and occasionally detects a fraud, but these are not usually the major objectives of internal auditors.

Additionally, the Internal Audit Department and other relevant functions work together to manage the Tip-offs Anonymous hotline (which is housed by and outsourced to a third party) whose objective is to manage fraud, conflict of interest and unethical behavior across the Mine. The line is available to the Mine and its various stakeholders.



CORPORATE AFFAIRS

07

Corporate Social Investment (CSI)

The MCM Zone-of-Influence, encompassing villages within a fifty (50) kilometre radius from our operations, serves as the basis for determining priorities in the delivery of CSI focus areas.

To maintain transparency and efficiency, a standardised letter of declining requests has been authorised and implemented for monetary sponsorship and donations.

However, the CEO and CSI committee chairperson retain the authority to approve strategic causes aligning with the business's objectives.

CSI PROJECT	DATE COMPLETED	VALUE	COMMENTS
Sefhophe Junior School	13-06-2024	In-kind	MCM representatives (PMO, Lab and CA) addressed Pupils at the school's Career Fair on June 13th 2024. Topics covered were on career choices.
Keep Game in Masimo	29-06-2024	P142 000	Morupule Game Park has contributed 16 Elands and 12 Zebras, as in-kind donations, to the Department of Wildlife. These beasts will be distributed in various public game parks. MCM's donation is dedicated to bolstering Government's "Keep Game in Masimo" initiative.
Mascom Batanani Walk	10-08-2024	P20 000	The annual charitable walk aims to raise funds to address social ills. This year's focus was Cyber Security.
Cheshire Foundation Solar system installation	23-08-2024	P300 000	Proceeds from the 2023 MCM CEO's Cycle Challenge installed solar panels aimed at alleviating electricity expenses for the NGO. The project was delivered in collaboration with Cycle Challenge Sponsors.
MCM Employee Volunteerism Cheshire Toys Donation	23-08-2024	In-Kind	New and gently used Toys and Clothes were donated by MCM employees to differently abled children going through rehabilitation at Cheshire Fondation in Palapye.
Palapye District Council Logo unveiling Food donation	6-09-2024	P7 000	Beasts donation for catering/relish (Tholo x2 Valued at P3,500 each).
Swaneng Hill Senior School Prize Giving	13-09-2024	P20 000	MCM Head of Commercial was the Guest speaker at the annual prize giving ceremony.
Mokobeng Charity Walk	14-09-2024	P20 000	Mokobeng in the Tswapong area was raising money for their annual Prize Giving ceremony. Head Of Projects and Strategy participated in the walk.
Lotsane Senior School Prize Giving	20-09-2024	P20 000	MCM donated P20 000 and Construction Manager in place of Head of Projects spoke at the annual Prize Giving ceremony.
ZOI Independence Day celebrations' beasts donations	27-09-2024	P35 000	Beasts have been donated (10xP3,5k - Zebras and Kgokong) to Dikgotla in the Zone of influence for Independence day celebrations as part of relish.
BIUST Graduation	20-09-2024	P15 000	MCM Sponsors the Best Student in Engineering annually. Corporate Affairs Manager presented the cheque at the auspicious occasion this year.


Nurturing a **Zero-harm**
Operating Environment

2024 **Morupule Coal Mine** Annual Report

Cheshire Foundation Solar system installation

Swaneng Hill Senior School Prize Giving

Keep Game in Masimo Initiative

BIUST Graduation

MCC CEO'S Annual Charity Cycle Challenge

BTC Marathon

2024 SOCIAL PERFORMANCE

08

Implementation of Social Way Framework

Morupule Coal Mine (MCM) has revived the implementation of the Anglo Social Way framework, effective January 2024. Originally adopted in 2016, implementation of the framework in MCM had faced resource challenges since 2020.

In an effort to address social risks, manage impacts, and enhance socio-economic development in MCM's host communities, a dedicated Coordination role (Social Performance Specialist) has been assigned under the Corporate Affairs section.

Due to resource constraints, management has opted for a phased implementation approach, prioritising key requirements during a transitional period. These include:

- **Social Risks and Impacts Management**
- **Stakeholder Engagement**
- **Corporate Social Investment**
- **Grievances and Incidents Management**

Social Incidents and Grievances Management

MCM Social Incidents and Grievances log currently has a total of seven (7) recorded Grievances in the reporting period as at December 2024. Majority Grievances reported and recorded relate to the Morupule Resettlement project's compensation disputes and other lease area management land and asset related queries.

Social Incidents and Grievances Log

A total of thirteen (13) has been recorded as; social incidents, grievances and enquiries on the MCM grievances log. Enquiries received form a significant 46 % part followed by 38% grievances and 15% incidents. All seven (7) Enquiries have been closed, Two (2) Incidents closed and Three (3) Grievances closed. As at December 2025, the Social Incidents and Grievances log is at 85% closure rate.

Majority of received and recorded Grievances in 2024 are centred around the 2015 MCM Resettlement project. Resolution to these involves external parties, significantly the Land authority and MCM's licensing authority.

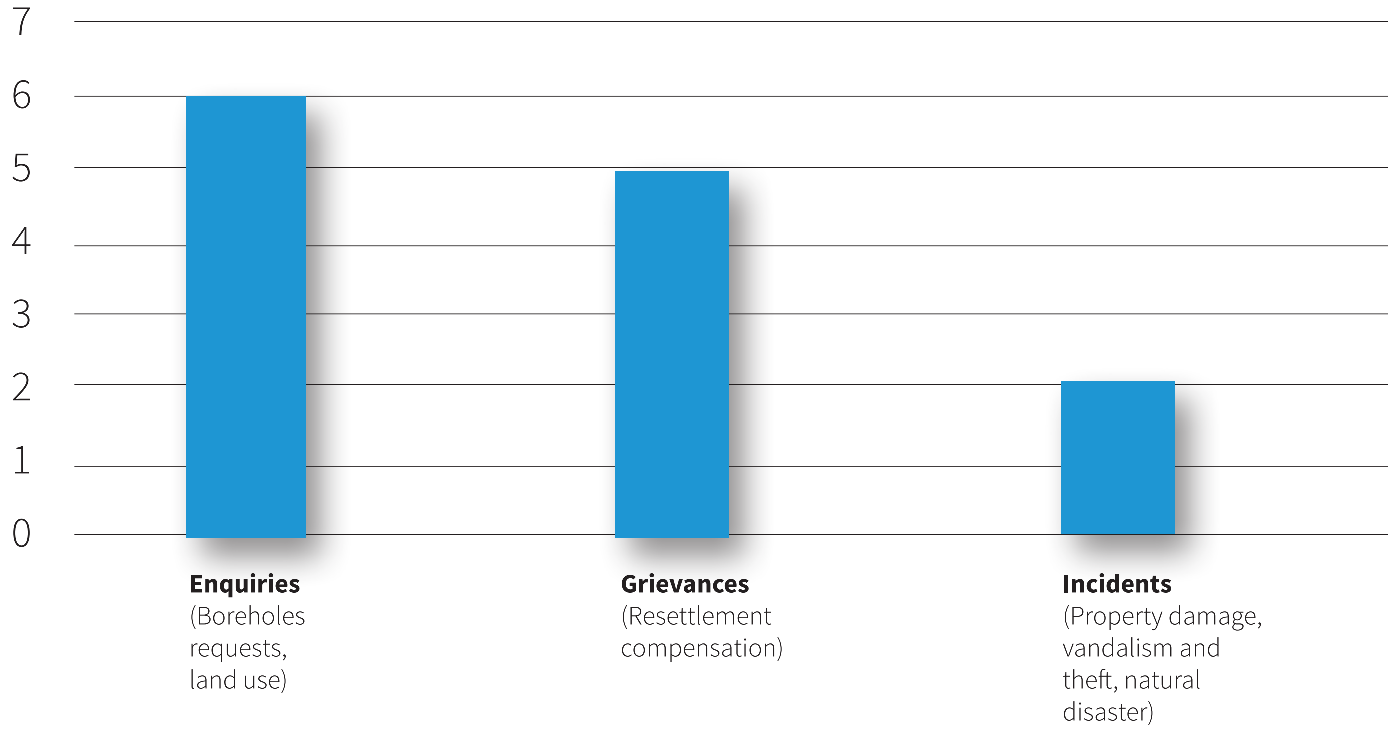
Nurturing a **Zero-harm**
Operating Environment

2024 **Morupule Coal Mine** Annual Report

2025 SOCIAL PERFORMANCE (CONT.)

The chart below demonstrates a breakdown of these social grievances by category.

Enquiries, Social Incidents and Grievances in 2024



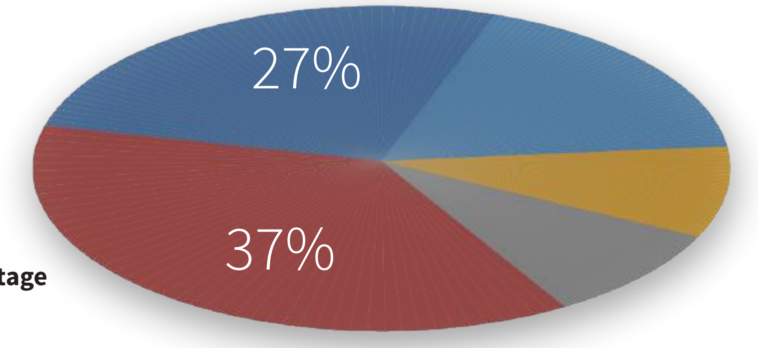
Corporate Social Investment (CSI) Spend (December 2024)

As part of the 2024 cost containment drive, spending on Corporate Social Investment projects had been halted by Management. However, as part of the CSI policy, management discretion was exercised to progress certain strategic CSI initiatives. A total of P475 000 has been spent in 2024 towards various initiatives. This total excludes In-kind support which in 2024 is a majority support category due to cash conservation.

The pie chart below depicts CSI focus areas funded in the year under review.

2024 Corporate Social investment support

Education
Boi-diversity and Conversation
Health and Wellness
In-Kind Support
Culture and Heritage



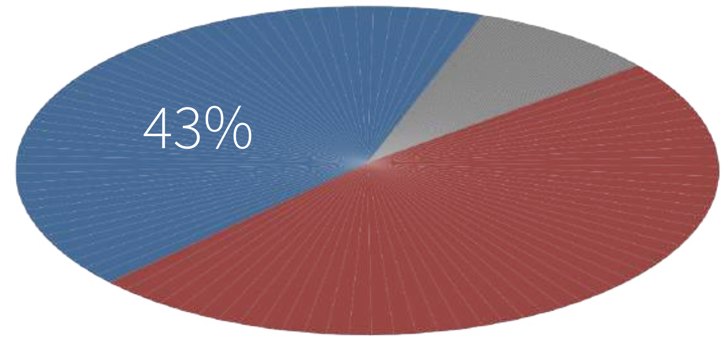
Stakeholder Engagements

Stakeholder engagement has progressed significantly with diverse stakeholders, in accordance with the 'Partnerships and Alliances' pillar of the #1-3-27 strategy. This is against the financial constraints the company currently faces. During the reporting period (January – November 2024), a total of 24 documented engagements have been successfully conducted, as outlined in the chart below.

Figure 2: Stakeholder Engagements in 2024

Social engagement

Community Members
Government Authorities
Non-Governmental Organizations



Engagement Objectives

PRODUCTION PERFORMANCE

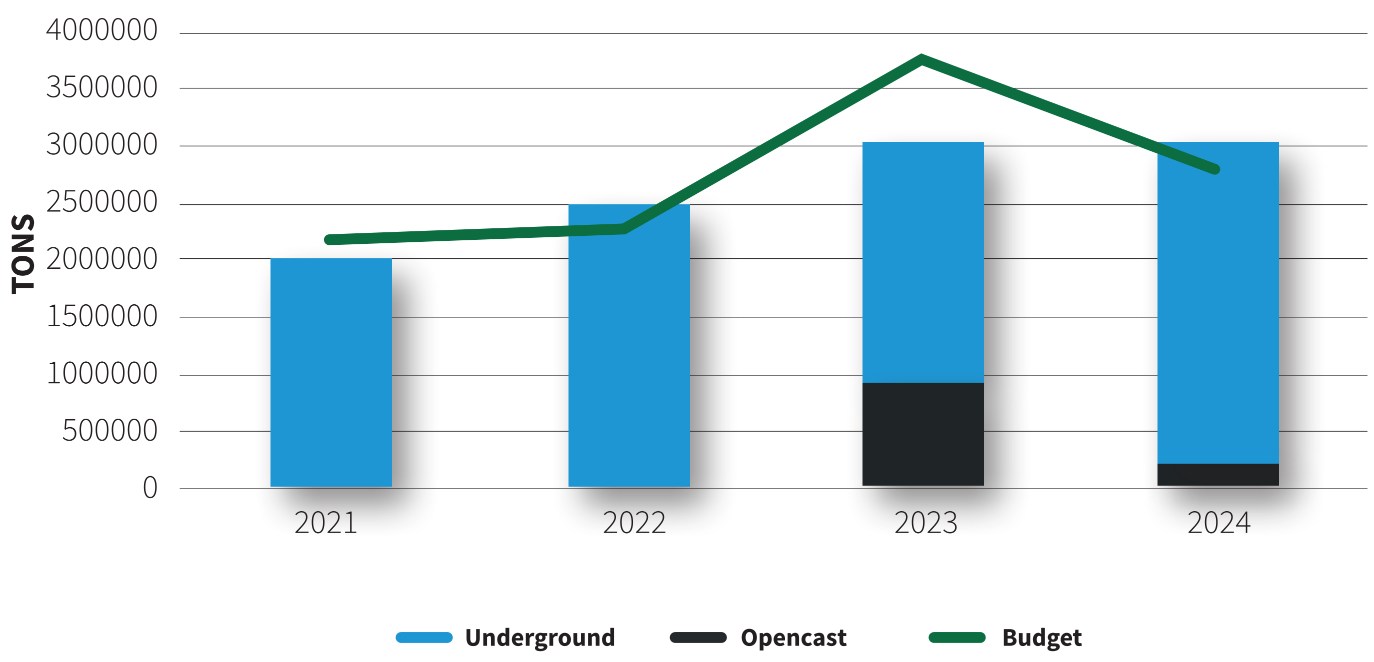
09

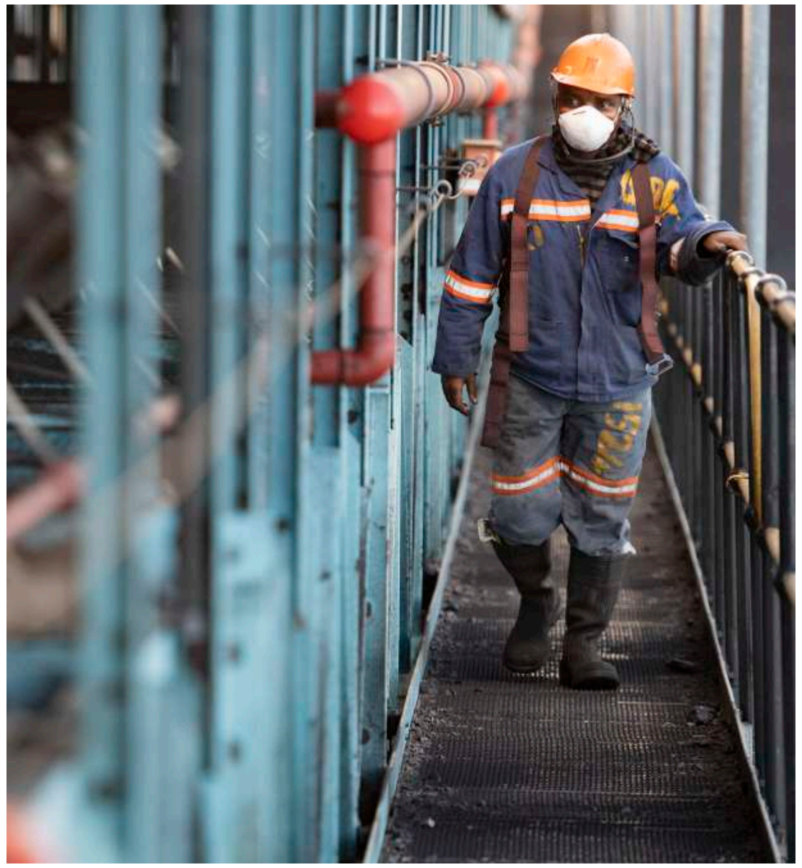
The Mine's total RoM for 2024 was 4% lower than budget, owing to a production stoppage in the Opencast in early May to manage operational costs, as well as a delay in implementing the changed shift configuration of the underground following the aforementioned stoppage.

Furthermore, low reliability of frontline equipment, primarily due to a lack of spares, as well as losses caused by mining inefficiencies, had an impact on mining rates. There were also areas mined with geological disturbances, which slowed down mining rates.

Even though there has been a progressive improvement in comparison to previous years, there was a 12% decline from 3.03 million tonnes to 2.7 million tonnes, owing mostly to increased price competitiveness and abundant availability of coal in the SA market, cutting demand from MCM.

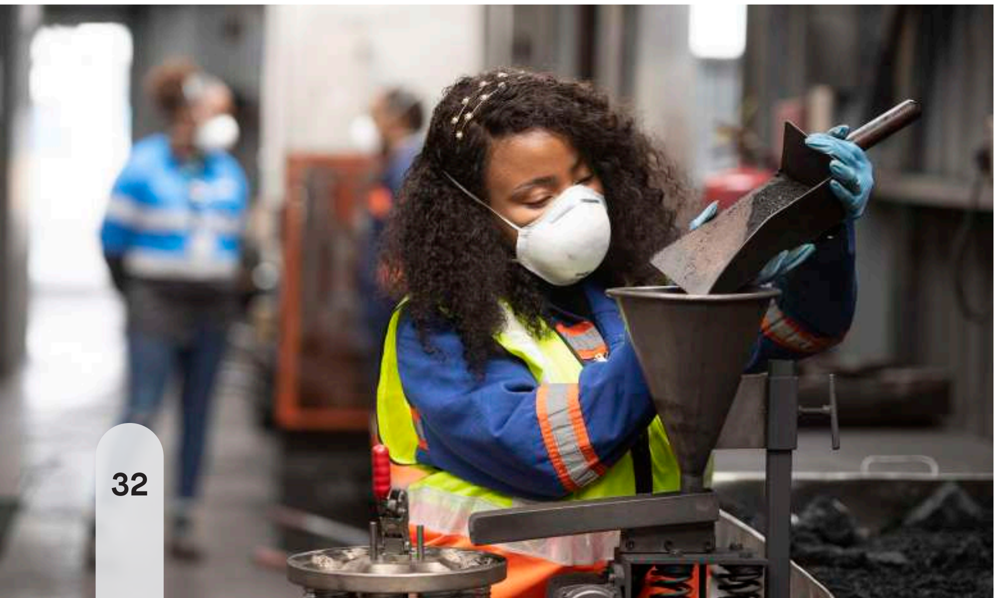
TOTAL RoM Coal Production





SALES, MARKETING AND LOGISTICS

10



Status on New Initiatives

- The bagging plant contributed to additional sales by enabling bagged cargo to be delivered on flatbed trucks at reduced rates compared to bulk tippers.
- The opening of a new depot in Gauteng enables MCM to compete on an equal basis with competitors in the region and give buyers comfort that contingency stock is always available close to market.
- CEEP qualifying Botswana transporters are benefiting from contracts allocated to them to move product to the cement industry.
- Logistics partnerships with RSA entities with access to rail, port and different transport modes was established and various routes and delivery points are targeted in 2025.
- MCM made the ESKOM shortlist for their Coal Supply Panel and tender adjudication is underway with results expected mid-2026. Formal engagements between MCM, BR, TFR and Eskom teams are ongoing to determine feasibility of rail transport.
- 2024 also saw MCM working closely with Botswana Rail and Transnet Freight Rail to further our aspirations to gain access to export and RSA domestic rail routes and rolling stock to competitively deliver product as per the strategic targets set.

2024 was a historic record year for MCM in terms of washed coal sales with 651kt coal sold and specifically May 2024, when an all-time high tonnage of 70,477 tons was delivered to customers.

MCM sales book status

PEAS and NUTS

- An oversubscribed orderbook is positive for MCM coal with strong interest in opencast production volumes.

SEABORNE EXPORT SALES

- Top up export parcels continue on the back of return loads for grain imports to Botswana. Both duff and nuts parcels are dispatched.

CEMENT and LIME INDUSTRY

- Duff deliveries to cement manufacturers are increasing with long term contracts and standing order sales.
- New plants are targeted in the Northern and Western Cape on the back of competitive rail logistics solutions.

DEPOTS and MORUPULE COAL SA

- MCM will leverage these market channels from 2025 and establish a trading capability in South Africa.
- Bagged sales are expected to double when depots are commissioned as planned.

For 2025, this momentum will be continued to increase market share in the domestic and regional markets as well as supplying thermal coal to Botswana Power Company and Botswana Ash for electricity generation, given the challenges listed below.

Challenges

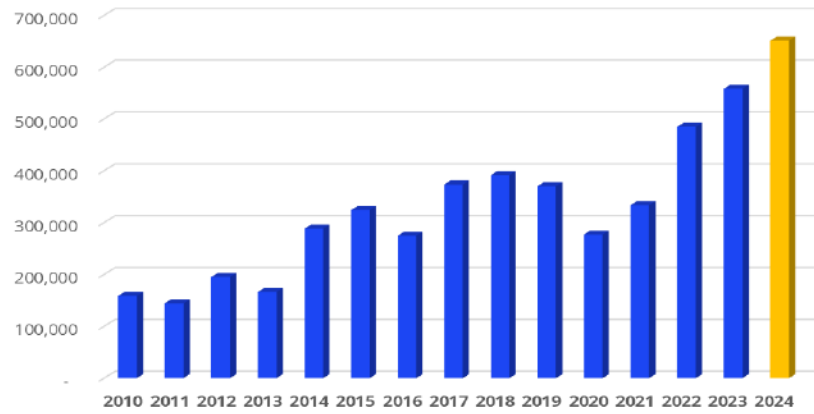
- API4 index deteriorated to about $100-110/mt FOB post the record prices after the Ukraine invasion.
- SA producers redirecting supply into SA domestic market resulting in downward price pressure.
- Rail logistics to Maputo and road to other ports are not competitive at current level and capacity not sufficient.
- Cashflow and delivered cost constraints to produce and place Motheo coal in the market.
- Logistics differential due to MCM location remains a major threat to long term washed coal market share.

Opportunities

- Lower cost road/rail solutions to customers and ports
- Diversify product range to cater for broader market share

The short term outlook (5 years) remains to capitalize on installed capacity, find viable logistics solutions to support evacuation of coal and access sustainable major volume markets like Eskom and seaborne exports.

Washed Sales Tonnage



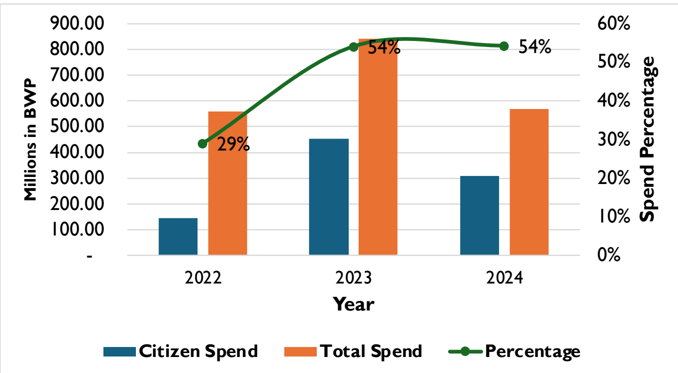
CEEP REPORT

11

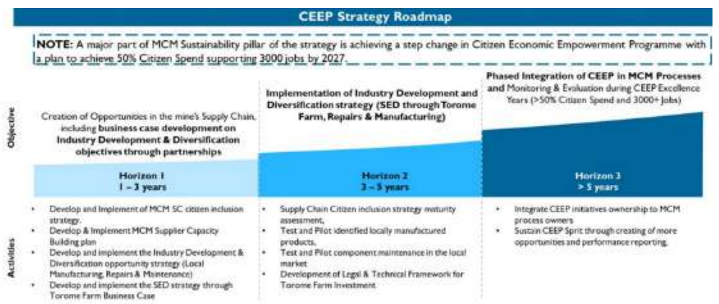
The MCM CEE Programme closed off 2024 with a citizen spend of 54%, in turn supporting 1,571 jobs. This represented a sustained citizen spend compared to the previous year (2023) and a marked increase from 22% in 2022. The figure below illustrates the citizen spend trend between 2022 and 2024.

Despite the reduction in total MCM spend in 2024, owing to care and maintenance initiatives related to the Motheo opencast mine and cash-flow challenges, among other factors, MCM continued to maintain a citizen spend above the projected threshold of 45% for the 2024 financial year.

MCM Citizen Spend Trend (2022 – 2024)



MCM CEEP Strategy Transformation Roadmap



Highlighting some of the key areas of impact for 2024, in line with the Citizen Economic Empowerment Programme (CEEP) Strategy Transformation Roadmap illustrated in the figure below, MCM CEEP successfully implemented key areas earmarked as citizen inclusion focus areas.

Enterprise and Supplier Development
The #1-3-27 CEEP corporate Key Performance Indicators are a 50% Citizen Spend and supporting 3,000 jobs. The Supply Chain Citizen Enterprise and Supplier Development model has been, and continues to be, a key driver in unlocking short-, medium- and long-term opportunities for citizen businesses.

The pillars on Governance and Reporting, and Change Management, have enabled the successful attainment of real, impact-driven results of a 54% Citizen Spend, amounting to BWP 308,046,598.18, and 1,571 jobs supported for the 2024 financial year.

Citizen Inclusion Strategy – Short to Medium Term
MCM's Supply Chain Citizen Inclusion, as outlined in H1 of the High-Level Transformation Roadmap (Figure above), has been facilitated by the CEE Programme's Governance pillar and supported through the following instruments: the Local Procurement and Supplier Development Policy, Citizen Economic Empowerment Performance Matrix, and the Goods and Services Reservation List.

The strategic focus in 2024 was on converting low-hanging fruit within specific areas of concern, such as import substitution, through the application of affirmative sourcing approaches, including preferential ratings. Areas with high impact in 2024 included Bulk Coal Transportation, Dust Suppression, Conveyor Belts and Ancillaries, as well as Limestone Dust.

Transport & Logistics
Transport and Logistics formed part of the Top 10 spend areas for the business in 2024. The service is strategic to the business, hence the rollout of the flagship Bulk Coal Transporters Initiative in 2024.

A total of 15 Citizen Transporters were engaged through a Master Agreement model since October 2023, and between October 2023 and December 2024, 82% of logistics spend was directed towards citizen-owned companies.

In light of this significant milestone, MCM partnered with First National Bank Botswana (FNBB) under the Bulk Coal Citizen Transporters initiative. The MCM-FNBB Memorandum of Understanding, in which the Bank advanced a funding commitment of BWP 500 million, entailed the following:

- 100% vehicle financing.
- Exemption of collateral, based on cash-flow lending within the MCM contract duration.
- Technological solutions targeting efficiency in fleet management.
- Revolving facility targeting tyre management.
- ESG advisory.
- Corporatisation advisory (Governance and Compliance).

The partnership was launched through a capacity-building workshop, attended by various stakeholders representing citizen transporters (registered suppliers and aspiring), Truck Original Equipment Manufacturers, Tyre Manufacturers, Vehicle Tracking Companies, Predictive Maintenance Companies, and entities from the insurance industry.

Access To Funding
In 2024, access to funding played a significant role in enabling citizen business partners to conduct business with MCM. Small and Medium Enterprises accounted for the majority of the funding facilitated and accessed by citizen suppliers through MCM's partnerships with financial institutions.

The cumulative total contract value from January 2022 to December 2024 amounted to BWP 230 million, with a total of 102 cession agreements signed. The figure below illustrates, in detail, the share of funding in relation to each financial institution.

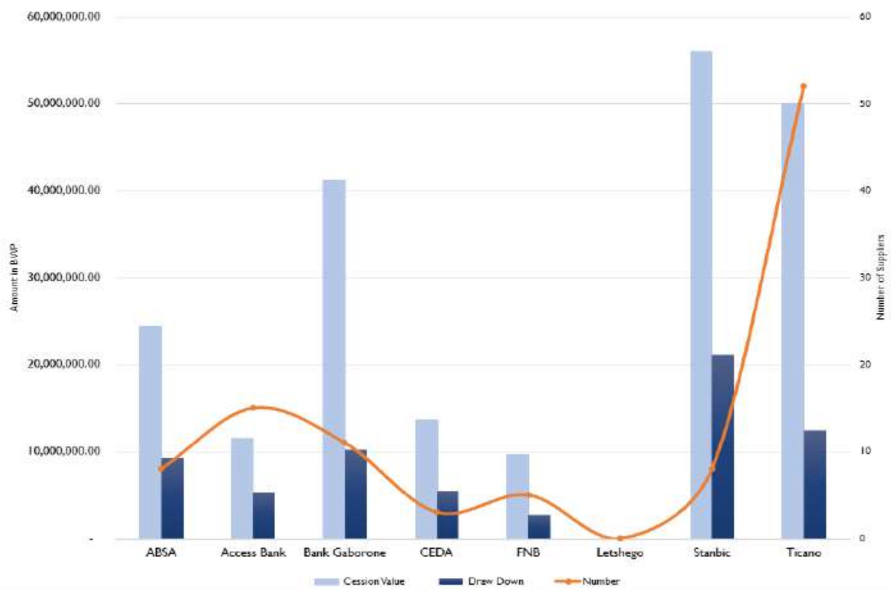
Intellectual Property (IP) Management Capability
In 2024, Morupule Coal Mine concluded a partnership with the Companies and Intellectual Property Authority (CIPA) with the objective of building Intellectual Property Management Capability within the business and among MCM CEEP beneficiaries.

A total of eight (8) Citizen Suppliers and four (4) employees were trained.

The MCM–CIPA partnership, in collaboration with the World Intellectual Property Organisation (WIPO), imparted the following skills to participants:

- IP strategy for the Wear Test-Rig.
- Commercialisation pathways.
- Creating IP awareness within MCM.
- IP commercialisation processes.
- IP protection strategies.
- Global and local IP trends.
- Strategic partnerships.

Financial Institutions Performance 2022-2024



STRATEGY UPDATE

12

The Morupule Coal Mine new corporate strategy was formulated in 2021 that seeks to transform MCM by 2027 into an organization that is a globally competitive company in terms of being a supplier of quality coal products with the agility and resilience to deliver value to markets and diverse stakeholders. The Key Successes during the #1-3-27 Strategic period to date are as follows:

SAFETY AND SUSTAINABILITY (SHE)

- 23 years fatality free.
- MCM TRIFR below coal industry benchmark.
- Development of the ESG and decarbonisation framework(s).

OPERATIONAL EXCELLENCE AND PRODUCTIVITY

- Capacity enhancement: Construction commissioned Coal Handling and Processing Plant (CHPP) providing washing capability and market flexibility.
- Asset management : ISO55001 Certification has been achieved as per the 2022 strategic intent and aligned to industry best practice.
- Financial and Cost Management: Revenue per ton exceeded budget.
- CEEP: achieving a step change in CEEP achieving 54% Citizen Spend supporting 1,571 jobs so far.

SUSTAINABILITY

- Strengthened organizational structure designed for strategic oversight.
- Enhanced legal and governance frameworks ensuring compliance and risk mitigation.
- Strengthened market intelligence to support market penetration and logistics optimization.
- Growing emphasis on sustainability and ESG compliance in business strategy.

VALUE CREATION

- Expansion into regional washed product markets.
- Securing industrial and cement sector customers.
- Utilization bagging of coal to improve logistics.
- Improved market intelligence capabilities.

Nurturing a **Zero-harm**
Operating Environment

2024 **Morupule Coal Mine** Annual Report

Nurturing a **Zero-harm**
Operating Environment

2024 **Morupule Coal Mine** Annual Report

SAFETY AND SUSTAINABILITY (SHE)

13

FY-2024 SHE Performance Overview – Statistical comparisons of 2023 and 2024 SHE performance measures

SHE PERFORMANCE DASHBOARD - DEC 2024	2024 ACTUAL	% DIFFERENCE (VARIANCE)	2023 ACTUAL
Fatals	0	0%	0
FIFR	0.00	0%	0.00
LTI	1	+100%	0
LTIFR	0.04	+100%	0.00
Medical Treatment Injuries	3	-40%	5
Restricted Work Injury	0	0%	0
First Aid Cases	22	+110%	10
Total Recordable Injuries	4	-20%	5
TRIFR	0.17	-23%	0.22
All Injuries (AI)	25	+67%	15
AIFR	1.13	+69%	0.67
High Potential Incidents	3	-25%	4
Property Damages	71	+25%	57
Near Hits	93.055	-19%	78.333
Medical Examination	99.3	+1%	99.95
Medical Boarding	2	+100%	0
Compansable Diseases	0	0%	0
Portable Water Quality	98.75	+5%	94.25
Food Safety and Hygiene Audit	82.95	-2%	84.5
Environmental Incidents	11	-50%	22
Electricity Efficiency	12.96	+11%	11.63
Water Efficiency	0.123	+3%	0.119
Regulatory Instructions	4	+100%	0
ISO14001 and 45001 Certification	YES	-	YES

SAFETY AND SUSTAINABILITY (SHE) (CONT.)

2024 SHE Performance Overview

14% Increase in total number of incidents

14% Increase in total number of incidents (2024:107 vs 2023: 94), particularly First-Aid cases and property damage incidents.

Increase in medical boarding cases

Increase in medical boarding cases attributed to two (2) cases finalised in 2024.

11% increase in electricity efficiency

11% increase in electricity efficiency, key contributor opencast operations placed under care and maintenance resulted in additional demand on the u/g electrical infrastructure.

3% increase in water efficiency

3% increase in water efficiency, attributed to water incidents and an increase in demand for raw water consumption by underground mining and treatment plant operations.

Increased Mine visitations by (DoM)

Department of mines (DoM) increased Mine visitations to conduct investigation of 4 accidents incurred in 2024 as per the MQWM Act and thus 4 instructions were issued.

Note: SHE initiatives have been instituted to address the trend to remedy the deviations.

Safety

MCM achieved 23 years without a fatality on the 5th of January 2024. The Mine recorded 100 incidents between January and December 2024 composing of the following:

1	3	22	71	3
One (1) Lost Time injury	Three (3) Medical Treatment injuries	Twenty-two (22) First Aid cases	Seventy-one (71) Property damage incidents	Three (3) High-potential incidents

Occupational Health

No occupational health diseases reported for FY'24.

Environment

No significant and moderate environmental incidents reported for FY'24.

Eleven (11) minor environmental incidents reported for FY'24.

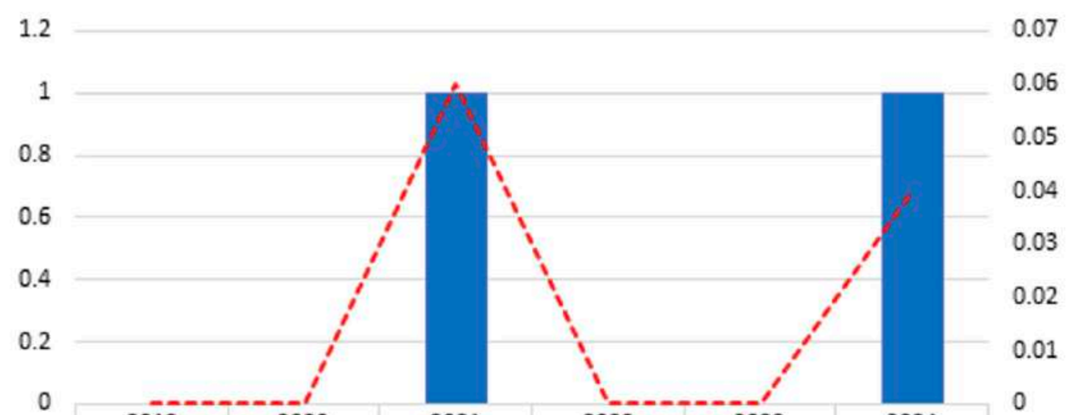
SHE Management System (SHEMS)
SHE Management System maturity achieved 14 years and 12 years for ISO 14001 and ISO 45001 certification, respectively. The two systems are the foundations that have sustained our SHE performance over the years. The completion of the SHE Strategy under development will go a long way in ensuring that the system is sustained even further.

SAFETY AND SUSTAINABILITY (SHE) (CONT.)

Safety Performance

Historical Safety Performance Trend
Below are the historical safety performance trends analyses KPIs.

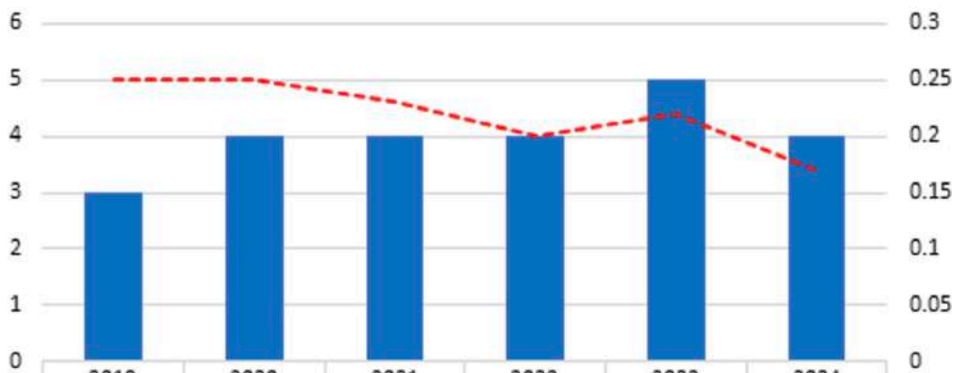
Lost time injuries and LTIFR (2019 - 2024FY)



	2019	2020	2021	2022	2023	2024
Total Lost Time Injuries	0	0	1	0	0	1
LTIFR	0	0	0.06	0	0	0.04

MCM usually have no prevalence of LTIS, except for 2021 and 2024, respectively. The positive trend shows continuous improvement in maintenance of safety standards in the workplace. The LTIS was investigated, and remedial actions have been instituted.

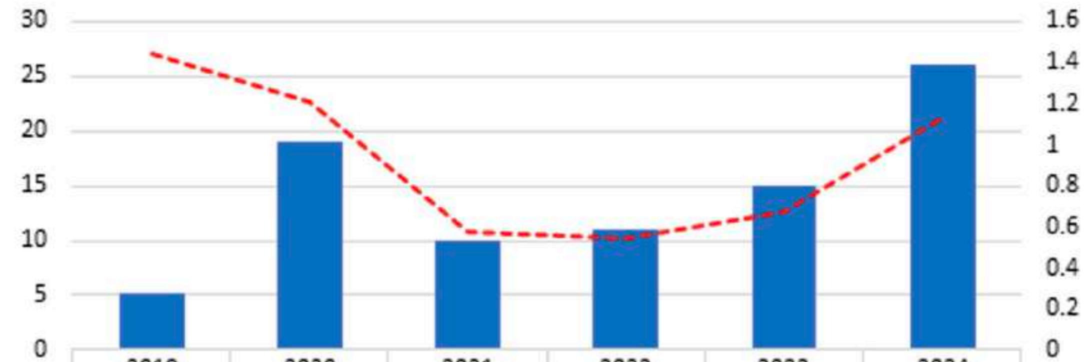
Total Recordable Injuries and TRIFR (2019 - 2024 FY)



	2019	2020	2021	2022	2023	2024
Total Recordable Injuries	3	4	4	4	5	4
TRIFR	0.25	0.25	0.23	0.20	0.22	0.17

Total recordable injuries trend remained steady over the years (2020 – 2022) with a marginal increase in 2023, and 2024 which is attributed to an increased number of contractors to perform high-risk tasks, for the business strategy #1-3-27 driven by capital projects.

All Injuries and AIFR (2019 - 2024 FY)

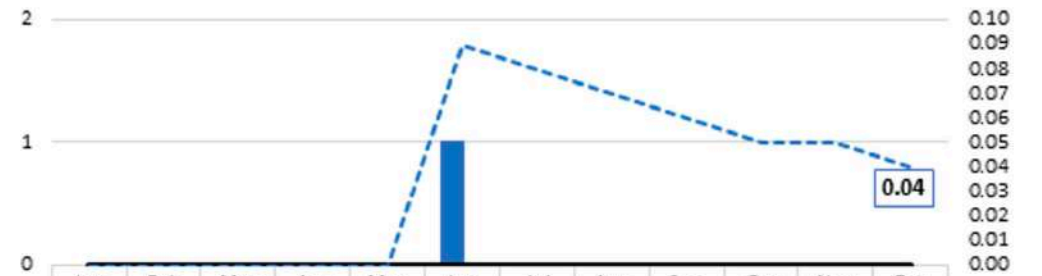


	2019	2020	2021	2022	2023	2024
Total No. of All Injuries	5	19	10	11	15	26
AIFR	1.44	1.21	0.58	0.54	0.67	1.13

Our safety performance trend shows steady improvement in lagging indicators over the years, particularly in LTIs and Total Recordable Injuries. Although we seem to have maintained the trend, we need to avoid complacency, inculcate continuous improvement and drive resilience of our SHE management systems.

The graph below shows the January to December 2024 LTIFR trend against the 2024 target and 2023 performance.

Lost time injuries and LTIFR (2024 vs 2023 FY)



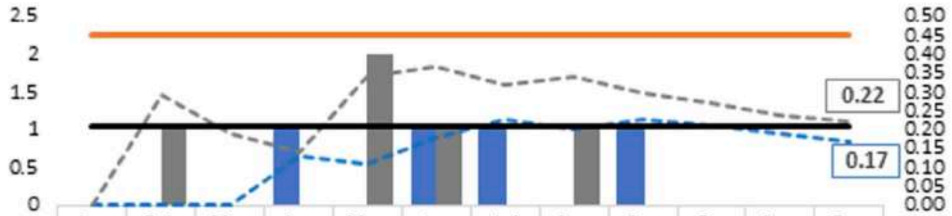
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lost Time Injuries 2024	0	0	0	0	0	1	0	0	0	0	0	0
Lost Time Injuries 2023	0	0	0	0	0	0	0	0	0	0	0	0
LTIFR 2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2024 Target	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LTIFR 2024	0.00	0.00	0.00	0.00	0.00	0.09	0.08	0.07	0.06	0.05	0.05	0.04

LTI incurred in June 2024 after a stellar achievement for the past 2years, MCM incurred an LTI which resulted in an increase in LTIFR from 0.00 in 2023 to 0.04 in 2024. (Target not met).

The graph below shows the January to December 2024 TRIFR trend against the 2024 target and coal industry benchmark of 0.45.

SAFETY AND SUSTAINABILITY (SHE) (CONT.)

Total Recordable Injuries and TRIFR (2024 vs 2023 FY)

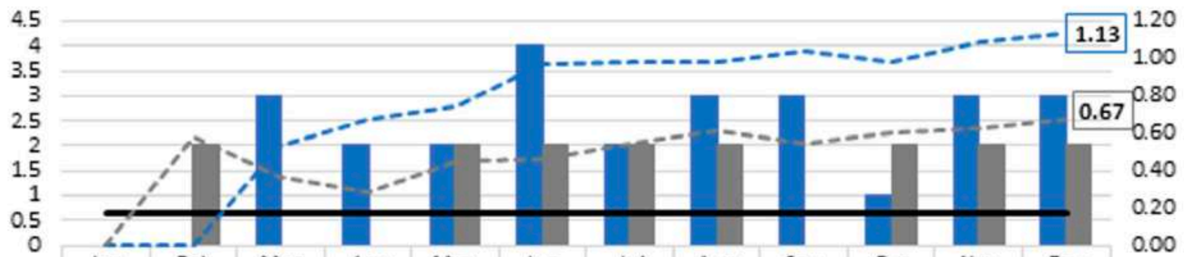


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Recordable Injuries 2024	0	0	0	1	0	1	1	0	1	0	0	0
Total Recordable Injuries 2023	0	1	0	0	2	1	0	1	0	0	0	0
TRIFR 2024	0.00	0.00	0.00	0.13	0.11	0.18	0.23	0.20	0.23	0.21	0.19	0.17
TRIFR 2023	0.00	0.29	0.19	0.14	0.34	0.37	0.32	0.34	0.30	0.27	0.24	0.22
2024 Target	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21
Industry Benchmark	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45

Total Recordable Injuries Frequency Rate (TRIFR): Since 2013 MCM has not exceeded Coal Industry Benchmark of 0.45 (62% improvement), this is a commendable milestone achievement. The YTD TRIFR is at 0.17 and exceeded the 2024 threshold targets of 0.21 and stretch target of 0.19 (Target achieved together with stretch)

The graph below shows the January to December 2024 AIFR trend against the 2024 target and 2023 performance.

All Injuries and AIFR (2024 vs 2023 FY)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
All Injuries 2024	0	0	3	2	2	4	2	3	3	1	3	3
All Injuries 2023	0	2	0	0	2	2	2	2	0	2	2	2
2024 Target	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67
AIFR 2024	0.00	0.00	0.53	0.67	0.75	0.97	0.98	0.98	1.04	0.98	1.09	1.13
AIFR 2023	0.00	0.58	0.37	0.28	0.45	0.46	0.55	0.62	0.55	0.60	0.63	0.67

All injuries Frequency Rate (AIFR): Is 1.13 against 2024 threshold and stretch targets of 0.67 and 0.55, respectively which constitute a 46% deterioration in All injuries frequency rate against 2024 target (target not met). The majority (96%) of the accidents were of low severity in nature i.e. treat and return to work (First aid and medical treatment cases).

In our quest to improve SHE performance in the short-term, numerous initiatives have been implemented and these include:

- Improved Visible-Felt Leadership.
- SHE Stand downs (Initiatives).
- Improved Contractor Management.
- Third Party Process Assurances.
- Rigorous Internal Controls.
- Legal Compliance.
- Review of Standard Operating Procedures.
- The closing of remedial actions.
- ESG and Decarbonisation Implementation.
- Legal appointments.
- Risk Assessments.

In the medium to long term, the following projects will add impetus to our SHE Management System and help bring step changes in our performance.

- SHE Strategy Review.
- Implementation of Culture Change Intervention.

Significant Learnings – Recordable Incidents

Significant learnings from incident investigations are continually shared with all employees and contractors through various platforms and target at preventing recurrences.

Occupational Health Performance

Occupational Medical Examinations
The average compliance to medical examinations scheduled from January to December 2024 is 100%, which meets the Mine's target.

Worker's Compensations
As of end of December 2024, there were no Workers' Compensation claims submitted for possible payment.

Medical Boarding
There were four (4) cases, all were non-occupational related illnesses.

Out of the four (4) cases, three (3) were discharged on the grounds of ill-health, while one (1) case awaits specialist's second opinion.

Occupational Hygiene Stressor Management

There was one (1) identified suspected noise-induced hearing loss case in July 2024. It was investigated and found to be noise-induced hearing loss which is not work-related.

There are several occupational stressors identified within MCM. Some of the stressors that the Mine is currently managing to minimize the risk of overexposure and underexposure in certain areas to provide conducive work environments such as i.e. coal dust, noise etc.

Coal dust management/project plans have been developed and some of the initiatives identified have been projected for completion in Q4, 2025.

Potable water quality has been a problematic issue in the past years, it is been rectified through several collective interventions which include amongst others, outsourcing of the water treatment plant operation and it has significantly improved since inception of this year.

SAFETY AND SUSTAINABILITY (SHE) (CONT.)

SHE Management Systems Assurance

Internal and External Audits

The Mine underwent an external Legal compliance audit during the month of May 2024.

The findings from the audit were shared with various stakeholders for root cause analysis and process owners developed action plans to close the gaps.

Furthermore, the Mine underwent an external ISO14001 and ISO45001 surveillance audit in October 2024, and the Mine was recommended for retention of the certification.

Thirteen (13) minor non-conformances were recorded against the Environmental Management System whilst Occupational Health and Safety Management System recorded eigtheen (18) minor findings. There were no major non-conformances noted for the two Management Systems. The Mine has developed action plans to close the recorded minor findings.

Environmental Management

Closure Financial Provision

The Mine is progressing with the implementation of the Mine Closure plan by carrying out progressive rehabilitation of our opencast Mine and financial provision for scheduled closure.

To date the Mine has made financial provision in the sum of P89,519,935,80 towards the required P229 Million required at Life of Mine in 2032.

Note: Money is managed by Trust made of community members and impacted stakeholders.

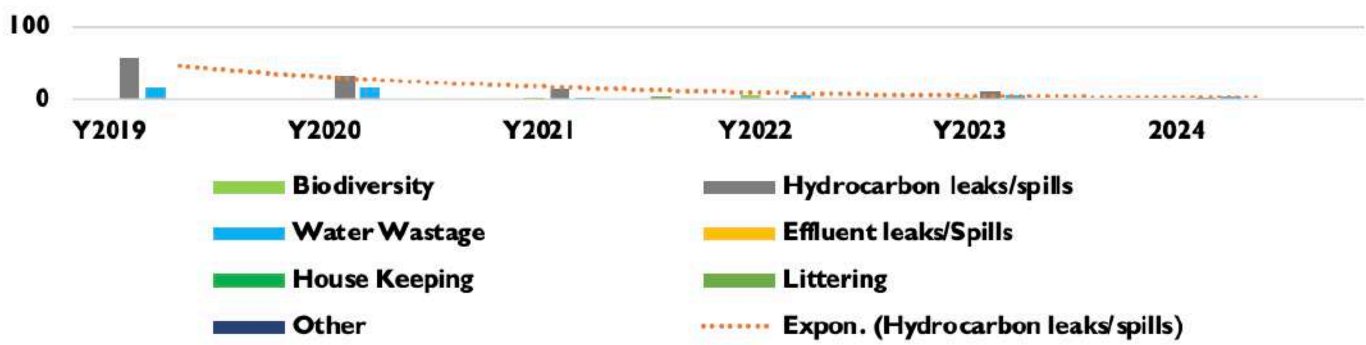
SAFETY AND SUSTAINABILITY (SHE) (CONT.)

Environmental Incidents - Minor
The Mine recorded ten (10) minor environmental incidents compared to twenty-two (22) incidents recorded for the same period in 2023. These incidents comprise of five (5) water incidents, three (3) hydrocarbon spillage and two (2) biodiversity incidents.

The Mine continues to strive for continuous improvement by implementing both short term and long-term improvement initiatives, most of which have been mentioned under Safety. MCM has achieved a milestone improvement as shown in the graph below, since 2019 no major environmental incidents were reported.

The SHE management systems put in place are bearing fruits in ensuring compliance to set standards.

Environmental Incident by Type 2019-2024

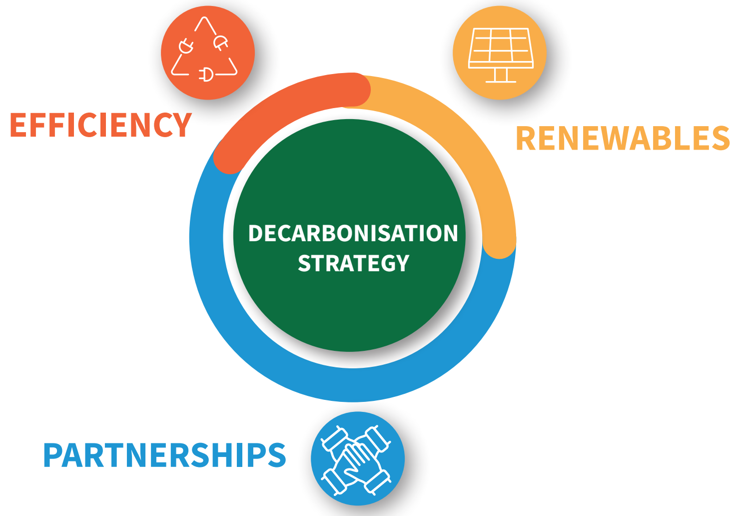


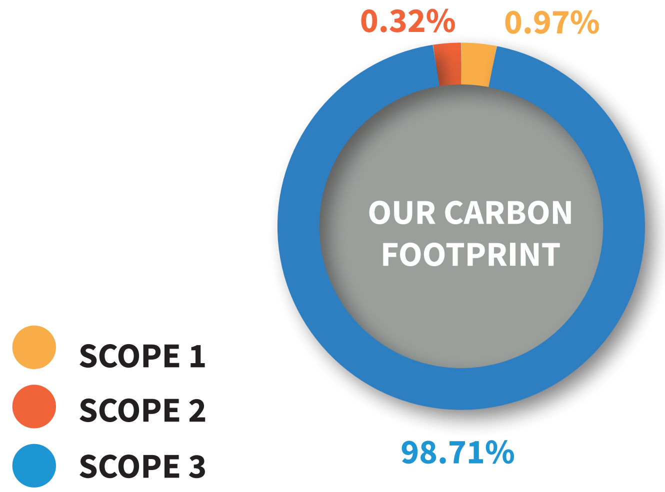
Sustainability Framework and Strategies: Decarbonisation and ESG

Decarbonization Strategy - Key insights
As part of addressing and managing externalities (Climate Change Risks), brought about by paradigm shift in sustainable investment, and the threat resulting from climate change, the Mine commissioned two Sustainability projects late in 2024 i.e. Environment Social and Governance (ESG) and Decarbonisation Framework and associated strategies.

The completion of these projects will ensure these strategies are implemented at the beginning of FY2025. The Mine will thereafter work on publishing its first Environmental Social and Governance report aligned to the Global Reporting Initiative (GRI).

Our decarbonisation strategy is built upon three key levers which play a key role in reducing emissions, as depicted by the graphics below.





Efficiency
The Mine has committed to interrogating its processes and improve efficiency, especially on fossil fuel consumption (petrol, diesel, and electricity)

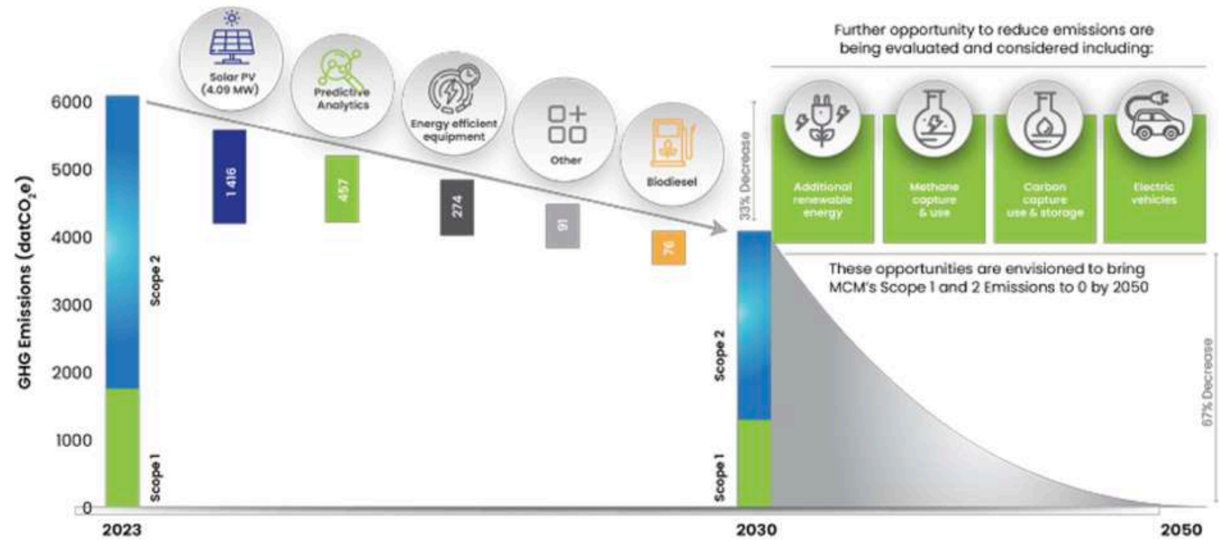
Renewables
The Mine has committed to increase renewables in its energy mix by substantial amount to ensure that we become a Net Zero operation by 2050.

Note: Electricity contributes 97.2% of our carbon footprint, resulting in 5,273.49 tons of CO_2 emissions annually.

Partnerships
The Mine has also made a commitment to influence partners within its value chain to also reduce their carbon emissions.

As part of making good our three commitments on the focus areas MCM has developed a roadmap which will see the Mine reducing its carbon emission by 35% in 2030 and become a Net zero operation in 2050.

MCM Decarbonization Roadmap



SAFETY AND SUSTAINABILITY (SHE) (CONT.)

Environmental, Social, and Governance (ESG) Strategy –Key Insights

Morupule Coal Mine is committed to embedding Environmental, Social, and Governance (ESG) principles into the core of our operations, ensuring that our growth is sustainable and responsible. MCM utilized the PESTEL framework (Political, Economic, Social, Technological, Environmental, Legal) to identify the material issues. Four ESG overarching Pillars were identified, these pillars guide our efforts to not only comply with regulatory requirements but also to lead by example in promoting sustainable mining practices that protect the environment, enhance social well-being, and foster economic growth

Environmental Stewardship and Climate risk Management	Shared Value for Stakeholders	Responsible Decision Making	Inclusive Growth and Development
Commitment to responsible and sustainable practice in the context of environmental impacts and climate change. Dedication to reducing GHG	A commitment to create positive outcomes for broader range of stakeholders. We acknowledge that long-term success is intertwined with prosperity and welfare of all stakeholders	A commitment to making ethical, sustainable and socially conscious choices throughout all aspects of our operation	A commitment to initiatives and investment that uplifts communities, creates jobs and contribute to the overall development of Botswana

Resource Management

The Mine continues to closely monitor its water and energy footprint to ensure sustainable use of resources and promote water and energy efficiency. As part of implementing our ESG and Decarbonisation strategy, there are several short and long-term projects that MCM will be pursuing to improve sustainability performance in these two important and scarce resources. Improving efficiency has been identified as a quick-win and less costly intervention that the Mine can quickly implement.

In the medium to long-term, MCM is looking at renewables in the form of Solar for electricity and water harvesting to reduce the amount of freshwater used in processing activities. Some of these initiatives will require significant investment planning in the short to long term.

Game Park - Population Dynamics

During the 2023 financial year, the animal population grew by 20.67% resulting in a 14% overstock. The Mine continues to support the Government initiative dubbed Masimo Wildlife Restocking. To date, the Mine has donated 146 animals to the programme (105 in 2022 and 41 in 2024). The animals being donated are Zebras and Elands. In June, 15 Elands were exchanged for 15 Ostriches between the Mine and the Department of Wildlife and National Parks in an endeavour to promote species diversity in the game park; adding to the seven (7) Ostriches that the Mine already had.

During the national independence celebration, eight (8) kudus were donated for slaughter for eight (8) villages falling within the 50km radius zone of influence.

14

HUMAN RESOURCES

Labour Movement - Recruitment and Turnover

The total number of employees for MCM as at 31 December 2024 was 921 against a budget complement of 839. The staffing status for the period was 87.37%. The Mine's labour turnover stood at 5.18%.

The table below summarises the labour statistics as at 31 December 2024.

MCM as at 31 December 2024									
Statistical Information		**MCM Totals**		**Management**		**Bargaining**		**FTC**	
Total Number of Employees		**921**		**62**		**671**		**188**	
			%		%		%		%
Gender	Males	764	82.95	40	64.52	560	83.46	164	87.23
	Females	157	17.05	22	35.48	111	16.54	24	12.77
Totals		**921**		**62**		**671**		**188**	
			%		%		%		%
Localisation	Citizens	918	99.67	59	95.16	671	100	188	100
	Non-Citizens	3	0.33	3	4.84	0	0	0	0
Totals		**921**		**62**		**671**		**188**	
Age Profile	Up to 35	293		Up to 35	9	Up to 35	185	Up to 35	99
	36 to 50	560		36 to 50	39	36 to 50	432	36 to 50	89
	51 and above	68		51 and above	14	51 and above	54	51 and above	0
Totals		**921**			**62**		**671**		**188**
Turnover Rate		**5.18%**		**22.58%**		**3.58%**			

Employee Relations

The general state of labour relations on the Mine remained stable throughout the year and was achieved through planned Joint Negotiation and Consultation Committee (JNCC) and Mine Negotiation and Consultation Committee (MNCC) meetings. The planned engagement sessions with the Union leadership and employees sought to foster cooperation and mutual understanding on matters of common interest to the parties. The parties have already stated negotiations on the Memorandum of Agreement which is due to elapses in September 2025.

Two (2) trade disputes were granted condonation by the Court after application for condonation for late referral was initiated by the applicants and were set down for hearing at the Francistown Industrial Court. The applicants' contracts of employment were terminated on medical grounds (ill health). The cases were dismissed and ruled in favor of the Mine and no orders were made on costs.

For the reporting period, the Mine registered one hundred and twenty-five (125) disciplinary cases compared to ninety-two (92) disciplinary cases in 2023. This constitutes an increase in the disciplinary cases by thirty-three (33), is mostly attributed to the recent rise in incidents emanating from non-compliance and unsatisfactory work performance.

A rise in property damage and breach of safety regulations cases has also been observed.

Targeted employee engagement interventions were employed through stand-downs and other forums in an endeavor to foster improved employee behavior and conduct. The following interventions have been implemented:

- Providing information /education to employees and to increase understanding of effects of alcohol and psychoactive drugs.
- Promoting a work culture and healthy lifestyles free of drugs and alcohol through village of learning sessions.

- Providing supportive counseling to individuals with addictive behavior or problems related to alcohol or psychoactive substance usage.
- Urging supervisors and employees to work together to explore improvement initiatives that will reduce the number of transgressions in the workplace.
- Providing information /education and heightening employees' awareness on policies and procedures.
- Cultivating and inculcating progressive discipline system and culture that promotes proportionate disciplinary action while mentoring and coaching employees to do better.
- Continually providing the business with the "tool kit' to manage discipline, that is providing supervisory training with emphasis on performance discussions, developing and implementing performance improvement plans and promoting positive disciplinary action and counselling. Positive behavior reinforcement.
- Urging supervisors to work closely with shopfloor employee representatives (shop stewards and SHE representatives) to jointly prevent and deal with deviant behaviours.
- Moreover, the Union has undertaken to partner with Management to engage employees to identify the root causes and develop targeted remedial interventions.

Learning and Development

The Mine has continued to offer its employees' leadership development programs that include Management Development Program (MDP) and New Management Development Program (NMDP) in collaboration with University of Stellenbosch. For the period under review, a total of 4 and 3 employees graduated from NMDP and MDP respectfully.

The Mine continued to offer training and development, work experience exposure opportunities to employees, graduates and students. A total of 49 trainees were under the tutelage of MCM for the period under review. The Mine sponsored one Student for an Engineering Masters Degree and two employees for a Mining Engineering Degree at BIUST.

During the year the Mine submitted training rebates applications amounting to BWP3, 375, 000.00 (Three Million three hundred and seventy-five thousand) to Human Resources Development Council (HRDC) HRDC. The total rebates claimed were fully paid.

Wellness

The Wellness office continued to register and refer employees for psychosocial therapy assessment and treatment. The counseling service is outsourced to specialist counselors. As at December 2024, 118 employees were registered for counseling, and 387 sessions were conducted. Most employees reported to have appreciated the counselling sessions and improved their anxiety and coping.

BENEFICIATION UPDATE

15

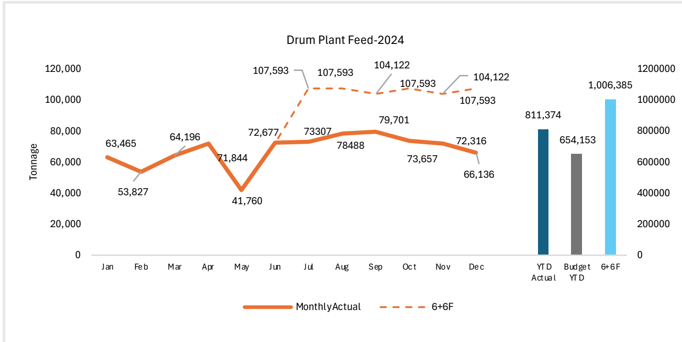
Nurturing a **Zero-harm**
Operating Environment

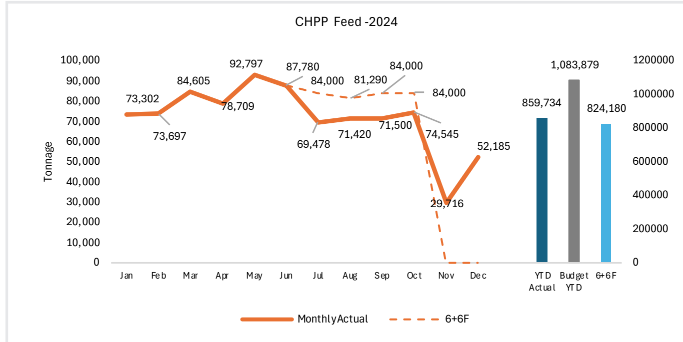
2024 **Morupule Coal Mine** Annual Report

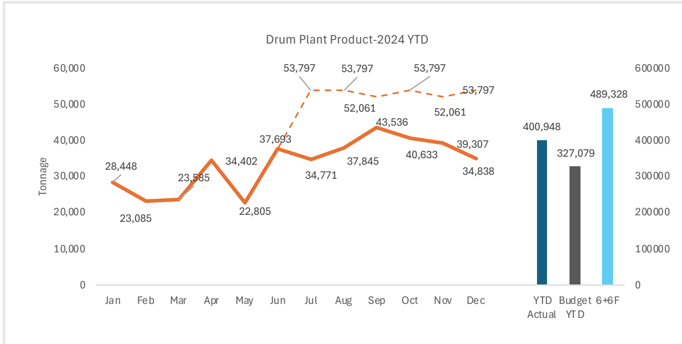
Plants Performance

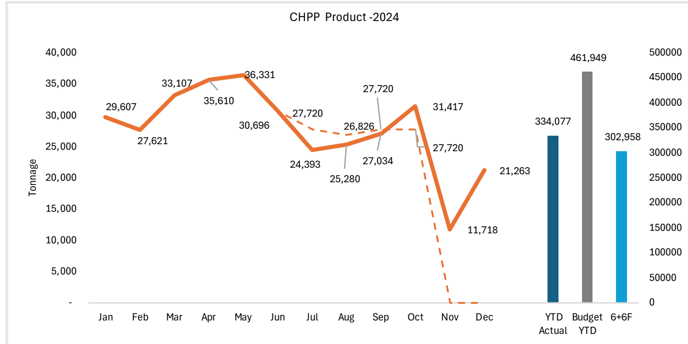
Overall performance for the MCM plants was 4% below budget and 4% below the 6+6 forecast for feed processed owing largely to insufficient ROM tons production from Underground as well as unfavourable feed particle size distribution (psd) presentation to the Drum Plant. At the start of the year, mining through geologically disturbed areas led to challenges in terms of feed psd profiles which was skewed to the finer fraction which is not conducive for processing through the Drum plant. Delayed tie-ins for CHPP led to low offtake by the plant mainly in Q1, coupled with low offtake by BPC thereby constraining the feed for 2024.

2024 Year-End Performance Summary









OVERALL PERFORMANCE	ACTUAL	BUDGET	VAR (%)	6+6F	VAR (%)
Drum and CHPP Feed	**1,671,108**	**1,738,032**	**-4%**	**1,722,972**	**-3%**
Drum and CHPP Prod	**735,025**	**789,028**	**-7%**	**738,489**	**0%**

Beneficiation Plants Performance 2024 Feed

DRUM

2024 plant to the drum plant and product produced was 24% and 23% favourable against the budget.

A shortfall of 11% for the feed and 18% for the product actual against 6+6F respectively mainly due to unfavorable ROM PSD.

Quarter 1 product generated was below budget due to mining through geologically disturbed areas underground, however an improved and sustained performance was observed in Quarter 2. Quarter 3 and 4 Underperformance against 6+6F was mainly due to insufficient ROM and unfavorable PSD.

CHPP

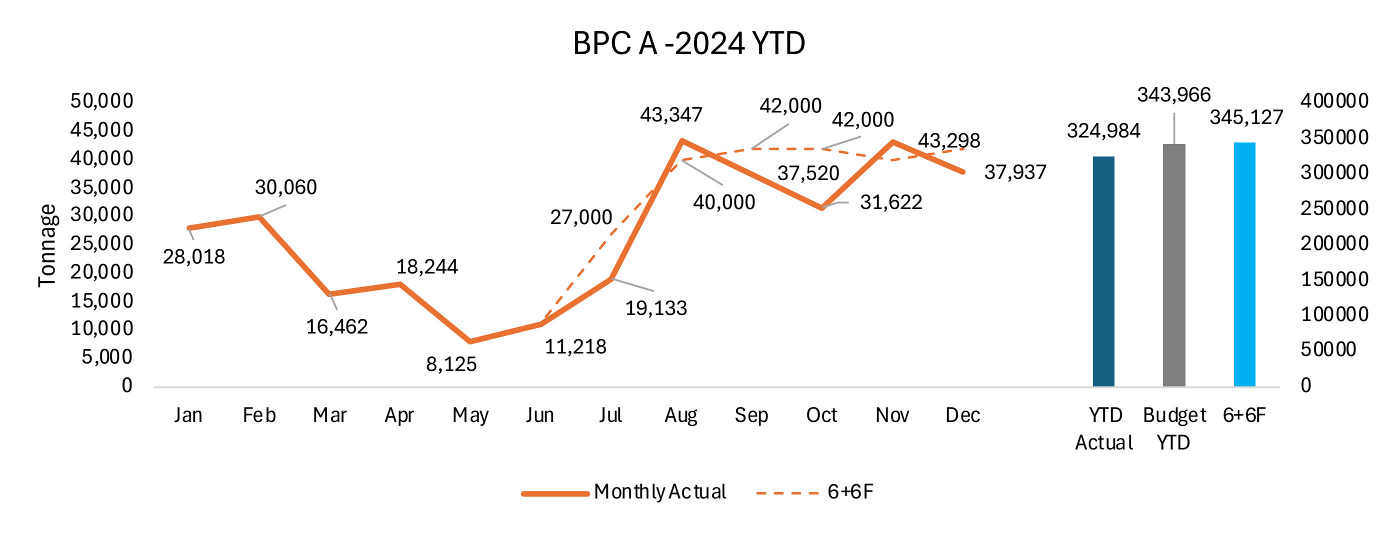
2024 feed to plant for the CHPP was below budget due to late tie-ins to underground feed experienced in quarter 1 coupled with low offtake of coal from BPC A and B throttling plant throughputs. Q2 performance was affected by the halting of opencast Mine. The underground material fed was augmented by strategic material.

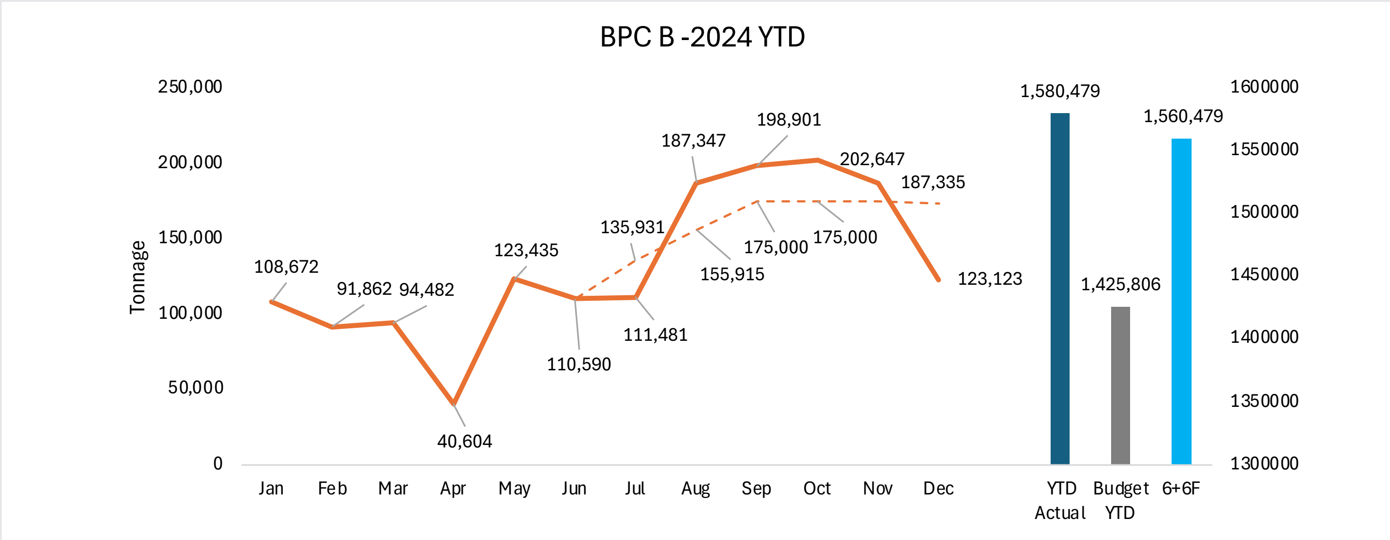
Year end product was below budget by 28% and was affected by lower recoveries than budget due to high fines content in feed from underground and feeding strategic material.

Product generation for the two plants was therefore 7% below budget and on target against the 6+6 forecast. This is mainly due to reasons articulated below, reduced offtake by BPC as well as late tie-ins at the CHPP.

Quality management efforts through the MCM Laboratory were maintained with the retention of the ISO17025 surveillance accreditation during the year. Re-accreditation of the MCM Laboratory is scheduled to take place from the 27th – 28th February 2025. Critical roles within the Lab organogram have been filled during the year to fulfil the Lab scope of services and mandate, as well as completion of the new Lab facility. The expansion seeks to improve upon space required to undertake the analytical services such as Proximate analysis, Sulphur determination a s well as CV analysis. Procurement of key equipment required to replace obsolete equipment will be completed in 2025.

2024 BPC Tonnage Performance





BPC Offtake profile 2024

Comments

- Combined BPC offtake for 2024 was 8% above target at 1,905,463 against 1,796,772 tons.
- The Surplus was due to supplementing BPC offtake with strategic feed from Q3.
- However, shortfall realized was due to intermittent equipment breakdown and conveyor challenges experiences by both Power plants and MCM shortage of EMVs to feed strategic stockpiles to the power plants to supplement UG thermal coal.
- BPC qualities, CV and %Fines were within spec

Total BPC offtake for 2024 was 8% above budget and against the 6+6 forecast. There was concerted effort towards year end to supply BPC with extra offtake from strategic stockpiles thereby improving the overwise lackluster for the rest of the year.

During the year BPC was plagued by challenges around equipment breakdowns as well as conveyors stoppages.

MCM was also challenged by shortage of earthmoving equipment to feed BPC from strategic stockpile in an effort to supply from strategic stockpiles.

FINANCIAL PERFORMANCE HIGHLIGHTS

16

Revenue
Revenue in 2024 was 18% higher than 2023, driven by increased washed coal and thermal offtakes and renegotiated BPC prices. This growth reflects strong operational performance, including record washed coal sales during the year.

Costs of Sales
Costs of sales increased by 17% in 2024, primarily due to a higher cost per ton following the suspension of opencast mining operations and a stock valuation adjustment of P79 million related to stock reclamation.

These changes reflect operational challenges and strategic decisions aimed at ensuring long term resource sustainability.

General and Administration Costs
The general and administration costs reduced by 9% in 2024 reflecting the successful implementation of effective cost control measures and operational efficiencies across the Mine.

Interest Income
Other interest income decreased by 26%, in 2024 primarily due to lower interest earned on overdue balances. While these balances continue to accrue interest at the prevailing bank prime rate, the decline reflects progress toward improved credit risk management and stakeholder engagement.

Profit Before Taxation
The Mine reported a loss of P26.2 million in 2024, an improvement from the P56.1 million loss in the previous year. This improvement was driven by an 18% increase in revenue to P1.25 billion and effective cost management, which offset the impact of higher cost resulting from the suspension of the opencast mining operations. This outcome reflects our ability to navigate operational challenges while progressing toward long-term sustainability objectives.

18%
TOTAL REVENUE
Increased by 18% to P1.25 billion in 2024 compared to P1.05 billion in 2023

17%
COST OF SALES
Cost of sales increased by 17% to P962.3 million in 2024 compared to P818.9 million in 2023

22%
GROSS PROFIT MARGINS
Gross profit increased by 22% to P283.1 million in 2024 compared to P232.9 million in 2023

78%
OTHER INCOME
Other income stood at P10.9 million against P6.1 million recorded in 2023

-9%
GENERAL AND ADMIN COSTS
Total general and administrative costs decreased to P182.3 million in 2024 from P201.5 million in 2023

4%
FINANCE COSTS
Total Finance Costs increased to P165.5 million in 2024 from P158.5 million in 2023

-66%
LOSS BEFORE TAX
Loss before Tax stood at P26.2 million against P82.4 million loss recorded in 2023

-68%
INCOME TAX
Total income tax stood at P5.5 million in 2024 from P17.0 million in 2023

-68%
LOSS AFTER TAX
Loss after Tax stood at P20.7 million against P65.3 million recorded in 2023

Property Plant and Equipment (PPE)
Property Plant and Equipment (PPE) recorded a 3% decrease, mainly due to lower capital spending aligned with operational priorities.

Inventory
The decrease in inventory by 15% was partially due to a decrease in coal closing stock as a result of increased coal offtake towards the end of the year. The suspension of the opencast operations also contributed to the reduced inventory balance. This was partially offset by a P14.8 million reductions in the coal stockpile value.

Trade and Other Receivable
Trade and other receivables decreased by 4% primarily due to a significant reduction in a major customers outstanding balance following a lumpsum payment in July 2024. However, slower payment rates from the same customer after July partially offset this improvement, resulting in the modest decrease in the debtor balance at year end.

Accounts Payable
Trade and other payables decreased by 17%, primarily driven by the settlement of supplier accounts following a significant lumpsum payment from a major customer in July 2024. Additional improvements were supported by cautious spending during the second half of the year and the curtailment of the opencast operations.

Borrowings
Borrowings decreased by 5% due to the settlement of a short-term facility in July 2024. During the year, an additional loan was secured to support working capital requirements. Interest on shareholder loans was partially paid, while the remainder was capitalized increasing the principal balance.

Decommissioning and Rehabilitation
The decommissioning and rehabilitation provision increased by 3% due to a reduction in the remaining life of the Mine (pegged to the mining license validity) and inflation effects.

Investment in Rehabilitation Trust
A total of P89 million has been transferred to the Rehabilitation Trust Fund since its inception. There has been no payment to the trust in the current year due to cash constraints.

FINANCIAL STATEMENTS

17

Financial **Statement**
2024 **Morupule Coal Mine** Annual Report

AUDITED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

MORUPULE COAL MINE LIMITED
Directors' statement of responsibility and approval of the annual financial statements
for the year ended 31 December 2024

Directors' statement of responsibility

The directors are responsible for the preparation and fair presentation of the financial statements of Morupule Coal Mine Limited ("MCM", "the Company") comprising the statement of financial position as at 31 December 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of material accounting policies and other explanatory notes, in accordance with IFRS Accounting Standards and in the manner required by the Botswana Companies Act (CAP 42;01).

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and to maintain adequate accounting records and an effective system of risk management.

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

The directors have made an assessment of the Company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

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

The external auditors are responsible for auditing and reporting on the Company's financial statements. Their report is presented on pages 64 to 68.

Directors' approval of the financial statements

The financial statements set out on pages 65 to 99 which have been prepared on the going concern basis, were approved and authorised for issue on ..04....JUL-1.......... 2025 by the Board of Directors and are signed on its behalf by:

....
Director

....
Director

MORUPULE COAL MINE LIMITED
Report of the Directors
for the year ended 31 December 2024

Morupule Coal Mine operates a business through extraction of coal from its underground and open cast mines located on one site in Palapye, Botswana. The coal is sold to Botswana Power Corporation, the local market and exported internationally. The directors have pleasure in submitting their report and the audited accounts of Morupule Coal Mine Limited ("MCM") for the year ended 31 December 2024.

CAPITAL

There was no change in the stated capital and shareholding of the Company during the year under review.

FINANCIAL PERFORMANCE

The highlights of revenue and profit for the year ended 31 December 2024 are as follows:

The Company recognised revenue of P1 245 444 315 (2023; P1 051 985 602), an increase of 18% (2023: 33% increase) year on year. The Company realised a net loss after taxation of P27 437 206 (2023: P65 347 321).

MINING ASSETS

Property, plant and equipment additions for the year to 31 December 2024 amounted to P156 776 071 (2023: P345 749 387).

DIRECTORATE

P Boitumelo-Chairman
M O Modie
J Motshegare
I B Matshediso
J Tsimako
S Botlhole-Mmopi (End of term 2024)
R Nekati (End of term 2024)

COMPANY SECRETARY

Wandipa Kelobang (Outsourced)
M Leteane (Resigned in Feb 2024)

REGISTERED OFFICE

Serowe/Palapye (A14) Road
Morupule Ward
Palapye, Botswana

BANKERS

Stanbic Bank Botswana Ltd
Access Bank Botswana Ltd
Bank Gaborone

INDEPENDENT AUDITORS

Ernst and Young
2nd Floor, Plot 22
Khama Crescent
P. O Box 41015
Gaborone, Botswana

EY
Building a better working world

Firm of Chartered Accountants
2nd Floor
Plot 22, Khama Crescent
PO Box 41015
Gaborone, Botswana

Tel: +267 397 4078 / 365 4000
Fax: +267 397 4079
Email: eybotswana@za.ey.com
Partnership registered in Botswana
Registration No: 10829
VAT No: P03625401112
www.ey.com

Independent Auditor's Report

To the Shareholders of Morupule Coal Mine Limited

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of the Morupule Coal Mine Limited ("the Company") set out on pages 64 to 99 which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Morupule Coal Mine Limited as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act (Cap 42:01).

Basis of Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (IESBA Code)* together with other ethical requirements that are relevant to our audit of the financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the company and in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities as described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

EY
Building a better working world

Key Audit Matter	How the matter was addressed in the audit
1. Valuation of deferred revenue (contract liability) from the Coal Sale Agreement ("CSA") with Botswana Power Corporation ("BPC") The Company has a Coal Sales Agreements with Botswana Power Corporation, the Company's main customer of coal contributing 70% of the Company's total sales for the year ended 31 December 2024 (2023: 84%). The contract has an upfront payment which at 31 December 2024 was BWP 1,292 million (2023: BWP 1,313 million) as disclosed in Note 17. The arrangement is accounted for as a deferred revenue transaction in accordance with IFRS 15 *Revenue from Contract with Customers* principles which contain a significant financing component. The deferred revenue is recognised as revenue in the statement of profit or loss as the coal is delivered to BPC. Revenue is recognised as coal is delivered relative to the total expected tonnage delivered over the term of the agreement. This is measured against an expected purchase price over a period of 21 years to September 2032. The contractual price is split into three elements- capital, fixed and variable- which, in aggregate, comprise an overall "base price" as defined in the contract. Accordingly, management estimates the cumulative amount of the deferred revenue liability that has been satisfied and therefore recognise the revenue. The timing of the billings necessitates a deferred revenue calculation which incorporates forecasts as to future events. The key inputs management use include; • Calculation of the deferred revenue portion of billings • Variable consideration The quantum of the deferred revenue balance, as well as the complexities involved in the accounting treatment of the transaction and the significant judgements applied by management in the inputs used in the determination of the deferred revenue makes deferred revenue a matter of significance to the audit in the current year and a key audit matter.	Our audit procedures included the following: • We obtained an understanding of the revenue recognition processes through enquiries of management including an understanding of the controls surrounding revenue recognition especially with the deferred revenue component. We met with senior management to corroborate our understanding of the commercial and technical developments which may impact the quantum of future costs and unwinding of the contract as well as to understand any impact this may have on the accounting for the agreement. As part of our understanding and assessing of the accounting treatment of the advance payments received to date; • We inspected the signed coal sales agreement between the Company and BPC including the existing coal take off schedule to assess the contractual arrangements and commitments to BPC. • With assistance of internal accounting experts from the EY Financial Reporting Group, to evaluate the appropriateness of the accounting treatment applied by management in line with IFRS 15 principles. In assessing the reasonableness of the deferred revenue, revenue and finance costs, our procedures on management's computation included: • We engaged our internal accounting experts to determine the appropriateness of the measurement of revenue and the significant financing component in accordance with IFRS 15 principles. • We assessed the estimated financing rate over the life of the agreement for compliance with IFRS 15 using independent market information. • With assistance from internal modelling experts, we tested the mathematical accuracy of the model prepared by management by performing an independent recalculation of the revenue and finance costs and comparing the results from our recalculation to those of management. Management's model was considered and concluded to be in line with expectations.

The related disclosures in the financial statements: • Accounting Policy VI. Deferred revenue • Accounting Policy XVI. Significant accounting judgements and estimates - b. Calculation of the deferred revenue portion of billings • Note 1.1 - Revenue from contract with customers • Note 17 - Deferred revenue	• We evaluated the adequacy of the financial statement disclosures relating to revenue recognition, deferred revenue and contingent liability relating to the CSA including disclosures of appropriate accounting policies in accordance with IFRS.
2. Provision for environmental decommissioning and restoration costs The Company's core business is mining coal. Consequently, the mining of coal results in an underground mine and an open pit which should be restored upon closure of the mine. Similarly, all the assets being utilized in the mining operations should be dismantled/ decommissioned or removed at the end of the useful lives. Significant judgement is required by the Directors in computing the future estimated costs used in the calculation of the provisions for environmental decommissioning and restoration costs. The period used for discounting the environmental decommissioning and restoration costs is based on the lower of the mine's lease period and the estimated remaining life of the mine. The estimated remaining life of mine includes significant estimates with regards to production estimates, viability of projects and capital expenditure. In addition, significant estimates are included in determining the long-term inflation rate and discount rates used in the calculation of the environmental decommissioning and restoration cost provisions. Due to the significance of the provision in the financial statements as a whole, combined with the significant judgements and estimates involved in determining the value of these provisions, the provisions for environmental decommissioning and site restoration costs are considered to be a key audit matter. The related disclosures in the financial statements: • XVI - Significant Accounting Judgments and Estimates - Key sources of estimation uncertainty section of the significant accounting policies	Our audit procedures included the following: • We evaluated the design and implementation of the relevant controls relating to the estimation and computation of the provisions for environmental decommissioning and restoration costs. We held discussions with the independent external and internal specialists to obtain an understanding of the significant assumptions, judgements and methods used in determining the estimates, the outcome of their estimates and basis of their conclusion. In addition, we performed the following substantive procedures with the help from our internal specialists: • Assessed the compliance with the Mining Act of Botswana requirements when determining these provisions. • Assessed the overall methodology and appropriateness of assumptions adopted by the Company in the estimation of the closure and rehabilitation provisions. • Assessed the approach taken by the Company in the determination of rates underlying the forecast costs and life of mine and evaluating the reasonableness of the discount rates used in calculating these provisions. • Determined if all the infrastructure components requiring demolition, rehabilitation and closure have been included in the calculation of these provisions. • Compared the life of mine estimates to the mines' lease period and confirmed that the lease period is lower. • Obtained specific management representations on the provisions for environmental decommissioning and restoration costs. • Reviewed the related disclosures for compliance with the requirements of International Accounting Standard 37: Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

• Note 15 - Environmental Cost Provision • Note 4 - Finance Costs. The specific disclosure is the unwinding discount of the rehabilitation liability • Note 2 - Operating (Loss)/ Profit. The specific disclosures being the Adjustments to environmental provisions.	

Other information

The directors are responsible for the other information. The other information comprises the information included in the 43-page document titled "Morupule Coal Mine Limited Annual Financial Statements for the year ended 31 December 2024", which includes the Directors' Statement of Responsibility and Approval of the Financial Statements, Report of the Directors and the Management Income Statement and Reconciliation, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act (Cap 42:01), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

EY

Building a better working world

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Ernst & Young
Practising member: Bakani Ndwapi
Partner
Membership number: CAP0010 2024
Certified Auditor
Gaborone

15 July 2025

Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

	Notes	2024 P	2023 P
Revenue from contracts with customers	1.1	1,245,444,315	1,051,985,602
Cost of sales		(962,310,509)	(818,991,905)
Gross profit		**283,133,806**	**232,993,697**
Other income	1.2	10,979,624	6,164,316
(Increase)/decrease in loss allowance on trade receivables	2	(676,807)	334,762
General and administrative costs	2	(182,381,402)	(201,508,884)
Operating profit	**2**	**111,055,221**	**37,983,891**
Interest income	3	28,201,975	38,161,078
Finance costs	4	(165,502,076)	(158,515,449)
Loss before taxation		**(26,244,880)**	**(82,370,480)**
Income tax credit	5	5,521,693	17,023,159
Loss for the year		**(20,723,187)**	**(65,347,321)**
Other comprehensive income		-	
		-	
Total comprehensive income for the year		**(20,723,187)**	**(65,347,321)**

Loss allowance on trade receivables was reclassified from general and administrative costs as required by IAS 1, to be shown on the face of the Statement of Comprehensive Income. The same was not shown in 2023 financial statements because it was considered to below the materiality threshold.

Statement of financial position as at 31 December 2024

	Notes	2024 P	2023 P
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,129,531,783	2,200,660,611
Right of use asset	8	639,272	1,166,896
Investment in Rehabilitation Trust	20	89,519,935	89,519,935
		2,219,690,990	**2,291,347,442**
Current assets			
Inventories	9	309,808,685	366,577,378
Trade and other receivables	10	623,251,999	652,061,180
Tax refund receivable	11	43,884	-
Cash and cash equivalents	6	38,923,360	6,167,394
		972,027,928	**1,024,805,952**
Total assets		**3,191,718,918**	**3,316,153,394**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	12	100	100
Retained earnings		851,826,068	872,549,255
Total shareholder's interest		**851,826,168**	**872,549,355**
Non Current liabilities			
Long term portion of borrowings	13.4	416,139,401	396,824,925
Long term lease liabilities	14	20,842	376,409
Environmental cost provision	15	186,294,025	185,393,481
Deferred tax liability	16	96,482,443	102,004,136
Long term deferred revenue	17	915,086,682	1,066,644,658
		1,614,023,393	**1,740,873,008**
Current liabilities			
Trade and other payables	18	266,629,218	320,591,787
Short term lease liabilities	14	400,897	793,055
Current portion of environmental cost provision	15	4,988,822	-
Current tax liability	11	-	131,311
Short term portion of borrowings	13.4	77,030,688	124,585,544
Short term portion of deferred revenue	17	376,819,732	246,258,733
		725,869,357	**702,731,031**
Total shareholder's equity and liabilities		**3,191,718,918**	**3,316,153,394**

In the prior year, the component of the rehabilitation expected to unwind in the next 12 months of P10,370,601 was classified as a current liability although it was not expected to be settled within this time frame. Management has classified the provision relating to the rehabilitation provision which is payable at the end of the life of Mine to non-current liabilities to reflect the correct timing of settlement of obligations relating to rehabilitation. The comparatives, which were not material, have been reclassified accordingly for comparability.

Statement of cash flows for the year ended 31 December 2024

	Notes	2024 P	2023 P
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss before taxation		(26,244,880)	(82,370,480)
Adjust for:			
Depreciation - right of use	8	527,624	(97,587)
Depreciation - other items of property, plant and equipment	7	208,389,872	211,726,507
Depreciation - environmental rehabilitation cost	7	11,665,406	9,387,721
(Decrease)/Increase in environmental rehabilitation provision	15	(74,418)	74,205
Amortisation of deferred revenue	17	(133,479,204)	(151,453,161)
Loss on disposal of property, plant and equipment	2	5,522,434	7,973,781
Interest income on overdue debtor balances (BPC)	4	(26,128,248)	(36,952,734)
Other interest income	4	(2,073,727)	(1,208,344)
Finance charges at effective interest		165,502,076	158,515,449
Expected credit loss (expense)/release	10	676,807	(333,644)
Unrealised foreign exchange gains		(890,670)	(1,092,420)
Net cash generated from operations		**203,393,073**	**114,169,293**
Working capital changes:			
Decrease/(Increase) in inventories	9	56,768,693	(146,877,843)
Decrease in trade and other receivables	10	54,260,622	233,261,433
(Decrese)/Increase in trade and other payables	18	(53,071,900)	140,454,260
Ìnterest Received from cash and cash equivalents	4	2,073,727	1,208,344
Income tax refund/(paid)	11	(175,194)	7,924,745
Site Decomissioning paid	15	(4,313,880)	-
Net cash generated from operating activities		**258,935,140**	**350,140,231**
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	7	(156,776,071)	(345,749,387)
Proceeds from sale of property, plant and equipment	7	819,095	41,896
Net cash utilised in investing activities		**(155,956,976)**	**(345,707,491)**
CASH FLOWS USED IN FINANCING ACTIVITIES:			
Finance costs paid	13.3	(28,431,812)	(31,057,057)
Repayment of lease liabilities	14	(747,726)	(772,468)
Repayment of lease liabilities interest		(45,330)	(89,586)
Borrowings paid	13.2	(140,997,331)	(85,984,690)
Borrowings received	13.2	100,000,000	100,000,000
Net cash (utilised)/generated in/from financing activities		**(70,222,199)**	**(17,903,801)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		32,755,966	(13,471,061)
CASH AND CASH EQUIVALENTS at beginning of year		6,167,394	19,638,455
CASH AND CASH EQUIVALENTS at end of year		**38,923,360**	**6,167,394**
Comprising:			
Bank balances and cash		8,923,360	6,167,394
Fixed deposits (90-day maturity)		30,000,000	-
		38,923,360	**6,167,394**

Interest on lease liabilities was reclassified from the lease payments to meets requirements of IAS 7.

Statement of changes in equity for the year ended 31 December 2024

	Stated Capital P	Retained Earnings P	Total P
Balance at 01 January 2023	100	937,896,576	937,896,676
Total comprehensive loss for the year:			
Loss for the year	-	(65,347,321)	(65,347,321)
Balance at 31 December 2023	**100**	**872,549,255**	**872,549,355**
Total comprehensive loss for the year:			
Loss for the year		(20,723,187)	(20,723,187)
Balance at 31 December 2024	**100**	**851,826,068**	**851,826,168**

Material accounting policies for the year ended 31 December 2024

BASIS OF PREPARATION

These financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards")". The financial statements have been prepared on the historical cost basis. They also prepared in accordance with the requirements of the Botswana Companies Act. The financial statements are presented in Botswana Pula, which is the company's functional and presentation currency with amounts rounded to the nearest Pula, except where otherwise stated.

The Mine has presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position.The company classifies its assets as either short-term (current) or long-term (non-current) based on their expected conversion into cash or usage within one year or the company's operating cycle. Non-current assets are those that will not be converted or retired within that timeframe. Liabilities are classified as current if they are due to be settled within 12 months of the balance sheet date, or within the entity's normal operating cycle, whichever is shorter. Liabilities due after that period are classified as non-current.

The principal accounting policies have been consistently applied in the current and previous financial year, unless stated otherwise.

Standards, interpretations and amendments to published standards that were adopted by the Company or are not yet effective, are detailed in note 25.

The material accounting policies are set out below.

I. CONSOLIDATION

The financial statements are the Company's own separate financial statements. The Company has elected not to prepare consolidated financial statements incorporating Morupule Coal Mine Rehabilitation Trust, which runs its business from Morupule Coal Mine which fully controls the trust. The Company is a wholly owned subsidiary of Minerals Development Company Botswana (Proprietary) Limited ("the holding Company") which is incorporated in Botswana. The holding Company prepares consolidated financial statements that comply with IFRS for public use. The consolidated financial statements are obtainable from 6th Floor, Exponential Building, Plot 54352, CBD, Gaborone, Private Bag BO 005, Gaborone.

II. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment, including construction work-in-progress for production, supply and administrative purposes, and producing Mine, are stated at cost less accumulated depreciation and impairment losses.

The initial cost of an asset comprises its purchase or construction cost, any other costs attributable to bringing the asset into operation, the initial estimate of rehabilitation, and, for qualifying assets, borrowing costs. The purchase or construction cost is the total amount paid and the fair value of any consideration given to acquire the asset. Capitalisation of a Mine's construction phase ceases when it moves to production phase, except for costs that qualify for capitalisation relating to asset additions, improvements and new developments on the underground or surface Mine development.

Depreciation is recognised using the straight-line method. Current rates of depreciation used are:

Asset Class	Depreciation rate	Asset Class	Depreciation rate
Buildings	Life of Mine lease	Environment decommission asset	Life of Mine lease
General equipment	12.5% - 20%	Decommissioning asset - Mining Contractor	Duration of contract
Infrastructure	5% - 20%	Vehicles	20% - 50%
Mine Stripping costs	Life of surface mining lease	Computers	33%
Mining equipment	12.5% - 50%	Furniture and fittings	20% - 50%
Plant	5% - 10%	Office equipment	5% - 20%

The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Material accounting policies
for the year ended 31 December 2024

II. PROPERTY, PLANT AND EQUIPMENT (cont.)
Infrastructure: This relates to structural and civil developments like lighting, roads, dams, underground support structures and conveyor systems, sewage and drainage systems, power lines and water pipes, car parkings and gardens.

Stripping Costs: The Mine introduced surface mining from January 2022 through a five year mining contract effective October 2021.The Mine is operated through the opencast mining method and the pit is extended through mining strips. Backfilling of the open pit (mined strips) would occur post ore depletion in a strip. The box cut phase of the pit remains open until the end of the life of the Mine. The Mine started ore production in August 2022 from the construction phase of the pit and full operations in April 2023 after comissioning the coal production plant. Waste stripping activity in the construction phase is recognised as a non-current asset until ore production begins, in accordance with IFRIC 20 Stripping costs in the production phase of a surface Mine. Capitalisation of waste ended in March 2023.The capitalised waste is amortised over the 15-year life of Mine from when ore production begins.

Waste stripping in the development phase of the pit is recognised as a current asset in accordance with IAS 2 Inventories .When ore production begins, the cost of mining the ore is expensed as incurred. The proportion of ore volumes mined in each strip is used to amortise the waste stripping costs of the strip previously recognised under current assets into the income statement. The proportion of ore mined is determined by using estimated ore volumes in each Mine strip. The strips are fully exposed to reach ore in an average period of less than 12 months (maximum 10 months).

III. IMPAIRMENT OF NON-FINANCIAL ASSETS
At each reporting date, the company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of an asset is the higher of its fair value (current market value as per valuation reports) less costs to sell (incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense) and its value in use. In assessing value-in-use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.' For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised previously. Reversals of impairment losses are recognised in profit or loss.

IV. BORROWING COSTS
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, being assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Material accounting policies
for the year ended 31 December 2024

V. REVENUE RECOGNITION
Revenue from sales of coal is recognised when the following steps have been applied;

1) contract with customer exist;
2) a performance obligation is included in the contract; 3)determination of a transaction price (contract price). 4)allocation of transaction price to the obligation.
3) recognition of revenue when/ as obligation(s) are satisfied.

The above apply to all customers including Botswana Power Corporation ("BPC"). Revenue for other customers is recognised at a point in time when coal leaves the Mine premises through road and rail. BPC revenue is recognised over time, when control is transferred to the customer, because MCM provides coal delivery service to BPC over a long term contract (Coal Supply Agreement-CSA).

The obligation discharged over time relates to unwinding of the contract liability on advance payments received in the past for the discharged contract period, being recognised as revenue when delivery of coal is eventually made to BPC. Interest income is accrued on a time basis by reference to the principal outstanding and the interest rate applicable.

VI. DEFERRED REVENUE
Revenue is deferred when, in terms of the contract of sale, billings do not reflect the underlying delivery of goods to which they relate. The difference between billings and the fair value of the delivery (per tonne) in proportion to the total revenue expected to be received over the life of the contract is reflected as deferred revenue in the statement of financial position.

VII. INVENTORIES
Inventories are stated at the lower of cost and net-realisable-value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory. Net-realisable-value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.Consumable stores, maintenance stores and materials are shown at average cost. The coal stockpile is valued at the average cost of production per tonne and NRV.

VIII. FOREIGN CURRENCIES
Transactions in currencies other than the Botswana Pula are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. All exchange gains and losses arising on translation are included in income in the period in which they arise.

Material accounting policies
for the year ended 31 December 2024

IX. TAXATION
Income tax expense comprises current tax and deferred tax.

i. Current Tax
The tax currently payable is based on taxable profit or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii. Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

iii. Current and deferred tax for the period
Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

X. ENVIRONMENTAL COSTS
Provision is made for the estimated costs relating to the current obligation for future restoration and rehabilitation of the Company's Mine. Such costs are capitalised as part of the assets and amortised over the estimated life of the Mine, to the extent that such costs are not incurred in the production of inventories, in which case such costs are immediately expensed. Mine closure plans are periodically reviewed and updated to reflect changing circumstances and provision amounts accordingly modified so as to accommodate such changes. The future estimated costs are discounted to present value using a pre-tax discount rate and or government bonds.

XI. RETIREMENT BENEFIT COSTS
Pensions are provided for eligible citizen employees through a separate pension fund to which the company contributes. The fund is a defined contribution plan. Pension contributions are expensed during the year in which they are due.

An accrual is raised for terminal gratuities for contract staff in accordance with their respective employment contracts.

Material accounting policies
for the year ended 31 December 2024

XII. FINANCIAL INSTRUMENTS
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i. Financial Assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a. Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- financial assets at amortised cost refers to the trade receivables.

<u>Amortised cost and effective interest method</u>
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Material accounting policies
for the year ended 31 December 2024

XII. FINANCIAL INSTRUMENTS (CONTINUED)

i. Financial Assets (continued)

a. Classification of financial assets (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit -impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income " line item.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically; for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item when the asset is derecognised, modified or impaired.

b. Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Definition of default
The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 30 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Material accounting policies
for the year ended 31 December 2024

XII. FINANCIAL INSTRUMENTS (CONTINUED)

i. Financial Assets (continued)

c. De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

ii. Financial Liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method

a. Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii)held-for-trading, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

1) the carrying amount of the liability before the modification; and
2) the present value of the cash flows after modification are recognised in profit or loss as the modification gain or loss within other gains and losses.

Material accounting policies
for the year ended 31 December 2024

XIII. LEASES

Leases that transfer most of the risks and rewards associated with ownership of an asset are recognised as finance lease obligations in long and medium term liabilities, measured at the present value of the future lease payments. Interest on finance leases is charged to income at a constant periodic rate over the lease term.

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

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

i. Classes of Leases and duration

1. Infrastructure (Railway line)	Life of Mine Lease (2039)
2. Residential Buildings	13 months to 5 years

ii. Measurement and recognition of leases

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

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in- substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

Material accounting policies
for the year ended 31 December 2024

XIII. LEASES (CONTINUED)

XIV. INVESTMENT IN REHABILITATION TRUST

The Rehabilitation Trust does not relieve the Company of its obligation to pay decommissioning costs. The Company recognise its obligation to pay decommissioning costs as a liability, and the contribution to the trust as a non-current asset. On the statement of financial position, environmental cost provision and investment in rehabilitation have been shown separately.

The Investment in Rehabilitation Trust is accounted for at cost less impairment.

XV. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank and cash balances.

XVI. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the company's accounting policies, management has used its judgement and made estimates in determining the amounts recognised in the financial statements.

i. Key Sources of Estimation Uncertainty

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Although these estimates are based on management's best knowledge of current events and conditions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements, and significant estimates made in the preparation of these financial statements are discussed below.

a. Valuation of the environmental cost provisions

Assumptions were made in the valuation of the Company's environmental cost provisions. Details of the assumptions used are set out in note 15.

b. Calculation of the deferred revenue portion of billings

Deferred revenue is calculated as the difference between billings, and the fair value of deliveries (per tonne) in proportion to total contractual revenue. In order to calculate this value on an annual basis, the expected coal off-take over the remainder of the life of the contract must be estimated.

c. Variable consideration

The Coal Sale Agreement (CSA) with Botswana Power Corporation (BPC) provides for a scenario known as a COTF Event ("cumulative off-take failure event"). COTF revenue recognised is estimated based on management's assumptions and judgment around BPC offtake during the contractual period.

d. Asset lives and residual values

Plant and equipment are depreciated to their residual values over their expected useful lives. Residual values and asset lives are assessed annually based on management's judgment of relevant factors and conditions.

Notes to the financial statements
for the year ended 31 December 2024

1 REVENUE
1.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 P	2023 P
Botswana Power Corporation (BPC)	876,082,406	724,723,474
Other customers	369,361,909	327,262,128
Total	**1,245,444,315**	**1,051,985,602**
Analysis of revenue by nature of performance obligation		
Performance obligation discharged over time	876,082,406	724,723,474
Performance obligation discharged at a specific point in time	369,361,909	327,262,128
	1,245,444,315	**1,051,985,602**
Unsatisfied / partially satisfied performance obligations		
Within one year	1,119,861,903	809,056,314
More than one year	6,326,332,446	7,403,487,989
Remaining performance obligation	**7,446,194,349**	**8,212,544,303**

Revenue from customers is recognised at a point in time when control is transferred to the customer,however for BPC sales the obligation is discharged overtime.The obligation discharged over time relates to unwinding of the contract liability on advance payments received in the past for the discharged contract period, being recognised as revenue when delivery of coal is eventually made to BPC. BPC coal is transferred through a conveyor belt between the premises. The rest of sales dispatch is by rail and road. The current year on year increase in revenue is mainly from a 21% increase in BPC offtake in the last half of the year caused by a depletion of its stockpiles.

The remaining performance obligation relates to 15.06 million tons (2023:16.34 million tons) of coal to be delivered to BPC over the remaining period of the 22-year contract as at the end of each year.

1.2 OTHER INCOME

	2024	2023
Housing cost recovery	4,297,697	4,151,915
Net foreign exchange gains	4,892,307	1,048,913
Sundry Revenue	1,789,620	963,488
	10,979,624	**6,164,316**

Sundry Revenue comprises mainly of scrap sales and training claims.

2 OPERATING PROFIT
2.1 Operating profit is stated after taking the following into account:

	2024	2023
Auditors' remuneration		
Audit fees	750,000	687,000
	750,000	**687,000**
Foreign exchange (gains)/losses - realised	(4,001,637)	43,507
Foreign exchange gains - unrealised	(890,670)	(1,092,420)
Net foreign exchange gains	**(4,892,307)**	**(1,048,913)**
Employee benefits expense		
Post employment benefits - pension costs	32,459,539	30,614,300
Other employee benefits	332,027,583	364,487,122
	364,487,122	**360,573,215**
Depreciation (note 7 and 8)	220,582,903	221,016,641
Directors' fees	309,420	430,933
Movement on provision for obsolete stores and consumables (note 9)	-	(3,157,124)
(Decrease)/increase in loss allowance on trade receivables	676,807	(334,762)
Loss on disposal of property, plant and equipment	5,522,434	7,973,781
Remuneration of key management personnel (note 19)	28,057,399	31,558,766
Adjustments to environmental provisions (incl. in cost of sales-note 15)	(74,418)	74,205
Royalties (note 19)	**32,416,549**	**34,072,721**

Notes to the financial statements
for the year ended 31 December 2024

2.2 GENERAL AND ADMINISTRATIVE COSTS

	2024 P	2023 P
Employee benefits	74,736,226	96,023,068
Depreciation-non mining	17,024,429	20,378,131
(Impairment reversal) / impairment provision for trade receivables	676,807	(334,762)
RSA VAT impairment provision/(reversal)	13,394	251,168
Disposal loss on property, plant and equipment	5,522,434	7,973,781
Legacy projects and other projects expenses	8,631,067	3,419,629
Audit fees	750,000	883,537
Other administrative costs	75,703,852	72,579,569
	183,058,209	**201,174,122**

Other administrative costs are comprised of: P19.6M (2023:P18.9M) computer maintenance and support costs, P17.0 M (2023: P7.8M) outsourced services , (cleaning, security, catering, housing and garden maintenance), P16.5M (2023: P16.6M) insurance cover, P7.6M (2023:P5.6M) football club support and donations, P4.3M (2023:P3.5M) travel and accomodation and entertainment,P2.2M (2023: P2.0M) training levy, P2.0M (2023:P1.2M) telephone charges and P4.6 M (2023:P10.1M)recruitment and employee welfare costs. Other project expenses were increased by feasibility study costs of P7.3M (2023: NIL).

2023

The difference of P1,118 between Note 10 and 2.2 on trade receivabes ECL relates to a recovery of bad debt written off in the past year.

3 INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD

	2024	2023
Interest received - call deposits	2,073,727	1,208,344
- overdue debtor balances (BPC)	26,128,248	36,952,734
Total Interest income	**28,201,975**	**38,161,078**

4 FINANCE COSTS

	2024	2023
* Interest paid on borrowings - related parties (note 19)	26,098,757	22,195,702
* Interest paid on borrowings -bank loans(note 13)	15,090,006	14,397,320
Unwinding of the environmental decommissioning provision (note 15)	10,667,173	9,941,492
Unwinding of the contractor decommissioning provision (note15)	1,118,583	419,697
Unwinding of the lease liability(note 14)	45,330	89,586
Unwinding of Interest on deferred revenue	112,482,227	111,471,653
	165,502,076	**158,515,449**

* Interest is calculated using the effective interest method

Notes to the financial statements
for the year ended 31 December 2024

5 INCOME TAX

	Note	2024 P	2023 P
Deferred taxation from temporary differences	16	(5,521,693)	(17,023,159)
Income tax		**(5,521,693)**	**(17,023,159)**

Taxation reconciliation

Taxation on loss before tax at the current statutory income tax rate of 22%	(5,773,874)	(18,121,506)
Non-deductible expenses	252,181	1,098,346
Income tax	**(5,521,693)**	**(17,023,159)**

The non-deductible expense relates to various donations made by management to support national activities.

Estimated tax loss
There was no current income tax recognised during the year and previous years as the company has an estimated tax losses. The losses mainly arise from temporary differences from acquisition of non current assets.

Opening balance	348,259,514	209,280,627
Tax loss raised in current year	45,709,866	138,978,887
Estimated loss closing balance	**393,969,380**	**348,259,514**

6 CASH AND SHORT TERM DEPOSITS

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

Cash and cash equivalents	**38,923,360**	**6,167,394**
Bank balances and cash	8,923,360	6,167,394
Fixed deposits	30,000,000	-
Total cash and cash equivalents	**38,923,360**	**6,167,394**

Bank balances earn interest at a fixed rate of 1.5%. Fixed deposits are made for varying periods between one day to three months, depending on the immediate requirements of the Company, and earn interest at the respective short- term deposits rates.

The company has a credit card facility of P150 000 (2023: P150 000) with Stanbic Bank to assist management with emergency expenditure mostly during out of site travel.

Notes to the financial statements
for the year ended 31 December 2024

7 PROPERTY, PLANT AND EQUIPMENT

COST	2023 P	Transfers P	Additions P	Disposals P	Adjustment P	2024 P
Buildings	320,734,257	6,082,248	15,682,278	124,137		342,374,646
Stripping Costs	407,372,979					407,372,979
Computers	100,179,123	1,362,822	4,663,855	1,689,142		104,516,658
Environmental decommissioning asset	128,017,491				(2,084,944)	125,932,547
Decomissioning: Mining Contractor	6,723,687				576,852	7,300,539
Furniture and Fittings	8,879,563	-	65,651	1,599		8,943,615
General Equipment	92,771,334	483,311	3,453,447	3,663,245		93,044,847
Infrastructure	1,357,821,381	5,090,304	25,894,602	11,686,807		1,377,119,480
Mining Equipment	888,831,645	1,218,664	103,174,530	30,340,747		962,884,093
Office Equipment	2,976,734	-	-	4,242		2,972,492
Plant	369,162,176	3,173,345	1,724,196	496,273		373,563,444
Vehicles	92,614,846	220,595	220,595	5,181,625		87,874,412
Capital work in progress	76,560,923	(17,631,290)	1,896,917	-		60,826,550
	3,852,646,138	**-**	**156,776,071**	**53,187,817**	**(1,508,092)**	**3,954,726,300**

PROPERTY, PLANT AND EQUIPMENT ACCUMULATED DEPRECIATION	2023 P	Transfers P	Charge for the year P	Disposals	Adjustment P	2024 P
Buildings	88,126,766		10,296,749	124,134		98,299,381
Stripping Costs	31,264,838		27,947,833			59,212,671
Computers	69,067,216		6,276,283	1,684,683		73,658,816
Environmental decommissioning asset	37,308,369		7,911,993	-		45,220,362
Decomissioning: Mining Contractor	3,025,659		3,753,413	-		6,779,072
Furniture and Fittings	6,283,703		757,119	1,500		7,039,322
General Equipment	67,231,999		6,830,022	3,157,769		70,904,252
Infrastructure	574,629,104		70,410,830	10,922,046		634,117,887
Mining Equipment	614,212,874		65,972,500	26,558,591		653,626,782
Office Equipment	1,992,838		309,974	4,242		2,298,569
Plant	99,624,720		15,879,771	489,849		115,014,643
Vehicles	59,217,442		3,708,792	3,903,474		59,022,760
	1,651,985,527	**-**	**220,055,278**	**46,846,288**	**-**	**1,825,194,517**

Notes to the financial statements
for the year ended 31 December 2024

7 PROPERTY, PLANT AND EQUIPMENT

COST	2022 P	Transfers P	Additions P	Disposals P	Adjustment P	2023 P
Buildings	274,698,166	35,697,827	10,698,113	359,849		320,734,257
Stripping Costs	291,001,980	-	116,370,999	-		407,372,979
Computers	85,170,553	-	15,542,052	533,481		100,179,123
Environmental decommissioning asset	125,938,503	-	-		2,078,988	128,017,491
Decomissioning: Mining Contractor	6,723,687	-	-	-		6,723,687
Furniture and Fittings	8,110,843	-	768,719	-		8,879,563
General Equipment	88,227,122	-	4,544,212	-		92,771,334
Infrastructure	1,090,230,560	265,938,173	19,169,785	17,517,137		1,357,821,381
Mining Equipment	774,133,748	2,223,436	128,597,410	16,122,949		888,831,645
Office Equipment	2,822,695	10,429	143,610	-		2,976,734
Plant	174,146,559	192,959,203	2,056,415	-		369,162,176
Vehicles	84,861,410	-	14,619,819	6,866,383		92,614,846
Capital work in progress	540,151,737	(496,829,067)	33,238,253	-		76,560,923
	3,546,217,562	**(0)**	**345,749,387**	**41,399,798**	**2,078,988**	**3,852,646,138**

PROPERTY, PLANT AND EQUIPMENT ACCUMULATED DEPRECIATION	2022 P	Transfers P	Charge for the year P	Disposals	Adjustment P	2023 P
Buildings	79,846,214	-	8,640,401	359,849	-	88,126,766
Stripping Costs	6,113,968	-	25,150,870	-	-	31,264,838
Computers	63,772,269	-	5,786,324	491,376	-	69,067,216
Environmental decommissioning asset	29,265,386	-	8,042,984	-	-	37,308,369
Decomissioning: Mining Contractor	1,680,922	-	1,344,737	-	-	3,025,659
Furniture and Fittings	5,313,723	-	969,980	-	-	6,283,703
General Equipment	59,257,893	-	7,974,106	-	-	67,231,999
Infrastructure	527,041,453	-	62,597,149	15,009,498	-	574,629,104
Mining Equipment	545,379,843	-	81,656,329	12,823,299	-	614,212,874
Office Equipment	1,590,532	-	402,305	-	-	1,992,838
Plant	90,050,876	-	9,573,844	-	-	99,624,720
Vehicles	54,942,343	-	8,975,199	4,700,100	-	59,217,442
	1,464,255,422	**-**	**221,114,228**	**33,384,123**	**-**	**1,651,985,527**

Notes to the financial statements
for the year ended 31 December 2024

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

CARRYING AMOUNT	2023 P	2023 P
Buildings	244,075,265	232,607,491
Stripping Costs	348,160,309	376,108,141
Computers	30,857,842	31,111,907
Environmental decommissioning asset	80,712,184	90,709,122
Decomissioning of mining contractor site	521,466	3,698,027
Furniture and fittings	1,904,292	2,595,860
General equipment	22,140,595	25,539,335
Infrastructure	743,001,593	783,192,277
Mining equipment	309,257,310	274,618,772
Office equipment	673,923	983,897
Plant	258,548,802	269,537,456
Vehicles	28,851,652	33,397,404
Capital Work in Progress	60,826,550	76,560,923
	2,129,531,783	**2,200,660,611**

Buildings principally comprise buildings located on the Mine lease area 13 kilometres west of Palapye along the Palapye/Serowe Road - being offices and residential housing. The remainder comprises of a number of staff houses in various locations in Palapye.

The environmental decommissioning asset relates to the capitalised expected decommissioning costs at the end of the life of the Mine. The P2 084 944 (2023: P2 078 988) adjustment in the cost in the current year arose from revised Mine closure cost estimates which are reviewed every 5 years or whenever there is a substantial change in mining operations, as per note 15.

The decomissioning of the mining contractor asset at P7,300,539 (P2023 P6 723 687) is the discounted value of the site de-establishment cost of the mining contractor as per the 5 year contract term (60 months) which was terminated at 42 months to March 2025.

There is no capital work-in-progress (2023:P23 124 366) relating to expenditure on the Motheo expansion project as the remaining projects are at prefeasibility studies. The rest of the capital costs relates to stay-in-business projects mainly the clinic, inventory warehouse, new staff houses and mining equipment overhauls. These projects will be completed in the succeeding year.

Notes to the financial statements
for the year ended 31 December 2024

8 RIGHT OF USE ASSET

COST	2023 P	Additions P	Disposals P	2024 P
Residential Buildings	2,816,089	647,405	2,168,684	
Infrastructure	108,355	-	-	108,355
	2,924,444	**-**	**647,405**	**2,277,039**

ACCUMULATED DEPRECIATION	2023	Charge for the year	Disposals	2024
Residential Buildings	1,736,908	522,927	647,405	1,612,430
Infrastructure	20,640	4,697		25,337
	1,757,548	**527,624**	**647,405**	**1,637,767**
CARRYING AMOUNT				
Residential Buildings	976,434			556,253
Infrastructure	92,875			83,018
	1,069,309	**-**		**639,272**

RIGHT OF USE ASSET COST	2022 P	Additions P	Disposals P	2023 P
Residential Buildings	5,555,678		2,739,589	2,816,089
Infrastructure	108,355	-	-	108,355
	5,664,033	**-**	**2,739,589**	**2,924,444**

ACCUMULATED DEPRECIATION	2022	Charge for the year	Disposals	2023
Residential Buildings	4,579,244	(102,747)	2,739,589	1,736,908
Infrastructure	15,480	5,160		20,640
	4,594,724	**(97,587)**	**2,739,589**	**1,757,548**
CARRYING AMOUNT				
Residential Buildings	880,357			1,079,181
Infrastructure	98,035			87,715
	978,392	**-**		**1,166,896**

The Company has leases for residential houses occupied by its employees and a railway siding. With the exception of short term leases and leases of low-value underlying assets where the company applied the recognition exemptions, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Financial Statement
2024 Morupule Coal Mine Annual Report

Notes to the financial statements
for the year ended 31 December 2024

9 INVENTORIES

	2024 P	2023 P
Coal stockpiles	155,592,754	219,024,755
Stores and consumables	116,258,157	104,240,000
Provision for obsolete stores and consumables (note 2)	-	(3,157,124)
Inventory Work-In-Progress (opencast)	37,957,774	46,469,747
	309,808,685	**366,577,378**

The cost of stores and consumables recognised as an expense through cost of sales during the year was P54 772 824 (2023: P27 771 758). Coal Stock is valued at the lower of cost and net realisable value, there was no write down of coal stock to net realisable value.

10 TRADE AND OTHER RECEIVABLES

	2024 P	2023 P
Trade receivables(gross)	609,318,435	633,935,758
Expected credit loss allowance	(829,438)	(152,631)
Trade receivables(net)	**608,488,997**	**633,783,127**
Value Added Tax receivable(gross)	5,464,030	5,233,095
Provision for non-recoverable RSA VAT	-	(1,598,727)
Value Added Tax receivable(net)	5,464,030	3,634,368
Prepayments	4,017,844	11,096,879
Deposits	754,237	778,711
Staff advances	1,974,428	2,385,483
Sundry debtors	2,552,463	382,611
	623,251,999	**652,061,180**
EXPECTED CREDIT LOSS		
Balance at the beginning of the year	(152,631)	(486,275)
Reversal/(Provision) for the year	(676,807)	333,644
Balance at the end of the year	**(829,438)**	**(152,631)**

Notes to the financial statements
for the year ended 31 December 2024

The average credit period on sale of coal is 30 days. The carrying value of trade receivables approximates fair value. Before accepting any new customer, the Company assesses the potential customer's quality and defines credit limits by customer and, where appropriate, obtains collateral. The Company applies a simplified approach to measure the loss allowance for trade rece ivables classified at amortised cost using twelve months expected credit loss. Interest is chargeable on overdue amounts when provided for in the underlying coal sales agreements. Included in the trade receivables balance are debtors with a carrying amount of P385.3M (2023: P513.0M) (as aged below), which are past due at the reporting date and against which the Company has not raised a provision as there has not been a significant change in their credit quality and the amounts are considered recoverable. The Company has raised an expected credit loss provision of P829 438 (2023: P152 631) relating to an outstanding debtors balance.

	Days past due				
Trade Receivables	**P**	**P**	**P**	**P**	**P**
2024	**Not past due**	**30 to 60**	**61 to 90**	**> 90**	**Total**
Gross Carrying amount	223,928,952	71,796,817	31,775,530	281,817,136	609,318,435
Expected credit loss rate	0.00%	0.01%	0.00%	0.29%	
Expected credit loss rate within 12 months	(10,539)	(6,977)	(527)	(811,395)	(829,438)
Total	**223,918,413**	**71,789,840**	**31,775,002**	**281,005,741**	**608,488,997**

2023	**Not past due**	**30 to 60**	**61 to 90**	**> 90**	**Total**
Gross Carrying amount	120,804,797	75,880,032	2,491,249	434,759,679	633,935,758
Expected credit loss rate	0.01%	0.00%	0.00%	0.03%	
Expected credit loss rate within 12 months	(10,654)	(2,722)	(6)	(139,248)	(152,631)
Total	**120,794,143**	**75,877,310**	**2,491,243**	**434,620,431**	**633,783,127**

11 TAXATION

	2024 P	**2023 P**
Opening Balance	(131,310)	7,793,434
Charge for the year	-	-
Payments/(refund)	175,194	(7,924,744)
Total	**43,884**	**(131,310)**

12 STATED CAPITAL

	2024 P	**2023 P**
10 000 ordinary shares	100	100

Ordinary shares are of no par value, carry one vote per share and carry a right to dividends.

Notes to the financial statements
for the year ended 31 December 2024

13 BORROWINGS

13.1 Shareholder Loan

	2024 P	**2023 P**
Opening Balance	357,395,159	351,845,693
Interest on Shareholder Loan	26,098,757	22,195,702
Finance costs paid	(13,341,806)	(16,646,235)
Closing Shareholder Loan balance	**370,152,110**	**357,395,159**
Total debt	370,152,110	357,395,159
Short term portion of borrowings	-	-
Long term portion of borrowings	**370,152,110**	**357,395,159**

The shareholder is Mineral Development Company Botswana Proprietary Limited ("MDCB"). The loan bears interest at a variable rate of 100 basis points above the current Bank of Botswana rate of 6.01% (2023: 6.51%) The loan is payable quarterly and payable over t hree years.

13.2 Working Capital Facilities

	2024 P	**2023 P**
Capital Balance-Stanbic	86,000,000	150,000,000
Capital Balance-Bank Gaborone	178,015,310	100,000,000
Interest on facility-Stanbic	2,125,230	7,431,747
Interest on loan-Bank Gaborone	12,964,776	6,962,514
Payments-Stanbic	(86,000,000)	(64,000,000)
Payments-Bank Gaborone	(54,997,331)	(21,984,690)
Total	**123,017,979**	**164,015,310**

Analysis of Closing Balance

	Stanbic	**Bank**	**Total 2024**	**Total 2023**
Opening Balance	86,000,000	78,015,310	164,015,310	-
Additions	0	100,000,000	100,000,000	250,000,000
Interest on loan	2,125,230	12,964,776	15,090,006	14,394,261
Loan repayments	(88,125,230)	(67,962,107)	(156,087,337)	(100,378,951)
Closing Balance	**-**	**123,017,979**	**123,017,979**	**164,015,310**
Total debt			123,017,979	164,015,310
Short term portion of borrowings - Stanbic			-	(86,000,000)
Short term portion of borrowings - Bank Gaborone			(77,030,688)	(38,585,544)
Long term portion of borrowings - Bank Gaborone			**45,987,291**	**39,429,766**

Working Capital Facilities
The Company converted the P150 Million Stanbic Bank working capital facility (Note 13) into a 12-month loan as from March 2023.The loan attracts interest at prime (6.51%) minus 0.75%.Interest amounting to P2,1M (2023: P7.4 M) was paid during 2024. The Stanbic loan was settled in July 2024 and the facility was not renewed.

The company has two loans from Bank Gaborone at P100M each acquired in March 2023 and Jan 2024 respectively. The loans attract interest at prime + 3.00% annually and are repayable over 36 months. Total interest amounting to P12.9M (2023: P6.96M) was paid on the loans.

Notes to the financial statements
for the year ended 31 December 2024

13.3 Financing Activities-Financing costs paid

	2024 P	2023 P
Interest paid on Shareholder Loan	(13,341,806)	(16,646,235)
Interest on bank loans	(15,090,006)	(14,394,261)
Other finance charges	-	(16,562)
Total Financing costs paid	**(28,431,812)**	**(31,057,058)**

13.4 Current and Long term portion of borrowings

	2024 P	2023 P
Current portion	77,030,688	124,585,544
Long term portion	416,139,401	396,824,925
Total Borrowings	**493,170,089**	**521,410,469**

14 LEASE LIABILITIES

Refer to Note 8 for categories of leased assets. Infrastructure relates to a railway line leased over the life of Mine lease. Residential buildings leased are from private landlords and the Botswana Housing Corporation, with various expiry dates. The leases do not contain a renewal option and can be terminated with notice.

Lease liabilities are presented in the statement of financial position as follows:

	2024 P	2023 P
Current	400,897	793,056
Non current	20,842	376,409
Total	**421,739**	**1,169,465**

The undiscounted maturity analysis of lease liabilities at 31 December 2024 is as follows:

	Weighted average effective interest	Within a year P	1-2yrs P	2-3 yrs P	3-4 yrs P	4-5 yrs P	More than 5 yrs P	Total P
2024 Lease Liability	6%	400,897	8,738	8,738	8,738	8,738	87,380	523,229
		400,897	**8,738**	**8,738**	**8,738**	**8,738**	**87,380**	**523,229**
2023 Lease Liability	6%	793,056	400,897	8,738	8,738	8,738	96,119	1,316,285
		793,056	**400,897**	**8,738**	**8,738**	**8,738**	**96,119**	**1,316,285**

Notes to the financial statements
for the year ended 31 December 2024

14 LEASE LIABILITIES (continued)

ANALYSIS OF CLOSING BALANCE

	2024 P	2023 P
Opening Balance	1,169,465	1,941,934
Interest on leases	45,330	89,586
Payments	(793,056)	(862,055)
Total	**421,739**	**1,169,465**

AMOUNTS RECOGNISED IN PROFIT OR LOSS

	2024 P	2023 P
Depreciation expense for Right of use assets	527,624	(97,588)
Interest expense	45,330	89,586
Amount recognised in profit and loss	**572,954**	**(8,002)**

15 ENVIRONMENTAL COST PROVISION

15.1 MINE DECOMISSIONING AND REHABILITATION PROVISION

	2024 P	2023 P
Balance at beginning of the year	177,786,214	165,691,529
Adjustment of the environment decommissioning asset (note 7)	(2,084,944)	2,078,988
Amount charged to cost of sales (note 2)	(74,418)	74,205
Unwinding of the discounting for the current year (note 3)	10,667,173	9,941,492
Balance at end of the year	**186,294,025**	**177,786,214**

The key assumptions on which environmental provision is based are:

a) Inflation factor of 4% per annum (2023: 4% per annum)
b) Pre-tax discount factor of 6% per annum (2023: 6% per annum)
c) Life of Mine of 15.9 years (2023: 16.9 years)
d) Estimated costs of P197.0 million (2023: P197.0 million) for the decommissioning provision and P7.0 million (2023: P7.0 million) for the rehabilitation provision, were compiled by external professional valuers in December 2021. The Company policy is to contract an external professional expert to review these costs every 5 years, or whenever there is a substantial change in mining operations.

Notes to the financial statements
for the year ended 31 December 2024

15.2 MINING CONTRACTOR SITE DECOMISSIONING PROVISION

	2024 P	2023 P
Original value at present value	7,607,267	7,201,070
Adjustment of the environment decommissioning asset (note 7)	576,852	-
Payment(part decomissioning)	(4,313,880)	-
Unwinding of the discounting for the current year (note 4)	1,118,583	406,197
Balance at end of the year	**4,988,822**	**7,607,267**

The key assumptions on which site de-establishment provision is based are:

a) No Inflation factor (actual future costs per contract).
b) Discount factor of 5.50% per annum based on a 5-years government bond (2023: 5.5%)
c) Contact period ended at 42 months due to termination (2023: 60 months).
d) Contracted costs of P8.85 million (2023: P8.85m) for the mining contractor site de -establishment charge as per contract.
e) The provision relates to site de-establishment of the surface mining contractor after a 5 year contract term/until early termina tion. The costs include demobilisation of equipment and dismantling of any structures that are not transferred to the Mine. An asse t at the PV was recognised under PPE.

15.3 ANALYSIS OF CLOSING BALANCE

	Mine Decomissioning and Site Decomissioning P	Mining Contractor P	Total P
Opening Balance 01 January 2024	177,786,214	7,607,2670	185,393,481
Decomissioning adjustments (note 7)	(2,084,944)	576,852	(1,508,092)
Unwinding of discount (note 3)	10,667,173	1,118,583	11,785,756
Closure costs (charged to cost of sales/paid)	(74,418)	(4,313,880)	(4,388,298)
Closing Balance 31 December 2023	**186,294,025**	**4,988,822**	**191,282,847**

The decomissioning provisions presentation in the statement of financial position is as follows:

Current Portion	-	4,988,822	4,988,822
Long term portion	186,294,025	-	186,294,025
	186,294,025	**4,988,822**	**191,282,847**

Notes to the financial statements
for the year ended 31 December 2024

16 DEFERRED TAXATION

	2024 P	2023 P
Deferred tax		
Balance at beginning of the year	(102,004,136)	(119,027,295)
Current year charge (note 5)	5,521,693	17,023,159
Balance at end of the year-Deferred tax liability	**(96,482,443)**	**(102,004,136)**
Analysis of deferred taxation		
Unrealised exchange gain	(195,947)	(284,533)
Rehabilitation provision	23,336,894	21,092,180
Deferred revenue	284,219,411	288,838,746
Leases	92,783	257,282
Other prepayments	(311,426)	(656,770)
Prepaid insurance	(572,499)	(1,784,544)
Property, plant and equipment	(468,637,631)	(484,402,052)
BPC Revenue accrual	(27,285,390)	(10,729,543)
Staff Bonus provisions	4,430,071	6,973,394
Utilities accrual	1,934,043	1,638,814
Other provisions	(166,015)	435,795
Current year cumulative tax loss	86,673,263	76,617,093
Balance at end of the year	**(96,482,443)**	**(102,004,136)**

Other provisions mainly comprise of audit fees P165K (2023: P151K)

17 DEFERRED REVENUE

The Company delivers coal to the Botswana Power Corporation ("BPC") under a coal sales agreement. The selling price of coal under this agreement includes a "Capital Portion" (payable over the first 8 years of the 21 year contract period) and a "Fixed Portion", neither of which are receivable proportionally with tonnes delivered. The proceeds from BPC have therefore been recorded as deferred revenue, with the amount recognised as revenue proportional to the coal delivered to BPC (on a tonnage basis). The Deferred Revenue arises due to advance payments resulting from IFRS 15 principles which are considered a source of funding and therefore attract the financing charges at 8.4%. The Deferred Revenue is recognised as revenue over the duration of contract based on optimized contract price and tonnage.

		2024 P	2023 P
Balance at beginning of year		1,312,903,391	1,352,884,900
Finance cost for the year	Note 3	112,482,227	111,471,653
Total amortisation of deferred revenue for the year	Note 1.1	(133,479,204)	(151,453,161)
Balance at end of year		**1,291,906,414**	**1,312,903,391**
Short term portion of deferred revenue		376,819,732	246,258,733
Long term portion of deferred revenue		915,086,682	1,066,644,658
Total deferred revenue		**1,291,906,414**	**1,312,903,391**

Notes to the financial statements
for the year ended 31 December 2024

18 TRADE AND OTHER PAYABLES

	2024 P	2023 P
Trade payables	188,233,019	229,929,251
Advance payments received from customers	-	1,147,501
	188,233,019	**231,076,752**
Value Added Tax (VAT) payable	5,008,693	3,473,337
Salary-related accruals	47,495,104	58,742,006
Capital retentions held	4,053,907	4,819,850
Royalties payable on sales	4,485,324	8,024,516
Utility accruals	8,791,105	7,449,156
Other payables	8,562,066	7,006,172
	266,629,218	**320,591,787**

Trade payables are obligations to pay for goods and services. The Company has financial management procedures to ensure that payables are settled on time. The Company has not incurred interest penalties relating to accounts payable. The average number of days in payables is 30 days (2023: 30 days).

Other Payables is comprised of sporting and recreation club, insurance, audit and directors fees and severance provision for the mining contractor. The increase in trade payables is due to a significant (>50%)decline in receipts from the main customer BPC resulting in low rate of paying supplier balances as they fall due.

19 RELATED PARTY DISCLOSURES

Related parties of the Company include key management personnel, directors, Investment in Rehabilitation Trust and transactions with its shareholder; Mineral Development Corporation Botswana (Proprietary) Limited (MDCB) and companies owned by the Government of Botswana that have significant transactions with MCM.

Balances owing:

	Relationship	2024 P	2023 P
Related parties balances receivable Other Related parties			
BPC (included in trade receivables - note 10)	State owned	562,834,761	595,253,051
Botswana Ash Limited (included in trade receivables - note 10)	State owned	8,487,972	5,090,860
Investment in Trust Fund			
MCM Rehabilitation Trust (included in trade receivables - note 10)	Investment	243,181	391,961

Notes to the financial statements
for the year ended 31 December 2024

19 RELATED PARTY DISCLOSURES (continued)

	Relationship	2024 P	2023 P
At 31 December the total assets of the Trust amounted to:		120,939,742	114,297,774
Borrowings (note 13):		**2024 P**	**2023 P**
Shareholder loan - MDCB	Owner through the state	370,152,110	362,944,626
Transactions (income)/expenses:			
Other Related party		**2024 P**	**2023 P**
BPC - coal sales	State owned	(876,082,406)	(724,723,474)
Botswana Ash Limited - coal sales	State owned	(45,135,029)	(50,170,333)
Royalties paid to Government of Botswana (note 2)	Government	32,416,549	34,072,721
BPC - interest received (note 4)	State owned	26,128,248	36,952,734
Directors' fees		309,420	430,933
Remuneration of key management personnel (note 2):			
Post retirement benefits		7,397,324	2,281,844
Other employee benefits		20,660,075	29,276,922
		28,057,399	**31,558,766**
Finance costs (note 3):			
Shareholder -MDCB	Owner through the state	26,098,757	22,195,702

20 INVESTMENT IN SUBSIDIARY

	2024 P	2023 P
Investment in Rehabilitation Trust	**89,519,935**	**89,519,935**

The Morupule Coal Mine Rehabilitation Trust was established on 8 May 2018 for the purpose of setting aside funds for the rehabilitation of the Mine upon closure. MCM is the sole beneficiary of the Trust which is administered by independent Trustees. Access to the assets of the Trust is restricted up to the cessation of the mining operations. Investment in Rehabilitation Trust is accounted for at cost less impairment.

Notes to the financial statements
for the year ended 31 December 2024

21 CAPITAL COMMITMENTS

	2024 P	2023 P
Capital expenditure authorised by the directors but not incurred:		
Expenditure contracted for	41,403,498	28,724,098
Expenditure not contracted for	512,129,084	400,442,899
	553,532,582	**429,166,997**

The capital commitments are to be financed by internally generated funds and relate to work in progress.

22 RETIREMENT BENEFITS

Retirement benefits are provided for all eligible citizen employees of the Company through the Debswana Pension Fund, which is governed by the Pensions and Provident Funds Act (Chapter 27:01), on the basis of a defined contribution plan. (Refer to note 1 for current year pension costs).

23 CONTINGENT LIABILITIES

Contingent liabilities are possible obligations whose existence will be confirmed only by an uncertain future event, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote. There is no contingent liability expected to arise from coal that has not been taken by BPC in respect of the contract period up to 31 December 2024 since the revised agreement effective January 2023 eliminated the COTF events (2023:NIL tons).

24 FINANCIAL INSTRUMENTS

	2024 P	2023 P
Categories of Financial Instruments		
Financial assets at amortised costs		
Trade receivables	613,015,888	636,551,221
Cash and short term deposits	38,923,360	6,167,394
Total	**651,939,248**	**642,718,615**
Financial liabilities at amortised costs		
Trade payables	188,233,019	231,076,752
Capital retentions held	4,053,907	4,819,850
Royalties payable on sales	4,485,324	8,024,516
Utility accruals	8,791,105	7,449,156
Other payables	8,562,066	7,006,172
Lease liabilities	421,739	1,169,464
Short term portion of borrowings	77,030,688	124,585,544
Long term portion of borrowings	416,139,401	402,374,392
Total	**707,717,249**	**786,505,845**

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Notes to the financial statements
for the year ended 31 December 2024

24 FINANCIAL INSTRUMENTS (continued)

Capital risk management
The Company manages its capital to ensure that it continues as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The capital structure of the Company consists of net debt, which includes the borrowings (note 13), related Company balances (note 18), bank balances and cash.

Gearing ratio
The Company's management overall strategy is to keep the gearing ratio at a minimum.

	2024 P	2023 P
Debt (i)	(123,017,979)	(250,000,000)
Bank balances and cash	38,923,360	6,167,394
Net (debt)	(84,094,619)	(243,832,606)
Equity (ii)	**1,344,996,257**	**1,393,959,824**
Net debt to equity ratio	0.06	0.17

i. Debt is defined as unsubordinated borrowings (note 13).

ii. Equity as defined comprises stated capital, retained profits, accumulated losses and Shareholder Loans (including interest ac crued on Shareholder Loan and loans payable on demand) (note 17).

Financial risk management objectives
The Company accesses domestic financial markets and, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. The Company's activities expose it primarily to the financial risks of market risk, liquidity risk and credit risk.

Foreign currency risk management
The Company undertakes certain transactions denominated in foreign currency resulting in exposure to fluctuations in foreign exchange rates.

Exchange rate exposures are managed through continuous dialogue with the bankers on the anticipated movement in the exchange rates. The carrying amounts of the Company's foreign currency denominated liabilities and assets at balance sheet date are as follows:

	2024 P	2023 P
South African Rand trade payables	(15,532,620)	(42,987,127)
South African Rand bank and cash	522,664	6,586,552

Foreign currency sensitivity analysis
The following details the Company's sensitivity to a 5% increase or decrease in the Botswana Pula against the South African R and (ZAR).5% is the most likely change in exchange rates as assessed by the company's management. A positive number below indicates an increase i n profit where the Pula strengthens against the ZAR. For a 5% weakening of the Pula against the ZAR, there would be an equal and opposite im pact on the profit and the balances below would be negative.

Notes to the financial statements
for the year ended 31 December 2024

24 FINANCIAL INSTRUMENTS (continued)

	2024 P	2023 P
Profit or loss and equity	776,631	2,149,356

Interest rate risk
The Company is exposed to movement in interest rates because it has fixed deposit accounts and a long term loan whose interest rates are linked to the monetary policy rate. If interest rates were 1% lower and all other variables were held constant, the Company's profit would move as shown below. For a 1% increase in

interest rates there would be an equal and opposite impact on the profit and the balances would be negative.

	2024 P	2023 P
Profit or loss and equity	4,542,467	5,152,431
Balances incorporated in the above calculation are shown below.		
Total Cash and cash equivalents:		
Fixed Deposit	30,000,000	-
Long term borrowings:		
MDCB (Shareholder) Loan	370,152,110	357,395,159
Bank Gaborone loans	123,017,979	78,015,310
Stanbic Loan	-	86,000,000

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by credit limits that are reviewed and approved by management.

Trade receivables consist of a few customers (with Botswana Power Corporation (BPC) constituting over 90%), resulting in concentration risk. Ongoing credit evaluations are performed on the financial condition of accounts receivable and where appropriate credit guarantees from reputable financial institutions and/or cash collateral are obtained. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets disclosed in Note 24 (Financial Assets)

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long term funding and liquidity management requirements. The company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has a credit card facility of P150 000 with Stanbic Bank to assist MCM with management travel requirements as and when needed. The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Financial **Statement**
2024 **Morupule Coal Mine** Annual Report

Notes to the financial statements
for the year ended 31 December 2024

24 FINANCIAL INSTRUMENTS (continued)

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by credit limits that are reviewed and approved by management.

Trade receivables consist of a few customers (with Botswana Power Corporation (BPC) constituting over 90%), resulting in concentration risk. Ongoing credit evaluations are performed on the financial condition of accounts receivable and where appropriate credit guarantees from reputable financial institutions and/or cash collateral are obtained. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets disclosed in Note 24 (Financial Assets)

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long term funding and liquidity management requirements. The company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has a credit card facility of P150 000 with Stanbic Bank to assist MCM with management travel requirements as and when needed. The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Weighted average effective interest	Less than 1 month P	1-3 months P	3 months to 1 year P	1-5 years P	+5 years P	Total P
2024							
Trade and other payables	0%	-	214,125,421	-	-	-	214,125,421
Variable interest rate instruments - interest	6.01% plus 1%		6,486,916	19,460,747	77,842,989	-	103,790,652
Variable interest rate instruments - capital	6.01% plus 1%		-	-	370,152,110	-	370,152,110
Variable interest rate instruments - interest	prime-0.75%		-	-	-	-	-
Variable interest rate instruments - capital	prime-0.75%						
Variable interest rate instruments - interest	prime+3.00%		2,692,630	5,623,941	2,376,560	-	10,693,131
Variable interest rate instruments - capital	prime+3.00%		16,565,045	52,149,084	48,918,735	-	117,632,864
Right of use leases			196,079	204,817	43,690	78,642	523,230
	-		**239,870,012**	**77,233,772**	**499,290,394**	**-**	**816,917,407**

Notes to the financial statements
for the year ended 31 December 2024

24 FINANCIAL INSTRUMENTS (continued)

	Weighted average effective interest	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	+5 years	Total
		P	P	P	P	P	P
2023							
Trade and other payables	0%		258,376,445	-	-	-	258,376,445
Variable interest rate instruments - interest	6.51% plus 1%	-	5,906,924	17,720,771	94,510,781		118,138,476
Variable interest rate instruments - capital	6.51% plus 1%				362,944,626		362,944,626
Variable interest rate instruments - interest	prime-0.75%		2,172,908				2,172,908
Variable interest rate instruments -capital	prime-0.75%		86,000,000				86,000,000
Variable interest rate instruments- interest	prime+3.00%		1,831,786	4,322,938	2,998,786		9,153,509
Variable interest rate instruments -capital	prime+3.00%		7,814,603	24,616,229	42,017,696		74,448,529
Right of use leases	6.08%		196,079	596,976	435,849	87,381	1,316,285
		-	**362,102,665**	**46,659,938**	**502,471,888**	-	**912,550,777**

25 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

Standards and interpretations in issue and already effective

		Effective Date
1.	Classification of Liabilities as Current or Non current and Non-current Liabilities with Covenants - Amendments to IAS 1	Annual periods beginning on or after 1 January 2024
2.	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	Annual periods beginning on or after 1 January 2024
3.	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	Annual periods beginning on or after 1 January 2024

The standards above did not result in changes in the presentation and disclosures in the financial statements.

Financial Statement
2024 Morupule Coal Mine Annual Report

Notes to the financial statements
for the year ended 31 December 2024

25 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (continued)

New/Revised IFRS Accounting Standards

The Company has not yet adopted the new and revised standards and interpretations shown below.

	Effective Date
Lack of exchangeability – Amendments to IAS 21	Annual periods beginning on or after 1 January 2025
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	Annual periods beginning on or after 1 January 2026
Annual Improvements to IFRS Accounting Standards— Volume 11	Annual periods beginning on or after 1 January 2026
Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7	Annual periods beginning on or after 1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	Annual periods beginning on or after 1 January 2027 I
FRS 19 - Subsidiaries without Public Accountability: Disclosures	Annual periods beginning on or after 1 January 2027

Management is still asssesing the extent of impact of some of the standards above that will result in changes in the presentation and disclosures in the financial statements especially IFRS 18.

26 GOING CONCERN

The Company has adequate cash resources and is satisfactorily cash generative as provided for within its key coal supply agreement with BPC, allowing the Company to be well placed to manage its business risks successfully. Management is therefore satisfied that the Company has adequate resources to continue to operate for the foreseeable future and that the Company is a going concern. For this reason the financial statements have been prepared on the going concern basis.

27 SUBSEQUENT EVENTS

The opencast mining contractor's five year contract was terminated for convenience in December 2024 with a three month notice to March 2025 at an estimated cost of P80.0 million. The pit remained available for future mining continuation with final decisions still pending.

The Board of Directors is not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in these financial statements that would have a significant effect on the operations of the company or the result of its operations.

MORUPULE COAL MINE LIMITED
Management income statement and reconciliation for the year ended 31 December 2024

	2024 P	2023 P
MANAGEMENT INCOME STATEMENT		
Gross turnover	1,111,965,111	900,532,441
Cost of Sales	(962,310,509)	(818,991,905)
Mining profit before deferrals	**149,654,602**	**81,540,536**
(Increase)/decrease in loss allowance on trade receivables	(676,807)	334,762
Administrative costs	(182,381,402)	(201,508,884)
Other income	10,979,624	6,164,316
Loss before interest, tax and deferrals	**(22,423,983)**	**(113,469,270)**
Finance costs	(53,019,849)	(47,043,796)
Interest received	28,201,975	38,161,078
Loss before taxation and deferrals	**(47,241,857)**	**(122,351,988)**
RECONCILIATION		
Reconciliation of profit before taxation and deferrals to profit for the year:		
Loss before taxation and deferrals	(47,241,857)	(122,351,988)
Transfer from deferred revenue	133,479,204	151,453,161
Finance costs-Deferred Revenue	(112,482,227)	(111,471,653)
Tax credit	5,521,693	17,023,159
Loss and total comprehensive income for the year	**(20,723,187)**	**(65,347,321)**

The supplementary information presented does not form part of the financial statements and is unaudited.

Notes

Notes

CONTACTS

Our Headquarters
Palapye, Botswana

Address:
Morupule Coal Mine
Private Bag 35, Palapye, Botswana
Phone: +267 4920 251
Fax: +267 4920 643
Email: communications@mcm.co.bw

SAFETY AND HEALTH

TOGETHER

INTEGRITY

VALUE CREATION

STAKEHOLDER FOCUS

SUSTAINABILITY