Morupule Coal Mine

Seam to Value

TRANSFORMING COAL INTO A LEGACY FOR BOTSWANA

Annual Report 2025

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

INTRODUCTION

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 the BPC power plant situated in Selebi Phikwe.

MCM ownership was transferred to Debswana Diamond Company in 2000 when Anglo American 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 1930s when a major coal seam was discovered through the sinking of boreholes. The Morupule area is underlain by Karoo sedimentary rocks which form the Eastern margin of the major Karoo basin. These sedimentary rocks consist of shales, coals, and sandstones of the middle and lower Ecca.

The Anglo American Corporation (AAC) was granted 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 (BPC) and Bamangwato Concession Limited (BCL).

BCL's smelter consumed 42% of the coal and BPC 55%, divided between the Selebi Phikwe and Gaborone Power Stations. Colliery production steadily increased and finally picked up significantly in 1986 when the Morupule Power Station was opened adjacent to the Mine. MCM has since grown into Botswana's primary domestic coal producer, playing a critical role in the nation's energy security and economic development.

INTRODUCTION

Our Brand

MCM's corporate brand is one synonymous with national development and the ethos of Botswana's heritage. The brand reflects who we are as Morupule Coal Mine, how we want to be seen, and our aspirations as a historic supporter of the Botswana economy.

MCM of yesterday endeavoured to be a leader in the coal energy business. Our ambition now is to be a partner of choice in the global energy transition, creating lasting value from our coal resources.

Brand Promise

Seam to Value

"Seam to Value" captures the essence of mining resources efficiently and sustainably for the prosperity of our nation and all key stakeholders. It is a commitment that runs through everything we do.

Mission

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

Vision

To be a partner of choice in the global energy transition.

Our Values

SAFETY AND HEALTH
TOGETHER
VALUE CREATION
INTEGRITY
STAKEHOLDER FOCUS
SUSTAINABILITY

These values demonstrate our unambiguous spirit to be a responsible corporate citizen and a globally competitive, recognisable business with contemporary practices.

CHAIRPERSON'S STATEMENT

It is with pride and confidence that I present the 2025 Annual Report of Morupule Coal Mine. More than a reflection of financial and operational performance, this report tells the story of a business that continued to deliver value through disciplined execution, strong governance, and an unwavering commitment to safety.

It's a year that shows what happens when we stay disciplined, look after one another, and keep our promises to our community and partners. From a governance perspective, 2025 validated the Board's long-term strategic oversight, in safety performance, operational discipline, and stakeholder trust.

Safety Leadership and Human Capital

Safety remains the foundation of MCM's value creation model and the most tangible expression of ethical leadership and duty of care. In 2025, MCM delivered the strongest safety performance in its history, achieving the objectives of the #0-10-80 safety strategy and recording a historic milestone of 25 consecutive years without a fatality; a milestone the Board is immensely proud of and one that reflects the organisation's enduring culture of accountability and respect for life. The specific performance metrics are detailed in the CEO's Statement.

Our people, employees and contractors alike, are our most critical asset. While we celebrate these achievements, we remain vigilant. Leading indicators such as First Aid and Property Damage incidents continue to inform our proactive risk Management approach, reinforcing our belief that safety is not a destination, but a discipline that must be defended every day.

Operational Resilience

Despite market volatility, cost pressures, and energy transition dynamics, MCM demonstrated operational resilience in 2025. Production performance remained aligned to national energy security requirements, supported by disciplined asset Management, operational readiness initiatives, and prudent capital allocation.

Our infrastructure and operating capability continue to position the Mine as a reliable baseload energy supplier in the medium term.

Strategy Execution

Guided by the #1-3-27 corporate strategy, the Board remains confident that the organisation is well-positioned to conclude the strategy's final phase in 2027 and transition into the next strategic cycle from a position of strength. The Board's oversight ensures that governance maturity and risk resilience remain central to execution as Management pursues the outcomes detailed in the CEO's Statement.

The Board and Management are focused on disciplined execution through to 2027, while actively shaping the next strategic horizon, anchored in value optimisation, risk resilience, and sustainable returns for our shareholder.

Environmental responsibility remains integral to our licence to operate. In 2025, MCM continued to advance its decarbonisation and environmental Management initiatives, including energy efficiency, responsible land rehabilitation, and improved environmental controls. These efforts recognise the role of coal in energy security while responsibly managing its environmental footprint during the transition to a lower-carbon future.

MCM's Citizen Economic Empowerment Programme (CEEP) remains a cornerstone of inclusive growth. The Board is proud of the significant milestones achieved under CEEP in 2025 and remains committed to the programme's ambition of contributing BWP 1.5 billion in citizen spend and 3,000 supported jobs by 2027. The programme's detailed outcomes are reported in the CEO's Statement.

Governance and Outlook

The Board maintained active oversight throughout 2025, in line with ethical leadership, accountability, and stakeholder inclusivity. Board engagements strengthened governance effectiveness, risk oversight, and strategic alignment, ensuring the Mine remains a trusted national asset.

On behalf of the Board, I extend sincere appreciation to our shareholder, Government, Management, employees, contractors, and partners for their commitment and professionalism. The Board has every confidence in the leadership team and in the governance systems that underpin MCM's operations. We remain firmly committed to our duty as a trusted national asset; to safeguard lives, deliver sustainable shareholder value, and support Botswana's energy security and broader socio-economic aspirations.

Patrick Boitumelo
Chairperson of the Board
Morupule Coal Mine

CHIEF EXECUTIVE OFFICER'S STATEMENT

The year 2025 was defined by disciplined execution, operational resilience, and the collective resolve of our people at Morupule Coal Mine (MCM).

It was a year in which plans were translated into performance, systems were tested under pressure, and the organisation proved that sustainable results are achieved through consistency, accountability, and daily commitment on the ground.

A defining feature of 2025 was the strong culture of ownership demonstrated across the organisation. Across the organisation, there was a clear alignment between strategy and execution, supported by strong systems, visible leadership, and an unwavering commitment to standards. This discipline enabled MCM to protect value, support national energy security, and continue delivering against its strategic objectives.

Our people remain the cornerstone of Morupule Coal Mine's performance and long-term sustainability. In 2025, we continued to invest in building a capable and future-ready workforce through structured training, leadership development programmes, and targeted talent Management initiatives. A total of 328 employees and trainees participated in various development programmes, including student attachments, graduate internships, learner official programmes, and sponsored studies.

At the same time, we strengthened employee engagement through direct leadership interactions, wellness initiatives, and recognition of long-serving employees. By enhancing our Employee Value Proposition and talent development pipeline, we are positioning Morupule Coal Mine as an employer of choice while contributing to national skills development and the future of Botswana's mining sector.

Safety Leadership and Operational Discipline

I am immensely proud of our safety performance in 2025; the strongest in MCM's history. We successfully delivered on our #0-10-80 safety strategy, achieving:

- **Zero Major Injuries**
- **No Lost Time Injuries (LTIs)**
- **A 10% reduction in the All Injury Frequency Rate (AIFR)**
- **80% achievement of our Safety KPIs**

Most notably, we recorded a Total Recordable Injury Frequency Rate (TRIFR) of 0.04, significantly outperforming our internal target of 0.16 and improving on the previous best of 0.09 achieved in 2017.

Equally significant was the milestone of 25 years without a fatality, an achievement that places Morupule Coal Mine among the safest mining operations globally. This milestone reflects consistent leadership commitment, strong governance oversight, empowered employees, and a culture where every individual takes personal responsibility for the safety of others.

That said, we remain vigilant. First Aid Cases and Property Damage incidents persist as leading indicators of risk. In 2026, our focus will sharpen on eliminating these precursors through enhanced supervision, behavioural safety interventions, and continuous learning. Safety excellence must be defended daily; complacency is never an option.

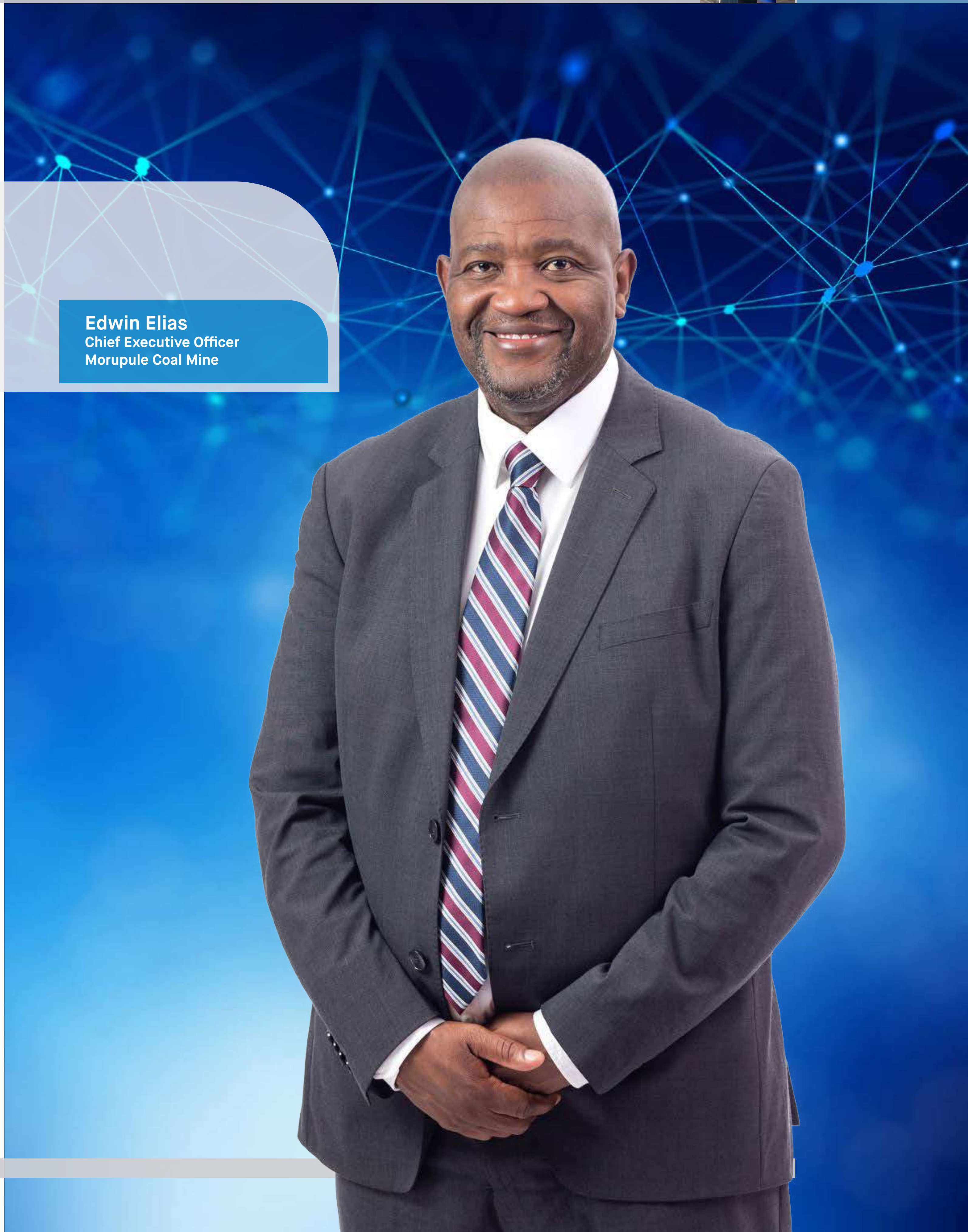
Operational Performance and Business Outlook

MCM navigated a demanding operating environment in 2025 with resilience, discipline, and a clear focus on preserving value. While production came in below budget, the business responded proactively, addressing equipment reliability, accelerating maintenance programmes, and driving meaningful operational improvements that position MCM strongly for the year ahead.

Product quality was a standout highlight, with average calorific value of 23.26 MJ/kg surpassing the budgeted 22.75 MJ/kg, supporting stronger product yield and reinforcing MCM's reputation for quality coal supply.

The year also delivered significant operational milestones. Pillar Design Optimisation unlocked an estimated BWP 10 million in additional resource value while extending Life of Mine. Particle Size Distribution improvements enhanced product handling and marketability. Most notably, key preparatory milestones for the Opencast resumption were achieved, with production planned to recommence in Q1 2026, opening a significant new chapter in MCM's volume recovery and operational flexibility.

As we enter 2026, MCM is well positioned. With the Opencast restart on the horizon, a clear maintenance recovery plan in place, and continued optimisation initiatives



Edwin Elias
Chief Executive Officer
Morupule Coal Mine

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CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)

underway, the business is poised to restore production momentum, improve cost performance, and deliver greater value to all stakeholders. Our outlook is confident and forward-looking, grounded in the technical capability, infrastructure, and strategic clarity that define Morupule Coal Mine.

Strategy #1-3-27: From Transformation to Legacy

Our #1-3-27 corporate strategy continued to guide execution in 2025 and now enters its final delivery phase ahead of its conclusion in 2027. The strategy has enabled MCM to move beyond a purely operational mindset toward a more integrated, future-focused enterprise model.

In 2025, the strategy delivered tangible outcomes across:

- **Safety and operational excellence**
- **Cost discipline and value optimisation**
- **ESG integration and sustainability**
- **Citizen economic participation and localisation**
- **Strategic positioning for energy transition realities**

The remaining period to 2027 will be defined by consolidation, disciplined execution, and strategic readiness. Management, supported by the Board, has begun reflecting on lessons learned and emerging opportunities to inform the Mine's next strategic cycle, anchored in strong governance, sustainability, and national alignment.

Citizen Economic Empowerment

In support of the Republic of Botswana's aspiration to become a knowledge-driven economy, MCM remains firmly committed to contributing toward the national "True North." Through our Citizen Economic Empowerment Programme (CEEP), the Mine continues to advance its target of P1.5 billion in citizen spend and 3,000 jobs supported by 2027.

Premised on national frameworks such as the Botswana Economic Transformation Programme (BETP), our CEEP is designed to deliver sustainable value at both macro and micro levels; enhancing productivity, building human capital, and strengthening technological and organisational capability among citizen businesses.

2025 represented a critical transition year for CEEP. The programme shifted focus toward unlocking higher-value opportunities in manufacturing, industrial development, and diversification, signalling a move beyond participation toward capability and scale. A notable milestone was the signing of a strategic Memorandum of Understanding to establish a local Repair Centre, in collaboration with other major mining companies, an initiative that strengthens localisation, skills transfer, and industrial capacity.

During the year:

- **Citizen spend reached 57%,** exceeding internal thresholds;
- **A cumulative P1 billion in citizen spend** was achieved by May 2025;
- **New Enterprise and Supplier Development partnerships** were established with United Nations (UN) Women, SolTrain+, University of Botswana Clean Energy Research Centre (CERC), and UN Trade and Development (UNCTAD), complementing existing financial sector partnerships including ABSA;
- **Targeted initiatives** focused on Bulk Coal Citizen Transporters, Solar Thermal Systems, and Business Acceleration.

These outcomes reinforce CEEP as a strategic lever for inclusive growth, value chain resilience, and shared prosperity.

ESG Integration

Environmental stewardship and ESG integration remain embedded in how we do business at Morupule Coal Mine and this past year has been a defining one in that journey. During the year, we continued advancing our decarbonisation agenda through energy efficiency initiatives, cleaner technologies, responsible land rehabilitation, and disciplined environmental Management. We do so while recognising the important role coal continues to play in ensuring energy security during this transition period, a balance we navigate with both responsibility and strategic intent. I am proud to report that MCM's Board of Directors has formally signed off on two landmark governance instruments, our Decarbonisation Framework and our ESG Framework, alongside two critical position statements: the Climate Change Position Statement and the Water Stewardship Position Statement. These are not simply policy documents. They represent a clear, collective declaration of the kind of Company we are committed to being.

Our ESG approach is anchored in four strategic pillars: Environmental Stewardship and Climate Risk Management; Shared Value for Stakeholders; Responsible Decision-Making; and Inclusive Growth and Development. Together, these pillars define how MCM will conduct itself, not only in pursuit of operational excellence, but in fulfilment of our obligations to the environment, our communities, and future generations. Our approach deliberately balances economic performance, environmental responsibility, and social impact, in line with Integrated Reporting principles and King IV governance expectations.

By aligning our ESG framework with the Global Reporting Initiative (GRI) Standards, MCM is signalling its commitment to the highest levels of transparency, accountability, and international best practice. This alignment ensures that our reporting and performance are measured against benchmarks that matter to our investors, regulators, partners, and the communities in which we operate.

We are now taking this strategy where it truly belongs, by rolling it out to every employee across the Mine. Strategy only comes alive when it is understood, owned, and acted upon at every level of our organisation. I am personally committed to championing this journey, and I look forward to walking it alongside each one of you. MCM is planning to implement an annual ESG report which will be shared with our stakeholders upon its completion at the end of 2026.

Looking Ahead

As we look to 2026 and beyond, MCM is focused on disciplined execution, continuous improvement, and strategic readiness for the next phase of its evolution.

We will continue to safeguard lives, deliver reliable energy, support economic inclusion, and align our operations with national development priorities. I extend my sincere appreciation to our shareholder, the Board of Directors, our employees, contractors, communities, and partners for their unwavering support, professionalism, and commitment throughout 2025. Together, we will continue to build a Morupule Coal Mine that is safe, responsible, inclusive, and positioned for long-term success.

BOARD OF DIRECTORS

The Board of Directors of Morupule Coal Mine brings together a distinguished group of leaders with deep expertise across mining, governance, human resources, geology, ICT, and the public sector.

Their collective oversight ensures that MCM operates with integrity, strategic clarity, and accountability to all stakeholders.

Mr. Patrick Boitumelo
Board Chairperson

Mr. Patrick Boitumelo is a globally respected mining executive with a distinguished career spanning operations, technology, and strategic leadership across multiple continents. He currently serves as Chief Operating Officer (COO) of Brazilian Nickel, based in Toronto, Canada, where he oversees the development and optimisation of large-scale nickel processing operations.

Over the course of his career, Mr. Boitumelo has held senior executive positions at some of the world's most prominent mining houses, including Lundin Mining, Vale Base Metals, Rio Tinto, and De Beers. At Vale Base Metals, he served as Global Head of Technology and Innovation and subsequently as Head of Atlantic Operations, with oversight of mining and refinery assets spanning North America, Europe, and Asia. As President and Chief Operating Officer of Diavik Diamond Mines, he steered the operation through significant technical, commercial, and strategic transitions, cementing its position as a world-class arctic mining operation. His professional profile is distinguished by the rare ability to integrate deep technical expertise with commercial acumen, delivering value across the full mining value chain, from exploration and project development through to large-scale operational Management. Mr. Boitumelo is widely recognised as a leader who drives operational excellence, fosters innovation, and builds high-performance teams in complex environments.

He holds a BSc (Hons) in Mineral Process Engineering from the University of Leeds and a Master's in Business Leadership from the University of South Africa (UNISA). His appointment as Chairperson of the Morupule Coal Mine Board brings world-class mining experience and strategic depth to the governance of Botswana's primary coal producer.

Areas of Expertise

- 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
- Operational excellence and asset optimisation

Dr. Bonny Ignatius Matshediso
Board Director

Dr. Bonny Ignatius Matshediso is a distinguished Mining Engineer, academic, and policy architect with over forty years of integrated experience across academia, industry, and government. He currently serves as Senior Lecturer in Mining Engineering and Acting Director of the Centre for Mining and Mineral Beneficiation at the Botswana International University of Science and Technology (BIUST), where he shapes the next generation of mining professionals.

Dr. Matshediso has made lasting contributions to Botswana's mineral sector through his direct involvement in the development of national Mineral Policy and successive National Development Plans. He has held senior academic positions at the University of Botswana and the University of the Witwatersrand, where he led curriculum development, postgraduate supervision, and applied research in mining and mineral economics. In government, he served as Principal Mining Engineer in the Ministry of Minerals and Energy, where he occasionally acted as Mining Commissioner, providing technical and regulatory oversight at the highest levels.

His practical mining experience extends to hands-on roles at Orapa, Letlhakane, BCL, and Map Nora Gold Mines, grounding his academic and policy work in operational reality. Dr. Matshediso has published extensively in peer-reviewed journals, contributed to SADC regional mining reports, and co-authored a monograph on small-scale mining development in Southern Africa.

He holds a PhD from the University of the Witwatersrand, an MSc and Diploma of Imperial college (DIC) from Imperial College London, and a BSc from the University of Alberta. Having served on the Morupule Coal Mine Board and four years as a Chairperson, Dr. Matshediso brings unparalleled institutional knowledge, sector expertise, and academic rigour to Board deliberations.

Areas of Expertise

- 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

Mr. Johannes Motshegare
Board Director

Mr. Johannes (Joe) Motshegare is a seasoned Human Resources strategist and organisational development/ effectiveness expert with over twenty-five years of transformative experience across the government, parastatal, and private sectors. He is currently Chief Executive Officer of Allaboard Africa, where he leads a practice focused on building organisational capability, leadership capacity, and talent ecosystems allowing businesses to respond quickly to market changes, technology shifts and unexpected disruptions.

Throughout his career, Mr. Motshegare has designed and delivered game-changing HR and organisational transformation initiatives for some of Southern Africa's most complex institutions. His expertise spans the full Talent Delivery Value Chain (TDVC), from workforce planning and talent acquisition through to performance Management, succession, and culture transformation. He has built a reputation as a trusted advisor to boards and executives navigating significant organisational change, particularly in periods of rapid growth or structural transition. A certified thought leader in his field, Mr. Motshegare holds a Master's degree in Manpower Planning, a Bachelor's in Economics and Statistics, and a BTech in Human Resources Development. He has completed executive programmes at the University of Cape Town Graduate School of Business and London Business School. He is a Certified Talent Practitioner (CTP™), a Chartered Organisational Development Practitioner (CODP™), and a certified DDI Facilitator. Beyond his executive roles, he has served as Chair of Broadhurst Primary School and as Chair of the HR Sub-Committee of the Botswana Accountancy College Board. His appointment to the Morupule Coal Mine Board brings deep human capital expertise, organisational insight, and a proven track record of developing people and institutions to their full potential.

Areas of Expertise

- Human capital strategy and development
- Organisational transformation and design
- Talent and performance Management
- Leadership and executive development
- Change Management and culture shift
- HR policy and strategy formulation

Mr. Johannes Tsimako
Board Director

Mr. Johannes Tsimako is a highly regarded geoscientist, mineral exploration expert, and public sector leader with over thirty-two years of experience spanning the full spectrum of resource development, from early-stage geological survey and mineral promotion through to project development, policy formulation, and regulatory oversight. He currently serves as Deputy Permanent Secretary for Transport and Logistics at the Ministry of Transport and Infrastructure, and previously held the same role at the Ministry of Minerals and Energy.

Mr. Tsimako's career began at Rio Tinto Botswana and progressed through increasingly senior roles in both the public and private sectors. During his tenure with the Department of Geological Survey, he served as Chief Geologist and spearheaded the development and leadership of the National Integrated Geo-Information System, a landmark initiative that significantly advanced Botswana's mineral intelligence infrastructure. He has been a central figure in mineral promotion and the formulation of Botswana's mineral policy frameworks. In the private sector, Mr. Tsimako served as Country Operations Manager for Kalahari Metals Limited and led the mineral exploration programme at the Khoemacau Copper Project, guiding it from exploration to a bankable feasibility stage, a pivotal achievement in the development of one of Southern Africa's most significant copper discoveries. He also held roles at Kopore Metals, further broadening his portfolio of private sector mineral development experience. A respected voice in Botswana's mining sector, Mr. Tsimako served as both Chairperson and Vice Chairperson of the Botswana Chamber of Mines. He holds a BSc in Geology from the University of Botswana and an MSc in Mineral Exploration from ITC (International Institute for Geo-Information Science and Earth Observation) in the Netherlands. His breadth of technical and strategic experience makes him a valued member of the Morupule Coal Mine Board.

Areas of Expertise

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

Ms Mboko Modie
Board Director

Ms. Mboko Onkarabile Modie was appointed as a Non Executive Board Director of Morupule Coal Mine in October 2024. She serves on the Audit and Risk Committee and the Remuneration and Nominations Committee of the Board. Ms. Modie brings experience in governance, risk Management, enterprise transformation, and systems modernisation across the public sector, financial services, utilities, and infrastructure intensive organisations. Her background supports the Board's oversight responsibilities in relation to enterprise risk, capital projects, operational resilience, regulatory compliance, and sustainability. During the reporting period, Ms. Modie served as Chief Executive Assistant to the Commissioner General of the Botswana Unified Revenue Service (BURS), where she supported executive leadership and governance processes, including strategic planning, enterprise risk initiatives, and organisation wide transformation programmes within a regulated statutory environment.

Ms. Modie has previously worked at First National Bank Botswana, where she held roles in benefits realisation, product Management, and project delivery, contributing to governance frameworks supporting regulatory compliance and operational risk Management. She has also served as a Board Committee Member of the Sir Ketumile Masire Teaching Hospital, where she sat on the Risk, Legal and Compliance Committee and the Projects Steering Committee of the Board, responsible for oversight of the hospital's project commissioning process.

Ms. Modie holds a Master of Science in Project Management from the University of Sunderland, a Postgraduate Certificate in Enterprise Risk Management from Botswana Accountancy College, and a Bachelor of Business Information Systems from the University of Botswana. She is a graduate of the Global Executive Development Programme at the Gordon Institute of Business Science (GIBS).

Areas of Expertise

- Audit, risk, and compliance governance (King IV aligned)
- Enterprise and operational risk Management
- Capital project and commissioning oversight
- Digital and systems governance
- Enterprise transformation and governance assurance
- Regulatory compliance in highly regulated environments
- Sustainability, ESG, and organisational resilience

EXECUTIVE MANAGEMENT

MCM's Executive Committee is led by Chief Executive Officer Mr. Edwin Elias and comprises experienced leaders across diverse skills. The Exco is responsible for the day-to-day leadership of the business and the execution of MCM's five-year strategy, #1-3-27.

Their collective oversight ensures that MCM operates with integrity, strategic clarity, and accountability to all stakeholders.

EDWIN T. ELIAS
Chief Executive Officer

Mr. Edwin T. Elias is a Metallurgical Engineer with over 20 years of mining industry experience, including 13 years in executive management at Debswana Diamond Company and the De Beers Group, where he held senior roles in ore processing across Jwaneng, Orapa, Letlhakane, Damtshaa, and Victor Mine in Canada. He holds an Executive MBA from the University of Toronto's Rotman School of Management, a BSc in Metallurgical Engineering from Missouri University of Science and Technology, and an ELP Certification from London Business School. He serves as Board Chairman of BITRI and as a Board Member of the University of Botswana, and is a member of both the Canadian Institute of Mining, Metallurgy and Petroleum and the Institute of Directors in Southern Africa.

JONATHAN NHOVO
Head of Commercial

Mr. Jonathan Nhovo (BAcc, ACMA, CGMA, MBA) is a chartered Management accountant with over 24 years of experience across the hospitality and mining sectors.

He joined MCM in 2011 as Finance Manager, was promoted to Commercial Manager in 2016, and now serves as Head of Commercial. Prior to MCM, he worked as a Management Accountant at Debswana, and holds a Bachelor of Accountancy Honours from the University of Zimbabwe and an MBA in International Finance from Oxford Brookes University.

TOM MONGALE
Head of Human Resources

Mr. Tom Mongale is a seasoned HR leader with over 20 years of experience in strategic HR Management, talent acquisition, labour relations, and organisational development, having held key roles at Botswana Telecoms, BEDIA, BCL Limited, and Debswana Diamond Company.

He holds an MSc in Strategic Management from the University of Derbyshire and a BA in Accounting and Public Administration from the University of Botswana, complemented by certifications in Board Leadership, Executive Coaching, and Behavioural Change Facilitation. He is a member of the Institute of People Management and has served as a Board Director at Sesiro Insurance, Kgaswe International School, and the National Development Bank.

PATRICIA NKUNA
Head of Safety and Sustainability

Ms. Patricia Nkuna joined MCM in October 2024 as Head of Safety and Sustainability, bringing 23 years of experience across the government, water, manufacturing, and mining sectors in South Africa, including senior HSEQ leadership roles at Petra Diamonds where she served as Chief Safety Officer at Finsch Diamond Mine and HSEQ Manager at Koffiefontein Diamond Mine, culminating as Head of Safety, Health, and Quality Systems for the Petra Group. She holds a Bachelor of Environmental Health from the University of Johannesburg and a Bachelor of Safety Management from the University of South Africa, and holds several certifications in HSEQ Management, Total Quality Management, and mining-specific competencies.

LEFIKA MOAGI
Head of Strategy and Projects

Mr. Lefika Moagi is an accomplished engineer and strategy professional who has served MCM in project Management and controls roles since 2016, and now leads the Strategy and Projects function. He has deep expertise in corporate strategy, capital projects, feasibility studies, risk Management, and project governance, including the establishment of MCM's Project Management Office.

He holds a BEng (Hons) in Electrical Engineering from Multimedia University Malaysia, an Executive MBA from Sheffield Hallam University, a Post Graduate Diploma in Strategic Management from the Chartered Management Institute, and is a Prince2 Registered Practitioner and a Registered Practising Engineer with both the Botswana Engineering Registration Board and ECSA.

EXECUTIVE MANAGEMENT (CONTINUED)

NELSON NAREETSILE
Head of Beneficiation

Mr. Nelson Nareetsile joined MCM in October 2023 as Head of Beneficiation, bringing over 18 years of experience across the diamond processing and petroleum industries, including progressive roles at Debswana — where he rose to Senior Manager Ore Processing at Orapa, as well as BP Botswana and Puma Energy Botswana.

He holds a BEng in Chemical and Mineral Engineering and an MSc in Engineering Project Management, both from the University of Leeds, has completed Management development programmes at the University of Stellenbosch and the University of Cape Town, and is a Registered Professional Engineer with the Engineering Registration Board of Botswana.

ALBERT MEIRING
Head of Sales, Marketing and Logistics (A)

Mr. Albert Meiring joined MCM in July 2021 as Marketing Manager and currently serves as Acting Head of Sales, Marketing and Logistics, bringing extensive experience in mining and metals across operational, marketing, and logistics portfolios. His international career has included assignments in the UK, Europe, Singapore, Japan, China, and Australia, giving him broad expertise in negotiation, international trade, new business development, strategy, and financing. He holds an MBA from De Montfort University and a BEng from the University of Pretoria.

TSHEPHANG MOTIMEDI
Head of Engineering

Mr. Tshephang Motimedi has been Head of Engineering at MCM since 2023, having first joined the Mine in 2007 as a Learner Official under the Engineer Development Programme. His career has spanned roles at MCM, Botswana Ash, Debswana Jwaneng Mine, and back to MCM as Motheo Open Cast Project Engineer, progressing steadily through the engineering ranks.

He holds a BEng (Hons) in Automotive Engineering from the University of Leeds and has completed the Management Development Programme with the University of Stellenbosch, and is a member of both the Botswana Institution of Engineers and the American Society of Mechanical Engineers.

ERNEST KELAPILE
Head of Internal Audit

Mr. Ernest Kelapile joined Morupule Coal Mine in April 2018 as Head of Internal Audit. A Chartered Accountant by training, he holds a Bachelor of Accountancy from the University of Botswana and carries the designations of Associate Chartered Management Accountant (ACMA) and Chartered Global Management Accountant (CGMA) through CIMA, as well as Associate Certified Professional Accountant (ACPA) through BICA. He is an alumnus of the University of Stellenbosch Business School's Management Development Programme and is currently pursuing a PhD in Business Management.

Mr. Kelapile is a member of both the Chartered Institute of Management Accountants (CIMA) and the Association of International Certified Professional Accountants (AICPA). He serves as a Board Member for BIUST Enterprises and sits on the Board Audit and Risk Committee of BICA as well as the Botswana Chapter of the Institute of Risk Management South Africa (IRMSA).

YARONA KOPANO SHARP
Head of Legal and Governance

Ms. Yarona Kopano Sharp is an attorney with 14 years of experience in legal, governance, and strategy, having served as Company Secretary for Botswana Post and as Senior State Counsel at the Attorney General's Chambers for six years before joining MCM as Head of Legal and Governance. She holds an LLM in Environmental Law and Practice from De Montfort University, an LLB and Executive Development Programme qualification from Wits University, and is an active Board Member and Safeguarding Committee Chairperson at the Botswana National Olympic Committee, as well as a member of the Law Society of Botswana.

RICARDO MORONGWA SELEKE
Head of Mining (A)

Mr. Ricardo Morongwa Seleke is a mining professional with 12 years of experience across open-pit and underground operations, currently serving as Acting Head of Mining at MCM having previously held roles as Mining Manager for Underground, Open Cast, and Planning since joining the Mine in 2022. Before MCM, he spent over nine years at Debswana Diamond Company progressing through engineering roles in planning, drill and blast, and load and haul. He holds an MEng (Hons) in Mining Engineering from the University of Exeter (Camborne School of Mines), a European Mining Course qualification from three leading European universities, and has completed executive training at Stellenbosch Business School and data analytics training at the University of Cape Town.

CORPORATE GOVERNANCE

MCM is committed to the highest standards of corporate governance, recognising that effective governance is foundational to sustainable business performance and stakeholder trust. Our governance framework is aligned with the principles of King IV and Botswana's legislative requirements for state-owned enterprises.

During the reporting period, the Board continued to provide oversight of the Company's strategy, operational performance and governance processes through regular engagements with Board Committees and Management. These engagements ensure that the Mine operates within a framework that promotes sound decision-making and responsible stewardship of resources.

In further strengthening its governance architecture, MCM formally adopted the King IV™ Code on Corporate Governance during the year under review. The adoption of the Code reflects the organisation's commitment to aligning its governance practices with recognised international standards. Implementation of the principles of King IV has commenced, with progressive integration into governance structures, policies and reporting processes.

Oversight and Strategic Direction

The Board is responsible for providing strategic leadership and ensuring that the Mine operates in a manner consistent with its mandate and long-term objectives. In fulfilling this role, the Board monitors organisational performance, evaluates risk exposure and ensures that appropriate governance systems remain in place. Through its collective experience and professional expertise, the Board provides guidance on key operational and strategic matters while ensuring that Management remains accountable for the execution of the organisation's strategy.

Board Composition

The Board is made up of five (5) Directors with diverse professional backgrounds spanning mining operations, engineering, governance, finance and sustainability. This diversity of experience enables balanced deliberations and enhances the Board's ability to consider matters from multiple perspectives.

Directors contribute independent judgement and professional insight in carrying out their fiduciary responsibilities. Their collective expertise supports effective oversight of the Mine and strengthens the Board's capacity to address emerging operational and strategic challenges.

The Board operates through three standing committees: the Audit and Risk Committee, the Human Resources and Remuneration Committee, and the Safety, Health, Environment and Quality Committee. Each committee is chaired by an independent non-executive director and meets at least quarterly.

CORPORATE GOVERNANCE (CONTINUED)

Board Development and Training

Continuous development of Directors remains an important component of effective governance. During the year under review, the Board participated in several targeted training sessions aimed at strengthening its understanding of evolving governance, regulatory and sustainability matters.

The training programmes covered key areas including Data Protection, Corporate Governance, Environmental, Social and Governance (ESG) as well as Directors' and Officers' Liability Insurance. These development initiatives support the Board in maintaining the knowledge and competence required to effectively discharge its governance responsibilities.

Board Committees

To enhance governance oversight and allow for detailed consideration of specialised matters, the Board operates through Committees with defined mandates and reporting obligations.

1. **Audit and Risk Committee (ARC)**

   Chairperson: Dr. Bonny Ignatius Matshediso
   Members: Ms. Mboko Onkarabile Modie, Mr. Johannes Tsimako

The Audit and Risk Committee supports the Board in overseeing financial reporting, internal control systems and risk Management processes. The Committee reviews financial statements, monitors audit findings and evaluates the effectiveness of risk Management frameworks within the organisation.

During the reporting period, the Committee reviewed internal audit reports and monitored Management's implementation of recommendations arising from audit engagements. The Committee also assessed the independence and performance of the external auditors and oversaw compliance with relevant statutory and regulatory requirements.

2. **Human Capital Committee (HCC)**

   Chairperson: Mr. Johannes Motshegare
   Members: Ms. Mboko Onkarabile Modie, Dr. Bonny Ignatius Matshediso

The Committee provides oversight on matters relating to all employees' remuneration, succession planning, employee performance Management and workforce development.

During the reporting period, the Terms of Reference of the Committee were reviewed and updated to strengthen its governance mandate and align it with evolving organisational priorities. The revised Terms of Reference were approved by the Board.

Further, the Board approved the renaming of the Remuneration and Nominations Committee (REMCO) to the Human Capital Committee (HCC). The change reflects the broader scope of the Committee's responsibilities relating to human capital Management, leadership development and organisational capability.

Director	Board	ARC	HCC	TESCO
Mr. Patrick Boitumelo	4/4			3/4
Dr. Bonny Matshediso	4/4	4/4	4/4	
Ms. Mboko Modie	4/4	4/4	4/4	
Mr. Johannes Motshegare	4/4		4/4	4/4
Mr. Johannes Tsimako	4/4	3/4		4/4

3. **Technical and Sustainability Committee (TESCO)**

   Chairperson: Mr. Johannes Tsimako
   Members: Mr. Johannes Motshegare, Mr. Patrick Boitumelo

The Technical and Sustainability Committee oversees matters relating to operational performance, technical initiatives and environmental stewardship.

The Committee plays a key role in monitoring safety performance, environmental compliance and major operational projects within the Company. During the reporting period, the Committee undertook a review of its Terms of Reference to strengthen the clarity of its mandate and responsibilities.

The revised Terms of Reference were subsequently approved at Board level. In addition, the Environmental, Social and Governance Framework was presented to and approved by the Board, which provided a structured foundation for advancing the Mine's sustainability commitments.

Board Meetings and Attendance

The Board met regularly during the reporting period in accordance with its governance calendar and the Board Charter. These meetings provided a platform for Directors to review organisational performance, consider strategic initiatives and oversee key governance matters.

Board members actively participated in deliberations and contributed to informed decision-making across the Company's operations.

Board Engagement and Development

In addition governance support, the Department facilitated structured development and capacity building initiatives, including the Directors and Officers Liability Insurance training, Corporate Governance training, Data Protection training, Environmental, Social, and Governance training, Strategy Retreat as well as the year-end Board Retreat.

These engagements enhanced regulatory awareness, strategic alignment and collective oversight capability, while improving cohesion and effectiveness at Board level.

Director Remuneration and Support

Directors are remunerated in accordance with the Company's approved remuneration framework and shareholder guidance.

The remuneration structure reflects the responsibilities associated with Board and Committee participation.

Directors are provided with relevant information, governance resources and Management briefings to support effective oversight and enable them to discharge their duties diligently.

Integrity and Conflict Management

In line with King IV Code, the Board promotes a culture of ethical leadership and responsible conduct throughout the Mine. Directors are required to disclose any personal or professional interests that may conflict with matters before the Board.

Such declarations are formally recorded and managed in accordance with governance procedures. Where a conflict arises, the affected Director recuses themselves from related discussions and decision-making processes.

Outlook

As MCM continues to operate in a dynamic and evolving environment, the Board remains committed to strengthening governance practices that support organisational resilience and sustainable growth.

The implementation of the King IV Code will remain a key governance priority as the Company continues to embed its principles across governance processes and organisational practices.

Through disciplined oversight and continuous improvement of governance frameworks, the Board will continue to guide the organisation toward responsible leadership and long-term value creation.

INTERNAL AUDIT

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve MCM's operations. It helps an 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 (IIA)'s International Professional Practices Framework- IPPF (The standards and Code of ethics). Both the Code of Ethics and the Standards constitute the operating procedures for the department. A new set of standards was released by the IIA- Global in 2024 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 function. The Internal Audit Department also has free and unrestricted access to the Chairperson and members of the Board Audit and Risk Committee (ARC).

All internal audit activities remain free from operational influence by the Mine, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports. 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.

FINANCIAL PERFORMANCE

OPERATING ENVIRONMENT AND ECONOMIC CONTEXT

Botswana's slower-than-expected economic recovery continued to exert pressure on demand and liquidity across key customer segments, constraining offtake patterns, particularly for thermal coal. Conversely, demand for washed coal has increased across the region.

6%

TOTAL REVENUE

Total revenue amounted to P1.17 billion, representing a 6% decline from P1.25 billion in 2024, primarily due to reduced offtake by BPC. This decline was partially offset by a 26% increase in coal sales to other customers. Revenue concentration risk remains a key focus area, with deliberate efforts underway to diversify the customer portfolio beyond the BPC contract. This will be supported by the planned resumption of the Opencast mine in early 2026, which is expected to restore production capacity and enhance supply reliability.

8%

COST OF SALES

Cost of sales decreased to P883.1 million, an 8% improvement from P962.3 million, driven by reduced mining activity and improved operational cost efficiency. Opencast operations remained suspended in 2025 following the strategic halt in 2024. While the suspension reduced cost of sales, it contributed to higher general and administrative expenses due to termination-related settlements.

25%

GROSS PROFIT

Gross profit improved to P286.5 million with a strengthened margin of 24.50%, largely supported by reduced open-cast operating activity and operational cost discipline.

58%

OTHER INCOME

Other income declined significantly to P4.6 million from P11.0 million, primarily due to foreign exchange losses arising from the weakening of the Pula against the Rand.

102%

GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expenses increased significantly to P368.6 million from P182.4 million, primarily driven by termination fees associated with the opencast mining contractor, following the suspension of opencast operations and the subsequent termination of the mining contract.

0%

FINANCE COST

Finance costs declined to P152.9 million from P165.5 million, reflecting improved management of financing costs and a reduction in bank borrowings.

0%

LOSS BEFORE TAX

Loss before tax widened to P216.0 million, compared to P26.2 million in the prior period, reflecting the combined impact of lower revenue and higher administrative costs.

0%

INCOME TAX

The taxation credit increased to P46.7 million from P5.5 million, driven by timing differences and deferred tax adjustments.

0%

LOSS AFTER TAX

Loss after tax deepened to P169.4 million from P20.7 million, capturing the net effect of revenue pressures, elevated administrative spending, and tax movements.

4%

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment increased by 4%, mainly due to adjustments to the environmental decommissioning asset following a review of the mine closure cost plan.

36%

INVENTORY

Inventory decreased by 36%, driven by lower closing coal stock levels due to production challenges and an increase in washed coal sales.

5%

TRADE AND OTHER RECEIVABLES

Trade and other payables increased by 24%, linked to the Mine's reduced ability to settle obligations due to delayed customer payments.

24%

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Trade and other payables increased by 24%, linked to the Mine's reduced ability to settle obligations due to delayed customer payments.

106%

DECOMMISSIONING AND REHABILITATION PROVISION

The provision increased by 106%. The estimated rehabilitation requirement rose significantly due to the expansion of the mine. In the previous valuation, the open-cast area was still under development. The current year's increase reflects the expansion of mining facilities, including the construction of the clinic, the main entrance, and the enlargement of the waste dump, all of which contributed to the higher rehabilitation estimate.

P202.5MIL

OPERATING CASH FLOW

Operating cash flow remained positive at P202.5 million despite elevated expected credit losses and delayed customer payments. This reinforced the importance of strengthening credit-risk frameworks and improving payment recovery cycles. Strong cost governance continued, with essential capital expenditure prioritised and rehabilitation obligations managed in accordance with IFRS requirements.

OUTLOOK

With rising demand for washed coal and the planned resumption of opencast mining in 2026, the Mine is well-positioned to stabilize performance and drive long-term value creation. The Mine's 2025 financial performance reflects its ongoing transition toward operational resilience, reduced dependency on one major customer, and cost optimization.

CORPORATE SOCIAL INVESTMENT (CSI)

The approved CSI budget for 2025 was P1,000,000. Given the cash-constrained environment, CSI expenditure was strategically prioritised toward high-impact initiatives aligned with national development and brand positioning objectives.

Bonno Housing Project – Strategic Impact

In partnership with the Morupule Cycling Club, MCM completed construction of a house under the Bonno Housing Project for an indigent family of eight in Palapye. The total project value was P560,000, funded from proceeds of the 2024 MCM CEO's Annual Charity Cycling Challenge.

This initiative delivers disproportionate reputational value relative to financial outlay. It strengthens MCM's social licence to operate, positions MCM as a community-anchored organisation, demonstrates executive-led social responsibility, and enhances brand goodwill in Palapye and surrounding communities.

Community Grievances – Risk Management and Mitigation

MCM is actively managing five community-related grievances through structured engagement, legal compliance, and inter-agency coordination. None of the current grievances present an immediate operational threat; however, the Corporate Affairs function continues to manage these matters proactively to prevent escalation.

MINISTRY OF CHILD WELFARE AND BASIC EDUCATION

VALUE: P50,000
Regional Education Excellence Awards – national alignment

SIR SERETSE KHAMA SEROWE MARATHON

VALUE: P50,000
Health, wellness and cultural heritage initiative – first time MCM support

BIUST GRADUATION AWARD

VALUE: P15,000
MCM Award for Best Student in Engineering

BONNO HOUSING PROJECT

VALUE: P560,000
House completed for indigent family of 8 in Palapye, in partnership with Morupule Cycling Club

EMBRACE AND SERVE – MOGOME WASTEWATER AND HYDROPONICS

VALUE: P131,313
EIA study for Community Trust pilot project at Mogome Primary School

CATEGORY	ISSUE	RISK LEVEL	STATUS LEVEL
Resettlement Compensation	Legal notice filed against MCM and Ngwato Land Board	Medium-High	Under Management
Borehole Drilling	Indemnity-based solution proposed and welcomed	Low-Medium	Progressing
Surface vs Underground Rights	Awaiting Sub Land Board appeal guidance	Medium	Monitoring
Double Land Allocation	Alignment meeting with Ngwato Land Board pending	Medium	Pending
Historical Fatal Incident (1981)	Records retrieval underway with Dept. of Mines and HR	Low-Medium	Under review

PRODUCTION PERFORMANCE

Production finished 2025 at 15% below budget. The primary constraint was low availability and reliability of frontline equipment, particularly continuous miners, driven largely by inadequate availability of critical spares.

Severe cash flow constraints further delayed delivery of spares and essential mining consumables, resulting in safety-led production stoppages. Two mining sections also experienced difficult geological conditions that reduced advance rates.

Despite the tonnage shortfall, product quality improved: average calorific value reached 23.26 MJ/kg compared with a budgeted 22.75 MJ/kg, which supported higher product yield. Unit operating cost rose to BWP 377.36/tonnes versus a budget of BWP 332.00, driven principally by elevated repair and maintenance expenditure to address overdue maintenance on equipment.

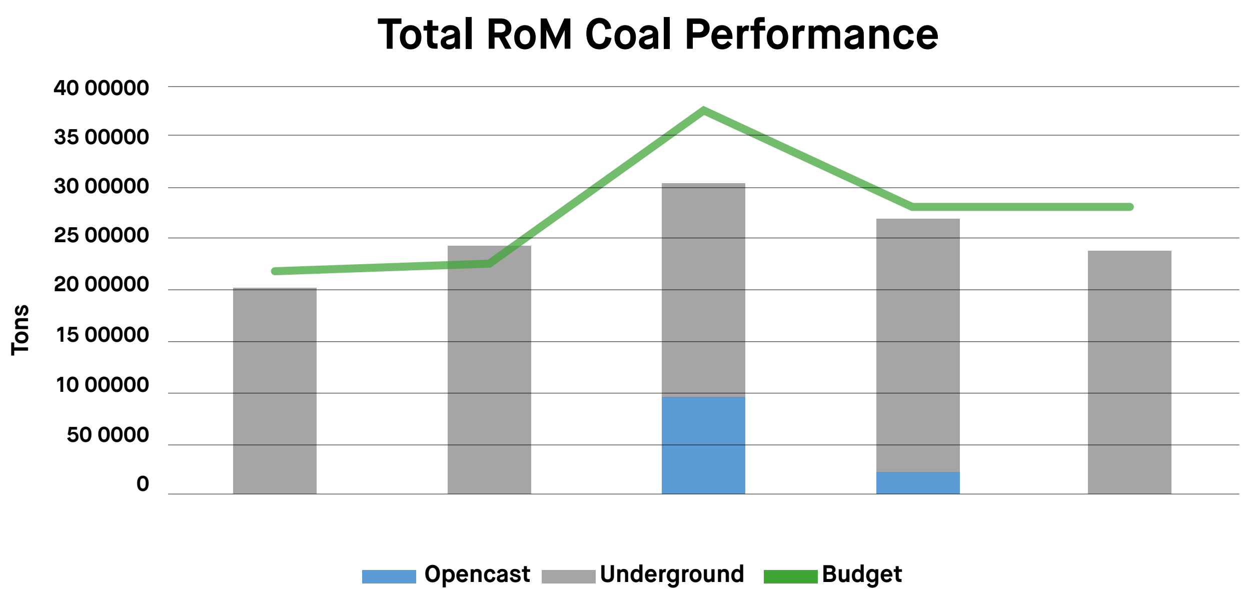
Key Achievements

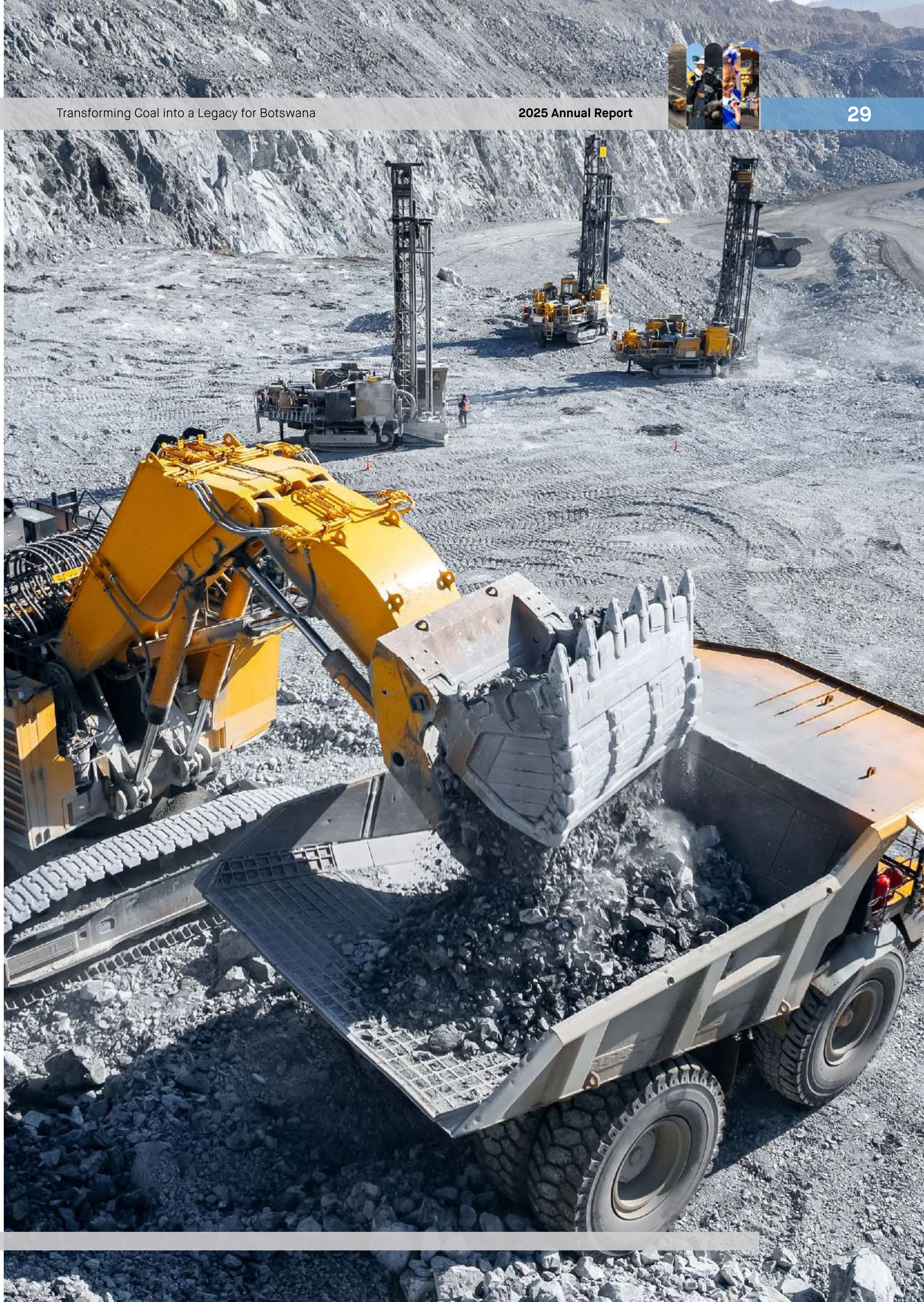
- **Pillar Design Optimisation:** Successfully increased the areal extraction ratio by 2% without compromising stability or safety. This improvement delivered an estimated uplift in resource value of just over BWP 10 million at year-end, while enhancing mining productivity and extending Life of Mine.
- **Particle Size Distribution Optimisation:** Reduced the proportion of fines from 50% to 48%, improving product handling and marketability.
- **Opencast Resumption:** Key milestones achieved including procurement of equipment and completion of optimised Mine plans. Opencast mining is planned to recommence in Q1 2026.
- Total operating cost savings of BWP 27.6 million in 2025, bringing cumulative savings since 2023 to BWP 421.3 million.

Outlook

The business will prioritise restoring spares and consumable availability, completing overdue maintenance, and executing the Opencast restart to recover production and control unit costs in 2026.

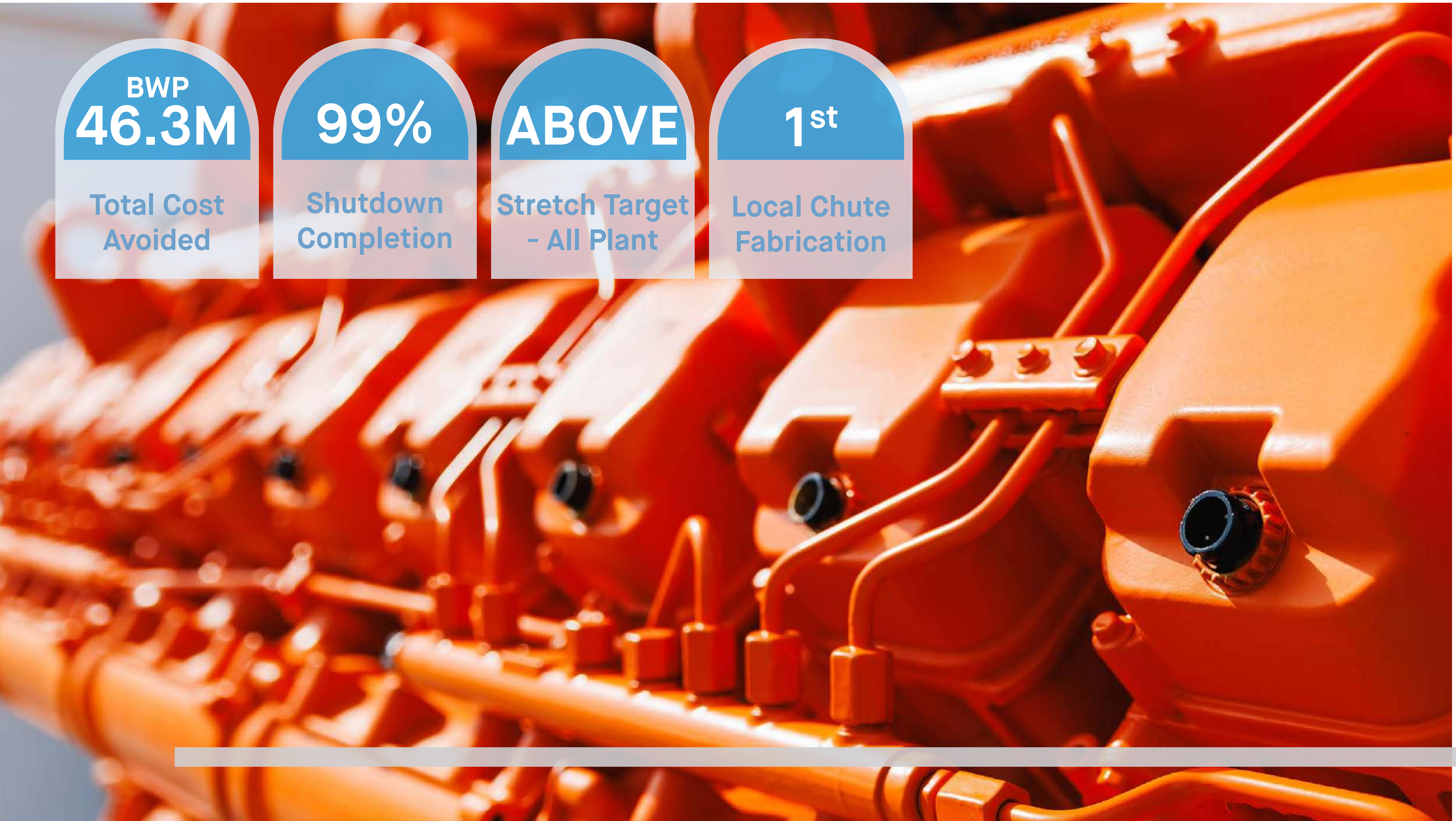
The Opencast resumption represents a material opportunity to restore volumes and operational flexibility.





ASSET MANAGEMENT

The Asset Management function delivered a series of standout achievements in 2025 that demonstrate the ingenuity, discipline, and commitment of MCM's technical teams. Under the banner of #1-3-27, and in the face of significant financial constraints, the function proved that engineering excellence is not contingent on unlimited resources, it is a product of capability, creativity, and collaborative problem-solving.



BWP 46.3M
Total Cost Avoided

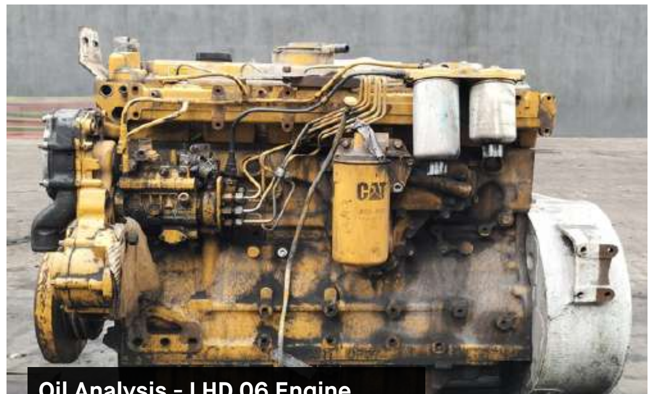
99%
Shutdown Completion

ABOVE
Stretch Target - All Plant

1st
Local Chute Fabrication

1. Condition Monitoring — Cost Avoided

One of the most compelling stories of 2025 is the measurable financial value delivered through MCM's Condition Monitoring programme. By deploying a suite of predictive and preventive monitoring technologies across critical plant and equipment, the Asset Management team avoided unplanned failures that would have resulted in costly reactive repairs, extended downtime, and lost production.

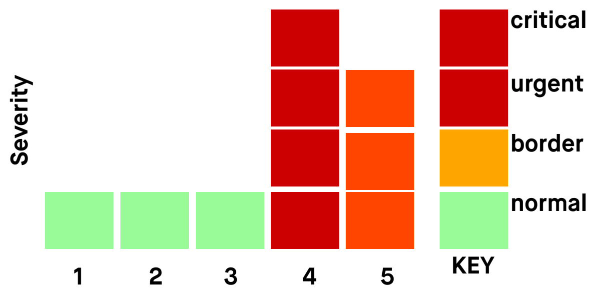


Oil Analysis - LHD 06 Engine

Oil Analysis - LHD 06 Engine

SEVERITY

URGENT



ASSET MANAGEMENT (CONTINUED)

The programme encompasses five distinct monitoring regimes, each targeting specific failure modes across MCM's complex operational environment. In a year defined by cash flow pressures, the ability to avoid unplanned expenditure through intelligent monitoring was not merely a technical achievement, it was a direct financial contribution to the business.

CONDITION MONITORING REGIME	CONDITION MONITORING REGIME
Vibration Analysis	17,228,039
Oil Analysis	11,899,689
Motor Analysis	8,384,606
Infrared Thermography	5,990,228
Injection Test (MV Electrical Maintenance)	2,754,322
TOTAL COST AVOIDED	**46,256,884**

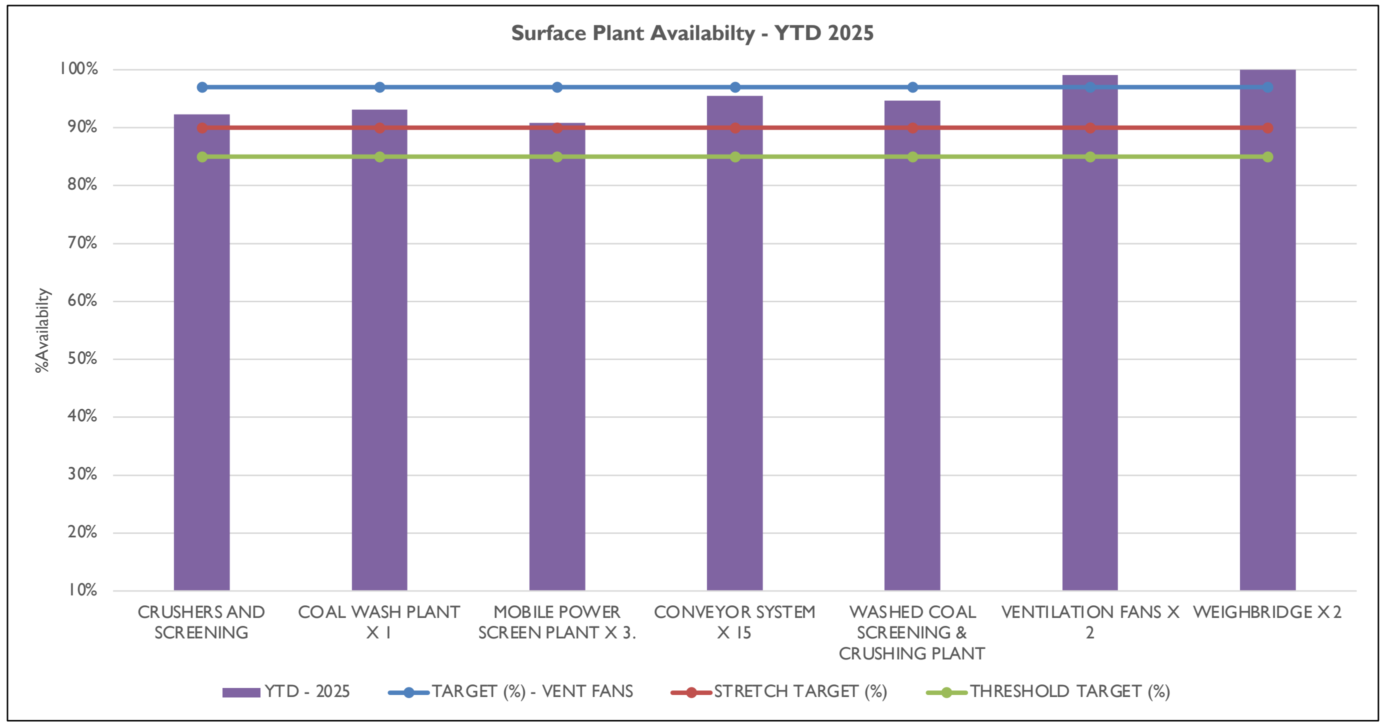
Note: Total cost avoided figures reflect all five condition monitoring regimes combined. Individual regime costs avoided are presented separately above.

What This Means in Practice

The Vibration Analysis regime alone contributed over BWP 17.2 million in avoided costs, identifying developing bearing, shaft, and gearbox faults before they could cause catastrophic equipment failures. Oil Analysis delivered BWP 11.9 million by detecting contamination and degradation trends in critical equipment lubrication, preventing premature component wear and extending service intervals. Infrared Thermography identified electrical hot spots and thermal anomalies in surface plant before they could develop into fires or unplanned outages. Collectively, the five regimes demonstrate the compounding value of a mature, data-driven condition monitoring programme. Rather than waiting for equipment to fail, MCM's teams are identifying, predicting, and intervening, protecting both assets and production continuity with measurable precision.

Surface Plant Availability

Despite the operational and financial headwinds that characterised 2025, MCM's surface plant availability exceeded the stretch target across all monitored asset classes, a performance outcome that speaks directly to the capability, adaptability, and resourcefulness of the maintenance and engineering teams.



ASSET MANAGEMENT (CONTINUED)

The stretch target for all surface plant assets is set at 90%, with a benchmark target of 97%. Achieving above stretch target in a constrained cash environment is not a matter of luck, it reflects deliberate maintenance prioritisation, creative engineering solutions, and a team that understands the direct link between equipment availability and business performance.

The Weighbridge achieved 100% availability for the full year. Ventilation Fans recorded 99.1%, comfortably above the 97% benchmark, critical for underground safety and air quality compliance. The Conveyor System, comprising 15 individual conveyors, sustained 95.5% availability, maintaining the critical coal movement chain from underground to surface without unplanned interruption.

These results are particularly significant in the context of 2025's cash flow constraints, which limited access to spare parts and required the maintenance teams to plan, prioritise, and engineer solutions with reduced resource availability. The outcome demonstrates that MCM's Asset Management capability is a genuine competitive strength.

Conveyor 18-01 Discharge Chute — A CEEP Milestone

For several years, MCM relied on South African contractors for the design and fabrication of critical transfer chutes, a long-standing dependency that carried both cost and supply chain risk. In 2025, the Asset Management engineering team took a deliberate and bold step to change that.

Aligned with MCM's Citizen Economic Empowerment Programme (CEEP) and the Mine's commitment to developing local industrial capability, the team challenged themselves to design the Conveyor 18-01 discharge chute internally, and then partner with a local Botswana fabrication contractor to bring that design to life. This was the first time such a project had been executed entirely in-country.

The decision required both technical confidence and organisational trust. It demanded that the engineering team take ownership of a design process they had previously outsourced, and that they place their confidence in a local fabricator to deliver to specification, on time, and to standard. Both challenges were met.

Why This Matters

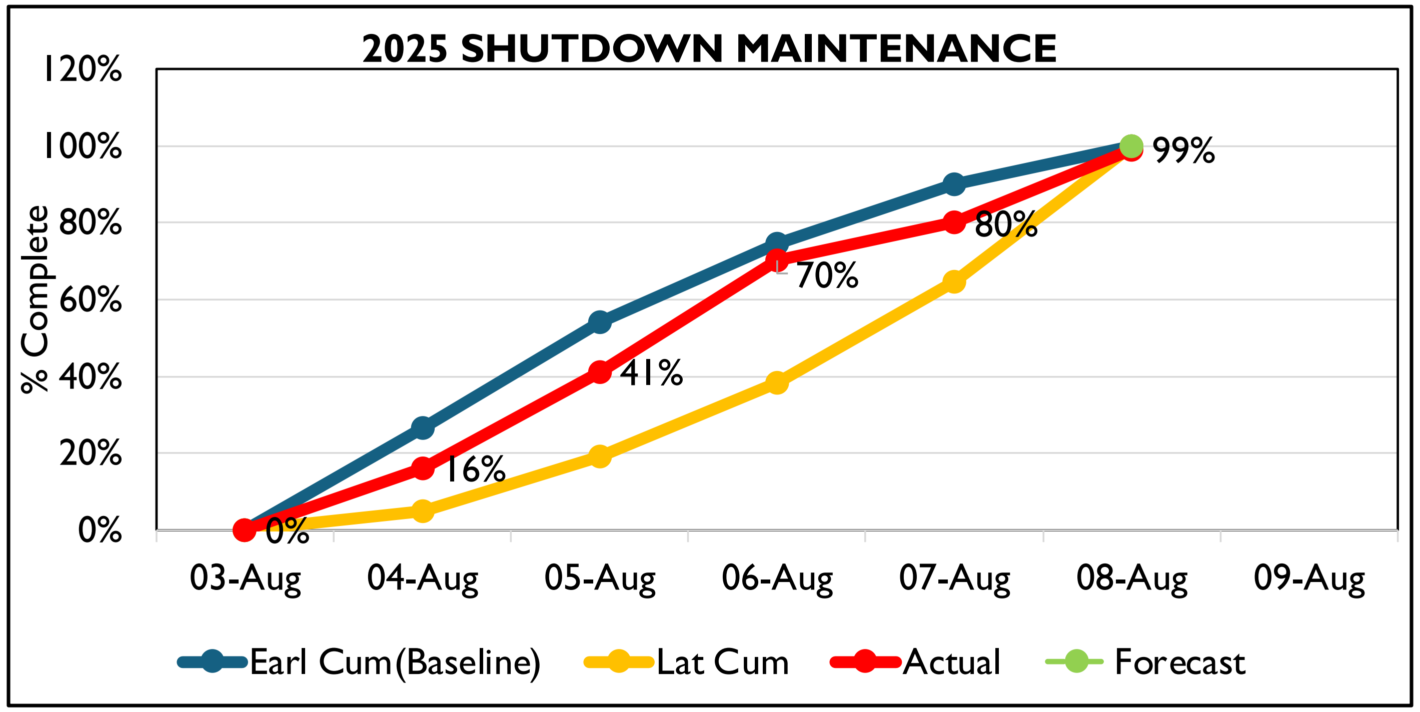
- Reduced dependency on South African contractors, strengthening MCM's supply chain resilience.
- Developed local fabrication capability, creating a replicable model for future chute projects.
- Aligned directly with MCM's CEEP commitment to grow citizen business participation.
- Demonstrated that the MCM engineering team possesses the design capability to manage critical infrastructure projects in-house.
- Created a commercial relationship with a local contractor that can be built upon for future capital and maintenance projects.

This project is more than a maintenance achievement. It is a proof of concept, evidence that MCM can progressively build the local industrial ecosystem required to support its long-term growth, reduce external cost exposure, and deepen its contribution to Botswana's economic development.

Shutdown Maintenance — Record Completion

The annual shutdown is among the most complex and high-stakes maintenance exercises undertaken at any mining operation. It demands precise planning, disciplined execution, and close coordination across every maintenance discipline, all within a compressed time window during which the plant is offline and production is suspended.

MCM's 2025 Shutdown Maintenance was executed over a five-day period and achieved an overall completion rate of **99%** against a target of 95%, the highest shutdown completion rate in MCM's history.



ASSET MANAGEMENT (CONTINUED)

AREA	PLANNED HOURS	ACTUAL HOURS	VARIANCE	TARGET	COMPLETION
Pre-Activities	18.7	18.7	0.0	100%	100%
Underground Outbye	242.4	242.3	0.0	100%	100%
Boilermaking and Rigging	393.1	393.1	0.0	100%	100%
Surface Mechanical	1,176.2	1,176.2	0.0	100%	100%
Surface Electrical	152.3	152.3	0.0	100%	100%
Electrical Services	383.7	376.0	7.7	100%	98%
Automation	59.0	59.0	0.0	100%	100%
Beneficiation	356.4	356.4	0.0	100%	100%
CHPP	548.6	548.6	0.0	100%	100%
Commissioning	181.0	181.0	0.0	100%	100%
OVERALL RESULT	**2,511.4**	**2,503.7**	**7.7**	**95%**	99%

Nine of ten work streams achieved 100% completion within planned hours. Electrical Services recorded 98% completion, with a minor 7.7-hour variance, a negligible deviation within the context of a 2,500+ hour maintenance programme. The Commissioning stream, which validates that all maintained systems are fully functional and safe to return to service, was completed at 100%.

The significance of this achievement cannot be overstated, as it reflects a step change in maintenance planning, execution discipline, and operational reliability. In prior years, shutdown completion rates have been constrained by supply chain delays, contractor availability, and planning gaps. The 2025 result reflects a step change in shutdown planning discipline, pre-activity preparation, and cross-functional coordination, and sets a new benchmark for future years.

Asset Management: The Bigger Picture

Taken together, the four Coalden Moments of 2025 tell a coherent story about the Asset Management function at Morupule Coal Mine. They demonstrate a team that:

- Invests in predictive intelligence to protect assets and avoid unplanned cost, delivering BWP 46.3 million in avoided expenditure.
- Maintains surface plant availability above stretch target even in a resource-constrained environment, proving that performance is driven by capability, not just capital.
- Embraces innovation and local partnership, executing MCM's first fully in-country chute design and fabrication in direct alignment with CEEP.
- Plans and executes complex maintenance at the highest completion rate in MCM's history, setting a new institutional standard.

These outcomes are not isolated wins. They are evidence of a maturing Asset Management capability that is increasingly aligned with MCM's strategic direction, protecting current operational performance while building the foundations for sustainable growth. As MCM prepares for the recommencement of Opencast mining and the pursuit of its 3.6 million tonnes sales target, this capability will be central to delivering the operational reliability that the growth agenda demands.

SALES, MARKETING AND LOGISTICS

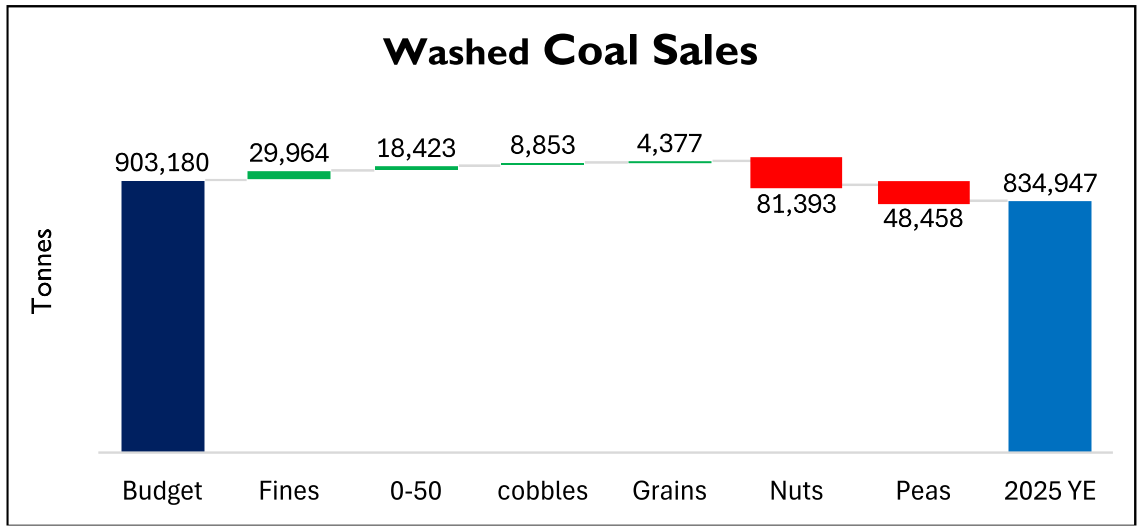
2.27 million tonnes of coal were sold in 2025 against a budget of 2.85 million tonnes (-17%) and an 8+4 Forecast of 2.64 million tonnes (-10%). Coal sales were affected by heavy rainfall and flooding during Q1, resulting in extended truck turnaround times, low reliability of BPC power stations impacting thermal coal offtake, Botash tonnage shortfalls due to locomotive shortages and rail washaways, and cash flow constraints that limited equipment availability.

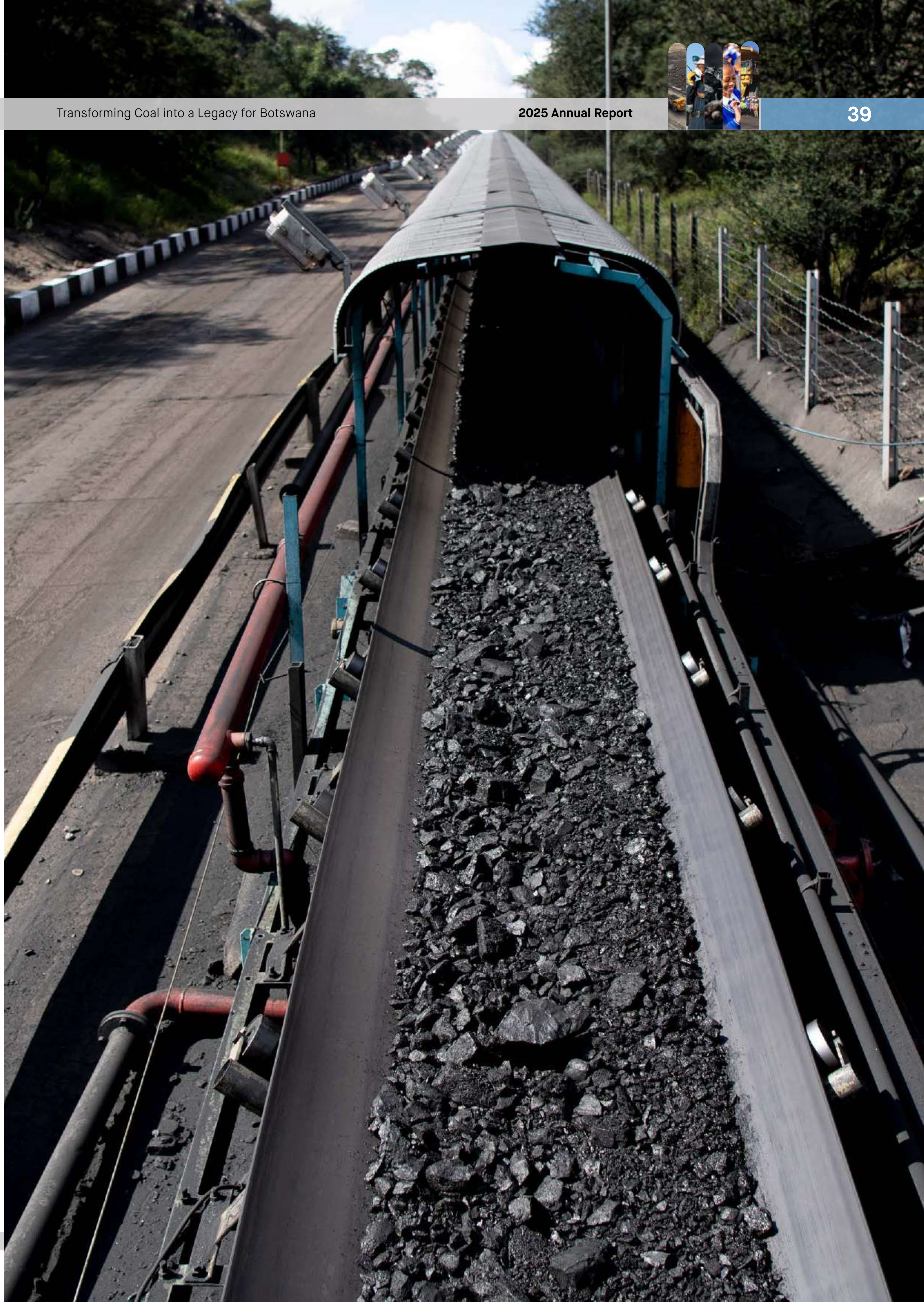
2025 Coal Sales

Actual	Budget	8+4 Forecast	Var. Budget (%)	Var. 8+4 Forecast (%)
2,367,868	2,843,187	2,640,611	-17%	-10%

Washed Coal Sales

Washed coal sales were 4% below budget and 8% below the 8+4 Forecast

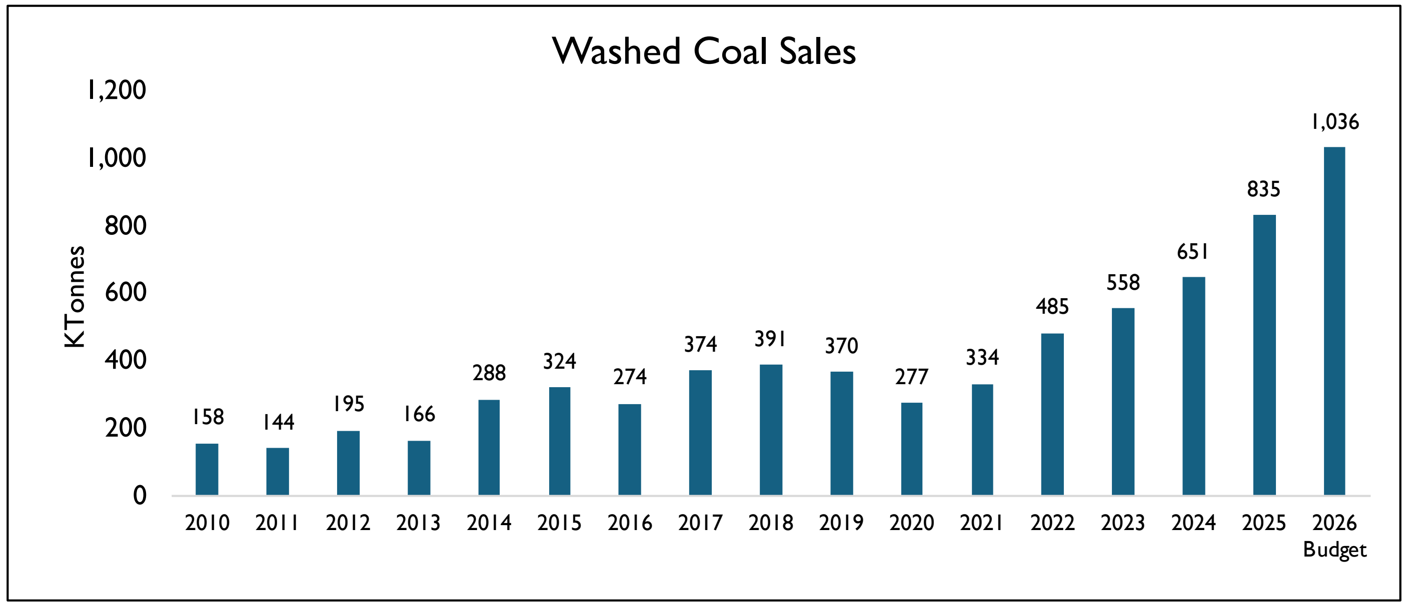




SALES, MARKETING AND LOGISTICS (CONTINUED)

Despite the shortfall, meaningful strategic progress was achieved. Penetration into the duff market with AfriSam and Dangote resulted in higher fines/duff sales than budget. Diversified market sales led to grains sales from screening of existing stockpile, a new opportunity identified by the commercial team.

Note: There has been an improvement in washed coal sales year on year as shown in Figure 2 below.



Thermal Coal Sales

Total thermal coal sales were 21% and 16% below budget and 8+4 Forecast respectively. Lower-than-planned offtake from Botash was primarily attributable to rail washaways experienced during Q1 and locomotive shortages that negatively impacted turnaround times. BPC offtake was affected by low ROM availability in Q1 and reduced availability and reliability of BPC power stations.

THERMAL SALES	ACTUAL	BUDGET	8+4 FORECAST	VAR. % BUDGET	VAR. % 8+4 FORECAST
BPC A	280,938	304,800	317,665	-8%	-12%
BPC B	1,093,022	1,440,000	1,338,040	-24%	-18%
Botash	167,849	196,207	181,305	-14%	-7%
Total Thermal Sales	**1,541,809**	**1,941,007**	**1,837,010**	**-21%**	**-16%**

Strategic Highlights

55%

55% improvement in duff/fines sales to inland South African market compared to 2024

2%

2% increase in Peas and Nuts sales compared to prior year despite production challenges

1%

1% of total sales realised from new grains market segment

86%

86% customer experience satisfaction rating achieved for the year

1ST

First South African depot established, positioning MCM for expanded penetration into inland markets.

ESSP

The Eskom supply study remains in progress, with an extension to June 2026 requested to allow for completion of the evaluation process.

Logistics

MCM continued to pursue multi-modal transport solutions to improve logistics competitiveness. Key initiatives underway include bulk wagons (PPC/AfriSam) off-loaded by tippers, flatbed/container wagon arrangements for bulk bags destined for the Western Cape depot, super-link side tippers, flexible bulk container trials, and a CEDA project for tipper tanker/flatbed combinations. Reducing logistics costs remains a strategic priority, particularly given MCM's geographical distance from key inland South African markets.

CITIZEN ECONOMIC EMPOWERMENT PROGRAMME

In light of the Republic of Botswana's aspirations of becoming a knowledge-driven economy, Morupule Coal Mine continues in its commitment to positively contribute to the nation attaining its "True North" through a citizen spend of BWP 1.5 billion, supporting 3,000 jobs by 2027.

Premised on key national strategic frameworks such as the Botswana Economic Transformation Programme, MCM's Citizen Economic Empowerment Programme (CEEP) not only aims to drive economic growth at a macro level but sustainably drives stakeholder and shareholder value at a micro level, through increased productivity, human capital development, and technological capability of citizen businesses.

2025 CEEP Performance

2025 served as a critical milestone year for the CEEP. MCM achieved a BWP 1 billion citizen spend in May 2025 and closed the year at BWP 1,290,753,362, accounting for 53% of MCM's total spend. This represents a landmark achievement in MCM's journey toward its BWP 1.5 billion target.
Within the Enterprise and Supplier Development stream, MCM established new key partnerships with UN Women, SolTrain+ UB CERC, and UNCTAD, complementing existing partnerships with organisations such as ABSA. The ESD programme focused on bulk coal citizen transporters, solar thermal systems, and business acceleration.

CEEP Highlights

BWP 1.29 BILLION IN CITIZEN SPEND

– 53% of total MCM procurement

NEW PARTNERSHIPS ESTABLISHED

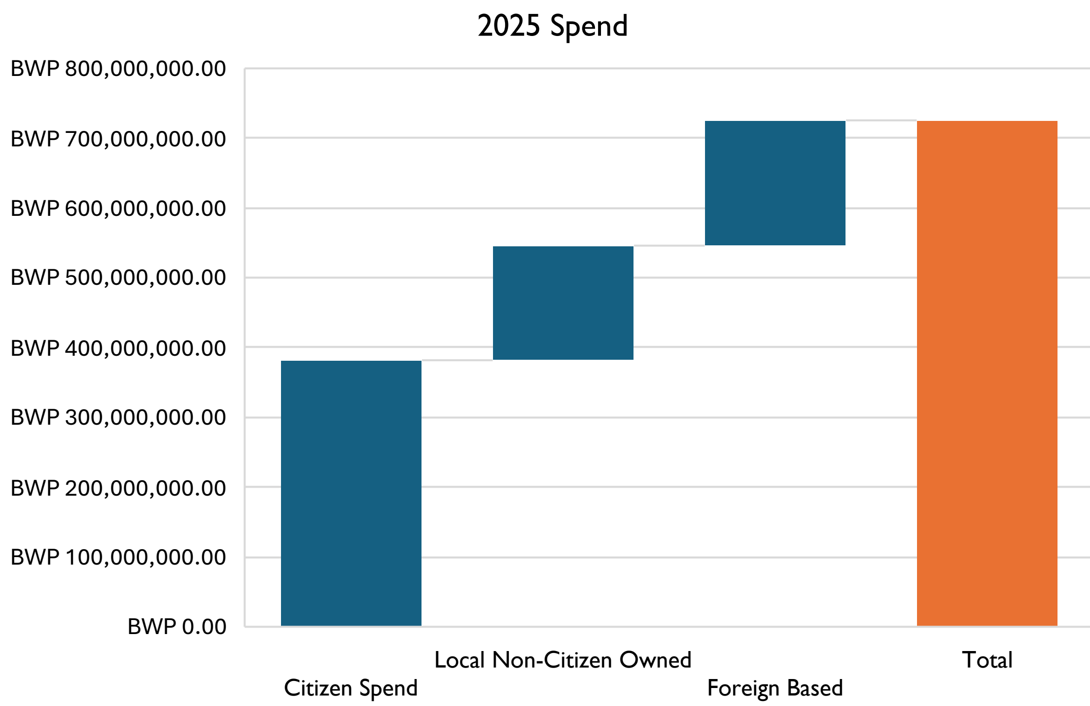
with UN Women, SolTrain+ UB CERC, and UNCTAD

ESD

Enterprise and Supplier Development focused on bulk coal transport, solar thermal, and business acceleration

CONTINUED PROGRESS

Continued progress toward BWP 1.5 billion citizen spend and 3,000 jobs target by 2027



STRATEGY UPDATE

#1-3-27

Morupule Coal Mine continued to advance its five-year Company strategy (2023–2027), branded #1-3-27, during 2025. A comprehensive review of the strategic context was undertaken, including an updated assessment of global market conditions, supply and demand dynamics, geopolitical developments, and the long-term market outlook for coal and energy sectors.

The review reaffirmed the ongoing relevance of MCM's existing strategic framework. In the first half of the year, MCM hosted a dedicated Board and executive strategy session, reviewing each strategic pillar in depth. Independent validation of MCM's key assumptions was undertaken to challenge strategic thinking. The strategy session confirmed the core themes remain relevant while identifying priority areas for enhanced focus.

Strategic Pillars

Navigating the Future of Coal Amid Shifting Societal Expectations	Maximising Core Capabilities Through a Leadership-Driven Culture	Strengthening Logistics for Long-Term Efficiency	Positioning MCM for a Sustainable, Low-Carbon Future	Deepening Commitment to Social Development and Material Stakeholder Issues
Responding to evolving societal expectations and market trends, ensuring MCM remains alert to new business opportunities and can thrive in a rapidly changing macro-environment.	**Unlocking and maximising** core capabilities starting with a leadership-led culture that drives operational excellence and cost competitiveness.	**Addressing the significant** logistics cost component in MCM's overall production cost structure, with ongoing strategic progress in unlocking and improving logistics capabilities.	**Advancing the sustainability agenda** and decarbonisation journey through the "Beyond Coal" programme and contribution to the emerging green coal industry.	**Investing in social development programmes** aligned with the UN SDGs and engaging with material stakeholder issues as integral to planning processes.

ESG FRAMEWORK

To enhance transparency and accountability, MCM launched its ESG Framework in 2025. A comprehensive plan has been developed allowing for embedment of ESG in ways of working. Compliance with the plan is trending positively, with initiatives and efforts resulting in the organisation being 14% ahead of plan.

The Board approved the Climate Change and Water Stewardship Position Statements in November 2025. These statements will be published on the MCM website. The tender to conduct a Materiality Assessment was awarded in December 2025 and will be completed in April 2026.

ESG training was delivered to the Board by KPMG and to 42 employees, comprising managers, engineers, SHE practitioners and supervisors, by the Botswana Institute of Chartered Accountants in November 2025.

PROJECTS UPDATE

NEW MINE CLINIC

In support of the planned recommencement of Opencast mining operations, MCM completed construction of a new clinic facility designed to provide dedicated healthcare services to the expanded workforce.

This initiative reflects MCM's unwavering commitment to the health, safety, and wellbeing of its people, recognising that access to quality occupational healthcare is a non-negotiable component of responsible mining.

The project has achieved substantial completion, marking a significant milestone in MCM's infrastructure development programme and reinforcing the Mine's readiness for the operational expansion ahead.

CRITICAL SPARES WAREHOUSE

The construction and commissioning of a purpose-built critical spares warehouse represents a strategic response to one of the key operational vulnerabilities identified in recent years, the availability and Management of critical equipment components. The facility was designed and built onsite to optimise efficiency and effectiveness across the full inventory Management lifecycle.

A multi-layered approach was adopted, integrating optimised layout design, streamlined inventory Management workflows, and automated technologies to enhance inventory accuracy and order Management. The result is a fit-for-purpose facility that directly addresses the spares availability constraints that impacted production performance in 2025, and positions MCM to manage its critical spares pipeline with significantly greater precision and reliability going forward.

The project has reached its final stage and is scheduled for formal handover in early February 2026. Its commissioning is expected to have an immediate and measurable impact on equipment availability and maintenance cycle times.

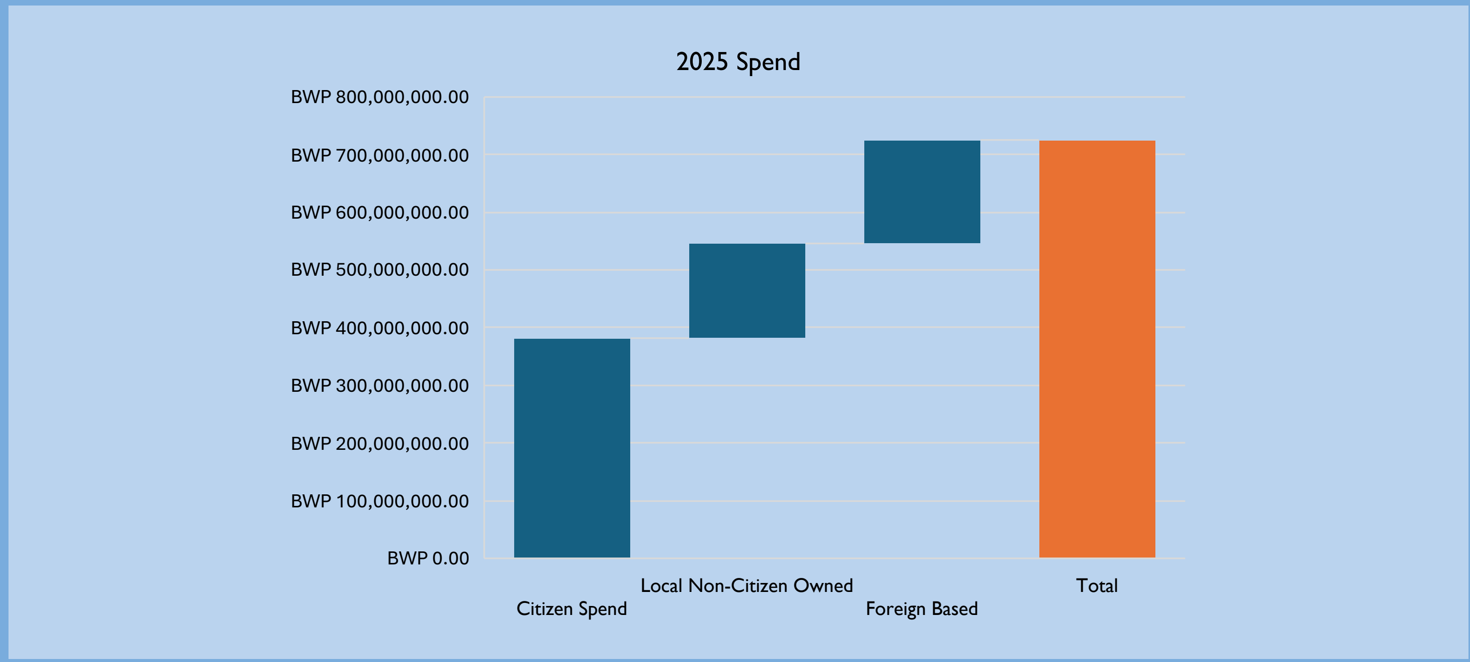
A14 ACCESS ROAD AND MAIN SECURITY BUILDING UPGRADE (pictured right)

MCM's five-year growth strategy, #1-3-27, targets coal sales of 3.6 million tonnes per annum, a trajectory that demands not only expanded production capacity but a logistics and security infrastructure capable of supporting significantly higher coal movement volumes by both road and rail. In direct response to this strategic imperative, MCM completed the upgrade of the A14 access road and the main security building.

The upgraded road infrastructure ensures benchmark turnaround times for truck and rail operations, reducing cycle times and improving throughput efficiency at a critical interface point in MCM's logistics chain.

The enhanced security features are designed to manage the increased volume and frequency of vehicle movements safely and effectively, consistent with MCM's commitment to safe and controlled site access.

The project has been successfully handed over and is fully utilised, already delivering its intended operational benefits. It stands as tangible evidence of MCM's investment in the physical foundations required to support its growth ambitions.



SAFETY AND SUSTAINABILITY

Our Safety Commitment

Safety is not a function at Morupule Coal Mine. It is a value, lived daily by every employee, contractor, and leader who sets foot on our site. The results of 2025 reflect what is possible when that conviction is translated into consistent, disciplined action across the organisation.

Our Safety Commitment

Safety is not a function at Morupule Coal Mine. It is a value, lived daily by every employee, contractor, and leader who sets foot on our site. The results of 2025 reflect what is possible when that conviction is translated into consistent, disciplined action across the organisation. MCM recorded a Total Recordable Injury Frequency Rate (TRIFR) of 0.04 for 2025, the lowest in the Mine's history, surpassing the previous record low of 0.08 recorded in 2014. This milestone was achieved alongside a continuation of our 25-year fatality-free record, a testament to a safety culture that has been built, sustained, and reinforced across a generation of MCM people.

2025 SHE Performance Highlights

Below are key SHE performance metrics for the year ended 31 December 2025, compared to 2024:

SHE Performance dashboard	2025 Actual (YTD)	2024 Actual (YTD)	% Variance (Difference)
Fatalities	0	0	0%
FIFR	0.00	0.00	0%
LTI	0	1	-100%
LTIFR	0.00	0.05	-100%
Medical Treatment Injuries	1	3	-67%
Restricted Work Injury	0	0	0%
First Aid Cases	14	22	-36%
Total Recordable Injuries (TRI)	1	4	-75%
TRIFR	0.04	0.17	-76%
All Injuries (AI)	15	26	-42%
AIFR	0.67	1.13	-67%
High Potential Incidents	3	3	0%
Property Damages	50	71	-30%
Environmental Incidents	8	11	-27.2%
Medical Examination	99.6%	99.9%	-0.03%
Personal Noise exposure>105dBA	0	0	0%
Electricity Efficiency	15.81	12.96	+22%
Water Efficiency	0.111	0.123	-10%
Carbon Intensity	0.027	0.024	-13%
Near Hits	105,290	93,056	+13%

The 13% improvement in Near Hit reporting reflects a healthy and maturing safety culture, one in which employees are actively engaged in hazard identification and early intervention, rather than accepting risk as routine.

Three (3) High Potential Incidents (HPIs) were recorded during the year, two (2) underground fall-of-ground incidents, and one (1) truck incident. One (1) Dangerous Occurrence, reportable to the Department of Mines under the Mine Quarries Works and Machinery Act, was recorded.

All incidents have been fully investigated, with learnings shared and remedial actions tracked to closure.

SHE Management System

MCM's SHE Management System underpins the consistency of our safety performance. In 2025, our ISO 14001 (Environmental Management) certification reached its 15th year, and our ISO 45001 (Occupational Health and Safety) certification its 13th year, achievements that reflect long-term institutional commitment to world-class Management standards.

MCM retained its ISO 45001 certification following an external audit in November 2025 with no major findings, and passed its ISO 14001 surveillance audit. A total of 23 minor non-conformances were noted across both standards, all of which are being addressed.

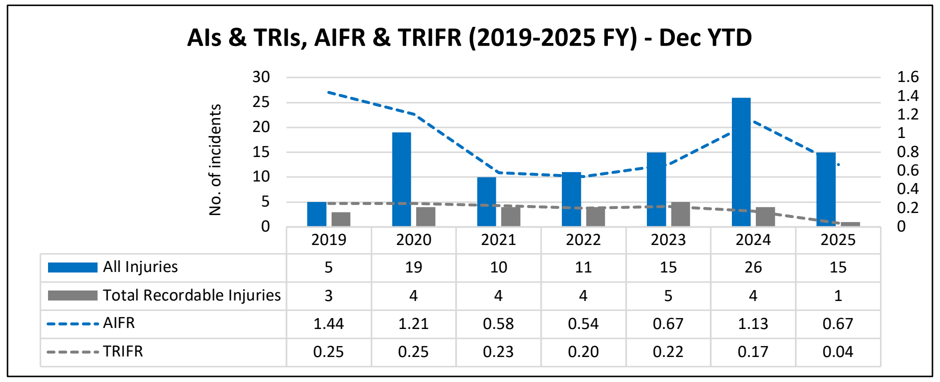
TÜV SÜD ISO 45001

TÜV SÜD ISO 14001

SAFETY AND SUSTAINABILITY (CONTINUED)

Safety Historical statistics

Total recordable injuries trend remained steady over the years (2020 – 2022) with a marginal fluctuation in 2023 and 2024. 2025 financial year, TRIFR has significantly improved.



	2019	2020	2021	2022	2023	2024	2025
All Injuries	5	19	10	11	15	26	15
Total Recordable Injuries	3	4	4	4	5	4	1
AIFR	1.44	1.21	0.58	0.54	0.67	1.13	0.67
TRIFR	0.25	0.25	0.23	0.20	0.22	0.17	0.04

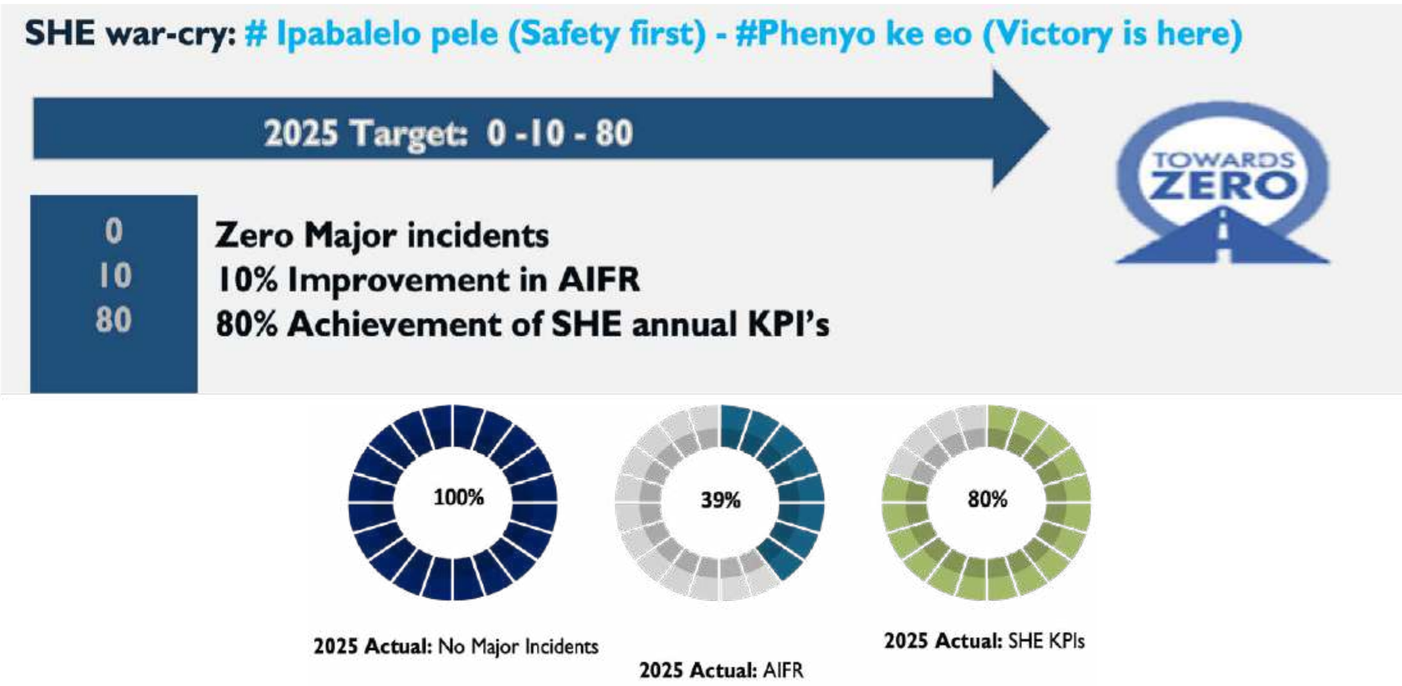
2025–2027 SHE Strategy

The 2025–2027 MCM SHE Strategy was launched at the beginning of the year, directly aligned with the MCM Business Strategy. Its mandate is to promote and achieve Zero Harm by providing safe and healthy working conditions, preventing work-related injuries and ill-health, and fostering a sustainable and environmentally responsible workplace.

Three headline targets define the strategy: zero major SHE incidents; a 10% year-on-year reduction in the All Injuries Frequency Rate; and 80% achievement of annual SHE objectives and KPIs. MCM achieved all three targets in the first year of the strategy, a remarkable outcome that reflects the collective commitment of Management, employees, and contractors across every level of the organisation.

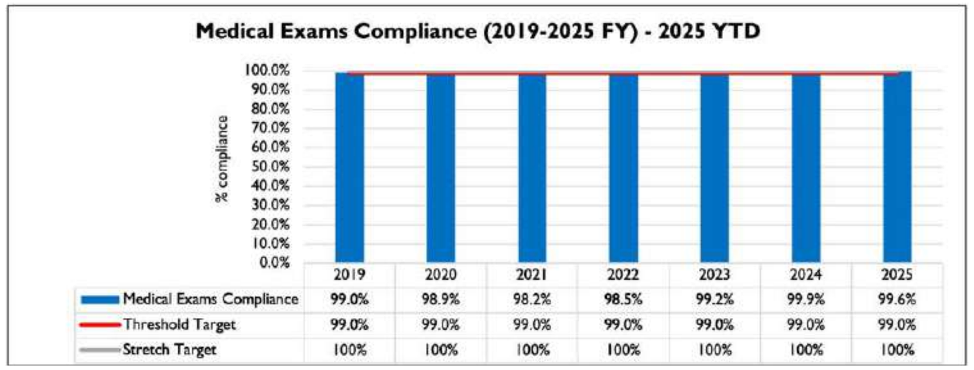
Short-term initiatives that contributed to this performance included SHE stand-downs, risk-based inspection scheduling, legal compliance audits, enhanced visible felt leadership by Management, and the introduction of the SHE War Cry, delivered at the beginning of every meeting to reinforce the personal commitment to safe work. The formulation of the MCM SHE Pledge further embedded safety as a shared organisational value.

Looking ahead, medium-to-long-term initiatives in progress include the continued implementation of the SHE Strategy and ESG and Decarbonisation frameworks, a culture change intervention programme, baseline risk assessment reviews, a major hazard and critical controls Management programme, a comprehensive legal appointments review, and the development of a dedicated mental health programme.



Occupational Health and Hygiene

Historical Performance – Occupational Medical Examinations



	2019	2020	2021	2022	2023	2024	2025
Medical Exams Compliance	99.0%	98.9%	98.2%	98.5%	99.2%	99.9%	99.6%
Threshold Target	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Stretch Target	100%	100%	100%	100%	100%	100%	100%

Medical examination compliance averaged 99.6% for the year, maintaining MCM's near-perfect track record of occupational health oversight. No occupational health incidents or TB treatment cases were reported during 2025. Two worker's compensation claims originating from 2024 injuries were processed and submitted to the MCM Risk Office during the year.

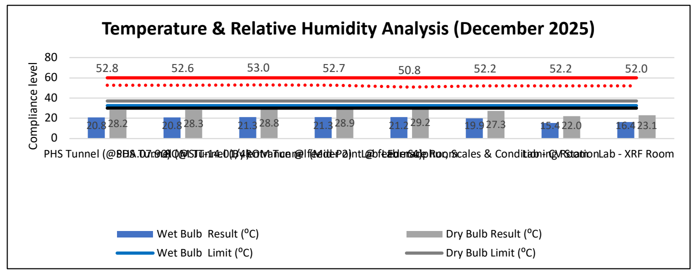
Occupational Hygiene

From 2026, MCM will apply more stringent occupational hygiene standards following industry best practices regulatory amendments to coal dust and silica exposure limits (South African Government Gazette publication).

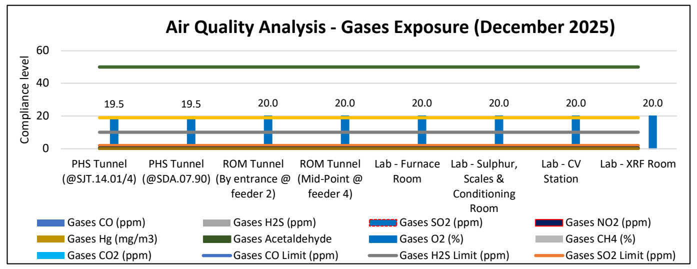
Noise and dust overexposures have been recorded mostly underground. Personal protective equipment i.e. hearing protection and dust musk's are provided to employees in noise and dust zones working areas.

This ensures that the risk exposures is mitigated to acceptable levels as part of administrative controls, and engineering controls are also instituted to ensure elimination at the source.

Temperature and relative humidity



Temperatures (both wet and dry bulb) and relative humidity measures were within the recommended limits.

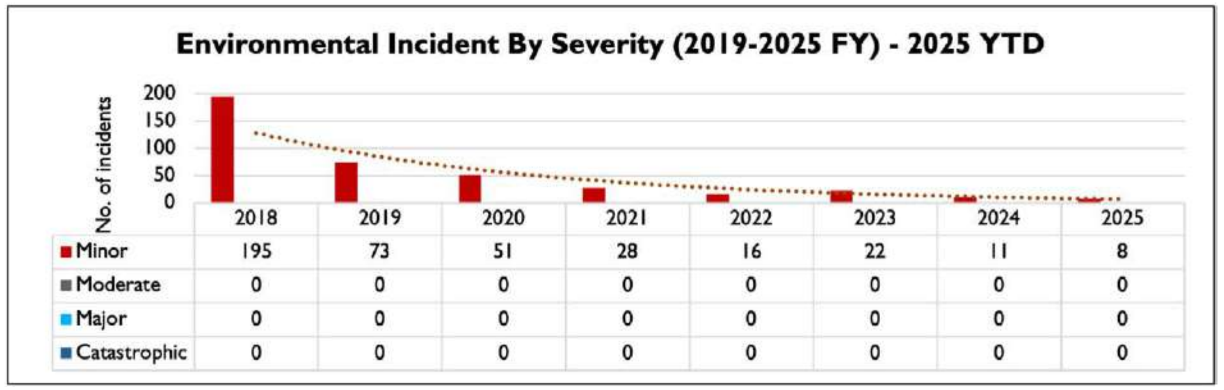


All gases measured including carbon monoxide, carbon dioxide, hydrogen sulphide, methane, sulphur dioxide, nitrogen dioxide, mercury, acetaldehyde and oxygen at the various sampling points were within the recommended occupational exposure limits, with no harmful gas concentrations detected.

SAFETY AND SUSTAINABILITY (CONTINUED)

Environmental Management

The number of minor environmental incidents improved by 27% compared to 2024 financial year. Eight (8) minor environmental incidents were recorded during the year. No moderate, major, or reportable environmental incidents have been recorded for more than ten consecutive years.



	2018	2019	2020	2021	2022	2023	2024	2025
Minor	195	73	51	28	16	22	11	8
Moderate	0	0	0	0	0	0	0	0
Major	0	0	0	0	0	0	0	0
Catastrophic	0	0	0	0	0	0	0	0

The graph shows a significant decline in the number of minor environmental incidents reported during the period of 2018-2022, with a 27% decrease in 2025 compared to the previous year.

Environmental Compliance

Directives, Instructions & Compliance Notices	None
EMP Progress Report	Submitted
Mine Closure Plan	In Revision
Rehabilitation Schedule	Current
Closure Liability Assessment	In Revision

No Concern

Low Concern

High Concern

Key Performance Indicators

Concurrent Rehabilitation	Open cast under care & maintenance
ISO Certification	Certified
Major Findings during ISO 14001:2015 Audits	Zero (0)
Significant Incidents (Major & Moderate)	Zero (0)
Implementation of the ESG & Decarb Strategies	Done
Initiatives on Water Efficiency	In Progress
Initiatives on Electricity Efficiency	In Progress

KPI Met

KPI Not Met

Not Applicable

Sustainability Framework and ESG

2025 marked a landmark year in MCM's sustainability journey. The Mine-wide Sustainability Framework was launched and socialised with the Board, Exco, SHE personnel, the Union, and line managers, with cascading to all remaining stakeholders planned for Q1 2026.

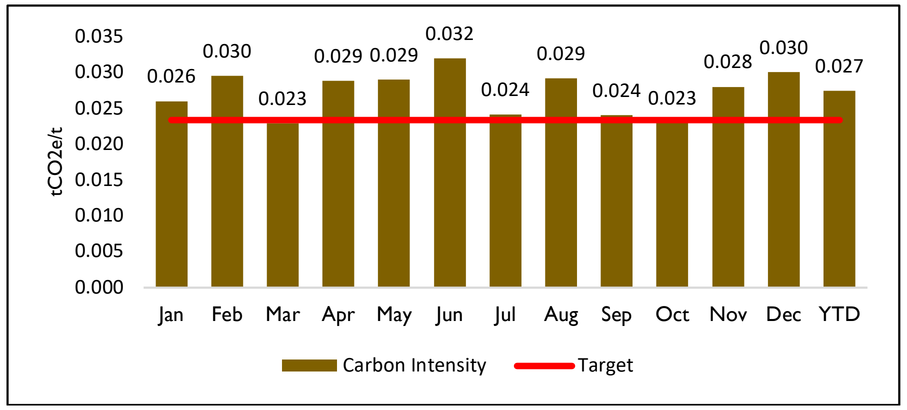
The Board approved the Climate Change and Water Stewardship Position Statements at the November 2025 Board Retreat. These statements will be published on MCM's website, demonstrating transparent commitment to ESG integration and accountability to all stakeholders.

ESG training was delivered to the Board in November 2025, and to managers, engineers, SHE practitioners, and supervisors on Mine in November 2025. Materiality Assessment will be conducted in 2026 to ensure MCM identifies and prioritizes the most significant environmental, social, governance (ESG), as well as financial issues impacting the organisation and its stakeholders. The results of which will inform MCM's first formal ESG Report, to be conducted in 2026 for desclosure.

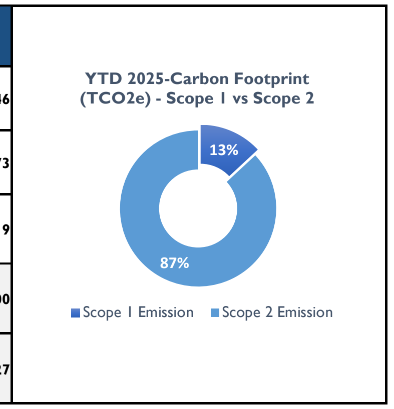
Decarbonisation

MCM's carbon intensity in 2025 was 0.027 tCO_2-e per tonne of coal produced, compared to a base average of 0.023 tCO_2-e/t recorded over 2022–2024. Total controlled emissions were 63,953 tCO_2-e, with Scope 2 (electricity consumption) accounting for 87% and Scope 1 (direct emissions) accounting for 13%. The year's carbon intensity performance reflects the impact of lower production volumes on the emissions-per-tonnes ratio.

MCM's decarbonisation strategy was launched in Q2 2025. A key initiative under this strategy is the planned development of a Solar PV plant to increase the share of renewables in MCM's energy mix, which will directly improve carbon intensity performance as production volumes recover.



MCM's Carbon Footprint * (tCO2-e)	AVG.2022-2024 Base	2025 YTD
Scope 1	15,572.0	8,195.46
Scope 2	48,869.8	55,757.73
Total tCO_2-e (Sc1 + Sc2)	64,441.8	63,953.19
Production (ROM)	27, 761,186.4	2,373,112.00
Carbon Intensity tCO_2-e/t	0.023	0.027

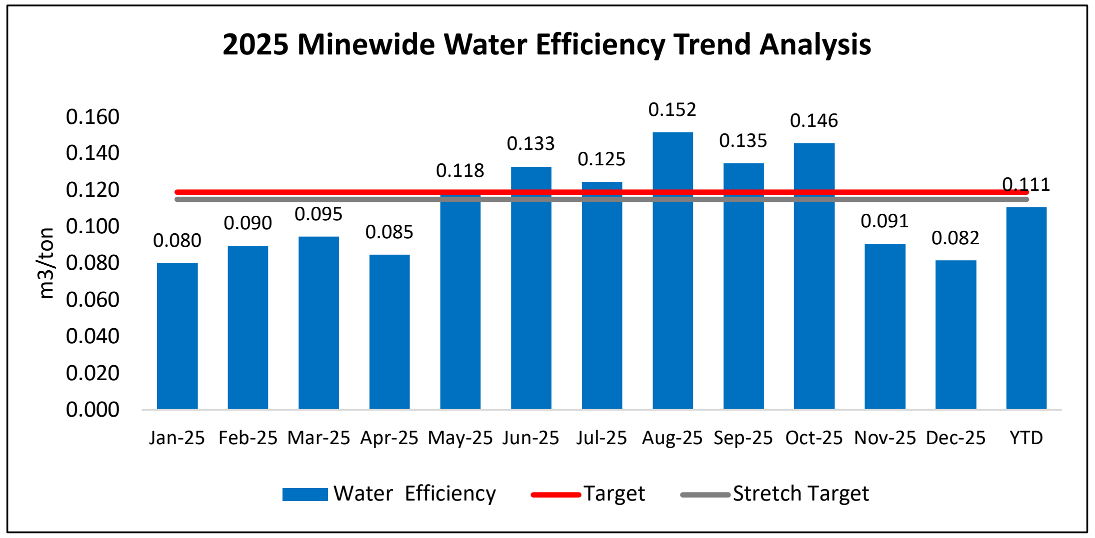


Carbon Intensity (C&I) Reduction (%) Calculation = Total CO2 Emissions / Coal Production (tonnes)
Note: 2025 MCM Controlled Emission Profile: Scope 2 accounts for 87% and Scope 1 accounts for 13%. The 2025 YTD Carbon intensity is at 0.027 tCO2-e/tonnes against 0.023 tCO2-e/t base target.

Note: To improve its carbon intensity, MCM intends to increase percentage of renewables in energy mix by building a Solar PV plant to feed its operation

SAFETY AND SUSTAINABILITY (CONTINUED)

MCM's water efficiency showed a 10% improvement compared to 2024



Mine wide water efficiency for 2025 trended at 0.111 m3/ton against 0.119 m3/ton target, exceeding both target and stretch performance levels. This represents a commendable improvement in water efficiency.

Note: MCM recognises water as a shared, finite, and vital resource that sustains ecosystems, supports communities, and underpins our operations. Effective water stewardship is essential not only for operational resilience but also for the long-term wellbeing of the communities and environment in which we operate.

Mine Closure

Responsible closure planning is an integral dimension of MCM's sustainability commitment. MCM completed a review of its Mine Closure Plan during 2025, ensuring that the land, communities, and economy in which we operate are protected from harmful legacies at the end of the Mine's operational life.

MCM's Mine Closure Vision is to develop a post-mining landscape that is not only environmentally rehabilitated but creates lasting ecological and community value, complementing the adjacent Morupule Game Park and advancing it toward a higher level of conservation, while enabling local communities to establish and entrench sustainable alternative livelihoods during the remaining operating life of the Mine.

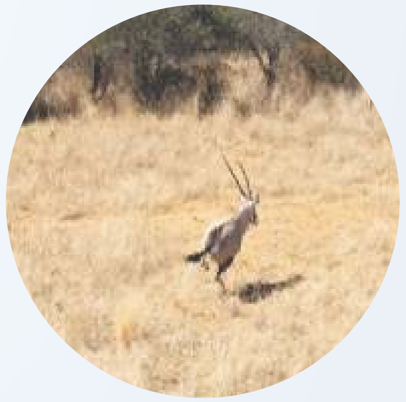
Post-mining land use proposals include game farming and pastoral grazing aligned with historical land use and ecological suitability; wilderness and rehabilitation zones; backfilling and profiling of open pit areas and waste rock dumps; and the repurposing of viable infrastructure in partnership with local government.

To reduce the closure liability progressively, MCM is implementing a range of measures including re-engineering the plant to reduce discard build-up, selling or repurposing discard for pit backfilling, dismantling obsolete infrastructure, limiting environmental footprint during operations, integrating the Village Mine residential estate into the Palapye Development Plan, and continuing to support local economic self-sufficiency through the Citizen Economic Empowerment Programme.

Biodiversity and Conservation

MCM's on-site Game Park continues to make a meaningful contribution to biodiversity conservation in the region. The estimated animal population at year-end stands at 718 across 12 species, against an ecological carrying capacity of 622. The population surplus represents a valuable opportunity, MCM intends to donate animals to deserving conservancies, extending the conservation impact of the Game Park beyond MCM's own boundaries.

Morupule Game Park has been in existence since 2004, currently covers 3500ha



The park encompasses 37 documented species of wildlife, including mammals, birds and reptiles, which are monitored to assess biodiversity and inform conservation strategies.

The park or animal conservancy is designed to act as animal gene pool bank as well as for conservation awareness.

HUMAN RESOURCES

Workforce Summary

As at 31 December 2025, MCM's total workforce stood at 923 employees against a budgeted complement of 843. The staffing level stood at 109.5% of budget, and the Mine's labour turnover was 2.86%.

		MCM as at 31 December 2025			
		MCM Totals	Management	Bargaining	FTC
Total Number of Employees		**923**	**65**	**705**	**153**
Gender	Males	754	44	581	129
	Females	169	21	124	24
Totals		**923**	**65**	**705**	**153**
Localisation	Citizens	920	62	705	153
	Non-Citizens	3	3	0	0
Totals		**923**	**65**	**705**	**153**
Age Profile	18 to 35	263	7	176	80
	36 to 43	363	17	287	59
	44 to 50	214	25	175	14
	51 and above	83	16	67	0
Totals		**923**	**65**	**705**	**153**
Turnover Rate		**2.86%**	**9.23%**	**2.27%**	

Employee Training and Development

Employee training and development at MCM focuses on enhancing safety, increasing productivity, and upskilling workers through structured programmes. These include technical training, leadership development, the Professionals in Training (PIT) programme for young professionals, and career development initiatives in coal mining and personal growth.

MCM continues to offer development opportunities to learners and graduates from various learning institutions, providing practical work experience and industry exposure.

Employee Engagement and Talent Retention

MCM fosters employee engagement through direct leadership, with the CEO and Exco team conducting regular "meet and greet" sessions to align personal and Company goals. Following the EVP survey conducted in December 2024, MCM engaged an external consultant to conduct focus groups across multiple bands, departments, and tenure levels to understand employee experiences and identify key levers that drive engagement, retention, and productivity.

The Mine conducted talent reviews through the 9-box toolkit, integral to the identification of critical talent and succession pools, and used as input into targeted retention strategies.

Employee Relations

Labour relations at the Mine remained stable during 2025, supported by structured engagements through the Joint Negotiation and Consultation Committee (JNCC) and Mine Negotiation and Consultation Committee (MNCC). A Relationship By Objectives (RBO) Workshop was conducted to strengthen the Management-union partnership.

In October 2025, Management and the Botswana Mine Workers' Union (BMWU) signed a Memorandum of Agreement and adopted a Full-Time Shop Steward Agreement.

A new Collective Labour Agreement (CLA) was concluded and signed in December 2025, establishing the governance framework regulating the Management-union relationship.

In anticipation of the Employment and Labour Relations Act 2025, the Mine incorporated key provisions of the emerging legislative framework into its policies to ensure early compliance.

A total of 120 disciplinary cases were recorded in 2025, with the four most frequent transgressions being: reporting to work under the influence of alcohol; negligence or non-compliance; damage to Company property; and failure to follow lawful instructions.

Employee Wellness

The health and wellbeing of MCM's people is not simply a human resources priority, it is a business imperative. A healthy, resilient workforce is foundational to sustained operational performance, and the Wellness function plays a central role in building and maintaining that foundation.

Throughout 2025, the Wellness function focused on sustaining core employee support services while strengthening the platform for future programme growth. Central to this effort was the continued delivery of the Employee Assistance Programme (EAP), providing employees with access to confidential counselling and psychosocial support services.

The EAP remains MCM's primary mechanism for supporting employee mental wellbeing, personal resilience, and overall workplace health, offering a safe and trusted channel through which employees can navigate both work-related and personal challenges with professional support.

The year was characterised by disciplined, consistent service delivery rather than high-visibility campaigns. This deliberate approach ensured that support structures remained stable and accessible to all employees throughout a demanding operational year; a year in which the pressures faced by the business inevitably placed additional demands on the workforce.

Looking Ahead

The Wellness programme enters 2026 with a clear agenda for growth and modernisation. Key priorities include:

Increasing awareness and utilisation of available services to ensure broader employee reach and engagement across all levels of the organisation.

Digitalising the Wellness and EAP programme to enhance accessibility, streamline service delivery, and enable stronger data-driven monitoring, evaluation, and reporting. Digital access will be particularly significant for employees in operational areas and those working non-standard hours.

Expanding the disease Management programme to encompass non-communicable diseases, including conditions such as hypertension, diabetes, and cardiovascular disease, reflecting a more proactive and holistic approach to long-term employee health.

Together, these initiatives will deepen the Wellness function's contribution to organisational sustainability and workforce resilience, and reinforce MCM's position as an employer that invests in its people beyond the boundaries of the working day.

BENEFICIATION PERFORMANCE

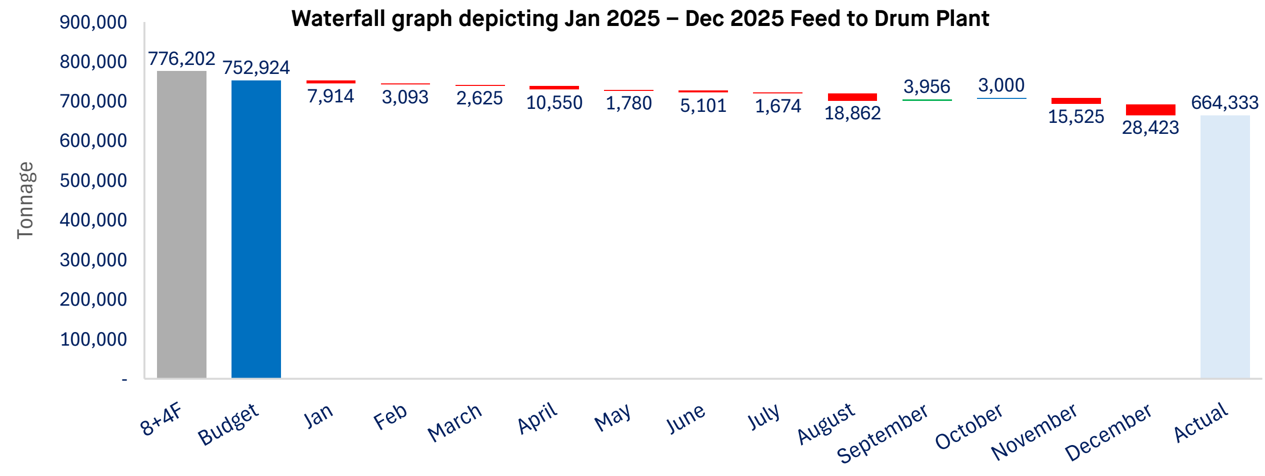
Beneficiation plant performance for 2025 showed steady improvement despite challenges arising from the unavailability of coal from underground mining operations. Both plants registered a 16% negative variance to Feed tonnes budget, resulting in a 7% variance for washed coal products.

Mining through areas with geological disturbances contributed to quality declines in ROM during early quarters. However, ROM qualities improved after July, particularly in September and October when the plants registered the highest tonnages of washed coal due to improved mining rates.

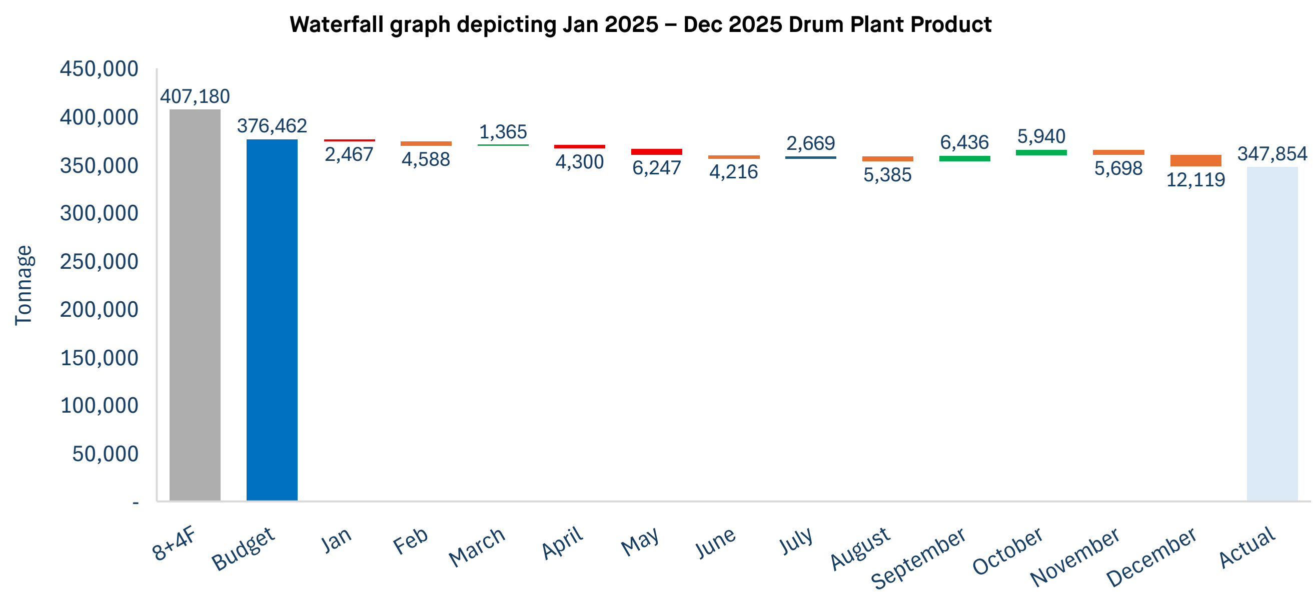
Coal Wash Plant (CWP) Performance

The Coal Wash Plant (Drum Plant) performance showed a consistent trend of non-achievement of feed throughput tonnes against both budget and target. Performance was primarily affected by mining through geologically disturbed sections in Q1 and part of Q2, and low equipment availability in Q2 and Q3 due to spare part shortages from cash flow challenges. After surpassing the problematic mining sections, the CWP showed steady improvement in yield, leading to a YTD variance of -12% against budget.

The overall CWP product for 2025 was 8% below budget. Positive variances were noted in March, July, September, and October 2025, attributable to improved yields from efficient processes and improved mining rates.



Waterfall graph depicting Jan 2025 – Dec 2025 Feed to Drum Plant

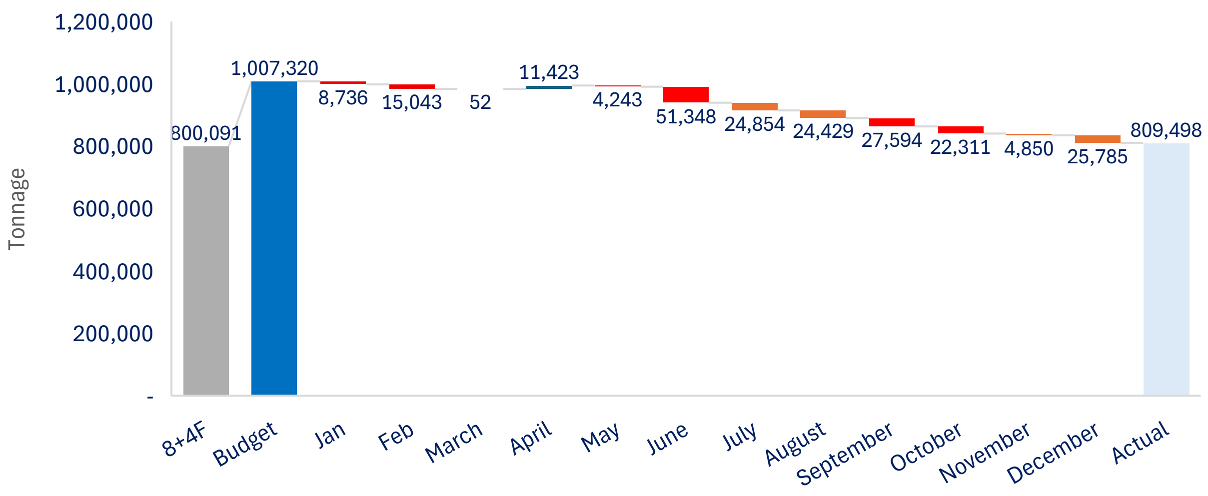


BENEFICIATION PERFORMANCE (CONTINUED)

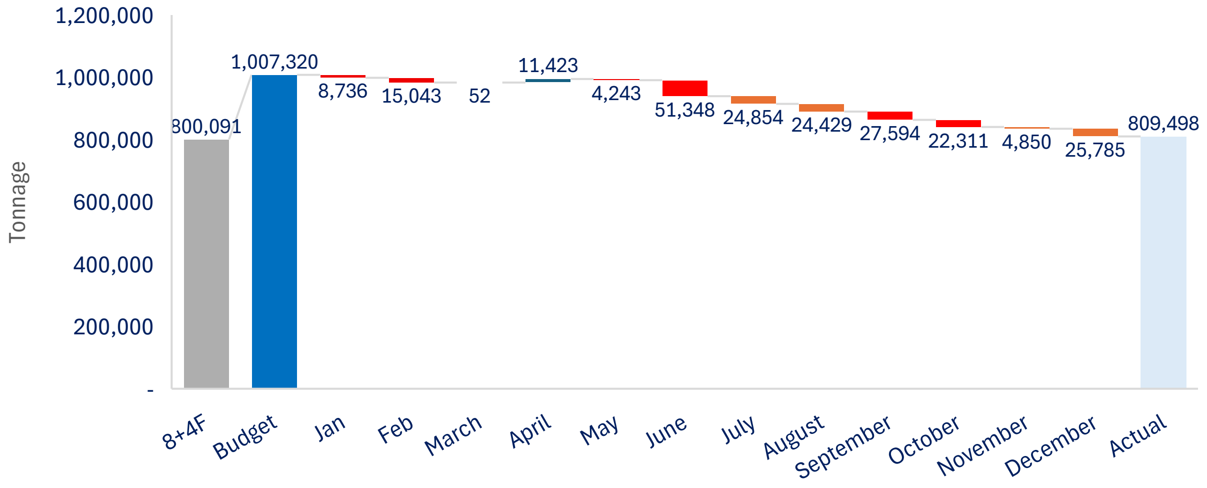
Coal Handling and Preparation Plant (CHPP) Performance

Coal Handling and Preparation Plant (CHPP) performance was affected by insufficient ROM availability. Q1 performance was further compounded by adverse weather conditions. Mining through geologically disturbed sections in Q1 and part of Q2 contributed to a CHPP negative variance of 20%. Feed to the plant ended at a positive variance of 1% compared to forecast. The prime product produced by CHPP for the year was 7% below budget but 2% favourable to forecast. A marked improvement in yields was noted throughout Q2 and Q3.

Graph depicting Jan – Dec 2025 Feed to CHPP



Waterfall graph depicting Jan - Dec 2025 CHPP Product



Overall Performance - Drum and CHPP Plants

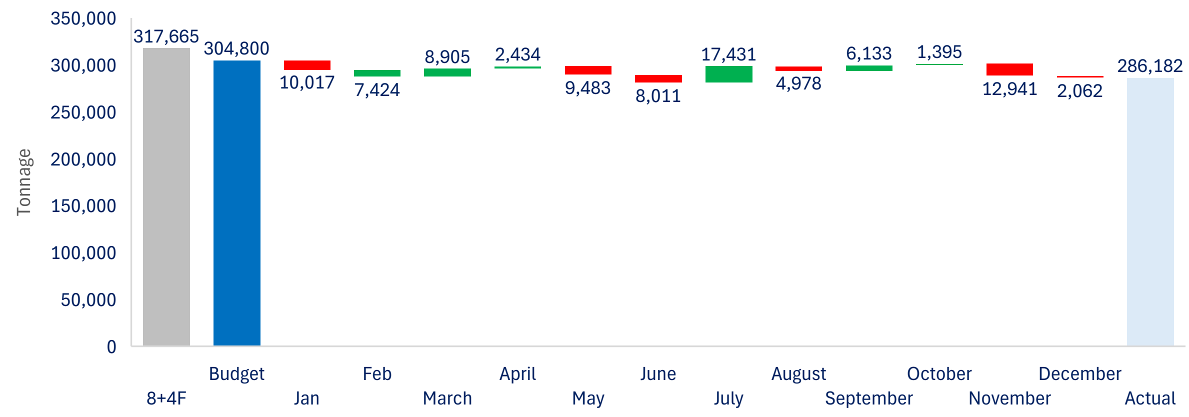
The combined performance of both beneficiation plants is summarised in Table 1 below. Feed throughput and product generation recorded unfavourable variances against budget, reflecting the operational challenges experienced across both facilities during the period.

Combined plants performance depicting Jan 2025 – Dec 2025

Overall Performance	Actual	Budget	Var(%)	8+4 Forecast	%Var
Drum and CHPP Feed	1,473,831	1,760,244	**-16%**	1,576,294	**-7%**
Drum and CHPP Prod.	742,263	799,536	**-7%**	793,077	**-6%**

BOTSWANA POWER CORPORATION OFFTAKE

Morupule A Power Station offtake for 2025



Morupule B Power Station (MBPS) performance for 2025 has been severely affected by low coal product availability from MCM as well as adverse weather conditions resulting in wet coal conditions. The trend depicted in Fig 6 below shows that the monthly budget was not met except for the month of October. Overall, MBPS registered a 23% deficit. Numerous instances of wet coal reporting to the power stations were highlighted, and MCM is currently focused on eliminating root causes. MBPS has also been constrained in terms of offtake due to reduced stockpiling capacity as a result of Coal shed project, thus requiring for MCM to continuously feed to bunkers. This itself is a major capacity constraint especially when not all units are operational which has been the case for the whole year.

Morupule B Power Station offtake for 2025

The total offtake for both power plants is shown on the graph below. The combined performance depicts that offtake was 20% behind the budget attributable largely to low availability of coal from MCM, and under-performance of MBPS which runs 3 units intermittently.

BOTSWANA POWER CORPORATION OFFTAKE (CONTINUED)

Morupule A Power Station offtake for 2025

Morupule B Power Station

Morupule B Power Station (MBPS) offtake performance for 2025 was significantly impacted by a confluence of operational and environmental challenges, resulting in an overall deficit of 23% against budget, the most material shortfall across MCM's customer portfolio for the year.

As illustrated in Figure 6 below, monthly budget targets were not met in any month of the year with the sole exception of October, reflecting the persistent and systemic nature of the constraints experienced throughout the period.

Two primary factors drove this underperformance. First, reduced coal product availability from MCM's underground operations, itself a consequence of the equipment availability and spares constraints documented elsewhere in this report, directly limited the volumes available for delivery to MBPS. Second, adverse weather conditions, particularly heavy rainfall, resulted in recurring wet coal incidents that compromised product quality at the point of delivery.

MCM has identified the root causes of the wet coal challenge and is implementing targeted interventions to eliminate recurrence.

A further structural constraint emerged from the MBPS Coal Shed construction project, which significantly reduced the power station's stockpiling capacity during the year. With limited buffer storage available, MCM was required to supply continuously and directly to the station's bunkers rather than building and drawing down stockpiles in the normal operational cycle.

This arrangement placed considerable strain on MCM's supply chain flexibility, particularly during periods when not all MBPS generation units were operational, a condition that persisted throughout 2025.

The resulting capacity limitation constrained both the volume and the scheduling of coal deliveries, compounding the challenges arising from production shortfalls and wet coal conditions.

MCM continues to work closely with MBPS to manage these constraints proactively, and the resolution of the Coal Shed project, combined with the planned recovery in production volumes, is expected to restore greater operational flexibility to the supply relationship in 2026.

Morupule B Power Station offtake for 2025

Combined Power Station Offtake

The combined thermal coal offtake performance for Morupule A and Morupule B Power Stations is presented in the graph below. Taken together, the two power stations recorded a combined offtake deficit of 20% against budget for the year, a shortfall that reflects the compounding effect of constraints operating simultaneously across both the supply and demand sides of the relationship.

The underperformance is attributable to two principal factors. On the supply side, constrained coal availability from MCM's underground operations, driven by equipment reliability challenges and the delayed delivery of critical spares, limited the volumes available for thermal offtake throughout the year.

On the demand side, MBPS operated below its design capacity for the duration of 2025, running only three of its generation units on an intermittent basis rather than at full operational complement.

This reduced the power station's capacity to receive and consume coal consistently, creating a structural ceiling on offtake volumes that could not be overcome regardless of supply-side improvements.

The interaction between these two constraints, MCM's production challenges limiting available supply, and MBPS's reduced generation capacity limiting demand, produced a mutually reinforcing shortfall that weighed heavily on combined offtake for the year.

Addressing both dimensions remains a shared priority as MCM and its power station customers plan for 2026.

Combined Morupule Power Stations offtake for 2025

PLANT QUALITY PERFORMANCE

Feed quality into both beneficiation plants was a highlight of 2025, with the average head-feed calorific value (CV) recording 23.45 MJ/kg — comfortably above the 22.5 MJ/kg target for both the Coal Wash Plant (CWP) and the Coal Handling and Preparation Plant (CHPP).

The year was not without quality challenges. Mining through geologically disturbed sections between April and June introduced fluctuations in ROM quality that created instability in plant feed and periodically resulted in lower-than-expected daily product qualities. However, as the Mine advanced beyond the affected sections, feed quality stabilised from July onwards and remained consistent for the remainder of the year, effectively lifting the full-year average above target across both plants. Throughout the period of instability, a rigorous quality assurance regime was maintained, ensuring that washed coal products delivered to customers consistently met specification.

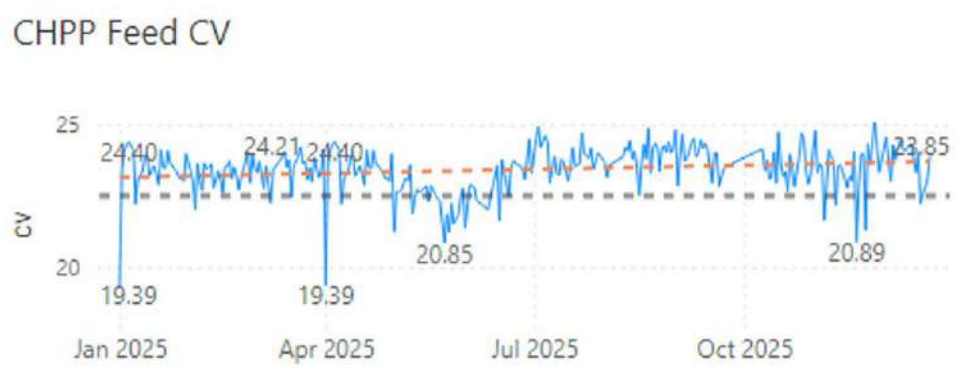
Coal Wash Plant (CWP) Performance

The Coal Wash Plant (Drum Plant) performance showed a consistent trend of non-achievement of feed throughput tonnes against both budget and target. Performance was primarily affected by mining through geologically disturbed sections in Q1 and part of Q2, and low equipment availability in Q2 and Q3 due to spare part shortages from cash flow challenges. After surpassing the problematic mining sections, the CWP showed steady improvement in yield, leading to a YTD variance of -12% against budget.

The overall CWP product for 2025 was 8% below budget. Positive variances were noted in March, July, September, and October 2025, attributable to improved yields from efficient processes and improved mining rates.

Graph depicting daily CV for feed to Coal Wash Plant

Graph depicting daily CV values for feed to CHPP

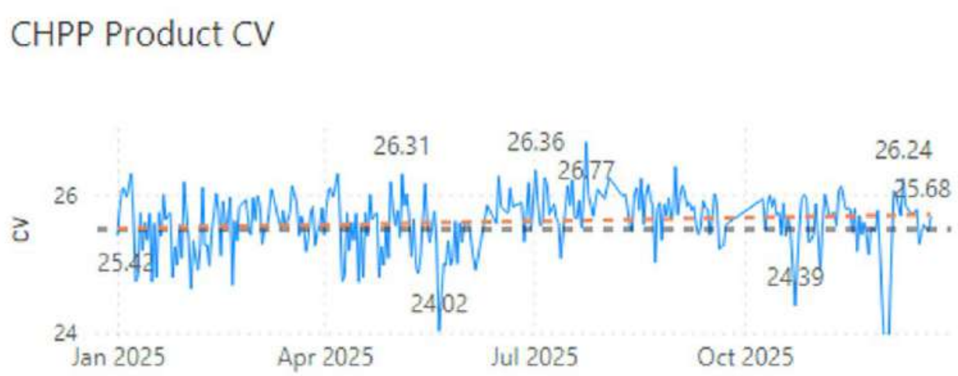


PLANT QUALITY PERFORMANCE (CONTINUED)

The average product CV performances for the year were 25.56 MJ/kg for the Coal Wash Plant and 25.61 MJ/kg for the CHPP, both strong outcomes that reflect the effectiveness of MCM's process control discipline. Where daily product quality was identified as outside acceptable limits, stockpile blending interventions were activated promptly to bring product back within customer specification before dispatch.

Graph depicting daily CV for Coal Wash Plant product

Graph depicting daily CV for CHPP product



Metallurgical Laboratory

A significant investment in MCM's process control capability was initiated in 2025 with the commencement of the Metallurgical Laboratory project, a key deliverable under the operational excellence workstream of MCM's refreshed #1-3-27 strategy. The facility has been developed within a repurposed area previously used for Proto activities, with all structural construction completed during the year. The procurement, installation, and commissioning of laboratory equipment remains outstanding and is targeted for completion by mid-2026. Once fully operational, the laboratory will significantly enhance MCM's ability to monitor, analyse, and optimise plant performance in real time.

ISO/IEC 17025 Re-accreditation

MCM's Laboratory successfully completed its re-accreditation audit in February 2025, following the expiry of its initial five-year accreditation period. All eight previously accredited test methods were assessed, and four Technical Signatories were evaluated for competence against the requirements of the ISO/IEC 17025:2017 standard. The Laboratory was recommended to retain its certification, securing MCM's status as an accredited testing facility for a further five years. This outcome affirms the technical rigour and professional standards maintained by the MCM Laboratory team, and underpins the credibility of MCM's quality reporting to customers and regulators alike.

Transforming Coal into a Legacy for Botswana

AUDITED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

CORPORATE INFORMATION

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 2025 are as follows: The Company recognised revenue of P1,169,593,335 (2024; P1 245 444 315), a decrease of 6% year on year. The Company realised a net oss after taxation of P169,354,603 (2024: P20 723 187).
MINING ASSETS	Property, plant and equipment additions for the year to 31 December 2025 amounted to P133 504 337 (2024: P156 776 071).
DIRECTORATE	P Boitumelo-Chairperson M O Modie J Motshegare I B Matshediso J Tsimako
DATE OF INCORPORATION	04 March 1971
FUNCTIONAL CURRENCY	BWP
PARENT AND ULTIMATE HOLDING COMPANY	The Company's immediate parent is Minerals Development Company Botswana (MDCB). The ultimate controlling party is the Government of the Republic of Botswana, through its ownership of MDCB.
COMPANY SECRETARY	Sharp Yarona
REGISTERED OFFICE	Serowe/Palapye (A14) Road Morupule Ward Palapye, Botswana
BANKERS	Stanbic Bank Botswana Ltd Access Bank Botswana Ltd Bank Gaborone
INDEPENDENT AUDITORS	Grant Thornton Acumen Park, Plot 50370 Fairgrounds, Gaborone P O Box 1157 Gaborone, Botswana

MORUPULE COAL MINE LIMITED
Directors' statement of responsibility and approval of the annual financial statements
for the year ended 31 December 2025

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 2025, 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 5 to 9.

Directors' approval of the financial statements

The financial statements set out on pages 11 to 42 which have been prepared on the going concern basis, were approved and authorised for issue on ....28 April............ 2026 by the Board of Directors and are signed on its behalf by:

Director Ms. Mboko Modie	Director Mr. Johannes Tsimako

Grant Thornton

Chartered Accountants

Grant Thornton
Acumen Park, Plot 50370
Fairgrounds, Gaborone
P O Box 1157
Gaborone, Botswana

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Independent Auditor's Report

To the Shareholders of Morupule Coal Mine Limited

Opinion

We have audited the annual financial statements of Morupule Coal Mine Limited set out on pages 10 to 42, which comprise the statement of financial position as at 31 December 2025, and 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 annual financial statements, including material accounting policy information.

In our opinion, annual financial statements give a true and fair view of, financial position of Morupule Coal Mine Limited as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of annual 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 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 judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those key audit matters.

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Key audit matter	How the matter was addressed in our audit
Measurement and Valuation of Inventory The Company's inventory consists of coal stockpiles, stores and consumables, and work-in-progress. Measuring coal quantities requires estimation through conveyor belt readings, haulage records, and stockpile surveys. Valuation involves judgement in allocating production costs and assessing net realisable value. Stores and consumables require assessment for slow-moving or obsolete items, while work-in-progress involves judgement in classifying and allocating costs between development, production, and inventory. Due to the significance of inventory and the judgement involved in measurement and valuation, this was considered a key audit matter.	Our audit procedures included, among others: • We observed stock counts and surveys for coal stockpiles and assessed the competence and independence of surveyors. • Reperformed stockpile volume calculations using survey data and evaluated density factors applied by management. • Tested production and movement reconciliations by comparing conveyor belt readings, weighbridge data, and haulage records to inventory records. • Assessed cost allocation methods used to value coal inventory, including labour, consumables, overheads, and equipment hours allocated to production. • Tested stores and consumables for existence through stock count attendance and assessed slow-moving or obsolete items using ageing analysis. • Verified unit costs of sampled stores items to supplier invoices. • Reviewed WIP classifications and allocations to ensure costs were appropriately assigned between development, production, and saleable inventory. • Evaluated net realisable value (NRV) by reviewing post-year-end coal sales, contract pricing, and quality adjustments. Based on the work we performed, our procedures have resulted in appropriate audit evidence with regards to the valuation of inventory
Provision for Environmental Decommissioning and Restoration Costs The Company's core operations involve coal mining, which results in both underground and open-pit mines that must be restored upon closure. In addition, all assets used in mining activities must be dismantled, decommissioned or removed at the end of their useful lives. As a result, the Company is required to recognise a provision for	Our audit procedures included, among others: • Evaluated management's process for estimating decommissioning and restoration costs, including understanding the models, inputs, and assumptions used. • Assessed estimated mine life, including reviewing production forecasts, reserve and resource reports, project viability assessments, and capital expenditure plans supporting the expected remaining life of the mine.

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

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environmental decommissioning and restoration costs. The calculation of this provision involves significant judgement by management. Key assumptions include the estimated remaining life of the mine which is based on the lower of the mine's lease period and the economically recoverable reserves as well as estimates relating to production levels, project viability and planned capital expenditure. Further, significant estimation is involved in determining the appropriate long-term inflation rates and discount rates to be applied when projecting and discounting future decommissioning and restoration obligations. Due to the materiality of the provision and the high degree of judgement and estimation involved in determining future costs, estimates of mine life, inflation rates and discount rates, the provision for environmental decommissioning and site restoration costs has been determined to be a key audit matter.	• Verified the lease period and licence terms to confirm the basis for determining the discounting period (lower of lease term or remaining mine life). • Tested key assumptions, including: Long-term inflation rates used in projecting future restoration costs, Discount rates applied in calculating the present value of the obligation, Cost estimates for dismantling, rehabilitation, and site restoration. • Compared assumptions to external market data, such as inflation forecasts, government bond yields, and industry benchmarks used in similar mining rehabilitation provisions. • Reviewed historical accuracy of management's previous estimates to assess the reliability of management's estimation process. • Engaged internal or external specialists to evaluate the technical and financial reasonableness of the assumptions, including mine closure plans and rehabilitation methodologies. • Inspected supporting documentation such as mine closure plans, engineering reports, and cost estimation schedules to confirm completeness of obligations. • Performed sensitivity analysis to assess the impact of changes in key assumptions (mine life, discount rates, inflation rates) on the provision. • Assessed the mathematical accuracy of the decommissioning and restoration cost model, including recalculating discounting. • Evaluated disclosures in the financial statements to ensure they comply with IAS 37 and adequately explain key judgements, estimation uncertainty, and movements in the provision. Based on the work we performed, our procedures have resulted in appropriate audit evidence with regards to the provision for Environmental Decommissioning and Restoration Costs.

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Other matter

The annual financial statements of the company for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 15 July 2025.

Other information

The directors are responsible for the other information. The other information comprises the directors' responsibility and approval of the annual financial statements, as required by the Companies Act (CAP 42:01), which we obtained prior to the date of this auditor's report and the Integrated Annual Report which is expected to be made available to us after the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 auditor's 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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of annual financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the annual 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 process.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether annual 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 International Standards on Auditing 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 annual financial statements.

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

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As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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 related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of annual financial statements of the current year 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.

GRANT THORNTON

Grant Thornton
Firm of Certified Auditors
Practising member: Aswin Vaidyanathan (CAP 0016 2026)

28 APR 2026
Gaborone

Statement of profit or loss and other comprehensive income for the year ended 31 December 2025

	Notes	2025 P	2024 P
Revenue from contracts with customers	1.1	1,169,593,335	1,245,444,315
Cost of sales		(883,099,014)	(962,310,509)
Gross profit		**286,494,321**	**283,133,806**
Other income	1.2	4,573,849	10,979,624
(Increase)/decrease in loss allowance on trade receivables	2	(17,162,523)	(676,807)
General and administrative costs	2	(368,565,115)	(182,381,402)
Operating profit	**2**	**(94,659,468)**	**111,055,221**
Interest income	3	31,550,398	28,201,975
Finance costs	4	(152,902,228)	(165,502,076)
Loss before taxation		**(216,011,298)**	**(26,244,880)**
Income tax credit	5	46,656,694	5,521,693
Loss for the year		**(169,354,603)**	**(20,723,187)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(169,354,603)**	**(20,723,187)**

Statement of financial position
as at 31 December 2025

	Notes	2025 P	2024 P
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,205,663,925	2,129,531,783
Right of use asset	8	1,852,301	639,272
Investment in Rehabilitation Trust	20	89,519,935	89,519,935
		2,297,036,161	**2,219,690,990**
Current assets			
Inventories	9	199,745,756	309,808,685
Trade and other receivables	10	651,321,059	623,251,999
Tax refund receivable	11	43,884	43,884
Cash and cash equivalents	6	29,001,980	38,923,360
		880,112,679	972,027,928
Total assets		**3,177,148,840**	**3,191,718,918**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	12	100	100
Retained earnings		682,471,465	851,826,068
Total shareholder's interest		682,471,565	851,826,168
Non Current liabilities			
Long term portion of borrowings	13.4	371,450,977	416,139,401
Long term lease liabilities	14	1,121,903	20,842
Environmental cost provision	15.3	393,231,952	186,294,025
Deferred tax liability	16	49,825,749	96,482,443
Long term deferred revenue	17	822,353,145	915,086,682
		1,637,983,726	1,614,023,393
Current liabilities			
Trade and other payables	18	329,564,945	266,629,218
Short term lease liabilities	14	784,318	400,897
Current portion of environmental cost provision	15	-	4,988,822
Current tax liability	11	-	-
Short term portion of borrowings	13.4	79,082,550	77,030,688
Short term portion of deferred revenue	17	447,261,736	376,819,732
		856,693,549	725,869,357
Total shareholder's equity and liabilities		**3,177,148,840**	**3,191,718,918**

Statement of cash flows
for the year ended 31 December 2025

	Notes	2025 P	2024 P
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss before taxation		(216,011,298)	(26,244,880)
Adjust for:			
Depreciation - right-of-use	8	480,560	527,624
Depreciation - other items of property, plant and equipment	7	223,856,339	208,389,872
Depreciation - environmental rehabilitation cost	7	10,176,604	11,665,406
Increase/ (Decrease in environmental rehabilitation provision	15	7,457,717	(74,418)
Amortisation of deferred revenue	17	(127,916,208)	(133,479,204)
Loss on disposal of property, plant and equipment	2	11,262,820	5,522,434
Interest income on overdue debtor balances (BPC)	3	(31,323,669)	(26,128,248)
Other interest income	3	(226,729)	(2,073,727)
Finance costs		152,902,228	165,502,076
Expected credit loss (expense)/release	10	17,162,523	676,807
Unrealised foreign exchange gains		557,113	(890,670)
Net cash generated from operations		48,378,000	203,393,072
Working capital changes:			
Decrease/(Increase) in inventories	9	110,062,929	56,768,693
(Increase)/Decrease in trade and other receivables	10	(13,907,915)	54,260,622
Increase/(Decrease) in trade and other payables	18	62,935,727	(53,071,900)
Interest Received from cash and cash equivalents	3	226,729	2,073,727
Income tax refund/(paid)	11	-	(175,194)
Site Decommissioning paid	15.2	(5,224,623)	(4,313,880)
Net cash generated from operating activities		**202,470,847**	**258,935,140**
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	7	(133,504,337)	(156,776,071)
Proceeds from sale of property, plant and equipment		379,000	819,095
Net cash utilised in investing activities		**(133,125,337)**	**(155,956,976)**
CASH FLOWS USED IN FINANCING ACTIVITIES:			
Finance costs paid	13.3	(8,890,238)	(28,431,812)
Repayment of lease liabilities		(650,948)	(747,726)
Repayment of lease liabilities interest	14	(133,369)	(45,330)
Borrowings paid	13.2	(69,592,336)	(140,997,331)
Borrowings received	13.2	-	100,000,000
Net cash (utilised)/generated in/from financing activities		**(79,266,890)**	**(70,222,199)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(9,921,380)**	**32,755,966**
CASH AND CASH EQUIVALENTS at beginning of year		38,923,360	6,167,394
CASH AND CASH EQUIVALENTS at end of year		**29,001,980**	**38,923,360**
Comprising:			
Bank balances and cash		29,001,980	8,923,360
Fixed deposits (90-day maturity)		-	30,000,000
		29,001,980	**38,923,360**

Statement of changes in equity
for the year ended 31 December 2025

	Stated Capital P	Retained Earnings P	Total P
Balance at 01 January 2024	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
Total comprehensive loss for the year:			
Loss for the year		(169,354,603)	(169,354,603)
Balance at 31 December 2025	100	682,471,465	682,471,565

Material accounting policies
for the year ended 31 December 2025

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 when the Mine does not have an unconditional right to defer settlement for at least 12 months after the reporting date. 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

These financial statements are the Company's own separate financial statements prepared in accordance with IAS 27 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 2025 (CONTINUED)

II. PROPERTY, PLANT AND EQUIPMENT (continued)

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 parks 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 commissioning the coal production plant.Stripping carried out during the construction and development phase is recognised as part of Mine development under IAS 16, as IFRIC 20 applies only once production has commenced.

Once production begins, stripping costs that improve access to an identifiable component of the ore body are accounted for in accordance with IFRIC 20, and capitalised as a stripping activity asset.

Waste stripping expected to expose ore within a short period 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 are amortised to 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. 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.

IV. REVENUE RECOGNITION

Revenue from sales of coal is recognised when the following steps have been applied;

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

Revenue for other customers is recognised at a point in time, when control of the coal is transferred to the customer. For road and rail customers, control is deemed to transfer upon delivery to the customer's location, in accordance with the relevant commercial terms. Revenue from Botswana Power Corporation ("BPC") is recognised over time, as control transfers to the customer throughout the delivery process under the 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.

V. 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 amounts billed to the customer and the revenue recognised based on performance completed to date is presented as deferred revenue (contract liability) in the statement of financial position. For the BPC contract, the Company determined there is a significant financing component because consideration timing differs from transfer of control; the transaction price is adjusted for the financing effect using a rate reflecting the customer's credit characteristics and prevailing market rates. Contract liabilities (deferred revenue) are recognised when consideration is received in advance of coal delivery and are unwound into revenue as the performance obligation is satisfied.

Material accounting policies
for the year ended 31 December 2025 (CONTINUED)

VI. 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 tonnes and NRV.

VII. 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.The Mine assessed the applicability of the IAS 21 amendments and concluded that it did not experience a lack of exchangeability during the reporting period.

VIII. 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.

Material accounting policies
for the year ended 31 December 2025 (CONTINUED)

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 based on government bond yields.The unwinding of discount on rehabilitation provisions is recognised in finance costs in profit or loss.

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.

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.

Amortised cost and effective interest method

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.

Material accounting policies
for the year ended 31 December 2025 (CONTINUED)

XII. FINANCIAL INSTRUMENTS (CONTINUED)

i. Financial Assets (continued)

a. Classification of financial assets (continued)

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.

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 2025 (CONTINUED)

XII. FINANCIAL INSTRUMENTS (CONTINUED)

i. Financial Assets (continued)

b. Impairment of financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default this is represented by the asset's gross carrying amount at the reporting date.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment loss or reversal in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

For Trade receivables ,the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and uses the simplified method to calculate lifetime expected credit losses at each period end.

Material accounting policies
for the year ended 31 December 2025 (CONTINUED)

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 2025 (CONTINUED)

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.

The Company assesses at the inception of each contract whether the arrangement is, or contains, a lease in accordance with IFRS 16. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In making this assessment, the Company evaluates 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 assesses 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 (Railwayline)	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 measuring lease liabilities comprise fixed payments, in substance fixed payments, variable payments linked to an index or rate, amounts expected under residual value guarantees, and payments for options reasonably certain to be exercised.

Material accounting policies
for the year ended 31 December 2025 (CONTINUED)

XIII. LEASES (CONTINUED)

ii. Measurement and recognition of leases (continued)

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.

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.

Material accounting policies
for the year ended 31 December 2025 (CONTINUED)

XVI. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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 and revenue recognition

Deferred revenue is calculated as the difference between billings, and the fair value of deliveries (per tonnes) 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.

e. Credit risk and expected credit loss (ECL) estimation

Judgement is applied in determining default criteria and estimating lifetime expected credit losses on trade receivables.

f. Inventory valuation

Judgement in determining net realisable value of coal stockpiles, allocating production costs, and assessing obsolescence of consumable stores.

g. Lease discount rate and term

Judgement in determining incremental borrowing rate and whether renewal options are reasonably certain.

h. Deferred tax recoverability

Judgement in assessing future taxable profits and timing of reversal of temporary differences.

i. Fair value and impairment assumptions

Judgement in selecting discount rates and future cash flow projections for recoverable amount calculations.

Notes to the financial statements
for the year ended 31 December 2025

	Notes	2025 P	2024 P
1. REVENUE			
1.1 REVENUE FROM CONTRACTS WITH CUSTOMERS			
Botswana Power Corporation (BPC)		712,906,709	876,082,406
Other customers		456,686,627	369,361,909
Total		**1,169,593,335**	**1,245,444,315**
Analysis of revenue by nature of performance obligation			
Performance obligation discharged over time		712,906,709	876,082,406
Performance obligation discharged at a specific point in time		456,686,627	369,361,909
		1,169,593,335	**1,245,444,315**
Unsatisfied / partially satisfied performance obligations			
Within one year		1,022,887,803	1,119,861,903
More than one year		5,071,846,375	6,326,332,446
Remaining performance obligation		6,094,734,178	7,446,194,349

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 remaining performance obligation relates to 14.47 million tonnes (2024:15.06 million tonnes) of coal to be delivered to BPC over the remaining period of the 22-year contract as at the end of each year.

	Notes	2025 P	2024 P
1.2 OTHER INCOME			
Housing cost recovery		4,607,301	4,297,697
Net foreign exchange gains		(234,395)	4,892,307
Sundry revenue		200,942	1,789,620
		4,573,849	10,979,624

Sundry revenue comprises mainly of scrap sales and training claims.

	Notes	2025 P	2024 P
2 OPERATING PROFIT			
2.1 Operating profit is stated after taking the following into account:			
Auditors' remuneration		699,125	750,000
Audit fees		699,125	750,000
Employee benefits expense			
Post-employment benefits - pension costs		35,455,485	32,459,539
Other employee benefits		360,657,736	332,027,583
		396,113,221	364,487,122
Depreciation (note 7 and 8)		234,513,503	220,582,903
Directors' fees		844,148	309,420
(Decrease)/increase in loss allowance on trade receivables		17,162,523	676,807
Remuneration of key Management personnel (note 19)		31,793,872	28,057,399
Adjustments to environmental provisions (included in cost of sales-note 15)		7,457,717	(74,418)
Royalties (note 19)		35,991,834	32,416,549

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

		Notes	2025 P	2024 P
2.2	**GENERAL AND ADMINISTRATIVE COSTS**			
	Employee benefits		155,897,889	74,736,226
	Depreciation-non mining		17,252,094	17,024,429
	(Impairment reversal) / impairment provision for trade receivables		17,162,523	676,807
	RSA VAT impairment provision/(reversal)		-	13,394
	Disposal loss on property, plant and equipment		11,262,820	5,522,434
	Legacy projects and other projects expenses		21,660,283	8,631,067
	Audit fees		699,125	750,000
	Opencast		68,317,736	-
	Other administrative costs		93,475,168	75,703,852
			385,727,638	183,058,209

Other administrative costs are comprised of: P11.5 million (2024:P19.6 million) computer maintenance and support costs, P13.5 million (2024: P17.0 million) outsourced services , (cleaning, security, catering, housing and garden maintenance), P15.9 million (2024: P7.6 million) insurance cover, P7.0 million (2024:P7.6 million) football club support and donations, P7.5 million (2024:P2.2 million) travel and accommodation and entertainment,P1.8 million (2024: P2.2 million) training levy, P8.0million (2024:P 4.6 million) telephone charges P4.0 million (2024:P4.6 million)recruitment and employee welfare costs. P17.2 million (2024 : P16.5 million non-mining mining depreciation. Other project expenses increased due to feasibility study costs.

		2025 P	2024 P
3	**INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD**		
	Interest received - call deposits	226,729	2,073,727
	- overdue debtor balances (BPC)	31,323,669	26,128,248
	Total Interest income	31,550,398	28,201,975
4	**FINANCE COSTS**		
*	Interest paid on borrowings - related parties (note 19)	26,955,774	26,098,757
*	Interest paid on borrowings -bank loans(note 13.3)	8,890,238	15,090,006
	Unwinding of the environmental decommissioning provision (note 15)	11,177,642	10,667,173
	Unwinding of the contractor decommissioning provision (note15)	120,531	1,118,583
	Unwinding of the lease liability(note 14)	133,369	45,330
	Unwinding of Interest on deferred revenue	105,624,675	112,482,227
		152,902,228	165,502,076

* Interest is calculated using the effective interest method

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

		Notes	2025 P	2024 P
5	**INCOME TAX**			
	Deferred taxation from temporary differences	16	(46,656,694)	(5,521,693)
	Income tax		(46,656,694)	(5,521,693)
	Taxation reconciliation			
	Taxation on loss before tax at the current statutory income tax rate of 22%		(47,522,485)	(5,773,341)
	Non-deductible expenses		865,791	252,181
	Income tax		(46,656,695)	(5,521,160)

The non-deductible expense relates to penalty interest on overdue statutory payments(PAYE and VAT) and 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 assessed tax losses. The tax losses mainly arose from the suspension of Opencast mining activities

	2025 P	2024 P
Opening balance	393,969,380	348,259,514
Tax loss raised in current year	73,575,712	45,709,866
Estimated loss closing balance	467,545,092	393,969,380

6 CASH AND SHORT TERM DEPOSITS

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

	2025 P	2024 P
Cash and cash equivalents	29,001,980	38,923,360
Bank balances and cash	29,001,980	8,923,360
Fixed deposits	-	30,000,000
Total cash and cash equivalents	29,001,980	38,923,360

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 (2024: 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 2025 (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT

	2024 P	Transfers P	Additions P	Disposals P	Adjustment P	2025 P
COST						
Buildings	342,374,646	11,357,740	10,627,715	-	-	364,360,100
Stripping Costs	407,372,979	-	-	-	-	407,372,979
Computers	104,516,657	324,316	4,908,895	3,586,952	-	106,162,916
Environmental decommissioning asset	125,932,547	-	-	-	188,302,569	314,235,116
Decommissioning -: Mining Contractor	7,300,539	-	-	7,300,539	-	-
Furniture and Fittings	8,943,615	13,100	600,913	205,209	-	9,352,419
General Equipment	93,044,847	1,851,789	3,969,111	7,860,947	-	91,004,801
Infrastructure	1,377,119,481	6,763,790	25,719,479	11,138,696	-	1,398,464,054
Mining Equipment	962,884,089	2,112,877	81,668,037	72,067,365	-	974,597,637
Office Equipment	2,972,492	-	-	1,346,538	-	1,625,955
Plant	373,563,444	715,690	2,241,230	1,438,000	-	375,082,364
Vehicles	87,874,411		1,887,165	3,799,652	-	85,961,925
Capital work in progress	60,826,552	(23,139,302)	1,881,793	-	-	39,569,043
	3,954,726,300	**-**	**133,504,337**	**108,743,896**	**188,302,569**	**4,167,789,309**

PROPERTY, PLANT AND EQUIPMENT ACCUMULATED DEPRECIATION

	2024 P	Transfers P	Charge for the year P	Disposals	Adjustment P	2025 P
Buildings	98,299,381	-	11,541,978	-	-	109,841,358
Stripping Costs	59,212,671	-	27,501,276	-	-	86,713,946
Computers	73,658,816	-	6,533,297	3,274,729	-	76,917,384
Environmental decommissioning asset	45,220,363	-	10,176,604	-	-	55,396,967
Asset retirement – decommissioning mining contractor	6,779,072	-	521,467	7,300,539	-	-
Furniture and Fittings	7,039,322	-	640,124	204,302	-	7,475,144
General Equipment	70,904,251	-	5,827,721	7,146,999	-	69,584,973
Infrastructure	634,117,887	-	71,445,630	10,968,487	-	694,595,030
Mining Equipment	653,626,782	-	80,228,691	61,992,503	-	671,862,970
Office Equipment	2,298,569	-	220,659	1,239,940	-	1,279,288
Plant	115,014,642	-	16,012,600	1,262,770	-	129,764,472
Vehicles	59,022,760	-	3,382,898	3,711,808	-	58,693,850
	1,825,194,517	**-**	**234,032,943**	**97,102,076**	**-**	**1,962,125,384**

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT

	2023 P	Transfers P	Additions P	Disposals P	Adjustment P	2024 P
COST						
Buildings	342,374,646	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
Decommissioning : 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
Decommissioning : 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 2025 (CONTINUED)

	Notes	2025 P	2024 P
7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
CARRYING AMOUNT			
Buildings		254,518,742	244,075,265
Stripping Costs		320,659,033	348,160,309
Computers		29,245,532	30,857,842
Environmental decommissioning asset		258,838,149	80,712,184
Decommissioning of mining contractor site		-	521,466
Furniture and fittings		1,877,275	1,904,292
General equipment		21,419,827	22,140,595
Infrastructure		703,869,024	743,001,593
Mining equipment		302,734,667	309,257,310
Office equipment		346,666	673,923
Plant		245,317,891	258,548,802
Vehicles		27,268,075	28,851,652
Capital work in progress		39,569,043	60,826,550
		2,205,663,925	2,129,531,783

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 P188 302 569 (2024: P2 084 944) 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 P Nil (P2024 P7 300 539) 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.

The Capital work in progress relates to stay-in-business projects mainly the construction of stores warehouse, critical spares warehouse and mining equipment overhauls. These projects will be completed in the following financial year.

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

8 RIGHT OF USE ASSET

	2024 P	Additions P	Disposals P	2025 P
COST				
Residential Buildings	2,168,684	2,135,430	2,168,685	2,135,429
Infrastructure	108,355	-	-	108,355
	2,277,039	**2,135,430**	**2,168,685**	**2,243,784**

	2024	Charge for the year	Disposals	2025
ACCUMULATED DEPRECIATION				
Residential Buildings	1,612,430	475,479	1,726,844	361,066
Infrastructure	25,337	5,081		30,417
	1,637,767	**480,560**	**1,726,844**	**391,483**
CARRYING AMOUNT				
Residential Buildings	556,253			1,774,363
Infrastructure	83,018			77,938
	639,272			**1,852,301**

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

	2023	Charge for theyear	Disposals	2024
ACCUMULATED DEPRECIATION				
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**

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.

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

	Notes	2025 P	2024 P
9 INVENTORIES			
Coal stockpiles		85,206,194	155,592,754
Stores and consumables		76,581,787	116,258,157
Inventory Work-In-Progress (Opencast)		37,957,774	37,957,774
		199,745,756	309,808,685

The cost of stores and consumables recognised as an expense through cost of sales during the year was P 70,386,561 (2024: P54 772 824). 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

	2025 P	2024 P
FINANCIAL ASSETS		
Trade receivables(gross)	631,304,568	609,318,435
Expected credit loss allowance	(17,991,961)	(829,438)
Trade receivables(net)	613,312,607	608,488,997
Deposits	777,196	754,237
Staff advances	5,920,985	1,974,428
Sundry debtors	3,574,251	2,552,463
TOTAL FINANCIAL ASSETS	623,585,039	613,770,125
NON FINANCIAL ASSETS		
Value Added Tax receivable(net)	-	5,464,030
Prepayments	27,736,020	4,017,844
TOTAL NON FINANCIAL ASSETS	27,736,020	9,481,874
TRADE AND OTHER RECEIVABLES	651,321,059	623,251,999
EXPECTED CREDIT LOSS		
Balance at the beginning of the year	(829,438)	(152,631)
Reversal/(Provision) for the year	(17,162,523)	(676,807)
Balance at the end of the year	(17,991,961)	(829,438)

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 credit quality and defines customer-specific credit limits and, where appropriate, obtains collateral. The Company applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, which requires recognition of lifetime expected credit losses. Interest may be charged 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 P344 million (2024: P281.0 million) that are past due at the reporting date of which the Mine has recognised a provision of P5 million (2024 : P Nil) being the amount assessed as ECL exposure. No further provision has been raised as there has not been a significant change in their credit quality and the amounts are considered recoverable.

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

10 TRADE AND OTHER RECEIVABLES (continued)

Trade Receivables

2025	P Not past due	P 30 to 60	P 61 to 90	P > 90	P Total
Gross Carrying amount	164,301,857	75,254,858	47,646,485	344,101,367	631,304,568
Expected credit loss rate	0.34%	1.08%	3.97%	4.28%	
Expected credit loss rate within 12 months	(562,621)	(812,677)	(1,892,118)	(14,724,546)	(17,991,961)
Total	**163,739,236**	**74,442,182**	**45,754,367**	**329,376,821**	**613,312,606**

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**

11 TAXATION

	2025 P	2024 P
Opening Balance	43,884	(131,310)
Charge for the year	-	-
Payments/(refund)	-	175,194
Total	**43,884**	**43,884**

12 STATED CAPITAL

	2025 P	2024 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 2025 (CONTINUED)

	Notes	2025 P	2024 P
13 BORROWINGS 2025 2024			
13.1 Shareholder Loan			
Opening Balance		370,152,110	357,395,159
Interest on Shareholder Loan		26,955,774	26,098,757
Finance costs paid		-	(13,341,806)
Closing Shareholder Loan balance		397,107,884	370,152,110
Short term portion of borrowings		26,955,774	-
Long term portion of borrowings		370,152,110	370,152,110
Total debt		397,107,884	370,152,110

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 7.01% (2024: 6.01%) The interest is payable quarterly, with the loan repayable over three years. The loan is unsecured.

13.2 Working Capital Facilities

	2025 P	2024 P
Capital Balance-Stanbic	-	86,000,000
Capital Balance-Bank Gaborone	123,017,979	178,015,310
Interest on facility-Stanbic	-	2,125,230
Interest on loan-Bank Gaborone	8,888,130	12,964,776
Payments-Stanbic	-	(86,000,000)
Payments-Bank Gaborone	(69,592,336)	(54,997,331)
Total	53,425,643	123,017,979

Analysis of Closing Balance

	Bank Gaborone	Total 2025	Total 2024
Opening Balance	123,017,979	123,017,979	164,015,310
Additions	-	-	100,000,000
Interest on loan	8,888,130	8,888,130	15,090,006
Loan repayments	(78,480,465)	(78,480,465)	(156,087,337)
Closing Balance	53,425,643	53,425,643	123,017,979

	2025 P	2024 P
Short term portion of borrowings - Bank Gaborone	52,126,776	77,030,688
Long term portion of borrowings - Bank Gaborone	1,298,867	45,987,291
Total debt	53,425,643	123,017,979

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

13 BORROWINGS 2025 2024 (CONTINUED)
13.2 Working Capital Facilities (CONTINUED)

Working Capital Facilities
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 attrac t interest at prime + 3.00% annually and are repayable over 36 months. Total interest amounting to P8.8 M (2024: P15.0 M)was paid on the loans.

The loan facility is secured by trade receivables and specific items of mining equipment. Trade receivables with a carrying amount of P490 million and mining equipment have been pledged as collateral for the facility. The pledged assets cannot be disposed of or re-pledged without the lender's consent.

The security requirements form part of the loan terms, and the Company is required to maintain the pledged assets at levels specified in

	Notes	2025 P	2024 P
13.3 Financing Activities-Financing costs paid			
Interest paid on Shareholder		(8,890,238)	(28,431,812)
Loan Interest on bank loans		-	(13,341,806)
Total Financing costs paid		(8,890,238)	(15,090,006)
13.4 Current and Long term portion of borrowings			
Current portion		79,082,550	77,030,688
Long term portion		371,450,977	416,139,401
Total Borrowings		450,533,527	493,170,089

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

	Notes	2025 P	2024 P
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:

	2025 P	2024 P
Current	784,318	400,897
Non current	1,121,903	20,842
Total	**1,906,221**	**421,739**

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
2025								
Lease Liability	7.26%	736,612	1,010,155	-	-	-	-	1,746,767
		736,612	**1,010,155**	**-**	**-**	**-**	**-**	**1,746,767**
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**

ANALYSIS OF CLOSING BALANCE

	2025 P	2024 P
Opening Balance	421,739	1,169,465
Interest on leases	133,369	45,330
Additions	2,135,430	-
Terminations	-	-
Payments	(784,317)	(793,056)
Total	1,906,221	421,739

AMOUNTS RECOGNISED IN PROFIT OR LOSS

	2025 P	2024 P
Depreciation expense for Right of use assets Interest expense	133,369	45,330
Amount recognised in profit and loss	475,479	527,624
	608,848	572,954

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

	Notes	2025 P	2024 P
15 ENVIRONMENTAL COST PROVISION			
15.1 MINE DECOMISSIONING AND REHABILITATION PROVISION			
Balance at beginning of the year		186,294,025	177,786,214
Adjustment of the environment decommissioning asset (note 7)		188,302,569	(2,084,944)
Amount charged to cost of sales (note 2)		7,457,717	(74,418)
Unwinding of the discounting for the current year (note 4)		11,177,642	10,667,173
Balance at end of the year		393,231,952	186,294,025

The key assumptions on which environmental provision is based are:

Inflation factor of 4% per annum (2024: 4% per annum)
Pre-tax discount factor of 6% per annum (2024: 6% per annum)
Life of Mine of 13.9 years (2024: 14.9 years)
Estimated costs of P494.0 million (2024: P197.0 million) for the decommissioning provision and P18.6 million (2024: P7.0 million) for the rehabilitation provision, were compiled by external professional valuers in December 2025. 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. The estimated rehabilitation provision increased significantly due to the expansion of the Mine. In the previous valuation, the open-cast area was still under development. The current year's increase reflects the expansion of mining facilities, including the construction of the clinic, the main entrance, and the enlargement of the waste dump, all of which contributed to the higher rehabilitation estimate

15.2 MINING CONTRACTOR SITE DECOMISSIONING PROVISION

	2025 P	2024 P
Original value at present value	4,582,625	7,201,070
Adjustment of the environment decommissioning asset (note 7)	521,467	576,852
Payment(part decomissioning)	(5,224,623)	(4,313,880)
Unwinding of the discounting for the current year (note 4)	120,531	1,118,583
Balance at end of the year	-	4,582,625

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

No Inflation factor (actual future costs per contract).
Discount factor of 5.50% per annum based on a 5-years government bond (2024: 5.5%)
Contact period ended at 42 months due to termination (2024: 60 months).
Contracted costs of P Nil (2024: P8.85m) for the mining contractor site de-establishment charge as per contract.
The provision relates to site de-establishment of the surface mining contractor after a 5 year contract term/until early termination. The costs include demobilisation of equipment and dismantling of any structures that are not transferred to the Mine. An asset at the PV was recognised under PPE.The provision has been fully paid off as part of contract termination fee in March 2025.

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

15.3 ANALYSIS OF CLOSING BALANCE

	Decommissioning and Rehabilitation P	Mining Contractor Site Decommissioning P	Total P
Opening Balance 01 January 2024	186,294,025	4,582,625	190,876,650
Decommissioning adjustments (note 7)	188,302,569	521,467	188,824,036
Unwinding of discount (note 3)	11,177,642	120,531	11,298,173
Closure costs (charged to cost of sales/paid)	7,457,717	(5,224,623)	2,233,093
Closing Balance 31 December 2025	**393,231,952**	**-**	**393,231,952**

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

Current Portion	-		-
Long term portion	393,231,952	-	393,231,952
	393,231,952	-	393,231,952

16 DEFERRED TAXATION

	2025 P	2024 P
Deferred tax		
Balance at beginning of the year	(96,482,443)	(102,004,136)
Current year charge (note 5)	46,656,694	5,521,693
Balance at end of the year-Deferred tax liability	(49,825,749)	(96,482,443)
Analysis of deferred taxation		
Unrealised exchange gain	122,565	(195,947)
Rehabilitation provision	66,816,644	23,336,894
Deferred revenue	279,315,274	284,219,411
Leases	419,369	92,783
Other prepayments	(6,191,998)	(311,426)
Prepaid insurance	-	(572,499)
Property, plant and equipment	(485,653,570)	(468,637,631)
BPC revenue accrual	(15,193,102)	(27,285,390)
Staff Bonus provisions	5,215,215	4,430,071
Utilities accrual	2,020,589	1,934,043
Other provisions	153,808	(166,015)
Advance payments received from Customers	377,670	
Current year cumulative tax loss	102,771,788	86,673,263
Balance at end of the year	**(49,825,749)**	**(96,482,443)**

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

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.

	Notes	2025 P	2024 P
Balance at beginning of year		1,291,906,414	1,312,903,391
Finance cost for the year Note 4		105,624,675	112,482,227
Total amortisation of deferred revenue for the year		(127,916,208)	(133,479,204)
Balance at end of year		1,269,614,880	1,291,906,414
Short term portion of deferred revenue		447,261,736	376,819,732
Long term portion of deferred revenue		822,353,145	915,086,682
Total deferred revenue		1,269,614,880	1,291,906,414

18 TRADE AND OTHER PAYABLES

	2025 P	2024 P
FINACIAL LIABILITIES		
Trade payables	252,994,973	188,233,019
Accruals	74,236,248	8,791,105
Capital retentions held	3,849,627	4,053,907
Other payables	(167,877,554)	8,562,066
Royalties payable on sales	40,477,158	4,485,324
TOTAL FINACIAL LIABILITIES	203,680,452	214,125,421
NON FINACIAL LIABILITIES		
Value Added Tax (VAT) payable	19,888,858	5,008,693
PAYE	46,680,592	4,431,351
Salary-related accruals	59,315,044	43,063,753
TOTAL NON FINACIAL LIABILITIES	125,884,494	52,503,797
TRADE AND OTHER PAYABLES	**329,564,945**	**266,629,218**

Trade payables represent the Mine's obligations for goods and services received. Other payables comprises of an offset of P169,435,662.56 that was processed through a journal subsequent to the closure of the AP module. In the year under review, the Mine incurred interest penalties on accounts payable amounting to P595,473 (2024: P Nil).
The average number of days in payables is 30 days (2024: 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 and other payables is due to a significant (>50%)decline in receipts from the main customer BPC resulting in low rate of paying obligations.

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

	Notes	2025 P	2024 P

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: **Related parties balances receivable**	**Relationship**	**2025** **p**	**2024** **P**
BPC (included in trade receivables - note 10)	State owned		
Opening balance		562,834,761	595,253,051
Net movement		(23,406,526)	(32,418,290)
Closing balance		539,428,235	562,834,761

Sales to BPC are recognised exclusive of VAT, while the receivable is recorded inclusive of VAT.During the year, the Company received cash payments of P507,868,771.37 and applied an offset of P169,435,663.00 to the BPC account. These items, together with VAT , form the net movement shown above and result in the closing balance of P539,428,235.

Botswana Ash Limited			
(included in trade receivables - note 10)	State owned		
Opening balance		8,487,972	5,090,860
Net movement		(5,306,638)	3,397,112
Closing balance		3,181,334	8,487,972

Sales to BPC are recognised exclusive of VAT, while the receivable is recorded inclusive of VAT.During the year, the Company received cash payments of P68,713,310.71.

Investment in Trust Fund			
MCM Rehabilitation Trust			
(included in trade receivables-note 10)	Investment	211,942	243,181

At 31 December the total assets of the Trust amounted to:	**2025** **P**	**2024** **P**
Opening balance	120,939,742	114,297,775
Payments	(517,518.73)	(358,033)
Interest earned	12,594,115	7,000,000
Closing balance	133,016,338	120,939,742

Borrowings (note 13.1)	**2025** **P**	**2024** **P**
Shareholder loan - MDCB Owner through the state	397,107,884	370,152,110

Transactions (income)/expenses			
BPC - coal sales	State owned	(712,906,709)	(876,082,406)
Botswana Ash Limited - coal sales	State owned	(55,621,658)	(45,135,029)
Royalties paid to Government of Botswana (note 2)	Government	35,991,834	32,416,549
BPC - interest received (note 4)	State owned	31,323,669	26,128,248
Directors' fees		844,148	309,420

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

		Notes	2025 P	2024 P
19	**RELATED PARTY DISCLOSURES (CONTINUED)**			
	Remuneration of key Management personnel (note 2):			
	Post retirement benefits		8,053,164	7,397,324
	Other employee benefits		23,740,708	20,660,075
			31,793,872	**28,057,399**
	Finance costs (note 4):			
	Shareholder -MDCB	Owner through the state	26,955,774	26,098,757
20	**INVESTMENT IN SUBSIDIARY**			
	Investment in Rehabilitation Trust		31,793,872	28,057,399
			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.

		2025 P	2024 P
21	**CAPITAL COMMITMENTS**		
	Capital expenditure authorised by the directors but not incurred:		
	Expenditure contracted for	249,098,728	41,403,498
	Expenditure not contracted for	478,201,478	512,129,084
		727,300,206	553,532,582

The capital commitments are to be financed by both internally generated funds and

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).

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

	Notes	2025 P	2024 P

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 2025, since the revised agreement effective January 2023 eliminated the COTF events.

24 FINANCIAL INSTRUMENTS

Categories of Financial Instruments
Financial assets at amortised costs

	2025 P	2024 P
Trade receivables Note 10	613,312,607	608,488,997
Cash and short term deposits Note 6	29,001,980	38,923,360
Deposits Note 10	777,196	754,237
Staff advances Note 10	5,920,985	1,974,428
Sundry debtors Note 10	3,574,251	2,552,463
Total	**652,587,019**	**652,693,485**
Financial liabilities at amortised costs		
Trade payables Note 18	252,994,973	188,233,019
Capital retentions held Note 18	3,849,627	4,053,907
Royalties payable on sales Note 18	40,477,158	4,485,324
Utility accruals Note 18	74,236,248	8,791,105
Other payables Note 18	(167,877,554)	8,562,066
Lease liabilities Note 14	1,906,221	421,739
Short term portion of borrowings Note 13	79,082,550	77,030,688
Long term portion of borrowings Note 13	371,450,977	416,139,401
Total	656,120,200	707,717,249

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.

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.

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk Management (continued)

	Notes	2025 P	2024 P
Debt (i)		(53,425,643)	(123,017,979)
Bank balances and cash		29,001,980	38,923,360
Net (debt)		(24,423,663)	(84,094,619)
Equity (ii)		1,053,922,542	1,344,996,257
Net debt to equity ratio		0.02	0.06

Debt is defined as unsubordinated borrowings (note 13).

Equity as defined comprises stated capital, retained profits, accumulated losses and Shareholder Loans (including interest accrued on Shareholder Loan and loans payable on demand) (note 13).

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.

	2025 P	2024 P
Financial Assets		
South African Rand trade payables	(26,108,246)	(15,532,620)
Financial liabilities		
South African Rand bank and cash	2,377,887	522,664
South African Rand trade receivables	46,293,827	-
TOTAL EXPOSURE	22,563,468	(15,009,956)

Foreign currency sensitivity analysis
The Mine is exposed to currency risk arising from balances denominated in South African Rand (ZAR). Foreign currency risk is managed through monitoring of exposures and cash flow forecasting.

The sensitivity analysis below shows the effect of a 5% strengthening or weakening of the Botswana Pula (BWP) against the ZAR, based on year-end exposures. This analysis assumes all other variables remain constant.

	2025 P	2024 P
5% Movement in ZAR/BWP Exchange Rate (Increase)		
Effect on Profit or loss and equity	(1,444,175)	776,631
5% Movement in ZAR/BWP Exchange Rate (Decrease)		
Effect on Profit or loss and equit	1,444,175	(750,498)

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

	Notes	2025 P	2024 P
24 FINANCIAL INSTRUMENTS (CONTINUED)			
Balances included in the analysis			
South African Rand trade payables		(26,108,246)	(15,532,620)
South African Rand bank and cash		2,377,887	522,664
South African Rand trade receivables		46,293,827	-

Interest rate risk

The Mine is exposed to interest rate risk on its variable-rate borrowings and interest-bearing deposits. Borrowings are linked to the Botswana monetary policy rate. Interest rate risk is managed by monitoring market conditions and maintaining an appropriate mix of fixed and variable rate instruments.

The sensitivity analysis below indicates the impact on profit or loss and equity of a 1% increase or decrease in interest rates at year-end, assuming all other variables remain constant.

	2025 P	2024 P
1% Movement in Interest Rates(Increase)		
Profit or loss and equity	4,505,335	4,542,467
1% Movement in Interest Rates (Decrease)		
Profit or loss and equity	(4,505,335)	(4,542,467)

Balances incorporated in the above calculation are shown below.

	2025 P	2024 P
Interest bearing assets		
Fixed Deposit	-	30,000,000.00
Interest bearing liabilities		
MDCB (Shareholder) Loan	397,107,884	370,152,110
Bank Gaborone loans	53,425,643	123,017,979

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

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.

Liquidity risk Management	Weighted average effective	Less than 1 month P	1-3 months P	3 months to 1 year P	1-5 years P	5+ years P	Total P
2025							
Trade and other payables Note 18	0%	-	203,680,452	-	-	-	203,680,452
Variable interest rate instruments - interest	7.61% plus 1%	-	7,952,085	23,856,256	127,233,366	-	159,041,707
Variable interest rate instruments - capital	7.61% plus 1%	-	-	-	397,105,776	-	397,105,776
Variable interest rate instruments - interest	prime -0.75%	-	-	-	-	-	-
Variable interest rate instruments - capital	prime -0.75%	-	-	-	-	-	-
Variable interest rate instruments - interest	prime +3.00%	-	1,203,460	2,850,747	154,814	-	4,209,021
Variable interest rate instruments - capital	prime +3.00%	-	19,504,575	32,622,201	1,300,975	-	53,427,751
Right of use leases	7.26%	-	184,153	552,459	1,010,155	-	1,746,767
		-	232,340,572	59,329,204	525,794,931	-	819,211,474

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk Management	Weighted average effective	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							
Variable interest rate instruments - interest	6.51% plus 1%	-	214,125,421	-	-	-	214,125,421
Variable interest instruments - capital	rate 6.51% plus 1%	-	6,486,916	19,460,747	77,842,989	-	103,790,652
Variable interest rate instruments - interest	prime -0.75%	-	-	-	370,152,110	-	370,152,110
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	6.08%	-	196,079	204,817	43,690	78,642	523,228
		-	240,066,091	77,438,589	499,334,084	78,642	816,917,407

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

25 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

Standards and interpretations in issue and already effective

Standard	Description	Effective Date
Lack of exchangeability – Amendments to IAS 21	A Company should assesses whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.	Annual periods beginning on or after 1 January 2025

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

New/Revised IFRS Accounting Standards

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

Standard	Description	Effective Date
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	Clarifies classification and measurement requirements for financial instruments.	Annual periods beginning on or after 1 January 2026
Annual Improvements to IFRS Accounting Standards— Volume 11	Minor amendments to various standards to improve consistency.	Annual periods beginning on or after 1 January 2026
Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7	Addresses accounting for power purchase agreements under financial instruments guidance.	Annual periods beginning on or after 1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	Introduces new presentation and disclosure requirements for financial statements.	Annual periods beginning on or after 1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	Provides reduced disclosure requirements for eligible subsidiaries.	Annual periods beginning on or after 1 January 2027

Management has performed a preliminary assessment and does not expect these amendments to have a material impact on the Company's financial position or performance. However, certain standards particularly IFRS 18 are expected to result in changes to the presentation and disclosures in the financial statements once effective. A detailed assessment is still ongoing

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.

Notes to the financial statements
for the year ended 31 December 2025 (CONTINUED)

27 SUBSEQUENT EVENTS

The Mine secured two approved banking facilities from Bank Gaborone to finance the equipment required for the reopening of the open-cast projects.

The Board of Directors is not aware of any matters or circumstances arising after the end of the financial year, other than those disclosed in these financial statements, that would materially affect the Company's operations or financial performance.

Management income statement and reconciliation
for the year ended 31 December 2025

	Notes	2025 P	2024 P
MANAGEMENT INCOME STATEMENT			
Gross turnover		1,041,677,127	1,111,965,111
Cost of Sales		(883,099,014)	(962,310,509)
Mining profit before deferrals		158,578,113	149,654,602
(Increase)/decrease in loss allowance on trade receivables		(17,162,523)	(676,807)
Administrative costs		(368,565,115)	(182,381,402)
Other income		4,573,849	10,979,624
Loss before interest, tax and deferrals		(222,575,676)	(22,423,983)
Finance costs		(47,277,553)	(53,019,849)
Interest received		31,550,398	28,201,975
Loss before taxation and deferrals		(238,302,831)	(47,241,857)
RECONCILIATION			
Reconciliation of profit before taxation and deferrals to profit for the year:			
Loss before taxation and deferrals		(238,302,831)	(47,241,857)
Transfer from deferred revenue		127,916,208	133,479,204
Finance costs-Deferred revenue		(105,624,675)	(112,482,227)
Tax credit		46,656,694	5,521,693
Loss and total comprehensive income for the year		(169,354,603)	(20,723,187)

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

Notes

Morupule Coal Mine
Seam to Value

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SAFETY AND HEALTH

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VALUE CREATION

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SUSTAINABILITY