



Morupule Coal Mine
Seam to Energy



ANNUAL REPORT 2021



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BOARD CHAIRPERSON'S STATEMENT

Dr. Ignatius Bonny Matshediso

In this, our first Annual Report, we outline exactly how Morupule Coal Mine is performing and creating value through our governance, operations and business strategy.

This Report explains the material issues which affect our business, detailing how we have deployed our resources to create value, and how we intend to increase that value in the future.

We believe that this report will enable all of our key stakeholders - our shareholders, our customers, our suppliers and our regulators - to assess how we are performing economically, socially and environmentally in the economic, social and environment space.

Our goals are to:

- Give our stakeholders access to an improved level of information about our company
- Clearly outline what our stakeholders should expect from us, now and in the future
- Reinforce the message that Morupule Coal Mine is accountable to all stakeholders in our value creation activities
- Upgrade our collective decision-making as a company, using value creation as a central foundation of everything we do.

Our aim is to give the reader a holistic view of all our business operations, clearly summarised and easily accessible within one document.

The Board concludes that it has been presented in accordance with the relevant standards and approves it for publication.

Focusing on what really matters: our people

Morupule Coal Mine's approach to sustainability focuses on prosperity for all our stakeholders. This we do through managing risks and mitigating the impact of the operation on our people and the environment.

In the wake of the healthcare emergency brought on by the COVID-19 pandemic, we the Board proactively focused our efforts on our people.

Adversity and loss has a way of reinforcing what matters. Building a better normal begins with people: the men and women working at every level of Morupule Coal Mine who have committed their careers to our Vision for the business.

We have given the management team here at the Mine all the support to make the health and wellbeing of staff their number one priority - both at home and in the workplace.

We further partnered with Government and other private entities in the fight against the COVID-19 pandemic, donating a total of P5 million to this unprecedented national emergency.

However, wellbeing goes much further than physical health. This period of time has increased our appreciation for other qualities, such as trust, empathy, personal development - and having a purpose beyond profit.

Investing in our environment

As Botswana's energy needs grow and evolve, coal will become increasingly important to the progress of our country. At Morupule Coal Mine, we are addressing the critical challenges of how we increase our production, while at the same time being responsible custodians of the land, air and water resources around us.

Modern society rightly expects the mining industry to make a positive contribution in the fight against environmental damage, climate change - and to be leaders in corporate responsibility. In these efforts, we take our place at the forefront, and we work in full compliance with the latest international trends as required by COP26, the United Nations Climate Change conference.

We have also implemented an Energy Management Plan as a key component of our decarbonisation strategy. Doing so has optimised ventilation and reduced our energy consumption. We have phased out conventional lightbulbs in favour of LEDs and embraced solar solutions wherever possible. Additionally, we are investigating the rollout of electric vehicles in our fleet.

Our beloved (and recently expanded) Morupule Game Park continues to go from strength to strength. We are actively planting new trees in this special place.

One thousand years of coal reserves

Botswana are well aware of the transformative impact that mineral wealth can have on a developing nation. Morupule Coal Mine has coal reserves to last the next thousand years in a mine lease area of 425km². We are blessed with a favourable geographical setting and approximately 4 billion tonnes of semi-bituminous thermal coal.

Import substitution and energy self-sufficiency

Given the spectacular endowment we have been given, Botswana's over dependence on imported energy simply must end.

At Morupule Coal Mine, we are thinking far beyond supplying our coal for electricity generation, which we have been doing successfully since the early 1970s.

The Board of Directors and I have set our gaze on more ambitious projects and are rapidly advancing our coal-to-liquid plans. This will result in the launch of Botswana's first petroleum refinery, completely re-imagining the future of our business.

Projects like this will have a spectacular knock-on effect, not just in our home town of Palapye, but for the whole country. We will create hundreds of meaningful jobs. Generate high-value income streams - and open our doors to the export market.

We want to say goodbye to imported petrol, diesel and paraffin. We look forward to making further announcements about this very soon.

Positioning ourselves for maximum growth

The Russia-Ukraine conflict has sent shockwaves through the fossil fuel industry as a whole, obliging countries all over the world to find alternative sources of energy.

We have been a major beneficiary of this upheaval, fielding expressions of interest from all over the world for the first time. Almost overnight, we became inundated with foreign orders.

This increased pressure puts our logistics and infrastructure under a microscope.

Although we do have the capacity to meet some of this new demand, the rail network we have access to is insufficient. This is a key focus area for my Board, and I am happy to note that we are receiving support from the highest decision-makers in the country to address this urgent concern.

Recognition and thanks

I wish to extend my heartfelt gratitude to my fellow Directors, our business partners, the Ministry of Mineral Resources, Green Technology and Energy Security and the resilient staff and management of Morupule Coal Mine.

Your bold response to the challenges we have faced this year has been remarkable.

I would also like to take this opportunity to thank and recognise our General Manager, Edwin Elias, whose spirit of excellence is being felt in every corner of the business at a time when true leadership has never been more important.



GENERAL MANAGER'S REPORT

Edwin T Elias

Organisations of all shapes and sizes, all over the country, have faced a stern test of resilience over the past two years. At Morupule Coal Mine, we too were tested.

The pandemic ushered in a wide variety of challenges, from supply chain issues to project delays, safety, cost overruns and lost productivity.

In the true 'can do' spirit of our people, Morupule Coal Mine has managed to successfully steer out of troubled waters. We emerged stronger, more focused – and inspired to write the next chapters of our growth story.

While the pandemic and its economic effects are by no means over, we have reviewed our five-year business strategy, not only to ensure that we can withstand future shocks to the global fossil fuel industry, but to capitalise on them.

Leading Coal energy Business

Our business strategy will be executed as we manifest our values through our behaviour, guided by our vision for this business, which is to be a best-in-class coal mining operation.

These are not mere words. By focusing on our strategic focus areas, we will maximise our socio-economic contribution.

Developing our roadmap to 2027

By 2027, our firm intention is to dramatically increase the production output of Morupule Coal Mine to 10 million tonnes of coal per year in an efficient and sustainable manner, which will amount to at least P3 billion in annual sales revenue.

I would like to fully express these goals, put them on record – and announce that as a business, we are rallying behind them across all levels of the organisation.

The safety of our people

A mine lives and dies by its commitment to safety.

In this area, we have performed exceptionally well. It has been at least 21 years since we suffered a fatality, and we have worked for nearly ten years without a single day of loss time injury. This track record comes from being unwilling to compromise when it comes to the safety of our workers.

Mines become safe when you hold management accountable for occupational health daily. We set aside ample financial and human resources to ensure that safety is dealt with in a manner that reflects its strategic importance.

We ensure workforce competence and role clarity at all levels through selection, training and development of critical skills. On an ongoing basis, we identify, assess, prioritise and manage all the potential hazards and risks associated with our daily work. We collaboratively and creatively look for ways to improve our overall safety performance. We set simple non-negotiable standards.

Operational Excellence

Our bold targets inspire us to live according to our Values. They concentrate our efforts on the strategic imperatives that will make these goals a reality. And they make the next operational steps very clear.

The 2027 strategy begins by creating focus on optimising our underground operations. Embracing the latest technology and promoting innovation will increase our underground yields, reduce machinery downtime, improve planning and shave precious margins off our production costs per tonne.

We will also focus on optimising our current plant. This means improving our handling of raw materials, controlling inventory, better coal quality analysis, as well as maintenance of our equipment.

We will accelerate the roll-out of our opencast Motheo Project. With the potential to add at least 1.4 million tonnes of coal to our annual production, Motheo is central to our production plans to increase the size of our business. We will address any key deliverables which have fallen behind schedule due to the Covid 19 pandemic.

And finally, we will also identify further opportunities that will ensure business sustainability and overall increase on throughput. I look forward to releasing more details about this development.

Skills development

During times of uncertainty and stress, it is important to show our staff that we value their career growth and development. We want to distinguish Morupule Coal mine as an employer of choice, a workplace that recruits, attracts and retains the top talent in our industry.

For this reason, we have embarked on a meaningful coaching and mentoring initiative which will give the next generation of leaders the skills they need to thrive. In addition, we have also identified suitable technical, managerial and supervisory programs that will enhance the overall skills of our employees.

In this way, our company will burn the eternal flame.

Stakeholder relationships

You can measure an organisation by the integrity of its relationships. The pandemic has taught us this.

Strengthening relations with all our stakeholders is an important strategic focus area for Morupule Coal Mine under our five-year business strategy.

This philosophy applies to our customers, suppliers, legislators, media and the community at large. We want to transparently share our growth and development story with them. Deep engagements and high-value interactions have a compounding effect on the ground.

New opportunities abound

The war in Ukraine has created an unprecedented demand for Botswana's coal and we are identifying potential market opportunities from new commercial partners, around the world, on an almost daily basis.

This naturally represents us with an economic opportunity the likes of which we have never seen. My team and I are proud to confirm that we have already completed shipments out of Botswana by rail, across the open seas, and into the waiting arms of our new foreign customers. More will follow.

However, in order to fully capitalise on the overseas market, we need to implement the operational excellence initiatives I mentioned earlier, and at the same time addressing the logistical challenges we face.

There is a strong business case presented here. For example, if we could connect our wagons to the Lephalale freight line in South Africa, we could get to market much faster. Our sincere hope is that this high-level support will arrive in time.

Coal mining for citizen economic empowerment

Our belief is that the social and economic benefits of coal must extend far beyond the mine. This is why our citizen economic empowerment program focuses on locally owned businesses and the youth.

It is essential that we develop nurturing ecosystems for small businesses to thrive. Whether it comes in the form of beneficiation, funding, or participation in our supply chain, the community must come with us on the journey.

For this reason, my team and I are actively exploring high-value relationships with capable SMEs who share our vision for transforming the economy.

Note of thanks

I would like to express my sincere appreciation to the Board of Directors led by Dr. Bonny Matshediso, as well as to the Ministry of Mineral Resources, Green Technology and Energy Security under the leadership of Hon. Lefoko Maxwell Moagi and the majority shareholder at Minerals Development Company Botswana.

And lastly, I wish to thank every member of the Morupule Coal Mine team for their commitment, resilience and for living the Values of the company.

Together, we are re-imagining the future of this mine. And together, we are traveling towards a brighter future.



Morupule Coal Mine

Seam to Energy

FROM SEAMS TO THE COMMUNITY

Driven by the Morupule Coal Mine Citizen Economic Empowerment Program, we build sustainable and mutually beneficial relationships with our community.

Through partnerships with our community and business partners, we stimulate growth by promoting local procurement, supplier development and local employment in our various communities.

At MCM, every action, by every individual fuels our long term vision: to ignite rapid socio economic development in our beloved country.

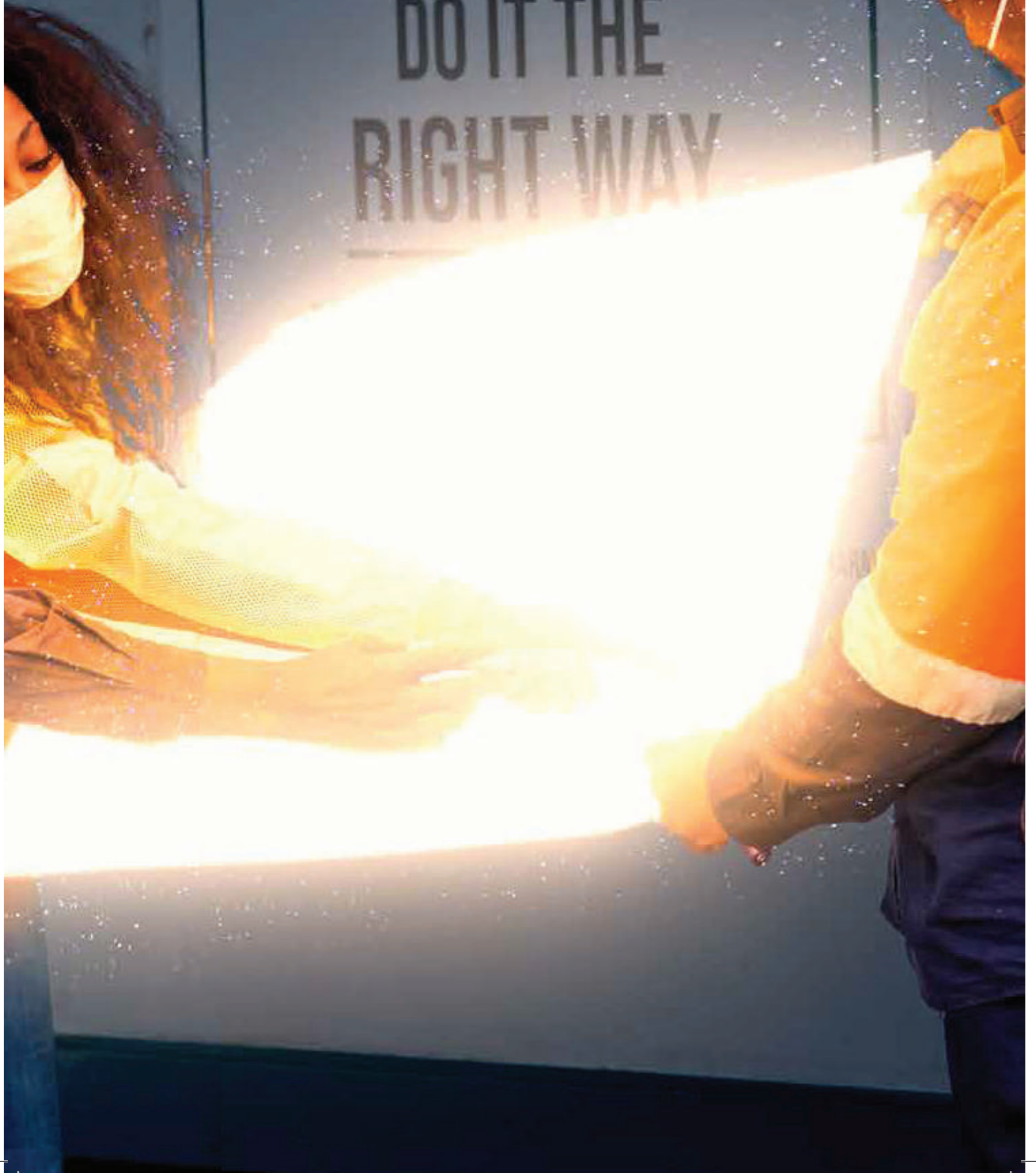
What we do goes far beyond mining coal, it is about building up our country, one community at a time.

AT THE
HEART
OF IT ALL



DO IT THE
SAFE WAY

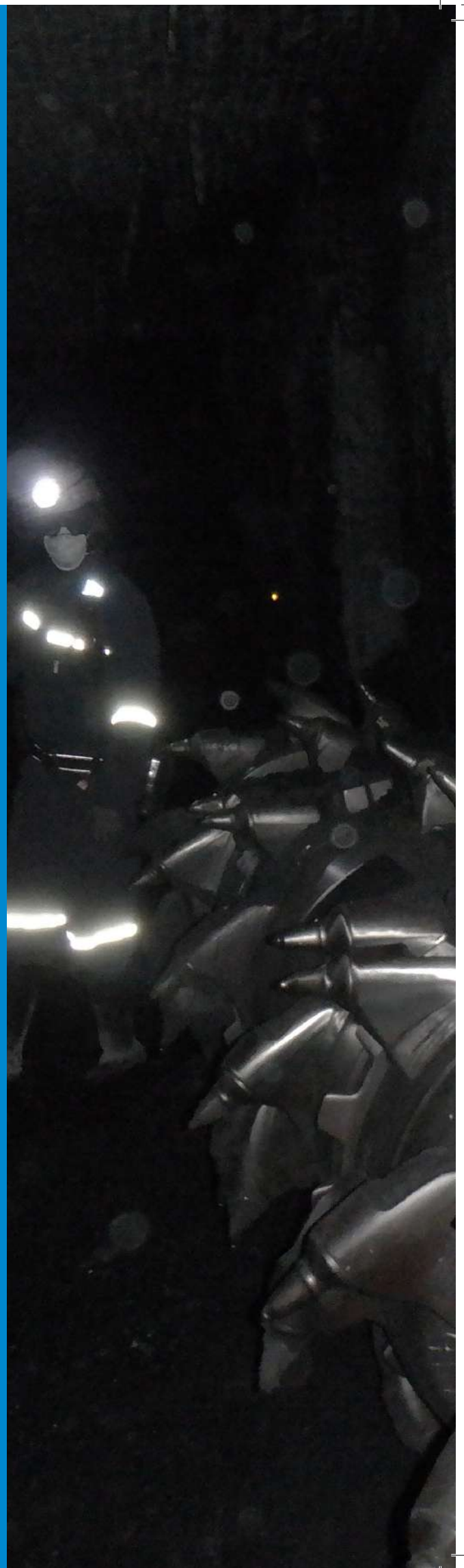
DO IT THE
RIGHT WAY



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 to supplying coal to the then Bamangwato Concessions Limited mine (now BCL) and BPC power plant situated in Selebi Phikwe. MCM ownership was transferred to Debswana Diamond Company in 2000 when Anglo disinvested its operations in Botswana. In 2016, the De Beers interest in MCM (held under Debswana) was acquired by the Mineral Development Company of Botswana (MDCB).

The history of coal discovery in Botswana dates back to the early 1930's when a major coal seam was discovered through sinking of boreholes. In the course of digging boreholes, coal seams were found in the common coal bearing rocks in Africa through the Eccca series of the Karoo system. The Morupule area is underlain by Karoo sedimentary rocks, which form the Eastern margin of the major Karoo basin, developed to the West of Morupule. These sedimentary rocks consist of shales, coals, and sandstones of the middle and lower Eccca. The Anglo American Corporation (AAC) was given a mining lease in 1966, and developed a colliery at the Morupule coalfield, which opened in 1973. - **Rebranding to MCM**



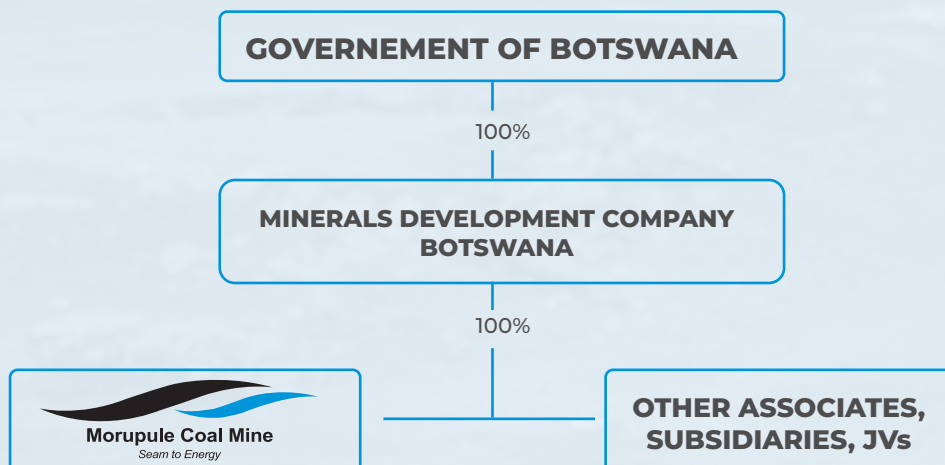


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THE MCM JOURNEY

<p>1970</p> <p>INCORPORATED AS ANGLO SUBSIDIARY</p> <p>This history of coal discovery in Botswana dates back to the early 1930's when a major coal seam was discovered through sinking of boreholes</p>	<p>1973</p> <p>1st PRODUCTION OF ROM COAL</p> <p>Started production to supply coal to then Anglo's CU NI and BP's 80MW power plan both in Selebi Phikwe, some 200km away from the mine</p>	<p>1982</p> <p>132MW MORUPULE A POWER STATION COMMISSIONED</p> <p>4x PF boiler – turbine units, mine mouth supplied</p>
<p>1992</p> <p>BOTASH COMMISSIONED</p> <p>Botswana Ash commenced coal off take after commissioning the salt and soda ash plant in the Sua Pan</p>	<p>2000</p> <p>DEBSWANA TAKEOVER</p> <p>100% Takeover by Debswana from Anglo</p>	<p>2003</p> <p>1ST REGIONAL EXPORTS</p> <p>Low phosphorous reductant substitute in a ferrochrome smelter in Zimbabwe</p>
<p>2004</p> <p>1st CONTINUOUS MINES REPLACES CONVENTIONAL MINING</p> <p>1 million tons per annum capacity</p>	<p>2008</p> <p>COAL WASHING FACILITY COMMISSIONED</p>	<p>2011</p> <p>MCM1 EXPANSION TO 20.8 MTPA TO SUPPLY MOR B PLANT</p>
<p>2012</p> <p>600MW MORUPULE B POWER STATION COMMISSIONED</p> <p>Coupled with 1st washed coal exports to Namibia</p>	<p>2016</p> <p>MDCB TAKEOVER</p> <p>100% takeover by GRB via minerals investment company MDCB</p>	<p>2020</p> <p>MOTHEO PROJECT GROUNDBRAEKING</p> <p>Extraction of two seams and to boost regional washed coal exports to 1 mtpa. Scalable to enable seaborne exports</p>

MORUPULE COAL MINE CURRENT CORPORATE STRUCTURE



CORPORATE STRUCTURE

MCM BOARD OF DIRECTORS



DR. BONNY MATSHEDISO
Board Chairman (Interim)



MR. JOHANNES TSIMAKO
Remuneration and Nominations Committee Chairman - Tender Committee



MS. LYNNETTE ARMSTRONG
Remuneration and Nominations Committee



MS. SETSHEDI BOTLHOLE-MMOPI
Chairman - Audit and Risk Committee



MS. RACHEL NEKATI
Chairman - Remuneration and Nominations Committee and Audit and Risk Committee

MANAGEMENT TEAM



1 G. Ntshiamisang
SHE
Manager

2 T. Motimedi
Engineering
Manager

3 M.Leteane
Company
Secretary

4 J. Nhovo
Commercial
Manager

5 E. Radithongwa
Production
Manager

6 E.T. Elias
General
Manager

7 Matthews Bagopi
B. Development
Manager

8 T. Mongale
Human Resources
Manager

9 Lefika Mogi
Projects
Manager

10 E.Kelapile
Audit Services
Manager

MCM BRAND

At MCM we live a culture woven around a robust set of Values: Safety, Passion, Caring, Growth and Excellence. The MCM Brand promise: 'Seam to Energy' captures so accurately our ambitions for the future and to ensure our message remains clear and unambiguous.

At the heart of Morupule Coal Mine stands a clearly defined set of principles and standards that drive its culture and the way it carries out its business. These principles are the foundations of the Morupule Coal Mine brand, shaping its reputation in the market place and reflecting its vision for the future.

Seam To Energy

Definition: *'Transforming coal into unlimited source of energy'*

This is the essence of the Morupule Coal Mine brand. A company dedicated to being the best in class for its industry, with internationally respected industry standards, and a company committed to delivering the coal that generates energy to help maintain the standards of progress, development and socio-economic stability that characterize Botswana and its people.

WHAT WE STAND FOR



To be a leading Coal Energy Business



We mine coal and deliver energy for the benefit of all our stakeholders in a sustainable manner

VALUES



VALUE STATEMENT

We are Passionate about Safety, as we Work Together in a Caring environment, Growing our business into a center of Excellence!





Morupule Coal Mine
Seam to Energy

WE ARE MORUPULE COAL MINE

**AT THE HEART OF IT ALL
IS OUR COMMITMENT TO
MINE THE COAL THAT
PRODUCES ENERGY TO
POWER THE NATION.**





CORPORATE GOVERNANCE

The Morupule Coal Mine (MCM) Board of Directors are dedicated to preserving the highest standards of corporate governance practices through the provision of operational and effective leadership. This leadership is characterized by ethical values including, accountability, responsibly, transparency and fairness.

The Board plans and strategize goals and objectives for the short- and long-term good of the company and puts mechanisms in place to monitor progress against the objectives. To this regard the Board's responsibilities include the approval and review of the company's compliance procedures and any codes of conduct, taking all reasonable steps to ensure that the business of the company is conducted in an open and ethical manner.

THE BOARD COMPOSITION AND STRUCTURE

In terms of best practice and industry practices, MCM shall have Board of Directors constituting of not less than five (5) members, the majority of whom shall be permanent residents in Botswana. It is the obligation of the Board to have due regard for considerations of skills and experience, diversity and the appropriate balance of executive and non-executive when making or recommending appointments to the Board.

During this financial year, the Board was Chaired by Dr Bonny Ignatius Matshediso an independent Non-Executive Director. The Board comprises of:

- Five independent Non-Executive Directors and
- One ex-officio Executive Director

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the Audit and Risk Committee (ARC), the Remunerations and Nominations Committee (REMCO) and the Board Tender Committee. Each of these committees has established operating procedures in place which are reviewed on a regular basis.

THE BOARD and COMMITTEE MEMBERSHIP

Board Meetings

The Board meets at least three times per annum to consider business philosophy and strategic issues, set risk framework, approve financial results and budgets, and monitor the implementation of delegated responsibilities. Where appropriate, decisions are taken by way of circulated resolutions. The Board considers feedback from its sub-committees, as well as several key performance indicators, variance reports and industry trends.

Audit and Risk Committee Mandate

The primary function of Morupule Coal Mine (MCM) Board Audit and Risk Committee (ARC) is to provide assurance to the Board that corporate governance practices are implemented and sustained throughout the MCM environment.

In this respect, the committee's mandate is to ensure that there is a formal risk identification and evaluation process in place and that appropriate internal control systems are established that will, amongst others, ensure the reliability and integrity of operational information and adequate compliance to policies, procedures and legislation.

- The Board appointed Ernst & Young as its external auditors for 2021;
- Submission of Risk Management Framework which covers management of all enterprise Risks identified.

Remuneration and Nominations Committee (REMCO) Mandate

The primary function of the Committee is to assist the Board by assuming oversight in respect of employee benefits and remuneration policies, Executive Committee appointments and its succession planning as well as ensure adherence to the related legal and governance requirements.

The members of the Committee shall be appointed by the Board from amongst the Directors and shall consist of three (3) members.

The General Manager will be an ex officio member of the Committee and shall have no voting rights. The Chairperson of the Committee shall be appointed from among the Committee members. If the Committee Chairperson is absent, one of the other Committee members, either nominated by the Committee Chairperson or elected by the Committee for the purpose, will act as Committee Chair.

The Committee shall focus primarily on:

- Remuneration policies and their specific application to the General Manager, the Executive Committee and to all employees;
- Annual and long-term incentive plans;
- Remuneration practices and their cost to the Company;
- All benefits, including pension and any superannuation arrangements for the employees of the Company;
- Succession Planning for the General Manager and the Executive Committee;
- Appointments for Executive Committee roles; and
- Reporting to the Board and making recommendations arising from the Committee's mandate.

Tender Committee Mandate

The Board Tender Committee (BTC) exists to ensure effective, efficient and ethical execution of the procurement processes on behalf of the Board of Directors as provided for in the Delegation of Authority (DoA) Policy. The committee generally adjudicate tenders that are in excess of BWP50million.

The responsibilities and functions of the Committee are as follows:

1. Control placing of high value orders, review/adjudicate/ratify all orders/tenders within their threshold.
 2. Approve final selection and award of contracts to successful bidders following Tender Committee's recommendation.
 3. Authorize waiver of tender procedures for values above P50million.
 4. Approve the provisional variation orders or variation orders (including cumulative variation orders).
 5. Recommend to the Board for approval purchases/contracts not budgeted for.
 6. Approve the termination of contracts of projects/contracts above P50million.
 7. Approve changes to the MCM standards terms and conditions of contract.
 8. Promote the MCM local procurement policy. The committee comprises of two Board Members and one independent procurement specialist appointed by the Board for the duration of three years.
- 1.1. Voting Members – members nominated by the Board shall have equal voting rights.
- 1.2. Non-Voting Members –Members of management presenting tenders do not have voting rights. The committee may request subject matter experts to attend its meeting and these invitees shall have no voting rights.

The BTC members serves for three years and the Board then makes a resolution on who they appoint to the BTC. Members who served in the term before will be eligible to be appointed to the BTC.

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 Audit Services Manager (ASM). The ASM reports functionally to the Board Audit and Risk Committee(ARC) and administratively to the General Manager (GM).

The Internal Audit Department and its staff are governed by The Institute of Internal Auditors' Code of Ethics as well as the Institute's International Professional Practices Framework- IPPF (The standards). Both the Code of Ethics and the Standards constitute the operating procedures for the department.

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 Chairman of the Board Audit and Risk Committee (ARC).

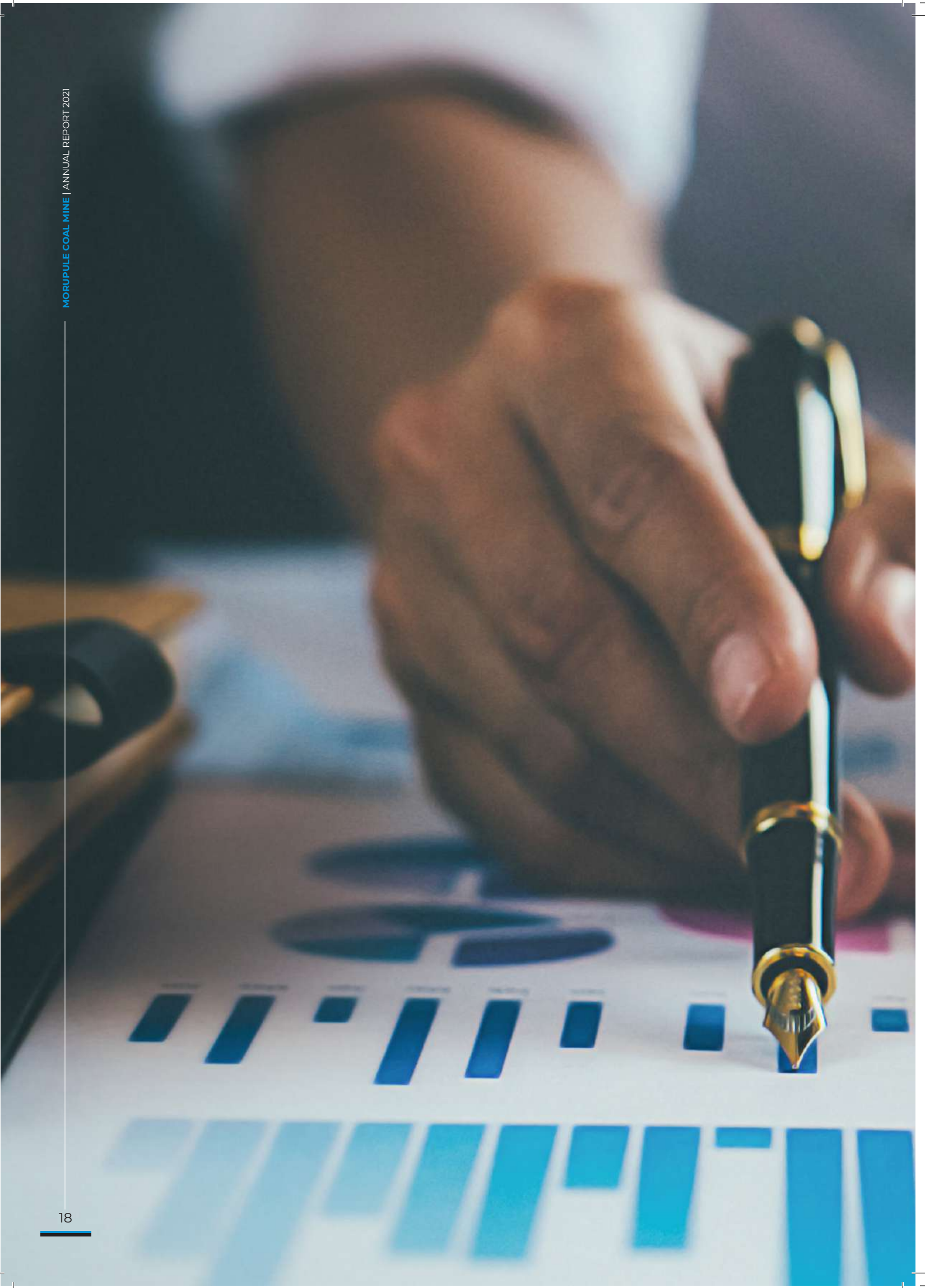
All internal audit activities remain free of influence by the mine, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports. The Internal Audit Department also has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

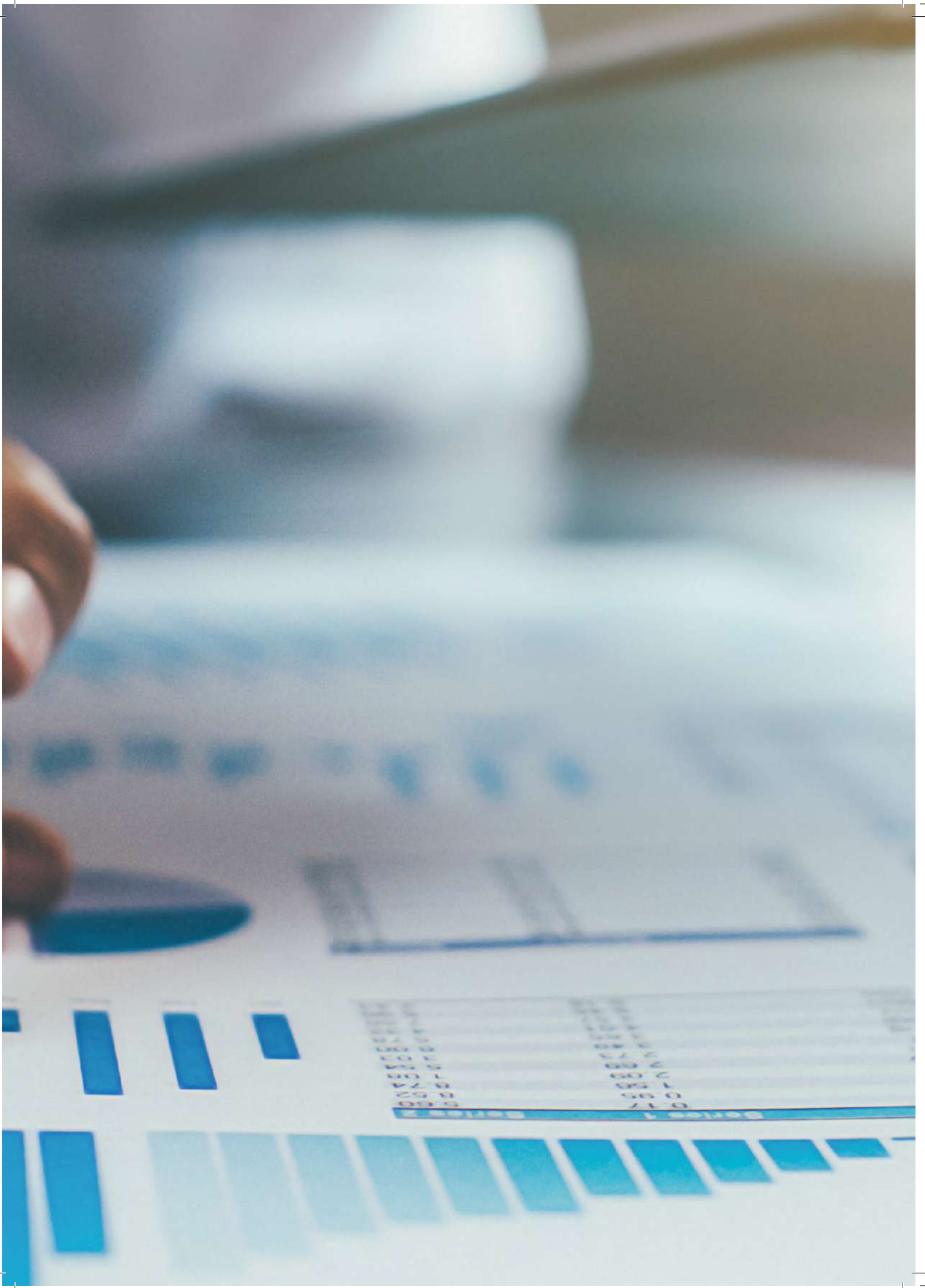
The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the Mine's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the mine's stated goals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

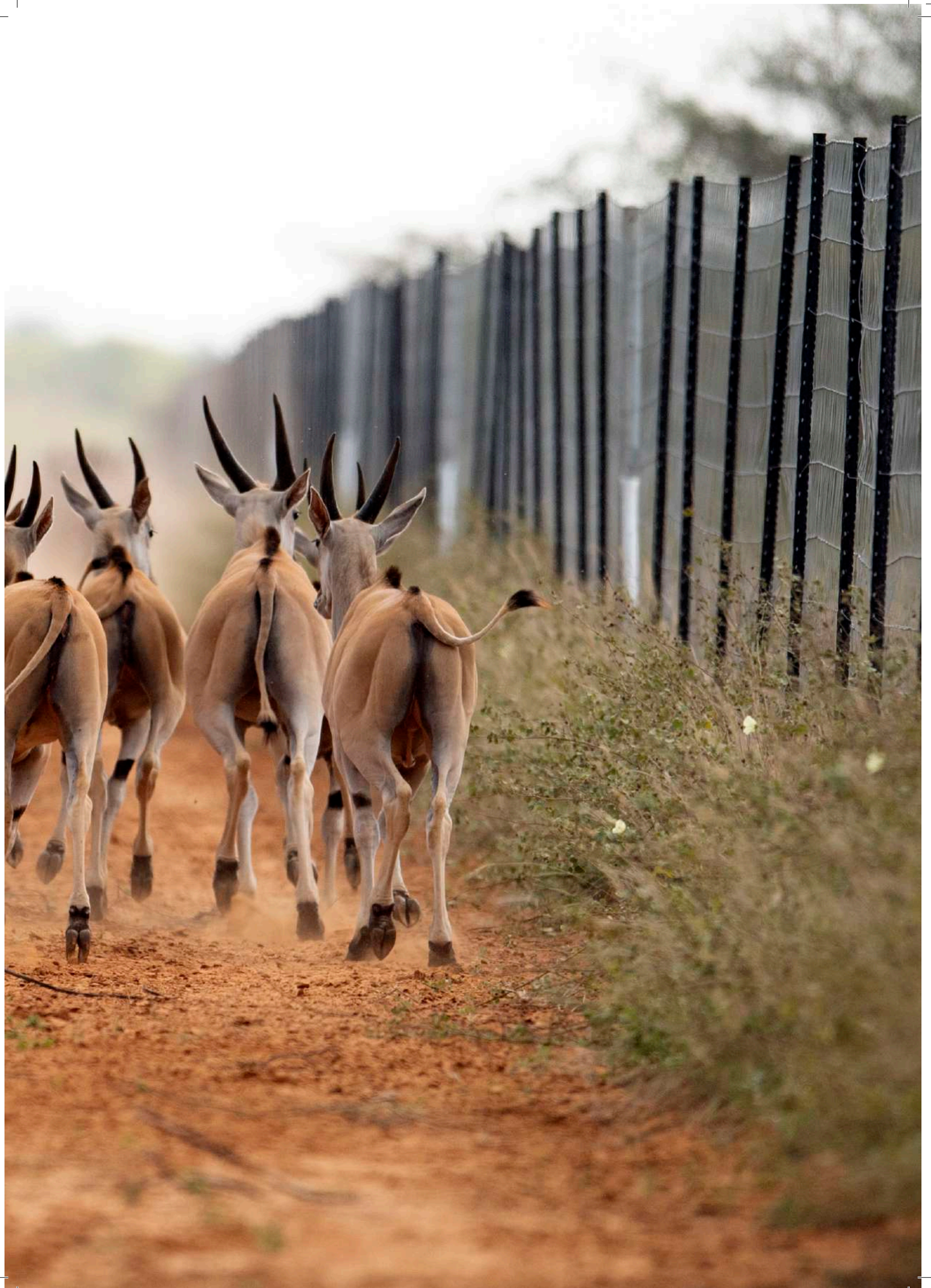
The prevention, deterrence and detection of fraud are the responsibility of management. The usual role of internal auditors is to develop audit programs and procedures to evaluate the internal controls that management has established to manage the risk of fraud. In practice internal auditing sometimes 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 housed 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.





SUSTAINABILITY REPORT



SUSTAINABLE DEVELOPMENT

Our approach to sustainability is forever evolving, especially amid global challenges of weak economic growth, poverty, and inequalities, which continue to plague the communities in the vicinity of our operations, regionally and internationally. All sustainability efforts have been integrated into our Corporate Strategy, where we prioritize it in order to reflect a positive social and economic contribution to our stakeholders.

We have committed to aligning our Sustainable Development report to the United Nations' Sustainable Development Goals (SDGs), which have become an area of significance for investors as they highlight environmental, social, and economic issues. There are a total of 17 SDGs, however, MCM is actively promoting: No Poverty; Good Health & Well-Being; Quality Education; Gender Equality; Decent Work and Economic Growth; Industry, Innovation & Infrastructure; Responsible Consumption and Production; Life on Land. These are goals 1; 3; 4; 5; 8; 9; 12; 15 respectively.



SDG Goal 1 – No Poverty:

To end poverty in all its forms everywhere by creating employment and partnership opportunities.

SDG Goal 3 – Good Health & Well-Being:

Ensure healthy lives and promote well-being by integrating employee wellness throughout our operations and recognizing the need to consider and support the wellbeing of our employees through physical, social, and psychological efforts.

SDG Goal 4 – Quality Education:

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all through initiatives such as Sedimosa Financial Literacy programme, Management Development Programme (MDP) and New Management Development Programme (NMDP) in collaboration with University of Stellenbosch, as well as the Supervisory Development Program with Botswana National Productivity Center.

SDG Goal 5 – Gender Equality:

Achieve gender equality and empower all women and girls by not only ensuring a woman first employment, but appointing them for leadership roles within the Mine.

SDG Goal 8 – Decent Work and Economic Growth:

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all through our Joint Negotiation and Consultation Committee (JNCC) and Mine Negotiation and Consultation Committee (MNCC) meetings which sought to foster cooperation and mutual understanding on matters of common interest to the parties. We also deploy Employee Consultative Forums aimed at reaching out to employees for airing their issues and concerns as well as creating platform for business improvement ideas.

SDG Goal 9 – Industry, Innovation and Infrastructure:

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation by facilitating creation of local partnership projects which have developed an opencast coal mine, coal handling and processing plant and supporting efficient driving infrastructure such as haul roads, access roads, waste and water management, communications, power transmission lines, overland conveyors and offices.

SDG Goal 12 – Responsible Consumption and Production:

Ensure sustainable consumption and production patterns by continuing to measure and monitor its Carbon footprint

SDG Goal 15 – Life on Land:

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. This will be done by the Mine through the planned opening of the Morupule Coal Mine Game Park which has more than 100 animal species, and supports the use of electric vehicles within the area.

SAFETY, HEALTH & ENVIRONMENT (SHE) PERFORMANCE

SAFETY PERFORMANCE

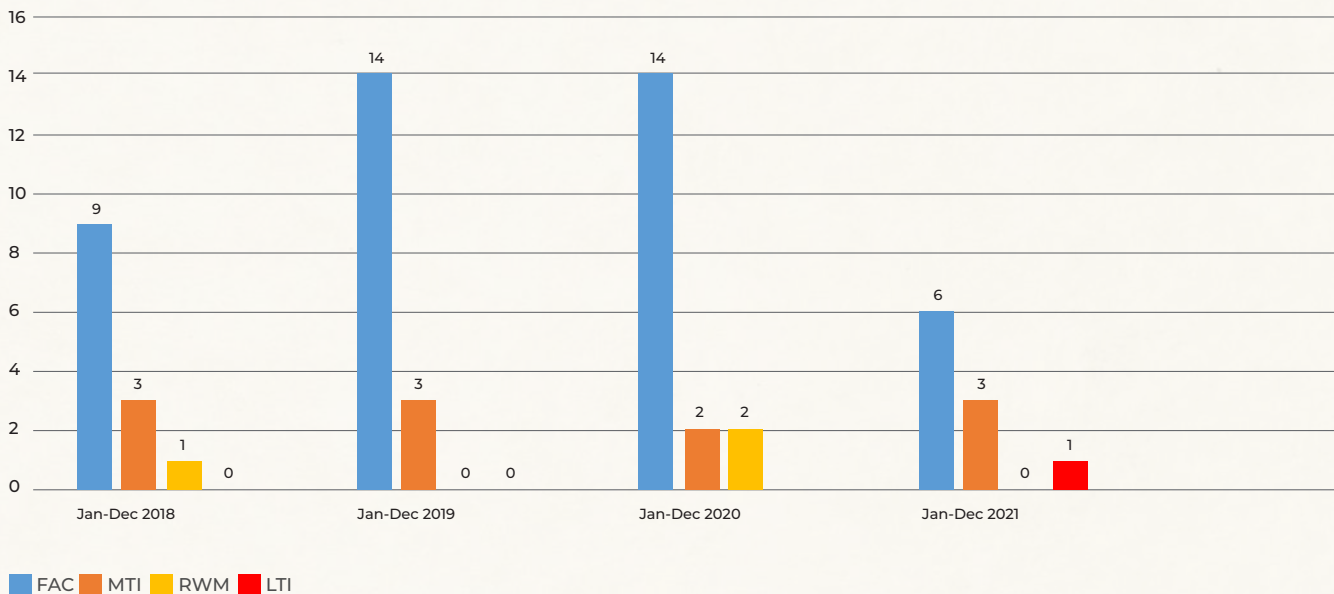
In line with the MCM's core values, the Safety & Health of our employees and contractors, remains our top most priority in all activities. Our approach to Safety & Health is built on the principle of togetherness, acknowledging that we are each responsible for the safety of all those around us. To ensure that our Safety & Health message is reinforced, we deliver safety training through Safety Inductions to both our internal and external stakeholders. Driven by our believe that Zero Harm is possible, we aim to deliver zero injury practice by eliminating fatalities, at work as well as at home by embedding and integrating the Safety Culture into all that we practice. During 2021 All-injury frequency rate metrics moved significantly from 1.21 to 0.58, representing a 52% improvement. The Total injury frequency rate also moved from 0.26 to 0.23, which

represented a 12% improvement. These achievements were attributable to a number of short-term initiatives, which the mine implemented during the reporting period. Some of these initiatives included amongst others;

- » Visible Felt Leadership and feedback.
- » Employees and SHE Representative engagements on SHE matters
- » Incident investigation and key lessons sharing
- » Enhanced strategic SHE risk assessment
- » Improved Management of change
- » Operators on the job trainings i.e. Plant operators, Belt attendants, Loco and Shunting operators

The mine conducted a Safety Culture Survey through the Pacific Institute with the aim of improving the current SHE culture. This

enabled the Mine to have an in-depth understanding of the culture challenges, which bottlenecked performance improvement. The recommendations from the survey will be put into effect in 2022 and beyond. Organizational culture significantly influences the behavior of employees; therefore, understanding it and coming up with initiatives towards a desired model culture will yield a positive platform for attaining Zero Harm. Overall, the mine safety performance for the last 4 years has been good. The same performance presents an opportunity for improvement. Refer to bale below.



OCCUPATIONAL HYGIENE PERFORMANCE

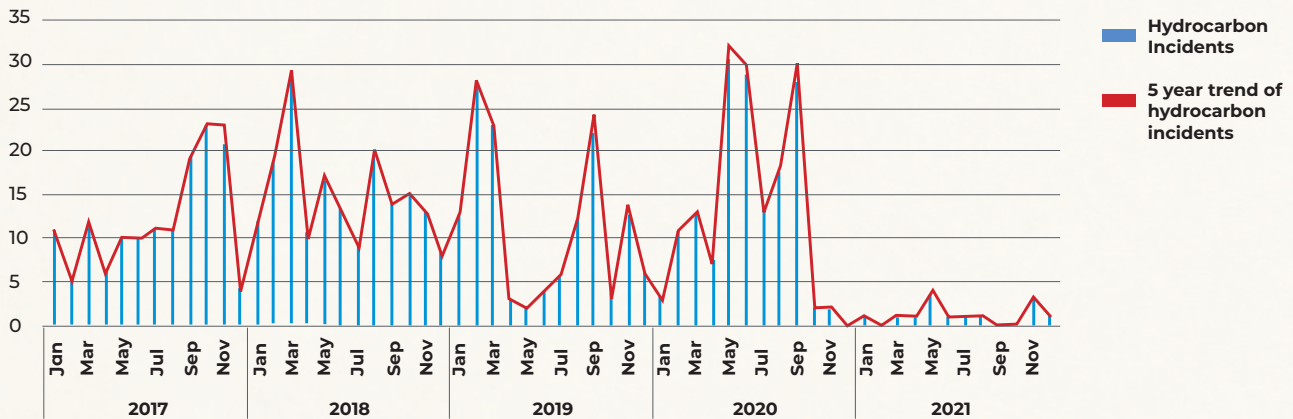
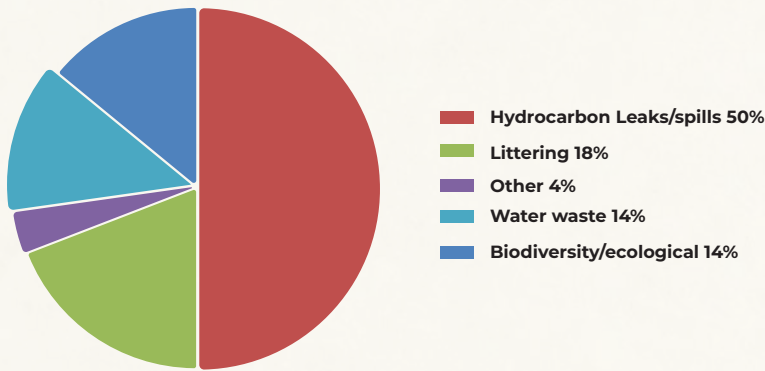
To ensure the mine achieves its Zero Harm to employee health, assurance was provided on a number of key Occupational Health Risk/Stressors through the engagement of both internal and external assurance providers. During this reporting period, the Mine engaged the services of Omogau SHEQ Solutions to perform the annual Occupational Hygiene surveys minewide to determine the levels of exposure of employees to various health stressors, and check the effectiveness of controls implemented. Some of the stressors monitored include noise, vibration, thermal stress and coal dust etc. For level of

stressor exposures which were found to have slipped below allowable limits, the mine developed action plans to get the exposure limits to compliance levels. Moreover, a food safety and hygiene audit was conducted at the Mine Canteen in order to determine the level of compliance to applicable legal requirements. The audit outcome was classified as satisfactory with minor areas for improvement which have since been closed.

ENVIRONMENT PERFORMANCE

As a recognition of its privilege to extract the coal resources from the environment by communities and Government, Morupule Coal Mine continued to make some improvements on its Stewardship of the Environment program. The program's purpose is the protection and preservation of natural resources for present and future generation. Some of the Mine focus areas are pollution prevention, efficient resource use, biodiversity, environmental air quality assurance and waste management. In 2021, performance was characterized by the recording of twenty-three environmental incidents as compared to thirty-five in 2020. Hydrocarbon spills incidents

accounted for 50% of Environmental incidents & were all below Level 3-5 threshold (Minor), and none of them was reportable to authority. These incidents comprised water wastage (3), hydrocarbon spills 12), waste mismanagement/littering (4), visual/aesthetic air pollution & other (2), biodiversity-ecological (3) incidents and others (1). A downward trend in the number of Hydrocarbon spills incidents is attributable to the commissioning of the Hydraulic hose-crimping machine by Engineering Department and improved alignment of employees with the company's environmental stewardship program and obligations.



BIODIVERSITY-MCM GAME PARK

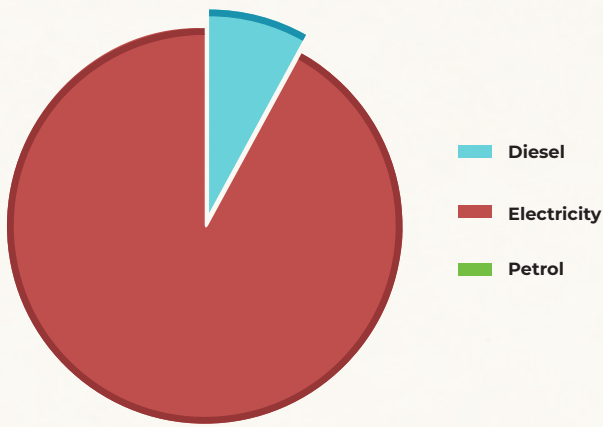
Morupule Coal Mine Game Park continues to undergo significant development for in line with the planned opening to the public scheduled for Q4 of 2022. Plans are therefore at advance stage for infrastructure development in the form of picnic areas, toilet facilities, walking trails and procurement of an electric park vehicle to enhance the Park's leisure and recreational appeal. The mine conducted an aerial animal census in 2021, which highlighted that the animal population was close to exceeding the carrying capacity of the game park. As part of managing the numbers to fall below the carrying capacity of the park, 104 animal species are to be donated to government through the Masimo Wildlife Restocking Initiative. The translocation of the animals is scheduled to commence during the second quarter of 2022. To improve biodiversity in the mine of the park, the mine will also introduce three giraffes in the second quarter of 2022.

MINE CLOSURE/REHABILITATION

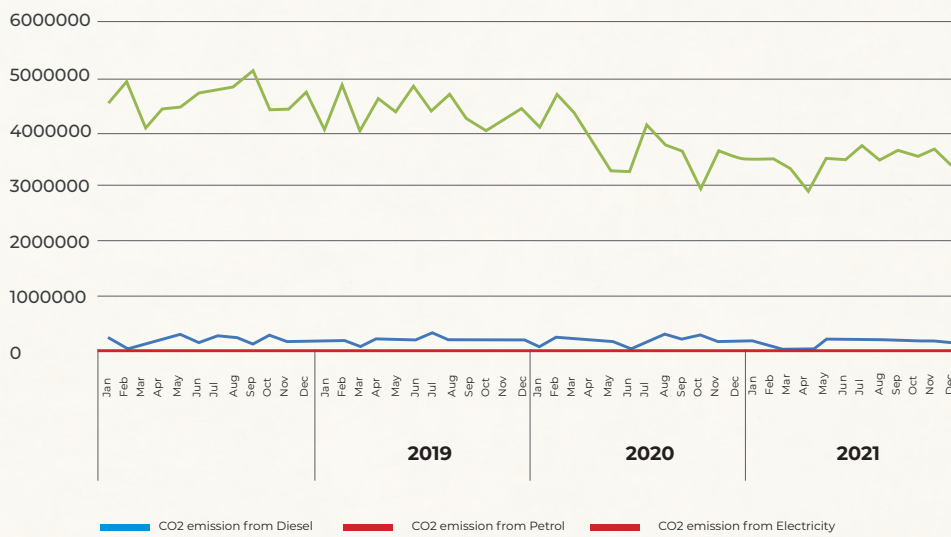
As part of satisfying the Requirements of section 65 of the Mines and Minerals Act and the Environmental Assessment Act, and indeed good environmental practice, MCM continued to contribute funds towards scheduled and unscheduled rehabilitation liabilities of its operation (Underground and Open Cast). The MCM trust fund currently stands at BWP 89 million and the liability for the scheduled closure is BWP 147 million.

COP 26

In a bid to align with the COP 26 resolutions on climate action, MCM continues to measure and monitor its Carbon footprint from Scope 1 (petrol and diesel), and scope 2 emissions (from electricity consumed by mine activities). Electricity consumption emissions accounted for 96% of the mine's carbon footprint. See figure the below;



The mine has implemented some initiatives in the reporting period, which led to electricity consumption reducing significantly, thereby reducing the carbon footprint. The figure below shows a downward trend indicating that the initiatives that the mine implemented are yielding some dividends.



The mine will continue to find ways to decarbonize in line with country's climate change action.



MOTHEO PROJECT

Background & Objectives

Motheo is a Setswana word that directly translates to foundation. This represents the strong foundation we have developed for the future growth of Morupule Coal Mine, and is the name given to the project that has been developed in efforts to allow the growth and expansion of the Mine operations in line with prevailing business opportunities and long-term strategic plans.

Motheo Project is founded on the backdrop of the rising Regional and International coal supply shortage, which consequently has resulted in the constant increase of coal prices. Amongst the many factors that have also contributed to the rise in prices, is the limited investments in new coal mines within the region and internationally, as well as the continued increase in demand for coal by the Asian markets. To capitalize on the attractive global and regional coal market environment, the MCM Board and Management approved the development of Motheo Project in August 2019 which envisions to increase the MCM production capacity from 2.8 Mtpa to 4.2 Mtpa, to allow MCM to increase its market share regionally and also to allow MCM to enter new markets, which includes Asian and European Markets. Over and above penetrating new markets, the production increase will also: (i) improve resource utilization and realize potential asset value for the shareholder (ii) De-risk coal supply from a single underground mine access (iii) Reduce dependency on single stream revenue from one big customer.

The development of the project is progressing well, and the following milestones have so far been achieved during the reporting period

- Civil, Earthworks and Supporting Infrastructure works (Electrical, Water, Sewage, Fire and Communications) was completed by Stefanutti Stocks Botswana and the contract is currently defects liability period
- Erection of 25 km perimeter and internal fences works were completed by the Planetcure, a 100% citizen company, on time and budget.
- Open Cast Coal Mining Contract was awarded to a majority owned citizen owned company Bothakga Burrow – Basil Read (BR-BB) JV in March 2021

His Excellency, The President of Republic of Botswana, Dr. Eric Mokgweetsi Keabetswe Masisi Officiated the Grounding breaking Ceremony for the Commencement of the Development of the Motheo Open Cast Coal Mining Area in November 2021

The reporting period was at a time during the emergence of the global pandemic, COVID-19. The period was characterised by global country lockdowns, travel restrictions and isolations requirements, which had adverse effects on operations, leading to supply chain and project execution disruptions. Notwithstanding, MCM management and Motheo Project team responded by implementing shift interventions to ensure timeous delivery of the project.

The commissioning of the Coal Handling and Processing Plant Facilities by Johdee Minerals Processing Botswana is expected to commence during the Quarter 3 of FY2022, with ramp-up to full production in Quarter 4 2022.

Socio Economic Benefits

Motheo Project has stimulated positive socio-economic impact and great positive feedback from the communities within Palapye and her Neighbouring region through local employment and procurement. The project, by the end of 2021, had created employment opportunity for over 1400 Batswana, as well as over 300 individuals who gained opportunity of participating in the workforce required for the Operation Phase.

Legacy Projects

As part of its legacy initiatives, Motheo Project has awarded to Corporate Social Investments projects for the benefits of Palapye and Surrounding community; (i) Refurbishment of Old Palapye Central Police Station in October 2021 awarded to Palapye Citizen and Youth Based Company, Goldern Projects (Pty) Ltd, and (ii) Development of a Multipurpose Sporting Facilities awarded to 100% citizen owned company, Excavator Hire.





CORPORATE AFFAIRS

Corporate Affairs

Initiatives under Corporate Communications and Corporate Social Investment for the year 2021, were mapped around the company Communication Strategy themed "At the Heart of It All" which mainly intend to create awareness and understanding around MCM – its activities, the brand and to present the Company's value proposition. There were deliberate efforts to increase MCM Brand visibility, strengthen CSI partnerships, and increase our digital media presence.

In May 2021 MCM redesigned the company website to make it more interactive, easy to navigate as well as a center of information about the Mine. Earlier in March, MCM launched a Linked-In page to increase its digital media presence and capture an audience that may not necessarily be on the MCM existing Facebook.

A media plan aimed at augmenting MCM's brand presence on different media (broadcast, print, digital, outdoor) as well as to help raise awareness and promote a favourable perception about the company and its product was rolled out in 2021. The company placed adverts on electronic and static billboards in Palapye and Gaborone. The message on the billboards was buttressed by digital media posters in on-line media space/newspapers and shared via our Facebook as well as Linked-In page. The company also produced and sponsored the airing of radio jingles and TV squeeze-back adverts carrying the "At the Heart of It All" message. This saw an increase in our media presence with an increase in the number of positive clippings being recorded between March 2021 and July 2021.

The company believes employees are the best brand ambassadors and therefore need to understand the MCM corporate identity and everything it stands for. A Cartoon Series was launched to help communicate in a fresh and lighthearted manner that would get employees interested in consuming information.

MCM also participated at the following events and activities that enhanced the MCM brand visibility:

- The 2021 virtual Junior Mining Indaba. The Junior Indaba is an online discussion forum for explorers, developers and investors in junior mining organized by Resources 4 Africa. The then General Manager(a) Mr. Matthews Bagopi represented MCM as one of the panelists on the topic 'The global energy transition and its implications for junior coal producers'
- The World Day for Safety and Health at Work under the theme Anticipate, Prepare and Respond to crises and invest now in resilient Occupational Health and Safety systems.

Corporate Social Investment

MCM supports sustainable communities and sustainable stakeholder relationships through the Socio-Economic Development program. The program stipulates the importance of partnership to achieve sustainable development beyond life of Mine with Business and strategic partners, hence MCM's sustainability approach focuses on building and maintaining strategic stakeholder partnerships.

The existing partnership with Palapye Secondary School under the adopt a school initiative, reached its pinnacle with the handing over of the refurbished Library on 27 March 2021 which was completed at a total cost of P600,000. The handover ceremony was officiated by the Minister of Minerals and Energy and member of Parliament for Ramotswa Hon Lefoko Maxwell Moagi. The event was graced by the Palapye community leaders, the Mine management and the PSS school management and staff.

At Botswana International University of Science and Technology (BIUST) MCM's partnership with the University continues to grow in leaps and bounds. The Mine signed a 5-year annual contract with BIUST to sponsor by prize money the Best Student in Mining & Geological Engineering at the Graduation ceremony since 2018. In addition, MCM jointly announced a research collaboration endeavor for steel generation in Botswana at a concession owned by Gcwihaba Resources, (a subsidiary of Tsodilo Resources Limited).

Stakeholder Engagements

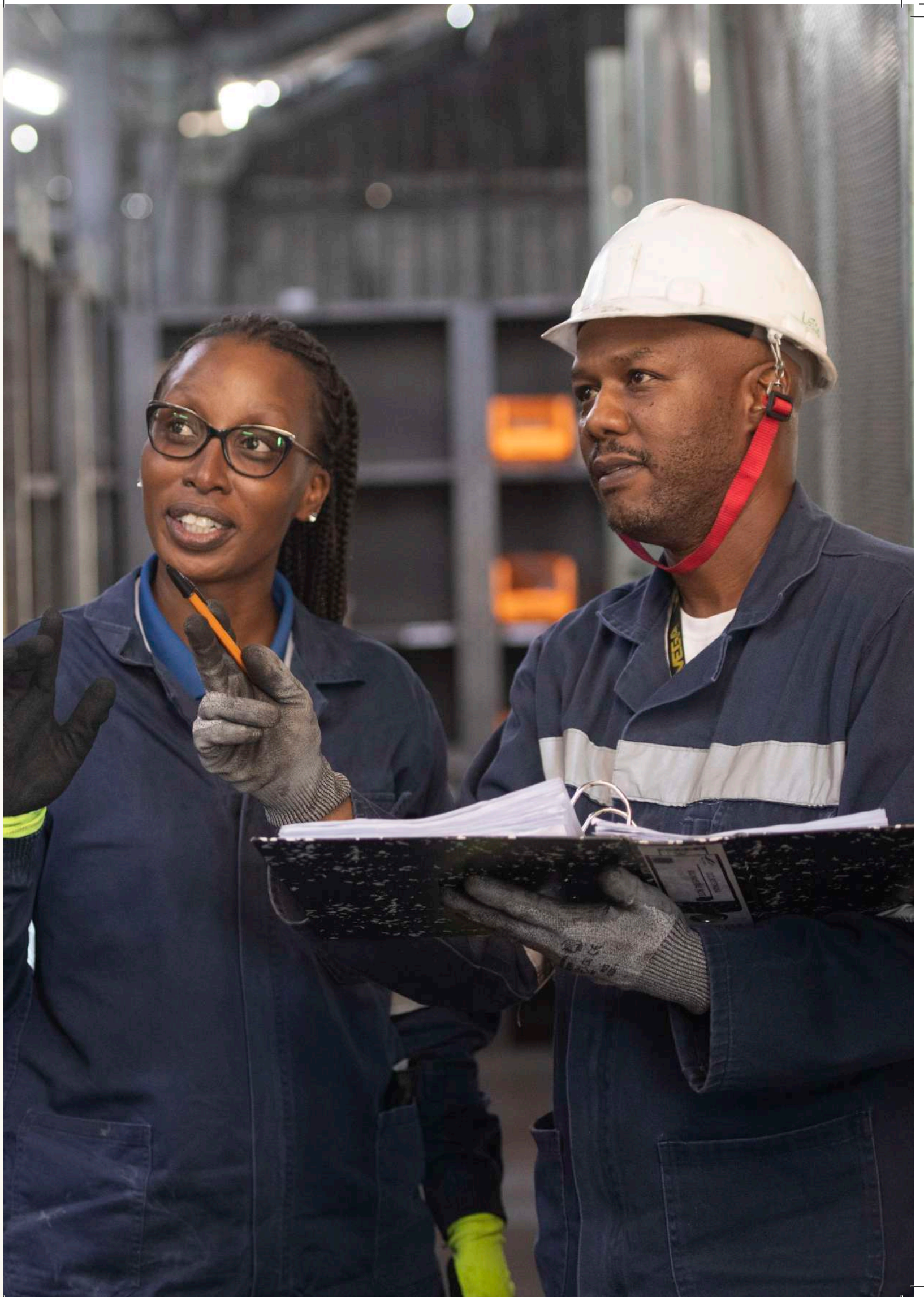
Morupule Coal Mine's shares business updates with stakeholders through external communications platform. We recognize that our business affects and impacts on our stakeholders and we built on our strength of teamwork, collective knowledge, experience, efforts and skills of our employees and partnerships as we engage strategic business partners. At the heart of Morupule Coal Mine stands a clearly defined set of principles and standards that drive the MCM culture and how we carry out our business as we share information transparently and clearly with our stakeholders.

A courtesy visits to introduce the General Manager, Mr. Edwin T. Elias to the Tribal leadership in Serowe and Palapye, the office of the Member of Parliament in Palapye and the local administrative authority at the Palapye Rural Administration Centre. Introduction of the Motheo project Contractor; Bothakga Burrow and Basil Read joint venture as part of the Mine Citizen Economic Empowerment Program. The engagement was aimed at ensuring that the contractor follows on the MCM values and social performance objectives. Stakeholders that were engaged included: Community leaders, business partners and Interested parties in the villages of Serowe and Palapye.

✉ communications@mcm.co.bw

✉ enquiries@mcm.co.bw

☎ Mobile: 71 306 719



CORPORATE SOCIAL RESPONSIBILITY





MCM CEEP

The anchor of Morupule Coal Mine as a responsible corporate citizen, with the people it serves at the heart of its Vision, Operations and Values have compelled MCM to dynamically expand its response to the seemingly surmountable socio-economic problems Botswana faces, of the soaring unemployment rate and import bill. Looking inwardly, MCM has established a fully-fledged Citizen Economic Empowerment Programme (CEEP) that will catapult local ingenuity, stimulate exponential growth of key industries and expedite on the development of value-chains required for sustainable economic growth as well as development. From the seams of the ambitious Strategy #OneThreeTwentySeven; MCM CEEP is clear on the compounds of governance & performance, enterprise & supplier development and change management, as critical success factors to delivering on its mandate within the next five years.

Creating legacy and building wealth sustainably for our people and planet, translating to shareholder profits; MCM CEEP promises to realise 50% citizen spend supporting 5000 jobs by the year 2027. Beyond 2027, even when the shovel stops digging, Morupule Coal Mine through the Citizen Economic Empowerment Programme, along with the comprehensive cohesion of old, existing and new partners, will undoubtedly leave behind the evidence of energy, inspired by the legacy that aspired to create a future, that not only are we proud of but, future generations, can be proud of. This initiative is supported by the 450ha Torome farm 7km outside Palapye that will address the challenges of food security for the country.





OPERATION HIGHLIGHTS – Coal Processing Performance

Coal Processing Performance									
	2019			2020			2021		
	Tonnage	Quality - Calorific Value		Tonnage	Quality - Calorific Value		Tonnage	Quality - Calorific Value	
	Tonnes	A.D.B (MJ/kg)	NARCV (kcal/kg)	Tonnes	A.D.B (MJ/kg)	NARCV (kcal/kg)	Tonnes	A.D.B (MJ/kg)	NARCV (kcal/kg)
Screening & Crushing Plant	2,112,308	22.50	5,097	1,798,122	22.60	5,103	2,050,378	22.77	5,162
Coal Wash Plant Feed	734,363	22.43	5,084	538,284	22.45	5,086	630,531	22.49	5,091
Coal Wash Plant Product	370,305	25.09	5,634	281,008	25.04	5,627	355,421	25.31	5,682

Coal Wash Plant throughput and product increased by 17% and 26% respectively from the previous year. The coal wash plant continued to produce exceptional quality coal at average NARCV of 5682 kcal/kg and A.D.B CV of 25.31MJ/kg hence suitable for local and export market. Coal Wash Plant throughput and product were affected by low Run-of-Mine stockpile levels and process instabilities due to magnetite medium contamination.

Morupule Coal Mine Laboratory maintained its ISO/IEC 17025: 2017 accreditation status Chemical Analysis, covering a scope of eight test methods: Sample Preparation; Phosphorus; Total Sulphur; Calorific Value; Moisture in Analysis Sample; ISO Ash; Volatile Matter and Particle Size Distribution.

FINANCIAL PERFORMANCE HIGHLIGHTS

16.1% Total Revenue

Increased by 16.1% to P827.8 million in 2021 compared to P713.3 million as at 2020

17.5% Cost of Sales

Cost of sales increased by 17.5% to P467.8 million in 2021 compared to P397.9 million as at 2020

14.2% Gross Profit

Gross profit increased by 14.2% to P359.9 million in 2021 compared to P315.3 million as at 2020

52.4% Other Income

Other income stood at P7.8 million against P5.1 million recorded in 2020

64.4% General and Admin Costs

Total general and administrative costs increased to P398.8 million in 2021 from P242.6 million in 2020

37.0% Finance Costs

Total Finance Costs reduced to (P22.9) million in 2021 from (P36.5) million in 2020

-11.3% Loss Before Tax

Loss before Tax stood at P12.8 million against P77.8 million profit recorded in 2020

-113.8% Income Tax

Total income tax stood at P2.5 million in 2021 from P17.9 million in 2020

-117.0% Loss after Tax

Loss after Tax stood at P10.4 million against P60.9 million profit recorded in 2020

FINANCIAL PERFORMANCE

1.1.Revenue

Revenue in 2021 is 16.1% favorable compared to prior year (2020). This was mainly due to improved offtake by customers and an increase in the BPC prices.

1.2.Costs of Sales

The 2021 costs are 17.5% higher than prior year due to general inflation adjustment and increased activity. In 2021 the Mine mined 117k tonnes and washed 74k tonnes more compared to the prior year (2020). Covid-19 costs in 2021 are P2.4 million compared to P0.9 million in 2020.

1.3.General and Administration Costs

The general and admin costs went up by 64.4% driven by P246m being provision for doubtful debts on overdue invoices.

1.4.Depreciation

Depreciation is 8.1% below prior year due to the review of useful lives of assets and impact of assets which were fully depreciated in 2020.

1.5.Interest Income

Interest income is 9.8% favorable compared to prior year driven mostly by interest charged on the increased BPC overdue debtor's balance Interest expense.

The 2021 interest expense is 37.0% below prior year due to the reduction in the loan balance because of repayments.

1.6.Profit Before Taxation

The Mine made a loss of P12.8m against a profit of P78.8m the previous year. This was driven mostly by a P246m provision for doubtful debts on overdue invoices.

1.7.Property, Plant and Equipment (PPE)

The increase in PPE of 14.7% was due to asset additions amounting to P315.0 million. The increase was partly offset by the depreciation charge of P157.5 million.

1.8.Inventory

The increase in inventory of 4.4% was due to P23.0 million worth of new garage consumable spares added to the inventory list. This was partially offset by a P14.8 million reductions in the coal stockpile value.

1.9.Trade and Other Receivable

Trade and other receivables went up by 35.1% mainly due to an increase in the BPC debt balance. The balance increased from P134.6 million to P545.2 million, with overdue balance attracting interest at the bank prime rate. Nonpayment by BPC has affected the Mine's profitability and cashflow performance.

1.10.Accounts Payable and Provisions

The trade and other payables increased by 9.9% due to the increase in Motheo project activity.

1.11.Borrowings

The MDCB shareholder loan decreased by 33.7% due to the loan repayments made in 2021. A total of P201.4 million was paid of which P25.5 million relates to the interest and P175.9 million relates to the capital repayment.


1.12.Decommissioning and Rehabilitation Provision

The decommissioning and rehabilitation provision increased by 96.7% mainly due to the Motheo project footprint. Golder Associates were engaged to update the rehabilitation cost and the mine closure plan. The Mine closure plan is expected to be completed in the second half of 2022. This major increase would require the Mine to make a significant investment in the Rehabilitation Trust.

1.13.Investment in Rehabilitation Trust

A total of P82 million has been transferred to the Rehabilitation Trust Fund since its inception. Of this, P14 million was transferred in 2021. As stated above, with the current revised cost amounting to P204 million, there is a short fall of P122 million, and management propose to cover the shortfall over five years by making an annual payment of P24.4 million.





Morupule Coal Mine

Seam to Energy

FROM THE SEAMS TO CONSERVATION

What started off as simply 1700 hectares of land, is now a 3900ha game farm, a home for Zebras, Wildebeests, Kudus, Elands and many more species. Nature and wildlife are a great part of our Community. We conserve and preserve for the future, biodiversity and as part of our environmental stewardship.

What we do goes far beyond mining coal, it is about building up our country, one community at a time.

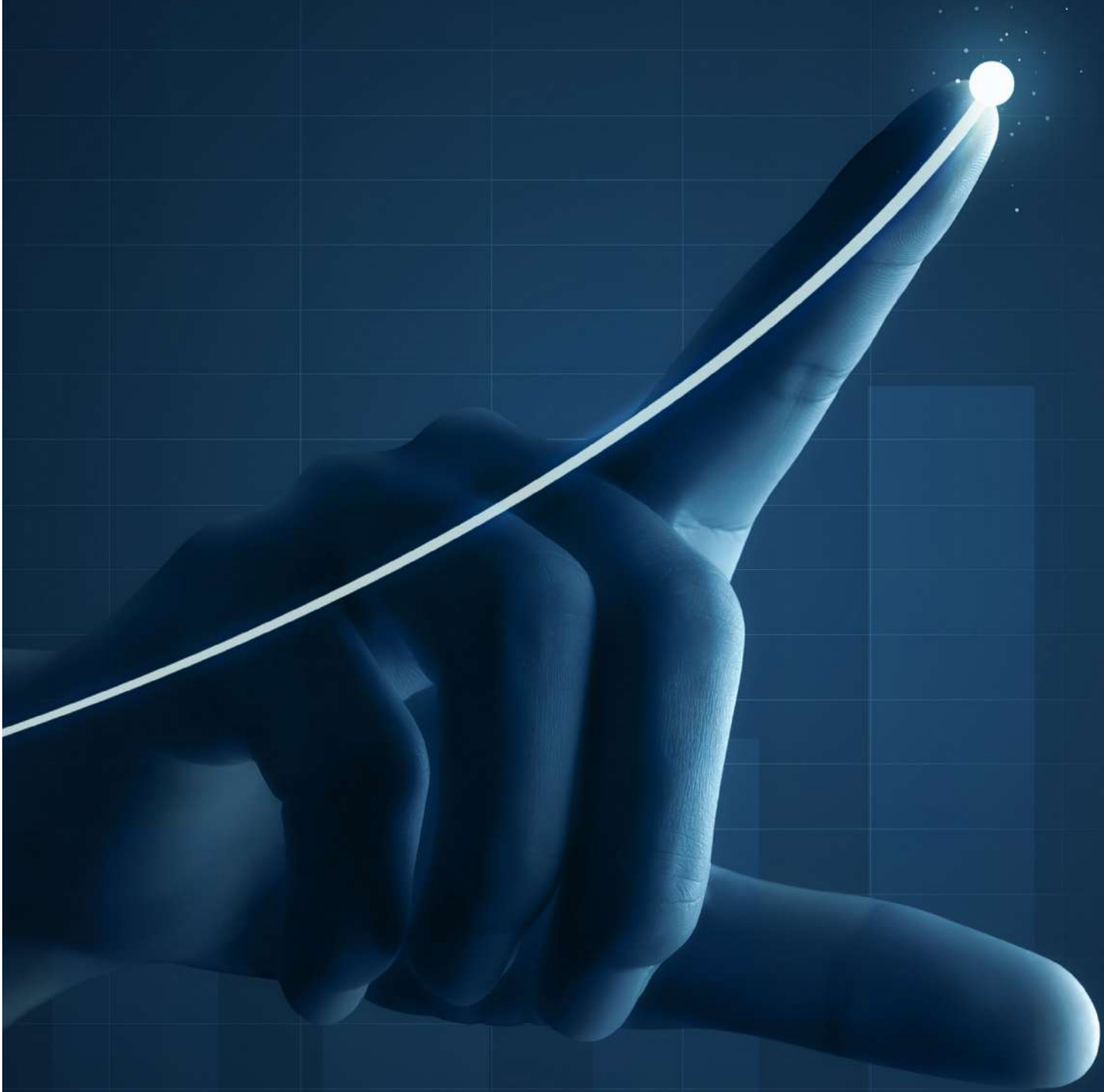
AT THE
HEART
OF IT ALL





MORUPULE COAL MINE LIMITED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Company Registration number: BW00000782082)



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MORUPULE COAL MINE LIMITED

Director's statement of responsibility and approval of the Financial statements for the year ended 31 December 2021

Director's 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 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the profit or loss and other financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") 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 for the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

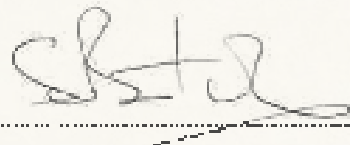
The external auditors are responsible for independently reviewing and reporting on the Company's financial statements. Their report is presented on pages 4 to 7.

Directors' approval of the financial statements

The financial statements set out on pages 8 to 38, which have been prepared on the going concern basis, were approved and authorised for issue on ~~21 May 2022~~ 21 May 2022 2022 by the Board of Directors and are signed on its behalf by:



Director



Director

MORUPULE COAL MINE LIMITED

Report of the Directors
for the year ended 31 December 2021

The directors have pleasure in submitting their report and the audited accounts of Morupule Coal Mine Limited ("MCM") for the year ended 31 December 2021.

Capital

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

The Company recognised revenue of P827 770 540 (2020: P713 286 302), an increase of 16% (2020: 8% decrease) year on year. The Company realised a net loss after taxation of P10 380 226 (2020: P60 912 639 profit)

Mining Assets

Property, plant and equipment additions for the year to 31 December 2021 amounted to P315 037 028 (2020: P229 680 105).

Directors

I B Matshediso- Chairman (Acting)
S Botlhole-Mmopi
N C Mmolawa- (resigned May 2021)
R Nekati
L Armstrong
J Tsimako- (appointed November 2021)

Company Secretary

M Leteane
Registered Office
Serowe/Palapye (A14) Road
Morupule Ward
Palapye, Botswana

Bankers

Stanbic Bank Botswana Limited
Access Bank Botswana Limited
ABSA Bank Botswana Limited
Independent Auditors
Ernst and Young
2nd Floor, Plot 22, Khama Crescent
P. O Box 41015
Gaborone, Botswana
Country of Incorporation and Domicile
Republic of Botswana

Holding Company

Morupule Coal Mine Limited has 100% equity holding by Minerals Development Company Botswana (Pty) Limited, a company incorporated in the Republic of Botswana (company registration: BW00000875114).

Independent Auditor's Report
To the Members of the Board of Morupule Coal Mine Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Morupule Coal Mine Limited ("the Company") set out on pages 8 to 37 which comprise the statement of financial position at 31 December 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Morupule Coal Mine Limited at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Cap 42:01).

Basis of Opinion

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

Key Audit Matters

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

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

Key Audit Matter	How the matter was addressed in the audit
<p>Accounting for revenue from the Coal Sale Agreement ("CSA") with Botswana Power Corporation ("BPC")</p> <p>A significant portion of the Company's revenue is from the Coal Sale Agreement ("CSA") with Botswana Power Corporation ("BPC"). Sales under this agreement accounted for more than 77% of the Company's total sales for the year ended 31 December 2021 (2020: 70%).</p> <p>Accounting for revenue from the CSA with BPC relates to the purchase of a total of 42.77 million tonnes (revised in 2018 to 34,70 million tonnes) of coal over a period of 21 years, up-to September 2032. The contractual price is split into three elements- capital, fixed and variable- which, in aggregate, comprise an overall "base price" as defined in the contract. The timing of the billings necessitates a deferred revenue calculation which incorporates forecasts as to future events.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the revenue recognition processes including an understanding of the controls surrounding revenue recognition especially with the deferred revenue component. • We performed analytical procedures on revenue sources including separate substantive analytical procedures on the Company's main customers, and discussed with management and corroborated our findings against underlying supporting documentation for variances identified which exceeded our expectation. • We evaluated the Company's revenue recognition policies and assess the policies in line with the requirement of IFRS.

<p>estimates are included in determining the long-term inflation rate and discount rates used in the calculation of the environmental decommissioning and restoration cost provisions.</p> <p>Due to the significance of the provision in the financial statements as a whole, combined with the significant judgements and estimates involved in determining the value of these provisions, the provisions for environmental decommissioning and site restoration costs are considered to be a key audit matter.</p> <p>The related disclosures in the financial statements:</p> <ul style="list-style-type: none"> • Key sources of estimation uncertainty section of the significant accounting policies • Note 15 - Environmental Cost Provision • Note 3 - Finance Costs. The specific disclosure is the unwinding discount of the rehabilitation liability • Note 2 - Operating (Loss)/ Profit. The specific disclosures being the Revaluation of the Environmental Cost Provision. 	<ul style="list-style-type: none"> • Assessed the compliance with the Mining Act of Botswana requirements when determining these provisions. • Assessed the overall methodology and appropriateness of assumptions adopted by the Company in the estimation of the closure and rehabilitation provisions. • Assessed the approach taken by the Company in the determination of rates underlying the forecast costs and life of mine and evaluating the reasonableness of the discount rates used in calculating these provisions. • Determined if all the infrastructure components requiring demolition, rehabilitation and closure have been included in the calculation of these provisions. • Compared the life of mine estimates to the mines' lease period and confirmed that the lease period is lower. • Obtained specific management representations on the provisions for environmental decommissioning and restoration costs. • Reviewed the related disclosures for compliance with the requirements of International Accounting Standard 37: Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the 38- page document titled "Morupule Coal Mine Limited Annual Financial Statements for the year ended 31 December 2021", which includes the Directors' Statement of Responsibility and Approval of the Financial Statements, Report of the Directors and the Management Income Statement and Reconciliation, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

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

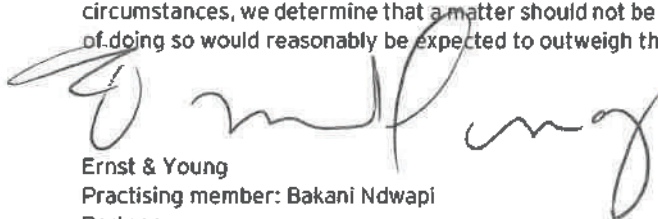
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



Ernst & Young
Practising member: Bakani Ndwapi
Partner
Membership number: CAP 0010
Certified Auditor
Gaborone
07 April 2022

MORUPULE COAL MINE LIMITED

Statement of profit or loss and other comprehensive income
for the period ended 31 December 2021

	Note	2021 P	2020 P
Revenue from contracts with customers	1	827 770 540 713	286 302
Cost of sales		(467 784 365)	(397 962 548)
Gross profit		359 986 175	315 323 754
Other income		7 792 047	5 114 541
General and administrative costs		(398 800 271)	(242 573 291)
Operating (loss)/ profit	2	(31 022 049)	77 865 004
Interest received	4	41 171 110	37 481 811
Finance costs	3	(22 996 901)	(36 513 178)
(Loss)/ Profit before taxation		(12 847 840)	78 833 637
Income tax	5	2 467 614	(17 920 998)
(Loss)/ Profit for the year		(10 380 226)	60 912 639
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(10 380 226)	60 912 639

MORUPULE COAL MINE LIMITED

Statement of financial position
as at 31 December 2021

	Note	2021 P	2020 P
ASSETS			
Non-current assets			
Property, plant and equipment	7	1 714 551 586	1 495 276 217
Right of use asset	8	978 392	2 685 832
Investment in Rehabilitation Trust	19	82 463 051	67 795 788
Deferred taxation asset	16	175 450 931	165 188 006
Related party balance receivable	19	-	8 895 021
		1 973 443 960	1 739 840 864
Current assets			
Inventories	9	201 712 126	193 291 008
Trade and other receivables	10	271 700 294	201 068 124
Tax refund receivable	11	-	2 520 234
Cash and short term deposits	6	221 134 482	771 309 571
		694 546 902	1 168 188 937
Total assets		2 667 990 862	2 908 029 801
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	12	100	100
Accumulated losses		(76 729 495)	(66 349 269)
Total shareholder's deficit		(76 729 395)	(66 349 169)
Non Current liabilities			
Long term portion of borrowings	13	351 845 693	263 884 271
Long term lease liabilities	14	132 410	2 204 477
Environmental cost provision	15	144 974 977	73 690 886
Deferred revenue	17	1 840 690 917	1 979 986 156
		2 337 643 997	2 319 765 790
Current liabilities			
Trade and other payables	18	101 258 388	92 169 559
Short term lease liabilities	14	891 538	638 001
Tax liability	11	2 329 721	-
Short term portion of borrowings	13	8 112 193	279 035 026
Short term portion of deferred revenue	17	294 484 420	282 770 594
		407 076 260	654 613 180
Total liabilities		2 744 720 257	2 974 378 970
Total shareholder's equity and liabilities		2 667 990 862	2 908 029 801

MORUPULE COAL MINE LIMITED

Statement of cash flows
for the year ended 31 December 2021

	Note	2021 P	2020 P
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating (loss)/profit	2	(31 022 049)	77 865 004
Adjust for:			
Depreciation - right of use	8	2 590 110	2 618 348
Depreciation - other items of property, plant and equipment	7	151 859 286	166 638 580
Depreciation - environmental rehabilitation cost	7	3 074 213	2 224 623
Increase/ (Decrease) in environmental rehabilitation provision	14	2 220 851	(54 394)
Increase in deferred revenue	17	(127 581 413)	(65 937 292)
Loss on disposal of property, plant and equipment	2	5 134 283	5 150 390
Overdue debtor balances (BPC)	4	15 284 861	3 800 102
Expected credit loss within twelve months	10	355 194 666	109 848 871
Net cash generated from operations		376 754 808	302 154 232
Increase in inventories	9	(8 421 118)	(51 890 470)
Increase in trade and other receivables	10	(425 826 836)	(118 887 402)
Increase in trade and other payables	18	9 088 829	3 308 777
Income tax paid		(2 945 356)	(3 227 017)
Net cash generated from operating activities		(51 349 673)	131 458 120
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	7	(315 037 028)	(229 680 105)
Proceeds from sale of property, plant and equipment	7	363 903	24 610
Interest received	4	25 886 249	33 681 709
Net cash used in investing activities		(288 786 876)	(195 973 786)
CASH FLOWS USED IN FINANCING ACTIVITIES:			
Finance costs paid	13	(25 499 196)	(17 164 527)
Net decrease in related company balances	19	8 895 021	-
Repayment of lease liabilities		(2 844 256)	(2 790 262)
Borrowings paid	13	(175 922 846)	(87 961 423)
Contribution to rehabilitation trust	19	(14 667 263)	(7 056 884)
Net cash used in financing activities (210 038 540)	(114 973 096)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(550 175 089)	(179 488 762)
CASH AND CASH EQUIVALENTS at beginning of year		771 309 571	950 798 333
CASH AND CASH EQUIVALENTS at end of year		221 134 482	771 309 571
Comprising:			
Bank balances and cash		221 134 482	162 206 571
Fixed deposits		-	609 103 000
		221 134 482	771 309 571

MORUPULE COAL MINE LIMITED

Statement of Changes in Equity
for the year ended 31 December 2021

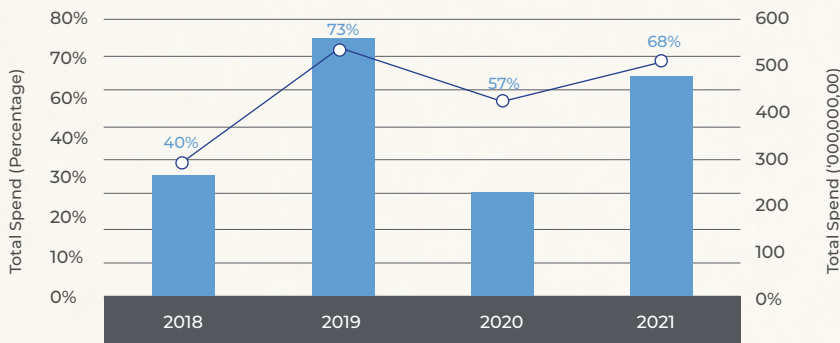
	Stated Capital	Accumulated losses	Total
Balance at 1 January 2020	100	(127 261 908)	(127 261 808)
Total comprehensive income for the year	-	60 912 639	60 912 639
Balance at 31 December 2020	100	(66 349 269)	(66 349 169)
Total comprehensive income for the year	-	(10 380 226)	(10 380 226)
Balance at 31 December 2021	100	(76 729 495)	(76 729 395)



REPORT

The Citizen Economic Empowerment Program (CEEP) is mandated to create opportunities for citizens, monitor and evaluate their performance as part of the MCM 2027 strategy. The Strategic key performance indicator for the programme is 50% Citizen Spend by 2027. The business has been measuring local spend versus foreign spend. The Graph below shows the trend since 2018. MCM spent 40% on Local Companies (Companies Registered in Botswana), a sharp increase in 2019 to 73% because of a purchase order placed on the Contract Mining project.

LOCAL SPEND



MCM has taken a deliberate decision to reserve some services for citizens owned companies. This effort has led to an increase in the local spend. Figure 2 demonstrates May YTD spend analysis. MCM has placed purchase orders at 48%. This is largely contributed by the consolidated freight services contract.

PROGRAMME STRUCTURE

The programme will be delivered by through the following streams.

- Governance & Performance
Responsible for performance reporting, governance and monitoring
- Enterprise & Supplier Development
This stream is responsible for Supplier Development, Enterprise Development, Localisation, Industry Development and Diversification, MCM Legacy initiatives.
- Communication & Change Management
The stream is responsible for internal and external stakeholder management and change progress.

GOVERNANCE & PERFORMANCE

- Project Charter is place
- Review of Local Procurement & Supplier Development Policy has commenced

LOCALISATION

- Five (5) goods and services have been identified for localisation. Expression of Interests have been floated, evaluated and the shortlisted companies will be invited to submit proposals. These services are identified as priority areas for Supplier Development.
- BWP1.35 billion has been secured with commercial banks as supplier development funding. This serves as an initiative to provide access to funding for citizen owned companies.

CAPACITY BUILDING

- Nine (9) companies have graduated from the UNDP Supplier Development Programme in the 2021/2022 cycle.

This year MCM will enrol 12 Suppliers in the programme and the selection will be based on the strategic position of the service/goods.

- MCM is cultivating a relationship with SADC Business Council to facilitate access to regional markets by MCM citizen owned companies.

INDUSTRY DEVELOPMENT & DIVERSIFICATION

- Local Manufacturing: MCM will piggyback on the studies conducted by Botswana Chamber of Mines on goods identified as ready for manufacturing in the country and create Manufacturing specific sourcing initiative for these goods.
- Repairs & Maintenance: Localisation of the equipment repair industry can only be achieved with economies of scale. The mining industry through BITC is looking for investors to build a repairs and re-build centre. MCM will be part of the project to position the company to influence the location of the facility to be in Palapye.

MCM LEGACY

Torome Farm
Morupule has a 450 hectares piece of land which is earmarked for integrated farming activities as MCM legacy. The company developed 7 business cases for the project. The following are business cases.

DESCRIPTION	COMMENTS
Beef Production	The profit over capital investment will only be realised at year 2. 15 Year amortisation. 200 heifers and 10 bulls.
Broiler Production	This project will reach breakeven point in the first year. Production 1000 chicks.
Dairy Production	The project will reach breakeven point in year 1. Assuming 50 cows to start.
Small Stock Production	The project will reach breakeven point on year 3. The starting stock should be 208.
Tswana Chicken	Breakeven point of this project is in the first year. Starting with 1000 hens, 170 males
Pig Production	The Breakeven point of this project is at year 2. The capital required includes abattoir and biogas plant.
Horticulture	The project will break even in year 1. This is with production of Cabbage, Tomato and Green Pepper in a 5-ha paddock.

Table 1: Draft Business Case for Torome Farm



SALES & MARKETING

Market performance

2021 showed signs of recovery in the market, from the low demand occasioned by Covid-19 pandemic, coupled with the strengthening of the BWP against the ZAR, which affected our anchor washed coal off-takers in South Africa.

Demand for washed coal eventually stabilized for quality coal and consistent supply, which is what the MCM value proposition is anchored on. At the beginning of the year, various traders reported a slowdown in the washed coal market as result of seasonal changes, but demand later steadied in the last quarter of the year.

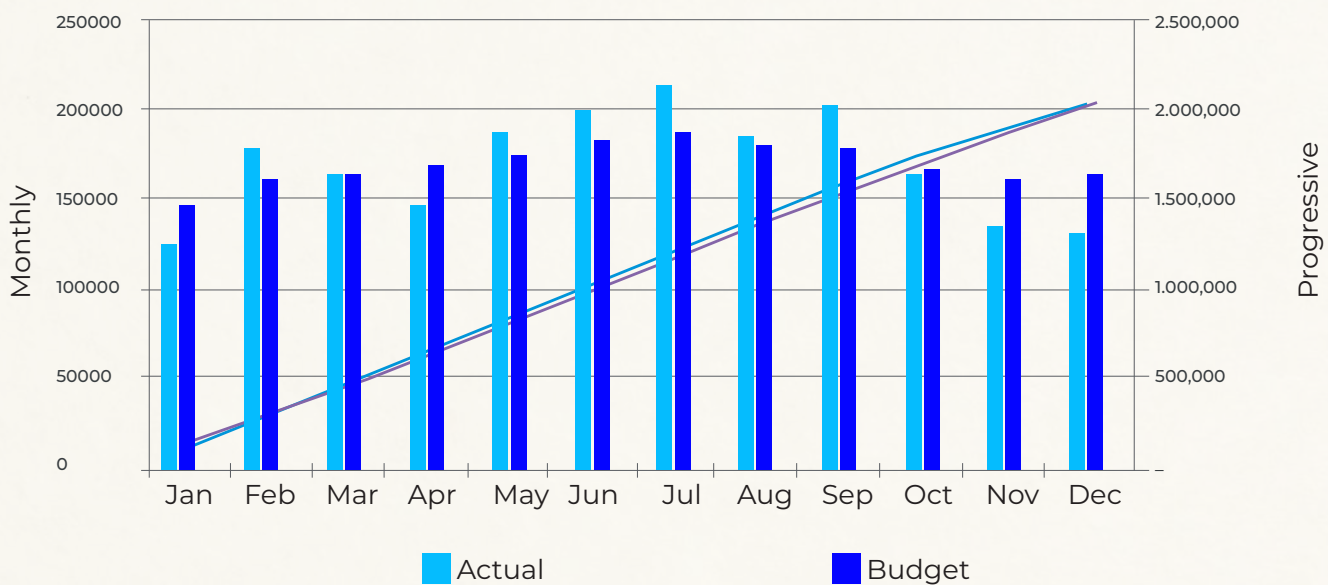
MCM's response to the fluctuation were geared towards increasing market share, and a number of interventions were employed,

- Volume rebate pricing, (to encourage higher volume offtake)
- Technical marketing (quality tests from industry leaders, for better understanding of our coal behavior, and to give a stamp of approval on MCM coal, its burning efficiencies and emissions, in comparison to competitor product)
- Tapping into major trader networks: strategic partnerships to derive synergies and streamline the logistics chain with a view to land competitively, while being in charge our landed costs.

The focus for 2021 was to increase MCM's footprint in the RSA market; customer and other stakeholder engagements were undertaken to existing and potential RSA customer/partners. The intent was to gain market intelligence, to improve on our product and to finalize offtake agreements for Motheo Project tonnage, expected in the last quarter of 2022.

Logistics solutions to RSA market were also investigated to facilitate additional sales includes road hauling to depots, costing of rail solutions with open top containers and potential of bulk bagging of material

2021 Sales Performance



Total coal sales for the year 2021 were Total Coal Sales 0.1% below budget, despite a challenging year:

- Washed Coal Sales were 18% below budget mainly due to rail logistics challenges throughout the year, including derailments, locomotive shortages, and civil unrests in RSA which affected train movements.
- Raw Coal sales 4.4% above budget due to good performance by our power generation end-users, particularly over the winter period.

The market outlook for 2022 remains optimistic, with logistics solutions being implemented to capture the Western & Eastern Cape markets in RSA.



HUMAN RESOURCES

Labour Movement - Recruitment and Turnover

Forming the anchor of our organization is our employees, who are at the forefront of driving and implementing Morupule Coal Mine's strategy and operations, to ensure that we achieve our aims and objectives.

As a people first organization, we highly value the development of our people placing great focus on developing a capable, skilled, engaged, and empowered workforce that has an appreciated contribution to the growth of the mine. We also place great consideration on the wellness and safety of our employees, which allows them to become a people that is focused, motivated and purpose driven.

The total number of employees (MCM Operations and Motheo) as at end of 31 December 2021 was 718. The strength for MCM Operations was 701 which included 38 non-budgeted positions against a budgeted complement of 664. Project Motheo owners' team had 17 employees against a budgeted complement of 21. The strength for the period was 100.00% for MCM operations, excluding the project. The Mine's labour turnover stood at 2.43% as at end of December 2021. Motheo Projects, strength was 81.00% and the labour turnover rate stood at 24%.

The above losses were due to 12 resignations, 3 deceased, 3 medical retirements, 2 dismissals and 1 end of contract. These numbers are inclusive of 4 resignations from Motheo Project.

During the year more than 80% of the vacant positions were filled indication strong attraction capacity of the mine.

The table below summarises the labour statistics as of 31 December 2021.

MCM Incl. Motheo as at 31 December 2021									
Statistical Information	MCM Totals			Management		Bargaining		FTC	
Total Number of Employees	718			52		628		38	
			%		%		%		%
Gender	Males	611	85.10	40	76.92	547	87.10	24	63.16
	Females	107	14.90	12	23.08	81	12.90	14	36.84
Totals	718			52		628		38	
			%		%		%		%
Localisation	Citizens	715	99.58	49	94.23	628	100	38	100
	Non-Citizens	3	0.42	3	5.77	0	0	0	0
Totals	718			52		628		38	
Age Profile	Up to 35	234		Up to 35	5	Up to 35	199	Up to 35	30
	36 to 50	413		36 to 50	30	36 to 50	375	36 to 50	8
	51 and above	71		51 and above	17	51 and above	54	51 and above	0
Totals		718			52		628		38
Turnover Rate	2.92%			15.38%		2.07%			
Regretted Loss	1.95%			15.38%		1.11%			

Employee Relations

The general state of labour relations on the Mine remained stable throughout the year and was achieved through a planned Joint Negotiation and Consultation Committee (JNNC) and Mine Negotiation and Consultation Committee (MNCC) meetings. The planned engagement sessions with the Union and employees sought to foster cooperation and mutual understanding on matters of common interest to the parties.

Employee Consultative Forums

In efforts to pull together and achieve our demanding targets, we observe various fora for staff engagement. The forums are aimed at reaching out to employees for airing their issues and concerns as well as creating platform for business improvement ideas. A biannual employee engagement survey was conducted to establish the levels of engagement among employees at the Mine, using identified metrics embedded in the survey questionnaire. The mine scored 65% against a target of 69%. Engagement improvement workshops continue to be conducted to address areas of concern.

Learning and Development



The Mine has a strategic focus on developing the skills and capabilities of its people, and since the lifting of the state of emergency and relaxation of travel regulations, the Mine has been able to resume training. The start of COVID-19 has necessitated a close focus on supporting contactless efforts in learning, propelling us to consider the innovative efforts of utilizing virtual training wherever possible especially for non-technical courses. However, most training providers are still not able to offer virtual training for some courses, particularly the technical ones, which by their nature, are not effective when delivered virtually.

In continuing to develop and drive the implementation of a robust, future-proof and skilled workforce, The Mine offers leadership courses such as Management Development Program (MDP) and New Management Development Program (NMDP) in collaboration with University of Stellenbosch. Eight (8) employees are due to graduate from these programs by end of February 2022. A further total of 17 supervisors have enrolled for Supervisory Development Program with Botswana National Productivity Center and graduated in March 2021. The Mine has claimed back rebates amounting to BWP1,005,408.00 (One million and five thousand, four hundred and eight pula) from the Human Resource Development Council (Skills Development Levy) in 2021.

Morupule Coal Mine offers opportunities for attachments and internship to students and graduates. For the period under review, a total of 35 students and 11 interns were offered opportunities across the Mine.

Wellness and Health



In the determination to achieve our goals, we understand that we require employees who are motivated, resourceful and passionate about their contribution to the Mine, therefore we recognize the need to consider and support the wellbeing of our employees through physical, social and psychological efforts, which in turn reduces absenteeism and increases productivity. Psychosocial support services including counselling and financial literacy to employees through various service providers, is also part of the efforts considered to improve employee wellness. The services are offered under the Wellness Fund program of which most staff members are appreciative of the service provided.

COVID-19

Since the advent of the COVID-19 pandemic in 2020, the Mine registered a total of 384 positive cases. There were 39 cases in 2020 and 345 cases in 2021. Regrettably the Mine lost 4 employees due to COVID-19 related complications. The Mine also experienced a surge in cases at the end of 2021. This was attributed to the emergence of a new and more transmissible COVID-19 variant, the Omicron. Awareness of COVID-19 was done through engagements that continuously brief employees and contractors and enforce strict protocols. It was pleasing to note that the wearing of masks, which is the first line of defense in preventing infection and transmission, has become a norm at the workplace. As a way of minimizing and mitigating the spread of COVID-19, The Mine Clinic continued to perform COVID-19 Rapid Antigen testing on all ill workers and contacts of positive cases on-site. The Mine also continued to engage Medical Laboratories for PCR tests, to augment the District Health Management Team laboratory testing.

These PCR tests were conducted on employees who continued to feel unwell after a repeat negative rapid antigen test or were close contacts of a positive cases. In August 2021, The Mine Clinic had commenced COVID-19 vaccination of workers on-site, and by the end of the year under review, at least 80% of the workers including contractors had been fully vaccinated. Employees who have not been vaccinated are still being strongly encouraged to get vaccinated to prevent severe disease, hospitalization and possible death. Management also came up with incentive plans to encourage employees to vaccinate.

Occupational Health

A spotlight is placed on the monitoring of occupational health risks through periodical occupational hygiene assessments which are conducted by an independent consultant. Compliance to occupational medical surveillance was 98% in 2001.

Security

The key concern of Security sections in the mine is keeping employees safe. Surveillance and Monitoring of the mine property for safe custody, as well as theft prevention of valuable property is focus for the Mine Security Services. Vital to security and wellness efforts of the mine, was the compulsory alcohol testing campaign which shifted from random testing. As a result of this strategy, the number of alcohol wrongdoers regrettably increased. In addition, Security also conducted investigative work on any matters reported or suspected. The number of offences relating to other matters however continue to be under control.

Sedimosa Financial Literacy

Sedimosa is a financial literacy program that has been offered through the efforts of the Wellness Funds. The program is dedicated to helping employees improve levels of personal finance management and achieving financial success by utilizing the multiple services offered regardless of their financial status. In addition, the program is intended to help with correcting financial errors of the past, building good financial habits and attaining financial success. The services offered under the program includes, but is not limited to financial literacy training, one-on-one financial consultations, savings and investment advisory, debt management and rehabilitation, as well as financial tips and alerts.

Human Resources Risk Log

As we exist in a VUCA (Volatile, Uncertain, Complex and Ambiguous) world, The Mine continues to scan the environment and the market on the lookout for possible risks that may affect business continuity. The business environment is never without challenging events and therefore the need to adopt continuous controls and mitigation plans to minimize the impact. Some of the challenges are more dynamic and have never been experienced before.

The COVID-19 pandemic remains a challenge with positive cases posing serious production delays and low offtake and poor service support provision, and thus rapid testing at the Mine Clinic continues to assist in detecting the spread rate across the Mine. The Mine also continues to participate in the annual remuneration survey in order to gauge the extent of competitiveness with peers both locally and regionally. The Mine also has efforts in place to conduct periodic staff engagement surveys in order to determine the level of employee satisfaction and develop proactive measures to mitigate against low staff morale.



Morupule Coal Mine

Seam to Energy



CONTACTS

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EXCELLENCE



WORKING TOGETHER



GROWTH



CARING



PASSION



SAFETY