



**SHUMBA**  
E N E R G Y  
Powering the Future

Shumba Energy Ltd  
4<sup>th</sup> Floor  
Ebene Skies  
Rue de L'Institut  
Ebene 80817  
Republic of Mauritius

(A public company registered in the Republic of Mauritius - Company No. 111905 C1/GBL)

## QUARTERLY MARKET UPDATE – 31 DECEMBER 2020

### BACKGROUND

Shumba Energy Ltd (“Shumba” or the “Company”) is an energy development company based in Botswana and listed on the Botswana Stock Exchange (BSE: SHUMBA). The Company offers the advantage of being based in a country with the best credit rating in sub-Saharan Africa with a stable fiscal and political setting. Established in 2011, the company is reaching its development objectives and now controls a significant portion of advanced energy projects in Botswana. Shumba is developing a portfolio of Projects servicing energy poor Southern Africa with emphasis on those with the least energy access. For Shumba “Powering the Future” means addressing chronic power shortages head-on and supplying energy to affected southern African countries in a sustainable and cost-effective manner. The Company’s main activity areas include renewable energy, fuels, trading and mining.

Shumba Energy has several energy assets in the advanced development stage as follows:

### TATI SOLAR PROJECT

**Ownership:100%**

Shumba has secured rights to a world class 100 MW solar project near the city of Francistown, Botswana, and is currently in the late stage of developing Phase 1, a 50 MW Solar farm on a project site of 295 hectares (ha) owned by Shumba. The Project is part of a two-phase program to develop the full 100 MW solar capacity of the site as a key strategic initiative in the region.

### POORTJIE WES WIND AND SOLAR PROJECTS

**Ownership:60%**

Shumba is developing a combination of solar and wind farms which combined will produce 500MW of renewable energy in the Western Cape province of South Africa. The project is advanced with approximately 3,000 hectares of land secured, civil Aviation Authority Approval in place, over 5 years of wind data and preliminary environmental studies completed. The Project will take part in South Africa's REIPPP bid window 6 in Q1 2022 and can also supply power directly to industrial users in South Africa.

### FUELS PRODUCTION

**Ownership: 100%**

Shumba Energy together with its partners is developing a coal-based fuels facility, bespoke power plant and mine development. The Project will utilise some 4.5 million tpa of local coal resources to produce 25,000 bpd of fuels and 300 MW of base-load power. The Project will provide Botswana first and then Africa with energy fuels and specialty chemicals for value added product production. Shumba Energy has

been developing the Project for a period of five years and has assembled a project team that has the expertise and experience to successfully implement the project in Botswana.

#### **SECHABA PROJECT**

**Licenses: Prospecting License 053/2005 & 218/2016**

**Ownership: 100%**

The project is in the Palapye region and has 1.1 billion tonnes gross in-situ. The project is covered by 2 prospecting licenses both of which are up to date and current with the department of mines. The coal is of a quality suitable for both power generation and coal exports. The Environmental and Social Impact Assessment and the mine feasibility studies for the project have been completed. The company is currently in an advanced stage to being granted the land rights for the project.

#### **MORUPULE SOUTH RESOURCES PROJECT**

**License: Prospecting License 121/2010**

**Ownership: 97.5%**

The project is also based in the Palapye region, 5km from the railway siding and has 2.45 billion tonnes gross in-situ. The project is covered by 1 license which is up to date and current with the department of mines. The coal is of a quality suitable for use in both the coal exports and for power generation. At the beginning of the quarter the group owned 97.5% of the project. Further the company has previously submitted the Environmental and Social Impact Assessment for review by the Department of Environmental Affairs for review and approval.

#### **MABESEKWA PROJECT**

**License: Prospecting License 428/2009**

**Ownership: 65%**

The project is based in the Francistown region. The project has a total of 0.9 billion tonnes gross in-situ. In 2018 the company entered into a partnership agreement with Kibo Energy plc, an AIM listed entity whereby Shumba retained 15% of the prospecting license. The project is covered by 1 license which is up to date and current with the department of mines. The Environmental and Social Impact Assessment and mine feasibility have been completed. A mining license application has been submitted to the department of mines.

The quarterly reporting to the department of mines is as follows:

	PL053/2005		PL218/2014		PL121/2010
<b>Direct Expenditure</b>			<b>Direct Expenditure</b>		<b>Direct Expenditure</b>
Drilling	-		Drilling	-	Drilling
Geotechnical	-		Geotechnical	-	Geotechnical
Environmental	-		Environmental	-	Environmental
Consulting	-		Consulting	-	Consulting
<b>Total</b>	<b>-</b>		<b>Total</b>	<b>-</b>	<b>Total</b>
<b>Indirect Expenditure</b>			<b>Indirect Expenditure</b>		<b>Indirect Expenditure</b>
Salaries and Wages	11 898		Salaries and Wages	5 949	Salaries and Wages
Travel & Accommodation	-		Travel & Accommodation	-	Travel & Accommodation
Administrative Costs	3 565		Administrative Costs	1 783	Administrative Costs
Financing Costs	48 631		Financing Costs	24 315	Financing Costs
<b>Total</b>	<b>64 094</b>		<b>Total</b>	<b>32 047</b>	<b>Total</b>

**All figures in USD**

**Additional Information:**

- a) There have been no mining development activities with regard to any of the licenses held by Shumba Energy.
- b) The exploration activities per license and money used per activity is disclosed in the table above.
- c) The quarterly cash flow update is attached herewith.
- d) Determination of mineral resources and/or reserves is achieved through use of recognized standards of reporting of JORC.
- e) The COVID-19 pandemic continued to have an adverse impact on the group during the quarter, as a result of the reduction in activity across the 3 jurisdictions that the entity operates in, due to the lockdowns imposed during the quarter.

By order of the Board

*This Announcement is issued, in compliance with the Botswana Stock Exchange Equity listing requirements and pursuant to Section 87 of the Securities Act 2005, Rule 5 of the Securities (Disclosure Obligation of Reporting Issuers) Rules 2007.*

*The Board of Directors of the Company accepts full responsibility for the accuracy of the information contained in this Announcement.*

**APPENDIX 8A**  
**Mining Company Quarterly Cash flow Update**

Name of Company

Shumba Energy Ltd

BSE Code

SHUMBA

Quarter ended ("current quarter")

31-Dec-20

**Consolidated statement of cash flows**

		Current quarter USD	Year to date (6 months) USD
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	191,600	406,160
1.2	Payments for		
	(a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	(100,958)	(262,904)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Trading Costs	(162,860)	(345,236)
<b>Net Operating Cash Flows</b>		<b>(72,218)</b>	<b>(201,980)</b>
<b>Cash flow related to investing activities</b>			
1.8	Payment for purchase of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of :		
	(a) prospects	-	93,750
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Proceeds from rights use	-	-
<b>Net investing cash flows</b>		<b>-</b>	<b>93,750</b>
1.13	Total operating and investing cash flows brought forward		
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayments of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if significant)	-	-
<b>Net financing cash flows</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>		<b>(72,218)</b>	<b>(108,230)</b>
1.20	Cash at beginning of quarter/year to date	72,555	108,567
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>337</b>	<b>337</b>

**Payments to directors of the company and associates of the directors payments to related entities of the company and associates of the related entities**

		Current quarter USD
1.23	Aggregate amount of payment to the parties included item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
Payment to the directors. Payment included as directors are considered related parties.		-

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a significant effect on consolidated assets and liabilities but did not impact cash flow

None

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

There have been no outlays in the quarter ended 31 December 2020

### Financing facilities available

Add notes as necessary for an understanding of the position.

- 3.1 Loan facilities  
3.2 Credit standby arrangements

Amount available	Amount used
USD	USD
-	-
-	-

### Estimated cash outflows for next quarter

- 4.1 Exploration and evaluation  
4.2 Development  
4.3 Production  
4.4 Administration

**Total**

	USD
	250,000
	-
	-
	375,000
	625,000

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

- 5.1 Cash on hand and at bank  
5.2 Deposit at call  
5.3 Bank overdraft  
5.4 Other (provide details)

**Total: Cash at end of quarter (item 1.22)**

Current quarter	Previous quarter
USD	USD
337	108,567
-	-
-	-
-	-
337	108,567

### Changes in interest in mining tenements

Tenement reference	Nature of interest	Interest at the beginning of quarter	Interest at the end of the quarter
6.1 Interest in mining tenements relinquished,	<i>No change</i>		
reduced or lapsed			
6.2 Interests in mining tenements acquired or increased	<i>No change</i>		