



SHUMBA
E N E R G Y
Powering the Future

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Republic of Mauritius

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

QUARTERLY MARKET UPDATE – 31 December 2023

Shumba Energy Ltd (“Shumba” or the “Company”) is an energy development company based in Botswana and listed on the Botswana Stock Exchange (BSE: SHUMBA). Being based in a jurisdiction that continues to offer both a top investment rating for Mineral resources development by the Fraser Institute and the best credit rating in sub-Saharan Africa with a stable fiscal and political setting, is a major advantage and risk mitigator.

The company continues to strive to achieve key development objectives and maintains control and a leading position of the advanced energy projects in Botswana. *Shumba is developing a portfolio of Projects for servicing Southern Africa’s energy deficit with emphasis on state-of-art technology deployment and low impact emissions.* For Shumba “Powering the Future” means addressing this growing power deficit in the face of collapsing state utility companies in the region and supplying energy to affected southern African countries in a sustainable and cost-effective manner.

The Company’s main activity areas include development of production and trading/export of thermal coal, generation of utility scale renewable energy by 2025, medium term generation of new base load energy from ‘HELE’ (High Efficiency Low Emissions) thermal power plants, and medium-long term production of Liquid Fuels using state-of-art STL (Solids to Liquids) technologies with experienced partners.

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

TATI SOLAR PV PROJECT - Ownership:80%

Our flagship 100 MWp solar PV project, situated near the city of Francistown, Botswana, is progressing towards the crucial stage of financial closure. We remain cautiously optimistic about achieving this milestone by the end of the third quarter of Fiscal Year 2024 (March 2024).

The Request for Proposal (RFP) to shortlisted EPC contractors was executed in August. The selection of the preferred contractor is imminent, finalization of the capital investment, and achievement of financial close remains on track. Our current estimation for project completion remains the third quarter of Fiscal Year 2025 (March 2025). This is the point at which we anticipate unlocking significant value for the company. The Tati project Phase II has already been engaged with discussions with potential funders and likely industrial-scale energy consumers continuing.

Expenditures

The project development expenditures for the quarter were as follows;

All figures in USD

Description	Expenditure
Site Development	77 632
Technical Consulting	40 703
Legal	-
Insurance	-
Financial Advisory	-
Accounting & Auditing	-
Other Development Costs	17 342
Land Leasing	12 348
Total	148 025

SECHABA PROJECT - Licenses: Prospecting License 053/2005 & 218/2016; Ownership: 100%

Shumba Energy holds 100% in the Sechaba Natural Resources Proprietary Limited (“**Sechaba**”), which owns the Sechaba coal mining project situated in the Morupule coalfield in Botswana. Discussions on terms with potential investment and operating partners to complete the necessary development in preparation for application for a mining licence to commence with project execution have advanced and are now focussed on the generation offtake arrangements via wheeling of power via the BPC infrastructure and the marketing and sales of power via the SAPP (Southern African Power Pool). The company is still engaged with the authorities and affected parties with respect to the land rights award for the surface infrastructure to enable issue of the mining right.

MORUPULE SOUTH RESOURCES PROJECT - License: Prospecting License 121/2010; Ownership: 97.5%

Morupule South Resources Limited (“**Morupule South**”) holds the exploration licenses over the Morupule South Project situated in the central eastern district of Botswana immediately south of Morupule Coal Mine with the prospecting license, PL121/2010 valid until 30 September 2024. The project lies within the hub of the extensive power transmission grid, with a new 440kV connection node having been installed within the area. The first Mine is planned on an area circa one quarter of the licensed rights on the shallowest part of the resource amenable to Open pit mining.

The company is still in engagement with the department of mines in the Ministry of Minerals & Energy on the obtaining of the bulk sample permission. This permission remains the critical path key to unlocking short term investment in the project.

TWO MABESEKWA PROJECTS - License: Prospecting License 428/2009; Ownership: 100%

The Mabesekwa project area contains two elements, the Mabesekwa No.1 Mine and Independent Power plant to be developed within subsidiary Kibo Energy Botswana Pty Ltd (65% owned) and the Mabesekwa No.2 Mine and associated Coal to Liquids Plant to be developed under the subsidiary Coal Petroleum Ltd (80% owned).

The Mabesekwa Export Independent Power Project (“MEIPPP”) development is under discussion of terms for acquisition and control by an investor group from India.

The Mabesekwa No.2 Mine is planned to be developed to feed the Coal to Liquids (CTL) Plant facility to produce up to 30,000bpd clean burning liquid fuels and associated petrochemical by-products. The company has confirmed its technology, engineering and construction supply partners and is engaging with both BOL (Botswana Oil Corporation) and a major trading house with respect to products offtake and distribution within Botswana and across the SADC regional markets.

Additional Information:

- The development activities per license and money used per activity in the quarter is disclosed in the table herein below. It is to be noted that prudently the company continues to limit external project development expenses in favour of continuing as much work as possible utilising internal resources of its professional experienced employee team.

- The quarterly cash flow update is attached herewith.

The abridged unaudited financial for the period ended 31st December 2023 are expected to be published before the end of the third quarter and the final audited financials are well progressed and we expect them to be published before end of the third quarter.

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

All figures in USD

	PL053 & PL218		PL428		PL121
Direct Expenditure		Direct Expenditure		Direct Expenditure	
Drilling	-	Drilling	-	Drilling	-
Geotechnical	-	Geotechnical	-	Geotechnical	-
Environmental	-	Environmental	-	Environmental	-
Consulting	-	Consulting	-	Consulting	-
Total	-	Total	-	Total	-
Indirect Expenditure		Indirect Expenditure		Indirect Expenditure	
Salaries and Wages	10 578	Salaries and Wages	5 289	Salaries and Wages	10 578
Travel & Accommodation	-	Travel & Accommodation	-	Travel & Accommodation	-
Administrative Costs	8 983	Administrative Costs	4 492	Administrative Costs	12 833
Financing Costs	196 962	Financing Costs	98 481	Financing Costs	196 962
Total	216 523	Total	108 262	Total	216 523

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-23

Consolidated statement of cash flows

	Current quarter USD	Year to date (6 months) USD
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	(105 483)	(220 412)
(c) production	-	-
(d) administration	(33 287)	(68 936)
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	-	-
Net Operating Cash Flows	(138 770)	(289 348)
Cash flow related to investing activities		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of :		
(a) prospects	-	-
(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	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows brought forward	-	-
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	124 940	265 380
1.17 Repayments of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if significant)	36 700	36 700
Net financing cash flows	161 640	302 080
Net increase (decrease) in cash held		
1.20 Cash at beginning of quarter/year to date	22 870	12 732
1.21 Exchange rate adjustments to item 1.20	32 698	42 836
1.22 Cash at end of quarter	55 568	55 568

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

- 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

Current quarter

USD

119 940

-

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

The outlays are mainly the development expenditure for the renewables projects

Financing facilities available

Add notes as necessary for an understanding of the position.

- 3.1 Loan facilities
3.2 Credit standby arrangements

	Amount available USD	Amount used USD
	-	-
	-	-

Estimated cash outflows for next quarter

- 4.1 Exploration and evaluation
4.2 Development
4.3 Production
4.4 Administration

Total

	USD
	-
	84 940
	-
	35 000
	119 940

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 USD	Previous quarter USD
	55 568	32 698
	-	-
	-	-
	-	-
	55 568	32 698

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>		