



SHUMBA
E N E R G Y
Powering the Future

Suite 204
Grand Baie Business Quarters
Chemin Vingt Pied
Grand Bay, 30529
Republic of Mauritius

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

QUARTERLY MARKET UPDATE – 31 March 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). 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 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 state-of-art technology deployment and low impact emissions.*

For Shumba “Powering the Future” means addressing the growing power deficit in the face of collapsing 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, near term generation of renewable energy, medium term generation of 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%

Shumba has successfully secured rights to a world-class 100 MWp solar PV project near the city of Francistown, Botswana, and is currently in the advanced stage of developing the solar farm on a 295-hectare (ha) project site owned by the company. The project is a strategic initiative that holds significant importance in the region. As previously reported, Shumba has obtained essential environmental approvals from the Departments of Environmental Affairs and acquired a generation license for the project from the Botswana Energy Regulatory Authority (BERA). In addition, the Special Economic Zone Authority has granted a 50-year special economic zone (SEZ) status to the project, further enhancing its value.

Despite the ongoing war in Ukraine and the resulting global economic crisis, the company has made commendable progress on the flagship 100MW Tati Solar Project. By navigating through uncertain economic times and unfavorable capital markets, Shumba has strategically focused on securing funding for the Tati Solar Project, which will unlock the foundational value for the company. The Tati project has generated considerable interest from capital providers due to its positive sentiment.

Tati Project Financing:

During the quarter Shumba, through its renewable energy subsidiary, entered into a binding mandate

agreement with a leading commercial bank, which will act as the lead arranger, financier, and underwriter for the 100MW Tati Solar Project. The commercial bank in question is a well-established investment bank and a major player in the African corporate and investment banking landscape. By underwriting debt finance, the bank will provide 65% - 70% of the funding to the Tati Solar Project.

Shumba has also formed a strategic partnership with a Private Equity fund specializing in Africa's renewable power sector. This collaboration will supply the equity component of the funding for the project and further bolster the project's financial foundation.

Expenditures

The project development expenditures for the quarter were as follows;

All figures in USD

Description	Expenditure
Site Development	20 384
Technical Consulting	4 751
Legal	39 500
Insurance	20 380
Financial Advisory	37 000
Accounting & Auditing	68 125
Other Development Costs	63 830
Land Leasing	25 976
Total	279 949

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. The project’s prospecting license, PL218/2016, was renewed by the Department of Mines for a further 2 years, until 30 September 2024. This will allow the company to complete the necessary development on the license in preparation for application for a mining licence based upon the completed pre-feasibility study (PFS) and approved ESIA and is awaiting the land rights award for the surface infrastructure to enable issue of the mining right to commence with project execution and mining.

The project PFS completed indicated the optimal solution is to develop a 2 x 150MWp ‘HELE’ circulating fluidised bed coal fired power plant known as the Sechaba Independent Power Producer Project (“**SIPPP**”)

The company is in positive discussions and negotiations with two well-funded parties who understand the regional business case for further development of Coal Fired HELE power plants for adding base-load power into the grid. The company expects to make further definitive announcement in this regard by end of the financial year

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. The Project situated between Palapye and Serowe, in the central eastern district of Botswana, and lies immediately south of state owned Morupule Coal Mine within the hub of the extensive power transmission grid, with a new 440kV connection node having been installed within the area. Morupule South has submitted the Environmental and Social Impact Assessment (ESIA) for review by the Department of Environmental Affairs and approval, also a pre-feasibility study (PFS) is completed for the first Mine project on an area circa one quarter of the licenced rights on the shallowest part of the resource amenable to Open pit mining.

The project’s prospecting license, PL121/2010 was renewed by the Department of Mines for a further 2 years, until 30 September 2024. This will allow the company to complete the necessary development on the license in preparation for application of the mining license.

Discussions are continuing with at least two parties interests in developing the project for further base-load power generation to be added for cross border supply to ease the SADC regional and growing net power deficit. As in the case of Sechaba the company expects to make further definitive announcement in this regard by end of the financial year.

TWO MABESEKWA PROJECTS - License: Prospecting License 428/2009; Ownership: 65% & 80%

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 Ikaengeng Coal to Liquids Plant to be developed under the subsidiary Coal Petroleum Ltd (80% owned).

The Mabesekwa Export Independent Power Project (“MEIPPP”) is planned to be a 600MWp mine-mouth power plant configured as a 4x150MW ‘HELE’ coal fired power plant with a minimum 25-year operating life with ability to expand development to 1200MWp.

The Mabesekwa No.2 Mine is planned to be developed to feed the Coal to Liquids (CTL) Plant facility to produce minimum 25,000bpd clean burning liquid fuels and associated petrochemical by-products. In the reporting period The company has reengaged both with major petrochemical companies with respect to products offtake and distribution across the SADC regional markets, and Botswana Oil Corporation who have re-entered the playing field with a proposal for a majority Government supported initiative to make Botswana self-sufficient in liquid fuels.

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

All figures in USD

	PL053/2005		PL218/2014		PL121/2010
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	16 704	Salaries and Wages	8 352	Salaries and Wages	16 704
Travel & Accommodation	-	Travel & Accommodation	-	Travel & Accommodation	-
Administrative Costs	11 005	Administrative Costs	5 503	Administrative Costs	11 005
Financing Costs	108 909	Financing Costs	54 455	Financing Costs	108 909
Total	136 618	Total	68 310	Total	136 618

Additional Information:

- The development activities per license and money used per activity in the quarter is disclosed in the table herein above. 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 financials for 2022 ended 30th June 2022 were published in September 2022 and the final audited financials are well progressed and we expect them to be published at the earliest.

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-Mar-23

Consolidated statement of cash flows

	Current quarter USD	Year to date (9 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	(279 949)	(599 011)
(c) production	-	-
(d) administration	(50 524)	(280 617)
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	(330 473)	(879 628)
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	-	102 200
Net investing cash flows	-	102 200
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	334 720	334 720
1.17 Repayments of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if significant)	-	-
Net financing cash flows	334 720	334 720
Net increase (decrease) in cash held	4 247	(442 708)
1.20 Cash at beginning of quarter/year to date	42 810	489 765
1.21 Exchange rate adjustments to item 1.20		
1.22 Cash at end of quarter	47 057	47 057

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

53 900

-

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
-
250 000
-
25 000
275 000

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 USD	Previous quarter USD
47 057	42 810
-	-
-	-
-	-
47 057	42 810

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>		