



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

Shumba Energy Ltd  
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Republic of Mauritius

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

## RENEWABLE ENERGY STRATEGY AND REDOMICILIAN

The Board of Shumba Energy Limited ("Shumba Energy" or the "Company") is pleased to announce that, following an extensive review of the Company's operations, the Company's primary focus in the immediate term going forward will be on delivery of renewable energy projects. In addition, the Company intends to redomicile the business to Botswana so that it can be able to list on the Domestic Main Board of the Botswana Stock Exchange.

The Company intends to appoint specialist advisors to assist the Company in developing and implementing an appropriate strategy to monetize its fossil fuel assets and assess their migration into a more appropriate company vehicle including inter-alia potentially merging them with other player(s) in the space to add scale and focus. It will be the objective of this strategy to ensure that maximum shareholder value is realised from these projects, in which significant value was created over several years.

### RENEWABLE ENERGY STRATEGY

While the Directors believe that fossil fueled projects will continue to be necessary for a transitional period of some decades to support Africa's rapidly increasing base-load energy requirements, however environmentally sustainable generation will continue to develop at significantly greater rates and is expected to become one of the main sources of energy as the emergence of effective storage and release solutions become mainstream. The Company has been developing renewable energy opportunities for several years to incorporate into the longer-term growth plans of the business, and as standalone projects, being reflected now with the rapid advancement of the Tati Solar Project underscoring our belief that it is time to concentrate immediate future efforts on green energy.

#### TATI SOLAR PROJECT

Ownership: 100%

As previously announced Shumba Energy owns a world class 100 MW solar project near the city of Francistown and is currently in the late stage of developing Phase 1, a 50 MW Solar farm (the "Project") on a project site of 300 hectares. 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. The Project was recently issued and Environmental Authorisation and awarded a Generation and Construction License.

#### POORTJIE WES WIND AND SOLAR PROJECTS

Ownership: 60%

In South Africa 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 Q2 2022 and can also supply power directly to industrial users in South Africa.

## **REDOMICILIATION**

Since Shumba listed over 10 years ago the asset base has grown substantially and has advanced its projects to being ready for production. Although we have raised a reasonable amount of capital on the Foreign Venture Board, we believe that a move to the Domestic Main Board will allow us to raise the capital required to get our assets in production and also attract a larger number of investors. The reorganization will also allow Shumba Energy (Botswana), that owns the operational and resource assets of the Group, to achieve significant savings in overhead costs and administrative efficiencies through reduced overhead costs in maintaining the Mauritius domiciled corporate entities and the compliance and reporting requirements associated with this legacy corporate structure that is no longer providing value to Shareholders. These savings are estimated to be **USD500 000** per annum which are considerable and important particularly in this period with the impact of COVID-19 on the business.

The Board intends to call an EGM in the coming weeks in order for shareholders to approve the reorganisation of the business. Following receipt of shareholder and regulatory approval the shares in Shumba Energy (Mauritius) will be delisted from the Foreign Companies Main Board of the BSE and Shumba Energy (Botswana) will seek a main board listing on the Domestic Board of the Botswana Stock Exchange.

This reorganisation has no impact on ultimate beneficial ownership as all Shareholders will retain their existing pro-rata shareholding, albeit in Shumba Energy (Botswana), the Botswana domiciled holding company. Although Shareholders will retain their Shares in Shumba Energy (Mauritius), following implementation of the reorganisation these will have no commercial value and will be cancelled on conclusion of the winding up of the Mauritius domiciled entities. Shumba Energy (Botswana) will fund the wind-up costs to ensure there is no residual net asset value left in them.

As part of the reorganisation all non - executive directors have agreed to resign from the board of Shumba Energy (Mauritius) with the current executive directors being retained on the board until such time as the Company is wound up. In line with the new strategy Shumba Energy (Botswana) will at the appropriate time constitute a new board aligned with the move towards renewable energy.

Alan M. Clegg, Co-Founder and Chairman of Shumba Energy, commented, *“The Management and Board of Shumba have been profoundly resilient and consistent over the past decade in executing diligently their fiduciary duty to create value for its shareholders and stakeholders alike, while primarily abiding by its underlying mantra of ‘saying what we do and doing what we say’ focused on the belief that base-load power generation from embedded natural Coal resources will remain an essential part of the fabric of Southern Africa’s energy mix.*

*However, global socio-political trends in ESG (Environmental & Social Governance) and changes dictated by financing and financial institutions in the mainstream focused on reducing anthropogenic climate change impacts dictated a diversification and new direction for the company which has been appropriately recognised and adopted by the same Management and Board.*

*It is though important to emphasise that there is no intent to simply abandon the company's investments and assets developed in Thermal Coal to date, to the contrary we remain steadfast in our determination to see these also developed utilizing state-of-art technology to mitigate and perceived negative ESG impacts, but in a more appropriate structure and potentially a different listed entity.*

*On behalf of the Board, I wish to thank all our shareholders, investors and affected communities to this point for their loyal support as we look forward to continuing on this exciting new diversified journey to realise value and benefits for all our stakeholders."*

**ABOUT SHUMBA**

Shumba Energy Ltd 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.

By order of the Board

21 JULY 2021

*This Communiqué is issued, in compliance with the Botswana Stock Exchange listing rules 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 Communiqué.*