ANNUAL REPORT 2021 & 2022

SHUMBA ENERGY
Powering the Future

Powering the **Future**

SHUMBA
ENERGY
Powering the Future

ANNUAL REPORT 2021/22

Corporate **Information**

Country of incorporation and domicile
Republic of Mauritius

Nature of business and principal activities
The acquisition and development of highly prospective coal exploration licences in Republic of Botswana and to trade solar energy.

Directors

	Date of appointment	Date of resignation
Alan Mitchell Clegg (Chairman)	24 January 2013	19 July 2021
Mashale Phumaphi	28 August 2012	-
Thapelo Mokhathi	24 January 2013	-
Sipho Alec Ziga	02 August 2013	19 July 2021
Boikobo Bashi Paya	01 July 2017	04 August 2021
Lerang Selolwane	30 April 2019	19 July 2021
Manjoola Biltoo-Chadee	22 March 2021	25 July 2021
Alan Mitchell Clegg	14 March 2022	-
Dourvesh Kumar Chumun	14 March 2022	07 April 2023
Alan Rungassamy	14 March 2022	06 June 2023
Temo Timothy Bolokwe	09 June 2023	
Praveen Beeharry	06 June 2023	
Joshna Ramah Goordiah	07 April 2023	

Registered Office
Sunibel Corporate Services Ltd (as from 11 March 2022)
Suite 204, Grand Baie Business Quarter
Chemin Vingt Pieds
Grand Bay 30529
Republic of Mauritius

Mauritius International Trust Company Limited (up to 25 July 2021)
4th Floor, Ebene Skies
Rue de L'Institut
Ebene 80817
Republic of Mauritius

Administrator and Secretary
Sunibel Corporate Services Ltd (as from 11 March 2022)
Suite 204, Grand Baie Quarter
Chemin Vingt Pieds
Grand Bay 30529
Republic of Mauritius

Mauritius International Trust Company Limited (up to 25 July 2021)
4th Floor, Ebene Skies
Rue de L'Institut
Ebene 80817
Republic of Mauritius

Banker (In the Republic of Mauritius	AfrAsia Bank Limited 4th Floor, NeXTeracom Tower III Ebene 72201 Republic of Mauritius
Auditors	Grant Thornton Ebene Tower 52 Cybercity Ebene 72201 Republic of Mauritius
Transfer Secretary	Central Securities Depository Botswana (Proprietary) Limited Plot 65411, Fairgrounds Private Bag 0417 Gaborone Republic of Botswana
Sponsoring Broker (Botswana)	Imara Botswana Limited 2nd, Floor, Morojwa Mews Unit 6, Plot 74769 Western Commercial Road, CBD Gaborone Republic of Botswana
Legal Advisor	Armstrong Attorneys Second Floor, Acacia House Plot 74358 Corner of Khama Crescent Ext and PG Matante Road New CBD Gaborone Republic of Botswana

Commentary of **Contents**

The reports and statements set out below comprise the consolidated financial statements presented to the shareholders:

	Commentary of the Directors	7 - 18
	Chairman's Report	19 - 27
2021	Certificate from the Secretary	29
	Independent Auditors' Report	30 - 33
	Consolidated Statement of Financial Position	34
	Consolidated Statement of Profit or Loss and other Comprehensive Income	35
	Consolidated Statement of Changes in Equity	36 - 37
	Consolidated Statement of Cash Flows	38
	Notes to the Consolidated Financial Statements	39 - 76
2022	Certificate from the Secretary	78
	Independent Auditors' Report	79 - 82
	Consolidated Statement of Financial Position	83
	Consolidated Statement of Profit or Loss and other Comprehensive Income	84
	Consolidated Statement of Changes in Equity	85 - 86
	Consolidated Statement of Cash Flows	87
	Notes to the Consolidated Financial Statements	88 - 125
	Corporate Governance Report	126 - 130

SHUMBA ENERGY Powering the Future

Commentary of **the Directors**

The directors are pleased to present their report together with the consolidated financial statements of Shumba Energy Ltd, the "Company", and its subsidiaries, collectively referred to as the "Group", for the year ended 30 June 2021 & 2022.

Incorporation

Shumba Energy Ltd (the "Company") was incorporated on 28 August 2012 as a public company limited by shares and is primarily listed on the Botswana Stock Exchange ("BSE").

Review of activities

Main business and operations

The principal activities of Shumba Energy Limited and its subsidiaries, collectively, the "Group", are;

i. Investing in the development of its significant Thermal Coal Resources & reserves to generate sustainable base-load power generation and production of clean burning liquid fuels for Botswana self sufficiency and export energy sources to the SADC region.

ii. to invest in sustainable energy, including energy fuels, thermal energy, solar energy and coal/energy trading.

Results

The results for the year are shown in the consolidated statement of profit or loss and other comprehensive income.

After due consideration of the companies financial position the payment of any dividends was not approved by the Board. (2020:Nil)

Directors

The directors of the Company at the date of this report are as follows:

Alan Mitchell Clegg
Non-executive Chairman

Mashale Phumaphi
Chief Executive Officer

Thapelo Mokhathi
Executive Director

Temo Timothy Bolokwe
Finance Director

Praveen Beeharry
Non–Executive Director

Joshna Ramah Goordiah
Non–Executive Director

Commentary of the Directors (Continued)

Directors' responsibilities in respect of the consolidated financial statements

Company law requires the directors to prepare consolidated financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and the Company. In preparing those consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the consolidated financial statements.

The directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the consolidated financial statements comply with the Mauritius Companies Act 2001 and International Financial Reporting Standards ("IFRS"). They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton

The auditors, Grant Thornton, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting.

Corporate governance

Company profile

Shumba Energy Ltd, the "Company", was incorporated on 28 August 2012 as a public company with liability limited by shares and is listed on the Botswana Stock Exchange ("BSE"). The principal activities of Shumba Energy Ltd, Shumba Resources Ltd, Shumba Energy (Proprietary) Limited (previously Sechaba Natural Resources (Proprietary) Limited) and Shumba Coal Trading Ltd, collectively (the "Group"), are:

(i) to acquire and develop highly prospective coal exploration licences in Botswana for the exploration, mining, production and sustainable supply of thermal energy;

(ii) to invest in sustainable energy, including solar energy in Southern Africa, and

(iii) the trading of coal.

Commentary of the Directors (Continued)

Holding structure

Compliance with Corporate Governance

Though the Company does not fall under the definition of a public interest entity, the Board ensures that the Company is in compliance with the principles of the National Code of Corporate Governance (the "Code") of Mauritius as issued by National Committee on Corporate Governance on 13 February 2017. The Board has on 28 September 2018 adopted a Corporate Governance Framework which is based on the eight principles of the Code. The Board considers that it has maintained appropriate policies and procedures during the year ended 30 June 2021 & 2022 to ensure compliance with the Corporate Governance Framework of the Company.

Throughout the year ended 30 June 2021 & 2022, to the best of the Board's knowledge, the Company has complied with the Code. The Company has applied all of the principles set out in the Code and explained how these principles have been applied.

The eight principles of the Code have been implemented as detailed below:

1. Governance Structure

The Company has obtained a Category I Global Business Licence ("GBL1") and a Financial Services Licence /Authorisation letter ("FSL/Authorisation letter") from the Financial Services Commission ("FSC") on 11 April 2014.

Commentary of the Directors (Continued)

Compliance with Corporate Governance (continued)

1. Governance Structure (continued)

As part of the Corporate Governance Framework which the Board has adopted, the Company has also adopted a Board Charter, which clearly defines the role, function and objectives of the Board of Directors, the various committees in place, as well as that of the Secretary/Administrator.

The Company has in place a Constitution and Admission Document which sets out the rules and regulations which it needs to abide along with other local laws and regulations.

As part of the Corporate Governance Framework, the Company has adopted a Code of Ethics which sets out general statements on principles of ethical conduct towards stakeholders and reviews the suitability and effectiveness of the Code of Ethics at least once per year.

2. Structure of the Board and its Committees

The Board currently comprises of Messrs AM Clegg, M Phumaphi, T Mokhathi, T Bolokwe (appointed on 9 June 2023), J R Goordiah (appointed on 7 April 2023) and P Beeharry (appointed on 6 June 2023).

In line with the requirement of the Financial Services Act 2007, all the meetings of the Board have been attended by the 2 resident directors or alternates and in line with the Constitution of the Company, all Board meetings were quorate and have been held, chaired and minuted in Mauritius.

To further assist the Board in its functions, the undermentioned committees have been set up and delegated with specific tasks:

- Risk and Audit Committee
- Remuneration and Compensation Committee

The minutes of the Committee meetings and decisions taken therein for the year under review have been duly reviewed and ratified by the Board.

Meeting and written resolutions of directors for the year ended 30 June 2021		
Directors	**Held**	**Present**
Alan M Clegg	6	6
Mashale Phumaphi	6	6
Thapelo Mokhathi	6	6
Boikobo Paya	6	5
Sipho Ziga	6	5
Lerang Selolwane	6	4
Jihane Muhamodsaroar	6	6
Yannick Pascal Lam Yee Man	6	6

Meeting and written resolutions of directors for the year ended 30 June 2022		
Directors	**Held**	**Present**
Alan M Clegg	4	4
Mashale Phumaphi	4	4
Thapelo Mokhathi	4	4
Dourvesh Kumar Chumun	4	4
Alan Rungassamy	4	4

3. Director Appointment Procedures

The appointment of director has been effected in accordance with the Constitution of the Company subject to receipt of customer due diligence documents on the latter, in line with the Code of Prevention of Money Laundering and Terrorist Financing. All prior appointment of the director have been effected in accordance with the Constitution of the Company subject to receipt of customer due diligence documents on the latters, in line with the Code of Prevention of Money Laundering and Terrorist Financing.

Commentary of the Directors (Continued)

Compliance with Corporate Governance (continued)

4. Directors Duties, Remuneration and Performance

The directors of the Company are aware of their duties under the Mauritius Companies Act 2001 and the Constitution of the Company and exercise sufficient care, diligence and skills for the good conduct of the business.

The Board meets to discuss and approve the Company's operational, regulatory and compliance matters. Some decisions are also taken by way of written resolution of directors depending on the nature of business and operations. The directors are provided appropriate notice and materials to help them in their decision-making.

The Company maintains an interest register which will be tabled in the next board meeting for members of the Board to confirm its accuracy and completeness.

Directors declare their interest and gauge in the best interest of the Group whether to abstain themselves from any discussion and decision on matters in which they have material financing interests.

Messrs Thapelo Mokhathi, Alan Mitchell Clegg and Mashale Phumaphi are also shareholders of the Company.

All remuneration of the members has been duly reviewed / recommended by the Remuneration and Risk Committee and approved by the Board before any disbursement is done.

Messrs Alan Mitchell Clegg, Mashale Phumaphi and Thapelo Mokhathi hold an aggregate of 19,591,098 warrants issued by the Company.

Common Directorship as at 30 June 2021

Name of Director	Shumba Energy Ltd.	Shumba Resources Ltd.	Shumba Energy (Pty) Limited (Botswana)
Alan Clegg	√	√	√
Mashale Phumaphi	√	√	√
Thapelo Mokahthi	√	√	√
Sipho Alec Ziga	√	-	√
Boikobo Bashi Paya	√	-	√
Lerang Selolwane	√	-	√
Jihane Mudamodsaroar	√	√	
Yannick PL Yee Man	√	-	
Manjoola Biltoo-Chadee	√	-	

Common Directorship as at 30 June 2022

Director	Shumba Energy Ltd.	Shumba Resources Ltd.	Shumba Energy (Pty) Limited (Botswana)
Alan Clegg	√	√	√
Mashale Phumaphi	√	√	√
Thapelo Mokahthi	√	√	√
Sipho Alec Ziga	√		√
Boikobo Bashi Paya	√		√
Lerang Selolwane	√		√
Manjoola Biltoo-Chadee	√		
Dourvesh Kumar Chumun	√	√	
Alan Rungassamy	√	√	

Commentary of the Directors (Continued)

5. Risk Management and Internal Control

The directors are responsible for maintaining an effective system of internal control and risk management.

6. Reporting with Integrity

The directors are responsible for preparing the audited consolidated financial statements of the Group on a yearly basis in accordance with applicable law and regulations. The consolidated financial statements have been prepared under the International Financial Reporting Standards.

The consolidated financial statements for the year ended 30 June 2021 and 2022 have been filed with the FSC after the Board's approval.

7. Audit

In line with the Financial Services Act 2007, the consolidated financial statements are audited by Grant Thornton, appointed after prior approval of the FSC, in the Republic of Mauritius. The re-appointment of Grant Thornton will be done at the next Annual Meeting.

In addition to the external auditors, the Company has also proposed to appoint an independent firm for internal audit as well as corporate, legal and compliance audit of the Company.

8. Relations with Shareholders and other key stakeholders

The General Meeting of shareholders of the company will be held by the 4th of August 2023 to adopt the consolidated audited financial statements for the year ended 30 June 2021 and 30 June 2022, Notice of this meeting will be sent within the deadline stipulated by the Constitution of the Company.

As at 30 June 2021 the company had 293 558 550 shares in issue. Of the shares 204 855 473 were held by the public, representing 69.8%. The remaining 88 703 077 were held by non-public shareholders representing 30.2%.

Details of shareholders with more than 5% holding as at 30 June 2021

Shareholder Name	Number of shares held	Percentage holding
Black Phoenix Limited	73 238 713	24.95%
BPTSWANA PUBLIC OFFICERS PENSION FUND VUNANI	86 974 643	29.63%
HE LIESEN	24 867 437	8.47%
NATIONAL INSURANCE COMPANY MAURITIUS	16 666 666	5.68%
RAMNAUTH MUNESH SHARMA	14 414 894	4.91%

As at 30 June 2022 the company had 293 841 364 shares in issue. Of the shares 204 855 473 were held by the public, representing 69.81%. The remaining 88 703 077 were held by non-public shareholders representing 30.19%.

Details of shareholders with more than 5% holding as at 30 June 2022

Shareholder Name	Number of shares held	Percentage holding
Black Phoenix Limited	73 238 713	24.92%
BPTSWANA PUBLIC OFFICERS PENSION FUND VUNANI	86 974 643	29.60%
HE LIESEN	24 867 437	8.46%
NATIONAL INSURANCE COMPANY MAURITIUS	16 666 666	5.67%
RAMNAUTH MUNESH SHARMA	14 414 894	4.90%

Commentary of the Directors (Continued)

Calendar of important events

The next financial year will run for the period 1 July 2022 to 30 June 2023.

The next Annual Meeting will be held on 4th August 2023.

Dividends

The Company has not adopted any dividend policy as it is still at its development stage and reinvesting all income generated.

Board of Directors

The Board of directors is the link between the Company and its stakeholders and board members are collectively responsible to lead and control the Company to enable it to attain its strategic objectives. The Board of directors also plays a vital role to ensure that the Company's business is conducted with the highest ethical standards and in conformity with applicable laws and regulations.

Pursuant to the Constitution of the Company, the number of the directors shall be not less than four and more than ten. At least two directors shall be residents of Mauritius at all times. Where the number of directors falls below the minimum, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling meeting of shareholders.

Commentary of the Directors (Continued)

ALAN MITCHELL CLEGG

(PR.Eng, PMP, FSAIMM)

Non-executive Chairman

Mr. Clegg, with British Citizenship resident in South Africa, is a Natural Resources & Energy Industry Professional with over 4 decades of experience gained from working natural resource development and construction projects, industries and related supply industries in more than 40 African and in total 160 countries across all the continents.

He is a registered Professional Mining Engineer (Pr.Eng), a registered Professional Construction Project Manager (Pr.CPM), a registered Project Management Professional (PMP), and carries professional Fellowship status with South African Institute of Mining & Metallurgy (FSAIMM) and the Institute of Quarrying (FIOQ) as well a professional memberships of many of the related Institutes globally and is a recognized natural resources technical assessment, reporting and project valuation expert with key experience in stock exchange listings and the requirements for successful private equity capital raising.

MASHALE PHUMAPHI

(MEng, IMC)

Chief Executive Officer

Mashale is an executive focused on funding and developing energy projects in Africa. He was formerly part of the corporate finance team of a London-based natural resources corporate finance and issuing house. In addition to conducting investment analysis and research, he has raised debt and equity finance for projects in the Americas, Europe and Africa. He began his career as an engineer with Debswana Diamond Company based on Jwaneng Mine in Botswana. Mashale holds a Master of Engineering degree from the University of Sheffield, is a member of the United Kingdom Society of Investment Professionals (UKSIP) and is a member of the London-based Association of Mining Analysts (AMA).

THAPELO MOKHATHI

(BComm)

Executive Director

“Mr Thapelo Mokhathi holds a degree in Management Accounting and an Executive Program in Mining and Minerals (Wits University). He started his career in the mining industry at Impala Platinum where he spent 5 years in various financial positions. Since 2004 he has been involved in the formation and development of junior mining companies in the region.”

Commentary of the Directors (Continued)

TEMO T BOLOKWE
Finance Director
(Appointed 09 June 2023)

Temo is a qualified chartered accountant and a member of the Botswana Institute of Chartered Accountants, whose has been with the group since 2018 when he joined as Group Financial Manager.

Before joining Shumba Energy, where he was part of the audit division at Deloitte in Botswana. Temo oversees the group's finance and corporate governance functions.

PRAVEEN BEEHARRY
Non–Executive Director
(Appointed 06 June 2023)

Praveen Beeharry has over 22 years of experience in the financial services sector and is currently the head of client accounting at Sunibel Corporate Services Ltd, where he also acts as director for client companies.

He has served as director for fund structures in the past. He is a member of the Mauritius Institute of Directors (MIoD).

JOSHNA RAMAH GOORDIAH
Non–Executive Director
(Appointed 07 April 2023)

Joshna Ramah Goordiah has over 14 years of experience within the Financial Services industry. Over the years, she has gained an extensive exposure and developed a strong knowledge in the corporate management world.

She acts as Director on the board of a several client companies, and is a member of the Chartered Governance Institute (CGI) – formerly known The Institute of Chartered Secretaries and Administrators (ICSA). Joshna holds of a Bachelor of Business Administration from Curtin University of Australia.

Pursuant to the Constitution of the Company, all directors shall retire at each annual meeting. Directors who are required to retire at the annual meeting are however eligible to be re-elected at the annual meeting.

Commentary of the Directors (Continued)

Company Secretary

Company Secretary in Mauritius

The Board considered the competence, qualifications and experience of the Company Secretary, Sunibel Corporate Services Limited, and is deemed fit to continue in the role as Company Secretary for the Company. The relationship with the Board has been assessed and is considered to be at arm's length.

Transfer Secretary in Botswana

The Board considered the competence, qualifications and experience of the Transfer Secretary in Botswana, Central Securities Despository Botswana (Pty) Limited and is deemed fit to continue in the role as Transfer Secretary for the Company. The relationship with the Board has been assessed and is considered to be at arm's length.

Directors' interests

A full list of directors' interests is maintained in the interest register of the Company and the directors certify that the list is correct at Board meetings carried out on regular basis.

Directors abstain themselves from any discussion and decision on matters in which they have a material financial interest.

Messrs Alan Mitchell Clegg, Mashale Phumaphi, and Thapelo Mokhathi are also shareholders in the Company.

Shareholding:

As at 30 June 2021, the directors had a direct or indirect interest in the company as tables below

Name	Shares in the Company	Direct Interest %	Indirect Interest %
Name	Shares in company	Direct Interest %	Indirect interest %
Alan Mitchell Clegg	6 769 389	Nil	2.31%
Mashale Phumaphi	73 238 723	Nil	24.95%
Thapelo Mokhathi	6 658 904	Nil	2.27%
Total	**86 667 016**	**Nil**	

As at 30 June 2022, the directors had a direct or indirect interest in the company as tables below

Name	Shares in the Company	Direct Interest %	Indirect Interest %
Name	Shares in company	Direct Interest %	Indirect interest %
Alan Mitchell Clegg	6 769 389	Nil	2.30%
Mashale Phumaphi	73 238 723	Nil	24.92%
Thapelo Mokhathi	6 658 904	Nil	2.27%
Total	**86 667 016**	**Nil**	

Commentary of the Directors (Continued)

Remuneration

Name	2021 USD	2021 USD
Alan Mitchell Clegg	49,140	49,140
Mashale Phumaphi	195,746	195,746
Thapelo Mokhathi	121,367	121,367
Total	**366,253**	**366,253**

Due to the challenging financial situation that company was in as result of the effects of the COVID-19 pandemic, the directors deferred their remuneration for both 2021 and 2022 and did not receive any payment in cash or other benefits in kind. These payments will only be made once the board deems the company to be in a stable financial position.

Incentive Warrants

Incentive warrants issued as detailed below to the directors to subscribe for ordinary shares of the Company at any time during the exercise period at the exercise price of BWP 1.06 each, as tabled below:

Name	Warrants 2022	Warrants 2021
Mashale Phumaphi	7,979,791	7,979,791
Thapelo Mokhathi	6,455,862	6,455,862
Alan Clegg	5,155,445	5,155,445
Total	**19,591,098**	**19,591,098**

The director did not use the incentive warrants in both 2021 and 2022.

Dealing in securities by the directors

Dealing in the Company's securities by directors and Company's officials is regulated and monitored as required by the BSE Listing Rules. All directors' trading must take place exclusively outside the closed periods prescribed by the Stock Exchange Regulations and require written authorisation from the Board of directors. The Company maintains a closed period from the end of a financial period to the date of publication of the financial results.

Commentary of the Directors (Continued)

Special resolutions passed

Annual Meeting: 31 December 2020

(i) Waiver of pre-emptive rights on new share issues

Communications with stakeholders

The Company is committed to ensuring timely, effective and transparent communication with shareholders and other stakeholders through annual integrated and quarterly financial reports, presentations to analysts and press releases.

Sustainability

The Company demonstrates a commitment to operate in a sustainable global economy. The Company strives as well to make decisions that combine long term profitability with ethical behavior, social justice and environmental care at all times.

Environmental and health and safety practices

The Company takes into account the best practices in line with the Company's corporate values and long term objectives as far as Social, Environmental and Health and Safety practices are concerned and aims to comply with existing legislative and regulatory framework.

Political contributions

The Company did not pay out any amount with regard to political contributions during the financial year ended 30 June 2021 and 2022.

Ethics

The Board of Directors is responsible for ensuring that policies, procedures and controls are in place so that business is conducted honestly, fairly and ethically. Thus, there is the practical application of its corporate values and the concepts of honesty and integrity.

Corporate social responsibilities ("CSR")

The company made contributions to the communities it operates in during the COVID 19 pandemic, to help fight the spread of the pandemic and were made specifically to schools in the areas. The contributions included amongst other face masks in line with Government regulations.

Related parties transactions

Related parties transactions have been disclosed in Note 3.18 to the audited financial statements

Chairman's **Report**

Chairman's **Report**

Dear Shareholders and Investors, herewith I take pleasure on behalf of your Board of Directors in presenting for your consideration the audited results of Shumba Energy Limited ("Shumba" or the "Company") and its subsidiaries, collectively referred to as the "Group", for the operating periods ended 30 June 2021 & 2022, along with commentary on the operating environment and related outlook with trends that are affecting our industry sector.

Alan M. Clegg
Pr.Eng Pr.CPM PMP
FSAIMM MIOD

Dear Shareholders and Investors, after what has been a very significant period of managing both for survival and managing resources prudently for business continuity and development within an uncertain economic environment, herewith I take pleasure on behalf of your Board of Directors in presenting for your consideration the consolidated corporate and management report along with audited results of Shumba Energy Limited ("Shumba" or the "Company") and its subsidiaries, collectively referred to as the "Group", for the two operating periods ended 30 June 2021 and 30 June 2022, along with commentary on the operating environment and related outlook with trends that are affecting natural resources exploitation and specifically our industry sector for thermal coal as an energy fuel.

You may recall that in the 2020Fyr annual report I opened with the headline, "Macro Environment within a likely Reset in the Global Financial System and with Investment in Hard Commodities focussed on Energy and Environment in search of a Sustainable Economic Future." Well one year forward in June 2021 nothing had changed, all forms of contract declared 'Force Majeure', the Covid19 pandemic still not exited, real interest rates at or near zero and increasing money printing to cover fiscal stimulus to stagnant economies. The general stock markets remained volatile but also demonstrated upward trending performance. Discussions and debates around replacement of FIAT currencies with new electronic units of credit called 'Central Bank Digital Currencies' (CBDCs) controlled through the Blockchain technology platform continued to gain momentum.

The mining and natural resources investment sector maintained the upward trend in 2021F period and remained polarised on demand from two sectors; one 'Financial and Safe-haven' driven, i.e. precious metals like Gold & Silver; and one Energy & Environment driven, dominantly the energy or battery metals, supporting the demand and investment in renewable energy technologies, generation sources, and Electric Vehicle ("EV") manufacture in the name of Carbon reduction and repairing/stopping anthropogenic driven Climate Change.

What a difference a year makes as much changed again to the June 2022F period. The Covid19 pandemic had it seemed finally been exited in China, real interest rates globally sky rocketed led by the US federal reserve and between 350 and 550 basis points depending on where you are situated, with largest effects having been felt in developing economies such as those in the SADC region. While in general stock markets remained volatile, they have unexpectedly continued with an upward trending performance.

Conclusively though, the overall economic and political environment that remained volatile throughout the 2021F continued unabated in the 2022F, regional conflicts continued in the Middle East inter-Arab states, South China Sea, Korean Peninsula and even the Eurozone between ex-CIS states and Russia are showing escalation tendencies. This has been fundamentally positive for resource commodity prices as inventories have continued to be drawn down to lowest levels seen in decades. Risk hedging remains prevalent against still rising government and public debt levels, US dollar and Euro uncertainty and accepted Fiat currency replacement by CBDCs is on the horizon.

By end of June 2022F there was a further increase in the noise and publication of active discussion between the IMF, Central banks, BRICS+ which has morphed during the first half of 2023F into BPRIICSTAM having added Pakistan, Indonesia, Saudi Arabia, and an application from Mexico to join thus looking to desert NAFTA (North American Free Trade Agreement), plus the Shanghai Cooperation

Chairman's Report (Continued)

Organisation (SCO) where 24 nations have aligned to trade using their own currencies instead of the US Dollar, including in the tier-1 investment and commercial banking sector regarding a global reset in currency markets and the replacement of FIAT money with CBDC's (Central Bank Digital Currencies) and sub-sets thereof for Corporate and the Retail (Public) markets within the 5-to-8-year horizon. How this will impact traditional rate of exchange is still unclear and hence the caution advised.

The rhetoric and political dominance of the adopted global imperative 'Climate Change' continued to be propagated and used as a weapon against developing economies, however, the Nuclear Power narrative did attenuate somewhat with Japanese Reactor restarts and other mainstream nuclear powers looking to retain and extend the nuclear fleets, as a result Uranium for existing nuclear utilities saw spot prices increasing again to US$44/lb. in the period to end June 2021. While this weaponization continued against developing economies by the West, especially felt in Africa, the Nuclear Power narrative officially turned positive for the most part although some economies like Germany have blindly continued to de-nuclearise despite majority citizen objection. Japanese Reactor restarts have accelerated, and other mainstream nuclear powers have official retention policies in place and extension plans for their nuclear fleets. The Sprott Uranium trust (SPUT) raised and deployed well in excess of a billion dollars and sucked up remaining free-float inventories for investment purposes, all which contributed to a result for Uranium spot price for existing nuclear utilities increasing 25% to US$55/lb. in the period.

As the world moves to combat climate change, slating decarbonisation as the first priority for governments and companies alike, despite empirical and other evidence demonstrating that larger threats exist. One way that governments around the world are spurring decarbonisation progress is through subsidies, incentives and green taxes. These further compound the complexity of decarbonisation, and with the continued increased focus on Environmental and Social Governance ("ESG") processes for accessing any sort of project funding by resource development companies remaining, like Shumba, despite the clear warnings that development time frames are now extended well beyond any reasonable prospect of any of the material requirements for supporting the 'Just Transition' being met.

Facing the challenge of so called 'green' alternatives (wind, solar, hydrogen, etc.), the oil rich Middle East is rapidly becoming part of the 'Global South', joining BRICS+ and the SOC. Lest we forget it can cost less than $10/bbl. to extract oil out of the ground. And Coal, is remaining steadfast fighting for its place in the energy mix and is still growing in 2022 despite the narrative, as Energy = Economy = Life and its lack of availability at a reasonable, affordable cost is ultimately not an option.

Germany, China, Russia, the entire South-East Asia and South Africa remain committed to Thermal Coal and are actively building new power stations with China having rolled out c.1Gw per week of new coal fired generation in the consolidated reporting period. In a world of expanding populations and per capita usage, it is doubtful that emission-reduction targets will be met in their ambitious timeframes. Given that fossil fuels generally are significantly cheaper than their new competitors and will remain a core need within the energy mix, especially for developing nations and regions like SADC where Shumba resides.

With the force-majeure on coal contracts regionally still in force at end of 2021F year and the highly constrained logistical pipeline out of Botswana the company was unable to take advantage of the energy crisis demand for Thermal Coal at record prices that reached >US$275/tonne.

Chairman's Report (Continued)

But we predicted that a high probability existed that would result in serious approaches to Shumba for co-investment, merger & acquisition, for medium term to long term supply development and establishment of new baseload power generation in Botswana, given the size and quality of the company resource base and the >80Gw net power deficit in SADC.

The EU energy crisis resulting from the Russia/Ukraine conflict, which began at the close of 2021F year, compounded by subcontinental (India and Pakistan) and Southeast Asian ("SEA") markets increased demand for better quality African sourced thermal coal accelerated dramatically and continues to remain strong on the back of the ongoing fast-track development path due to base load power demand and infrastructure growth. This resulted in serious approaches to Shumba in late 2022F year for co-investment, merger & acquisition, given the size and quality of its resource base and obvious supply squeeze, however the logistical challenges towards export limits options in this regard remain, and the focus is on development of at least 3 integrated IPP (Independent Power Producer) projects centred on the company assets.

Political, Financial and Structural Economic Impacts

My 2021F prediction that massive structural adjustment and reform for fiscal stimulus at levels never seen, will further drive energy demand translated in 2022F to Thermal Coal Demand and new Coal fired power plants utilising 'Clean Coal Technologies' ("CCT") that are required and that will need to be constructed in the near future to generate much needed 'base-load' power for established industrial centres and fast-growing new towns/cities in the SADC, with the deficit now in excess of 80Gw with the collapse of Eskom.

Renewables will continue to play a part and remain fastest growing but is unlikely to attain more than the predicted c.20% of the Africa market over the next two decades due to the supply squeeze and prices of metals required to produce deployable battery storage to improve capture and distribution efficiency.

Within the SADC region solid investment continues focussed on battery metal and infrastructure commodities such as Copper, Nickel, Cobalt, Lithium, Vanadium, Manganese and Tin. As individual SADC economies critically must over the next two to three decades build broader and deeper energy-dependent economic bases they have little choice but to exploit the Coal as both a geographic and economic necessity. This includes transformation of Coal for both Liquid fuels, Aromatics for support of the developing Hydrogen based economy which is also expected to claim its share.

Renewables are growing but don't behave the way the narrative wants them to. The impact of rising clean energy investment and new energy bills, how grid decarbonization is outpacing electrification, the long-term oil demand outlook, the flawed concept of levelized cost of energy (LCOE) when applied to wind and solar power, the scramble for critical minerals, the improving economics of energy storage and heat pumps, the transmission swamp, energy from municipal waste, carbon sequestration, hydrogen, etc., and other energy ideas are all impacting expectations that are unrealistic.

Botswana has the largest un-tapped Coal resources on the continent and upon which Shumba continues to expand its influence with the continued advancement of its coal-based CTL processes and investigation of other uses towards achievement of its socio-economic contribution goals aligned with the Government strategy.

Chairman's Report (Continued)

Shumba continues relentlessly to drive its strategy to unlock shareholder value through sustainable energy businesses with clear focus on operational activities to facilitate appropriate funding ability in the face of the 'Green Lobby'. We continue to seek to lever monetisation of company assets and structuring the investment focussed in so far as it strategically matters in the SADC region.

Management and Non-Executive members continue to be very closely connected with all aspects of the execution of the company strategy and delivery of advancement of the companies' projects has been sustained once again in the period with deployment of the Company's financial resources continuing to remain extremely cautious and focussed on both short term and sustainable long-term value generation.

Subject to the meeting of the financial obligations of the company's investment partners, the Group will remain adequately funded to meet its immediate operational expenditure requirements in the coming 2023 financial year while future funding requirements through a combination of the active pursuit of asset monetisation, IPP project development and where appropriate settlement of obligations through potential issues of equity.

Renewable Energy Investment

Shumba holds rights and 80% equity holding in the world class 100 MWp Tati Solar PV project near the city of Francistown, Botswana, and in the consolidated reporting period 2021F and 2022F has progressed the project to late stage of developing the Solar farm on a project site of 295 hectares (ha) owned by Shumba. The Project is a key strategic initiative in the region. During the consolidated reporting period the company obtained the environmental approvals from the Departments of Environmental Affairs, the generation license for the project from Botswana Energy Regulatory Authority (BERA) and the Special Economic Zone Authority issued the confirmation of special economic zone (SEZ) status for the project for a duration of 50-years from issue of license.

The war in Ukraine and resulting global economic crisis continue to dominate the global economic narrative. Central banks across the world have simultaneously hiked interest rates in response to inflation and most indicators show that the world may be edging toward a global recession in 2023F according to a study by the World Bank published at the end of the 2022F year. Despite this the Company make good progress in relation to the flagship 100MWp Tati Solar Project, while the uncertain economic times and unfavourable capital markets drove the business to enhance its focus securing funding on the Tati Solar Project and to ensure that the project becomes operational as soon as possible – as this is where the foundational value for the company will be released. I am of the firm belief based on current discussions that the company should be in a position to acquire the necessary funding within the coming 2023F year.

During the 2022F period the company entered into a partnership with Africa GreenCo Group ("GreenCo") whereby GreenCo will use its status as a SAPP member to sell the power produced by the Tati Solar Project on behalf of Etavi into the SAPP Competitive Markets. Africa GreenCo Group via its operating entity GreenCo Power Services Limited acts as an intermediary offtaker and service provider, purchasing power from renewable IPPs and selling that electricity to utilities and private sector offtakers (i.e., commercial, and industrial users) and markets of the SAPP. GreenCo will mitigate the risk of purchaser default through an ability to secure alternative buyers or through short-term trading on the SAPP electricity markets.

Chairman's Report (Continued)

The Grid Connection Agreement (GCA) negotiations with the Botswana Power Corporation (BPC) were also successfully concluded in the 2022F period. The GCA has now moved to internal BPC Exco approval with Board level approval expected in the 2023F period.

Established Thermal Coal Markets

The benchmark thermal coal price increased by 50% to an average of US$127,50 a tonne, FOB Incoterms, in the 2022F reporting period surprising mainstream market analysts with further increases set for target prices well north of US$200 a tonne we predicted. Our disagreement with analysts prediction last year were clearly borne out as fundamentals of energy demand remain strong. Thermal Coal remains the second-largest global source of primary energy, behind oil, and the largest source of electricity.

In Southern Africa and Southeast Asia, Coal remains as a primary vehicle to provide energy security and underpin economic development. The required investment in new mines in established and emerging economies such as Botswana is still not occurring fast enough. The Coal outlook for 2023F and beyond remains robust in the high base load energy deficit markets, like Southern Africa and South-East Asia.

Overall, in terms of demand, global coal demand also remains robust in support of both industrial and productivity sustainability, as demonstrated by deconstruction of wind farms in Germany to start new mines, as well as fiscal stimulus expected over the next five years. The IEA forecast for Coal's contribution to the total energy mix globally has growth in SEA and Africa increasing again in 2022 calendar year to more than c.73% due to availability, sustaining input to low energy costs and need for sustained economic growth with employment.

Looking over to prices forecasts, thermal coal average price to the end of the reporting period increased by 50% over the 2020/21 average to c.US$127 per tonne, FOB in the 2022F period. It is expected to increase further to c.US$300 per tonne, FOB by end of Q2 of the 2023 Fyr, i.e., Dec 2022. Medium term forecasts have been increased substantially also and are suggesting a sustainable range of between US$125 and US$150 per tonne, FOB being likely by 2024F year.

For Shumba, Africa remains most important as the SADC market is still growing energy deficits, and this will continue to force upward local price pressure. We remain totally unconvinced that starving the Coal industry of capital will make the transition go any faster, particularly since new pools of capital will step in as long as demand for fossil fuels exists. Such an approach will expose SADC countries to continued energy deficit that renewables are simply unable to fill for the foreseeable future. Energy prices have not declined, and SADC is still paying a heavy price for national utilities like Eskom mismanaging energy supplies while its transition is ongoing.

Overview of Operations

Sechaba Mine and SCIPP Project

Following the Q1/2021F awarded judgement against Lurco and the recovery of the 50% shares in the SCIPP project the company successfully engaged the final permitting process for mine development.

Chairman’s Report (Continued)

Then during the 2022 reporting period the company has been actively engaging with several prospective new investor partners to monetise the asset and bring it into production with a clear focus on energy generation.

One prospective partner, with active Coal mines and mining investments in South Africa, initially engaged Shumba with a view to acquire the Sechaba mine and SCIPP Project however, following the Lurco experience Shumba was reluctant to engage on asset investment without demonstration of financial capability and/or capital backing. The prospective investment partner then expressed interest in the Coal Washing Plant stored under care & maintenance conditions close to the Sechaba site and negotiations were begun to execute a binding Lease Sale agreement which is expected to be concluded within the Q1/2023F period.

Meanwhile, under CNDA conditions, Shumba agreed to provide information to the credible prospective funders supporting this investment partner who have confirmed interest in the Sechaba mine and SCIPP Project and indeed the logistically constrained Shumba strategy and business model of developing for energy generation to SADC rather than export focus. The company expects to report further on this in upcoming quarterly updates.

Mabesekwa Mine and MEIPP Development and Studies

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 Tsosoloso 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.

Following the securing 80% of the issued share capital with full associated corporate and management control of Coal Petroleum (“CoPet”) and the Consortium Agreement for the development of the CoPet CTL plant Shumba has continued to engage technical and project development issues, also on funding matters, specifically around guarantee provisions for potential equity and project financing options. The company has pursued the CTL project development as a non-government private investment with its technical and funding partners in the 2022 Fyr period and secured funding subject to specific forms of guarantee around product offtake from tier-1 petrochemical producer/importer/distributors. While discussions and negotiations are ongoing, noise around the potential re-entry and recommitment by Botswana Oil Corporation to such project has emerged.

Morupule South Mine Project

Strategic discussions and negotiations with several parties for the development of three sub-sections of the Morupule South Coal asset were re-engaged within the reporting period.

Chairman's Report (Continued)

Shumba has continued developmentally with its sub-division processes and completion of necessary ESG requirements for the eventual progressing of development deals with the third parties mentioned. The company reasonably expects that in the 2023 Fyr firm monetisation event opportunities now under discussion could result in conclusion of a deal to develop at least one portion of the asset.

Concluding Comments

The core strategy of your Company remains unchanged and embraces the following integrated energy sector elements.

- Base-Load thermal energy production space as a pure non-operational investment partner earning both royalties from revenues and profits, as well as shareholder dividends.
- The pure Renewable Energy production and Storage space with Solar PV and Wind generation projects both owned and in Joint Venture.
- The co-development of low carbon sustainable energy supplies to energy metals development and production in Botswana required to supply emerging EV and stationary applications Battery manufacturers in SADC.
- The development and establishment of a CTL facility in Botswana for fulfilling all the countries domestic liquid fuel supply requirements, export into the SADC region and to contribute significantly to the Hydrogen Economy development.

On behalf of the Board and Management I offer our continuous appreciation and sincere regard for the ongoing support shown by you, our shareholders and investors new and old alike in the ever changing, challenging world and environment we find ourselves continuing in.

We look forward to a 2023 financial year of continued real value growth that we strive for and to be realised in the share value as the delivery of operational revenue growth projects are realised and our strategy is executed unwaveringly and communicated broadly to you our shareholders and prospective investors alike. The Shumba team has and will remained focussed through the solid and continued execution within our sustained philosophy of "Saying what we will do and doing what we have said we will do!" against all odds.

Take care.

ALAN M. CLEGG Pr. Eng. Pr.CPM PMP FSAIMM F. Inst.D

NON-EXECUTIVE CHAIRMAN

Consolidated Financial Statements **for the year ended 30 June 2021**

SUNIBEL
CORPORATE SERVICES

Shumba Energy Ltd
(the 'Company')

CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (D) OF THE COMPANIES ACT 2001

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 for the financial year ended 30 June 2021.

Dated this 31st day of August 2022

Sunibel Corporate Services Ltd
SECRETARY
Represented by: Praveen BEEHARRY/Joshna RAMAH GOORDIAH

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Grant Thornton

Independent auditors' report to the members of Shumba Energy Ltd

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Shumba Energy Ltd, the "Company" and its subsidiaries, collectively referred to as the "Group", which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the periodyear then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 22 to 66 give a true and fair view of the financial position of the Group and the Company as at 30 June 2021 and of their financial performance and their cash flows for the periodyear then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 28 of the consolidated financial statements on the basis of preparation of these consolidated financial statements and the fair value of the exploration costs. Our opinion is not modified in respect of these two matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 30 June 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The only key audit matter identified in relation to the audit of the consolidated financial statements is as described below.

Independent auditors' report (Continued)

to the members of Shumba Energy Ltd

Report on the Audit of the Consolidated Financial Statements (Continued)

Risk Description

Exploration assets

We focussed on the exploration assets due to the size of the balance on the consolidated statement of financial position and the key judgements, assumptions and estimates used by the Group to assess the recoverability of the costs incurred so far. These include reserves and resources estimates, production estimates, economic factors like coal prices on the market, the movement in exchange rates, exploration costs to be incurred and the renewability of the tenement rights and the effects of Covid-19 pandemic.

How audit responded to this matter

Our audit procedures included among others:

- confirmed that tenement rights are still valid and adherence to tenement requirements.
- Ensure exploration assets are capitalised in compliance with IFRS 6, Exploration for and Evaluation of Mineral Resources.
- confirmed that management is closely monitoring the progress of the exploration presently undertaken and all deviations are addressed.
- ensured that external analyst reports are available in support for all assumptions and estimates used in financial forecasts.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Information, Commentary of the Directors, and the Chairman's Report sections but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' report (Continued)

to the members of Shumba Energy Ltd

Report on the Audit of the Consolidated Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditors' report (Continued)

to the members of Shumba Energy Ltd

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company and its subsidiaries other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

Our report is made solely to the members of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 2 September 2022

Ebene 72201, Republic of Mauritius

Consolidated Statement of Financial Position as at 30 June 2021

		The Group		The Company	
	Notes	**2021 USD**	2020 USD	**2021 USD**	2020 USD
Assets					
Non-current					
Investment in subsidiaries	7	–	–	2,030,743	2,030,743
Goodwill	8	2,745,662	2,745,662	–	-
Loans	9	99,803	93,168	19,542,017	18,929,005
Plant and equipment	10	427,994	403,116	–	-
Right-of-use assets	24	385,846	372,864	–	-
Exploration assets	11	15,491,795	15,122,560	–	-
		19,151,100	18,737,370	21,572,760	20,959,748
Current					
Receivables and prepayments	12	2,705,646	88,297	1,808,378	1,783,815
Cash and cash equivalents	13	18,159	108,567	52	205
		2,723,805	196,864	1,808,430	1,784,020
Total assets		21,874,905	18,934,234	23,381,190	22,743,768
Equity and liabilities					
Equity					
Stated capital	14	17,770,830	17,621,778	17,770,830	17,621,778
Translation reserves		2,118,340	28,772	–	-
Accumulated losses		(10,440,370)	(9,313,206)	(1,928,383)	(1,929,341)
Equity attributable to owners of the parent		9,448,800	8,337,344	15,842,447	15,692,437
Non-controlling interest	15	2,984,390	2,760,194	–	-
		12,433,190	11,097,538	15,842,447	15,692,437
Liabilities					
Non-current					
Loan notes	16	3,709,731	3,282,272	3,709,731	3,282,272
Finance lease liabilities	24	405,978	378,122	–	-
Contingent consideration	17	1,500,000	1,500,000	1,500,000	1,500,000
		5,615,709	5,160,394	5,209,731	4,782,272
Current					
Payables and accruals	18	3,784,525	2,644,397	2,329,012	2,269,059
Finance lease liabilities	24	1,529	1,416	–	-
Bank overdraft	13	38,559	29,435	–	-
Current tax liabilities	19	1,393	1,054	–	-
		3,826,006	2,676,302	2,329,012	2,269,059
Total liabilities		9,441,715	7,836,696	7,538,743	7,051,331
Total equity and liabilities		21,874,905	18,934,234	23,381,190	22,743,768

Approved by the Board of Directors and authorised for issue on 31 August 2022 and signed on its behalf by:

Director

Director

The notes on pages 34 - 76 form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

		The Group		The Company	
	Notes	**2021 USD**	2020 USD	**2021 USD**	2020 USD
Revenue		**661,635**	618,933	**-**	**-**
Cost of sales		**(568,077)**	(499,749)	**-**	**-**
Net income		**93,558**	119,184	**-**	-
Expenditure					
Professional fees		**101,198**	15,419	**108,599**	31,566
Licence fees		**9,220**	4,870	**1,950**	2,240
Audit fees		**30,550**	50,500	**20,000**	39,950
Bank charges		**201**	849	**151**	799
Operating expenses		**677,545**	1,401,669	**300**	47,491
Loss on disposal of financial assets		**-**	1,021,713	**-**	-
		818,714	2,495,020	**131,000**	122,046
Operating loss for the year			(2,375,836)	**(131,000)**	(122,046)
Finance costs		**(505,306)**	(455,047)	**(481,056)**	(432,401)
Finance income		**609**	1,831	**613,012**	746,942
Foreign exchange gains/(losses)		**3**	(16,482)	**2**	-
Gain on bargain purchase	**22**	**-**	4,977,507	**-**	-
Impairment loss on investment	**7**	**-**	-	**-**	(5,963)
Other income	**20**	**33,400**	574,958	**-**	-
(Loss)/profit before tax		**(1,196,450)**	2,706,931	**958**	186,532
Tax expense	**19**	**(339)**	(1,054)	**-**	-
(Loss)/profit for the year		**(1,196,789)**	2,705,877	**958**	186,532
Other comprehensive income, net of tax:					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on retranslation of foreign operations		**2,447,050**	(446,978)	**-**	-
		2,447,050	(446,978)	**-**	-
Total comprehensive income for the year		**1,250,261**	2,258,899	**958**	186,532
(Loss)/profit for the year attributable to:					
Owners of the parent		**(1,063,503)**	3,216,395	**-**	-
Non-controlling interest	**15**	**(133,286)**	(510,518)	**-**	-
		(1,196,789)	2,705,877		-
Total comprehensive income attributable to:					
Owners of the parent		**1,026,065**	2,653,856	**-**	-
Non-controlling interest	**15**	**224,196**	(394,957)	**-**	-
		1,250,261	2,258,899		-
Earnings/(loss) per share					
Basic earnings/(loss) per share	**21**	**0.00351**	0.01102	**-**	-
Diluted earnings/(loss) per share	**21**	**0.00322**	0.01012	**-**	-

The notes on pages 34 - 76 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2021

The Group	Stated capital USD	Translation reserves USD	Fair value reserves USD	Accumulated losses USD	Equity attributable to owners of the parent USD	Non-controlling interest USD	Total USD
At 01 July 2020	**17,621,778**	**28,772**	**-**	**(9,313,206)**	**8,337,344**	**2,760,194**	**11,097,538**
Adjustment	**-**	**-**	**-**	**(63,661)**	**(63,661)**	**-**	**(63,661)**
Issue of shares	**149,052**	**-**	**-**	**-**	**149,052**	**-**	**149,052**
Transaction with the shareholders	**149,052**	**-**	**-**	**-**	**149,052**	**-**	**149,052**
Loss for the year	**-**	**-**	**-**	**(1,063,503)**	**(1,063,503)**	**(133,286)**	**(1,196,789)**
Other comprehensive income:							
Exchange differences on translating foreign operations	**-**	**2,089,568**	**-**	**-**	**2,089,568**	**357,482**	**2,447,050**
Total comprehensive income for the year	**-**	**2,089,568**	**-**	**(1,063,503)**	**1,026,065**	**224,196**	**1,250,261**
At 30 June 2021		**17,770,830**	**2,118,340**	**(10,440,370)**	**9,448,800**	**2,984,390**	**12,433,190**
At 01 July 2019	17,621,778	591,311	(8,724,959)	(3,731,999)	5,756,131	(1,145,328)	4,610,803
On acquisition of subsidiaries	-	-	-	(72,643)	(72,643)	4,300,479	4,227,836
Recycling of fair value reserves	-	-	8,724,959	(8,724,959)	-	-	-
Profit for the year				3,216,395	3,216,395	(510,518)	2,705,877
Other comprehensive income:							
Exchange differences on translating foreign operations	-	(562,539)	-		(562,539)	115,561	(446,978)
Total comprehensive income for the year	-	(562,539)	-	3,216,395	2,663,856	(394,957)	2,258,899
At 30 June 2020	17,621,778	28,772	-	(9,313,206)	8,337,344	2,760,194	11,097,538

The notes on pages 34 - 76 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2021 (Continued)

The Company	Stated capital USD	Accumulated losses USD	Total USD
At 01 July 2020	**17,621,778**	**(1,929,341)**	**15,692,437**
Issue of shares	**149,052**	**-**	**149,052**
Transactions with the shareholders	**149,052**	**-**	**149,052**
Profit for the year	**-**	**958**	**958**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**958**	**958**
At 30 June 2021	**17,770,830**	**(1,928,383)**	**15,842,447**
At 01 July 2019	17,621,778	(2,115,873)	15,505,905
Profit for the year	-	186,532	186,532
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	186,532	186,532
At 30 June 2020	17,621,778	(1,929,341)	15,692,437

Consolidated Statement of Cash flows for the year ended 30 June 2021

		The Group		The Company	
	Notes	2021 USD	2020 USD	2021 USD	2020 USD
Cash flows from operating activities					
(Loss)/profit before tax		(1,196,789)	2,706,930	958	186,532
Adjustments for:					
Loan written off		-	-	-	42,915
Interest expense		505,306	455,421	-	432,401
Interest income		(609)	(1,831)	(613,012)	(746,942)
Loss on disposal of financial assets		-	1,021,713	-	-
Foreign exchange losses/(gains)		(3)	16,482	-	-
Depreciation of plant and equipment		3,685	3,747	-	-
Movement in right-of-use assets		(12,982)	8,004	-	-
Impairment loss on investment and exploration assets		-	112,965	-	5,963
Operating (loss)/profit before working capital changes		(701,392)	4,290,467	(612,054)	(79,131)
Change in receivables and prepayments		(2,617,349)	139,618	(24,563)	(20,330)
Change in payables and accruals		1,140,128	699,342	59,953	89,555
Net cash (used in)/from operations		(2,178,613)	5,129,427	(576,664)	(9,906)
Tax paid		-	(1,981)	-	-
Cash flows from investing activities					
Purchase of plant and equipment		-	(4,120)	-	-
Proceeds from disposal of investment		-	688,855	-	-
Exploration assets on business combinations/additions		(1,810)	(6,130,380)	-	-
Expenditure on exploration assets		-	(94,086)	-	-
Loans		7,244	(93,168)	-	-
Net cash from/(used in) investing activities		5,434	(5,632,799)	-	-
Cash flows from financing activities					
Issue of shares		149,052	-	149,052	
Repayment of convertible loan notes		(77,847)	(12,150)	-	-
Funds received from shareholders		-	-	427,459	-
Net movement in lease liabilities		27,969	(1,403)	-	-
Net cash from/(used in) financing activities*		(99,174)	(13,553)	576,511	-
Net change in cash and cash equivalents		(2,074,005)	(518,906)	(153)	(9,906)
Cash and cash equivalents at beginning of the year		79,132	153,003	205	10,111
Exchange differences		1,974,473	445,035	-	-
Cash and cash equivalents at end of the year		(20,400)	79,132	52	205
Cash and cash equivalents made up of:					
Cash at bank (Note 13)		18,159	108,567	52	205
Bank overdraft (Note 13)		(38,559)	(29,435)	-	-
		(20,400)	79,132	52	205
Non-cash transactions:					
Right-of-use assets		-	(372,864)	-	-
Lease liabilities		-	372,864	-	-

** For reconciliation of liabilities arising from financing activities, refer to Note 26.*

The notes on pages 34 - 76 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

1. General information and statement of compliance with International Financial Reporting Standards

Shumba Energy Ltd, the "Company", was incorporated on 28 August 2012 in the Republic of Mauritius under the Mauritius Companies Act 2001 as a public company with liability limited by shares. The Company registered office is at Sunibel Corporate Services Ltd, Suite 204, Grand Baie Quarter, Chemin Vingt Pieds, Grand Bay, 30529, Republic of Mauritius Republic of Mauritius. The Company is currently listed on the Botswana Stock Exchange.

The Company was previously known as Shumba Coal Limited and it changed name to "Shumba Energy Ltd " on 22 October 2015 as evidenced by a Certificate of Incorporation on Change of Name issued by the Registrar of Companies.

The Company holds a Global Business Licence issued by the Financial Services Commission of Mauritius.

The Company and its subsidiaries are collectively referred to as the "Group".

The principal activity of the Group is the acquisition and development of highly prospective coal exploration licences in the Republic of Botswana and the trade of solar energy.

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Adoption of new and revised IFRS

2.1 New and revised standards that are effective for the annual period beginning on 01 July 2020

In the current year, the following revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 July 2020:

IFRS 3 Definition of a Business (Amendments to IFRS 3)

IAS 1 and IAS 8 Definition of Material (Amendments to IAS 1 and IAS 8)

IFRS 9, IAS 39

and IFRS 7 Interest Rate Benchmark Reform (IBOR)

IFRS 16 COVID-19 Related Rent Concessions (Amendment to IFRS 16)

2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these consolidated financial statements, certain new standards and amendments to existing standards, have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements, as relevant to the Group's activities, will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards and amendments to existing standards is provided below:

IFRS 3 References to the Conceptual Framework (Amendments to IFRS 3)

IAS 16 Proceeds before Intended Use (Amendments to IAS 16)

2. Adoption of new and revised IFRS (Continued)

2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Group (Continued)

IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

IFRS 1, IFRS 9, Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments

IFRS 16 and IAS 41 to IFRS 1, IFRS 9, IFRS 16, IAS 41)

IFRS 17 Insurance Contracts, including Amendments to IFRS 17

IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)

IAS 1 Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Management has yet to assess the impact of the above standards and amendments on the Group's consolidated financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Basis of consolidation

The Group financial statements consolidate those of the parent company and of its subsidiaries as at 30 June 2021. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interest, presented as part of equity, represents the portion of subsidiaries' profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

3. Summary of accounting policies (Continued)

3.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Consideration in respect of business combinations comprises of actual cash paid, shares issued or contingent consideration.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

3.4 Financial instruments

Recognition, initial measurement, and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transactions costs, where appropriate. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and subsequent measurement of financial assets

Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

In the current year, the Group does not have any financial assets categorised as FVOCI.

3. Summary of accounting policies (Continued)

3.4 Financial instruments (Continued)

Classification and subsequent measurement of financial assets (Continued)

The classification is determined by both:

- the Group's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's receivables and cash and cash equivalents fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income ("OCI") will be recycled upon derecognition of the asset.

Principles of valuation of investment

Unlisted investments are stated at amounts considered by the directors to be a reasonable assessment of their fair value, where fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Listed investments are fair valued with reference to their closing price quoted on the relevant stock exchange.

3. Summary of accounting policies (Continued)

3.4 Financial instruments (Continued)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. Instruments within the scope of these requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in Note 12.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Classification and measurement of financial liabilities

The Group's financial liabilities include payables and accruals, convertible loan notes, contingent consideration and finance lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

3. Summary of accounting policies (Continued)

3.4 Financial instruments (Continued)

Classification and measurement of financial liabilities (Continued)

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.5 Investment in subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All investments in subsidiaries are stated at cost less impairment charges in the separate financial statements. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to statement of profit or loss and other comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited in the consolidated statement of profit or loss and other comprehensive income.

3.6 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 3.3 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses, if any.

Negative goodwill or gain on bargain purchase is recognised in the consolidated statement of comprehensive income.

3.7 Plant and equipment

The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Plant and equipment are initially measured at cost.

Costs include any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

3. Summary of accounting policies (Continued)

3.7 Plant and equipment (Continued)

The useful lives of items of plant and equipment have been assessed as follows:

Item	**Average useful life**
Furniture and fittings	10 years
Office equipment	10 years
IT equipment	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from the de recognition of an item of plant and equipment is included in profit or loss. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

3.8 Exploration assets

Exploration and evaluation expenditure include costs associated with exploration and evaluation activity as well as cost of procurement of tenement rights for prospecting mineral resources. Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity include:

- Researching and analysing historical exploration data;
- Gathering exploration data through geophysical studies;
- Exploratory drilling and sampling;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Conducting market and finance studies.

Exploration and evaluation expenditure is capitalised on an area of interest basis.

Exploration assets are initially recognised at cost.

Expenditure on exploration on the prospecting stage on tenements are capitalised. Expenditure, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the production of mineral resources from each respective area. The costs are also carried forward, where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

3. Summary of accounting policies (Continued)

3.8 Exploration assets (Continued)

Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest is amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest.

The exploration and evaluation expenditure capitalisation cease when the board of directors concludes that the project is capable of commercial production whereupon accumulated costs are amortised on a unit of production basis.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the First In First Out method. Net realisable value is the estimated selling price in the ordinary course of the business less any applicable selling expenses.

3.10 Site restoration and dismantling cost

The Group has an obligation to dismantle, remove and restore items of plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss; and
- if the adjustment results in an addition to the cost of an asset, the Group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in profit or loss.

If the related asset is measured using the revaluation model, changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:

- a decrease in the liability (subject to (b)) is credited in other comprehensive income and accumulated in the revaluation reserve in equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss;
- an increase in the liability is recognised in profit or loss, except that it is debited to other comprehensive income as a decrease to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

3. Summary of accounting policies (Continued)

3.10 Site restoration and dismantling cost (Continued)

- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in profit or loss; and
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to profit or loss and to other comprehensive income under (a). If a revaluation is necessary, all assets of that class are revalued.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, fixed deposits and demand deposit, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts are shown under current liabilities.

3.12 Equity and reserves and dividend payments

Stated capital represents the nominal value of shares that have been issued.

Translation reserves comprise of foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities.

Fair value reserves comprise of gains and losses on remeasurement of financial assets at fair value through other comprehensive income.

Accumulated losses include all current and prior years' results as disclosed in the consolidated statement of profit or loss and other comprehensive income.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in liabilities when the dividends have been approved by the Board prior to the reporting date.

3.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation has been made. At the time of the effective payment, the provision is deducted from the corresponding expenses.

All known risks at reporting date are reviewed in detail and provision is made when necessary.

3.14 Operating expenses

Operating expenses are recognised in the consolidated statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

3. Summary of accounting policies (Continued)

3.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- weighted average of the borrowing costs applicable to the Group on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowings costs incurred.

The capitalisation of borrowing costs commences when:

- expenditure for the asset has occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3.16 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date in the respective jurisdiction where each entity is incorporated.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting date.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

3. Summary of accounting policies (Continued)

3.16 Taxation (Continued)

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.17 Foreign currency

Functional and presentation currency

The consolidated financial statements are presented in United States Dollars (USD), which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the USD are translated into USD upon consolidation. The functional currencies of the overseas subsidiaries have remained unchanged during the reporting year.

On consolidation, assets and liabilities have been translated into USD at the closing rate at the reporting date. Income and expenditure have been translated into USD at the average rate over the reporting year.

Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserves in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

The closing and average exchange rates for the year ended 30 June 2021 were as follows:

	2021 USD	2020 USD
BWP/USD (Closing)	**0.09084**	0.08376
BWP/USD (Average)	**0.08730**	0.08947
ZAR/USD (Closing)	**0.06981**	0.05775
ZAR/USD (Average)	**0.06378**	0.06403

3.18 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3. Summary of accounting policies (Continued)

3.19 Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of an impairment loss exists, the carrying amount of the asset is assessed and is written down to its recoverable amount.

The impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

3.20 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

3.21 Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable, excluding taxes, rebates and discounts.

To determine whether to recognise revenue, the Group ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised over time, when (or as) the Group satisfies performance obligations by delivering goods to its customers.

Interest income is recognised on an accrual basis unless collectability is in doubt.

Dividend income is recognised when the right to receive payment is established.

3.22 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. Summary of accounting policies (Continued)

3.22 Leases (Continued)

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

3. Summary of accounting policies (Continued)

3.22 Leases (Continued)

Lease liabilities (Continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

3. Summary of accounting policies (Continued)

3.22 Leases (Continued)

Right-of-use assets (Continued)

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Leasehold property straight line 50 years	Straight line	50 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

3.23 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.24 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Determination of functional currency

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Group is the USD.

3. Summary of accounting policies (Continued)

3.24 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

Significant management judgement (Continued)

Income taxes

The Company and its subsidiaries are subject to income taxes in jurisdictions where each company is incorporated. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determinations is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

Contingent liabilities

Management applies its judgement to facts and advices it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Coal reserve and resource estimates

Coal reserves are estimates of the amount of coal that can be economically and legally extracted from the Group's mining properties. The Group estimates its coal reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the coal body. Such analysis requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the coal body. Changes in the reserves or resource estimates may impact upon the carrying value of exploration assets, mine properties, plant and equipment, recognition of deferred tax assets, and depreciation and amortisation charges. Depreciation and amortisation charges in profit or loss may change where the useful life of the related assets change. The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

Production start date

The Group assesses the stage of each mine under construction to determine when a mine moves into the production stage being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the production phases is considered to commence and all related amounts are reclassified from 'Mines under construction' to 'Exploration assets' and 'plant and equipment'. Some of the criteria used will include, but are not limited to, the following:

- Level of capital expenditure incurred compared to the original construction cost estimates
- Completion of a reasonable period of testing of the mine plant and equipment

3. Summary of accounting policies (Continued)

3.24 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

Significant management judgement (Continued)

Production start date (Continued)

- Ability to produce in saleable form (within specifications)
- Ability to sustain ongoing production

When a mine development project moves into the production stage, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation / amortisation commences.

Recognition of deferred tax asset

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised.

Impact of COVID-19 and going concern

The COVID- 19 pandemic has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The directors have therefore considered the potential adverse impact of COVID-19 on the Group's business activities and have exercised significant judgement in assessing that the preparation of these consolidated financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Group's future business projects, future cash flows and profitability, the global economic conditions and the government's financial support.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided overleaf. Actual results may be substantially different.

Inventories

The directors estimate the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

3. Summary of accounting policies (Continued)

3.24 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

Estimation uncertainty (Continued)

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, the directors use estimates of future cash flows and discount rates.

Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognised in profit or loss in the subsequent period.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. These estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

Useful lives of depreciable assets

The estimates of useful lives as translated into depreciation rates are detailed in plant and equipment policy in the consolidated financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the industry.

Impairment testing (including goodwill)

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions by management may change which may then impact these estimations and may then require a material adjustment to the carrying value of assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand, together with economic factors such as exchange rates, inflation and interest.

3. Summary of accounting policies (Continued)

3.24 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

Estimation uncertainty (Continued)

Impairment of financial assets

The Group uses the guidance of IFRS 9 to determine the degree of impairment of its financial assets. Management considers a broader range of information when assessing credit risk and estimating the credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

4. Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group's financial assets and liabilities by category are summarised below:

	The Group		The Company	
	2021 USD	2020 USD	2021 USD	2020 USD
Financial assets				
Financial assets at amortised cost				
Non-current				
Loans	**99,803**	93,168	**19,542,017**	18,929,005
	99,803	93,168	**19,542,017**	18,929,005
Current				
Receivables	**2,516,461**	18,495	**1,804,151**	1,781,414
Cash and cash equivalents	**18,159**	108,567	**52**	205
	2,534,620	127,062	**1,804,203**	1,781,619
Total financial assets	**2,634,423**	220,230	**21,346,220**	20,710,624

4. Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group's financial assets and liabilities by category are summarised below:

	The Group		The Company	
	2021 USD	2020 USD	2021 USD	2020 USD
Financial liabilities				
Financial liabilities measured at amortised cost:				
Non-current				
Loan notes	**3,709,731**	3,282,272	**3,709,731**	3,282,272
Finance lease liabilities	**518,062**	378,122	**-**	-
Contingent consideration	**1,500,000**	1,500,000	**1,500,000**	1,500,000
	5,727,793	5,160,394	**5,209,731**	4,782,272
Current				
Finance lease liabilities	**-**	1,416	**-**	-
Bank overdraft	**38,559**	29,435	**-**	-
Payables and accruals	**3,673,970**	2,644,397	**2,329,012**	2,269,059
Total financial liabilities	**9,440,322**	7,835,642	**7,538,743**	7,051,331

The Group's risk management is carried out under policies approved by the Board of Directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets and derivatives for speculative purposes nor does it write options.

The most significant financial risk to which the Group and the Company are exposed are described below.

4.1 Market risk analysis

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from its currency exposures, primarily with respect to the Botswana Pula ("BWP") and South African Rands ("ZAR"). Consequently, the Group is exposed to the risk that the exchange rates of the USD relative the BWP and ZAR may change in a manner which has material effect on the reported value of the Group's assets and liabilities which are in BWP and ZAR. The Group does not use any financial instruments to hedge its foreign exchange risk.

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.1 Market risk analysis (Continued)

Foreign currency sensitivity (Continued)

The foreign currency profile of the Group's and the Company's financial instruments is as follows:

	Financial assets			
	The Group		The Company	
	2021 USD	2020 USD	2021 USD	2020 USD
USD	**1,823,803**	883	**52**	205
BWP	**228,976**	139,328	**346,220**	20,710,419
ZAR	**581,644**	80,019	**-**	-
	2,634,423	220,230	**21,346,220**	20,710,624

	Financial liabilities			
	The Group		The Company	
	2021 USD	2020 USD	2021 USD	2020 USD
USD	**2,462,905**	2,082,794	**2,102,294**	2,057,216
BWP	**6,965,680**	5,752,848	**5,441,449**	4,994,115
ZAR	**11,737**	-	**-**	-
	9,440,322	7,835,642	**7,538,743**	7,051,331

The following table illustrates the sensitivity of profit/loss and equity in regards to the Company's and the Group's financial assets and liabilities and the USD/BWP exchange rate "all other things being equal".

It assumes a 8% change of the USD/BWP exchange rate for the year ended 30 June 2021 (2020: 8%).

This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's and the Group's foreign currency financial instruments held at the reporting date.

If the BWP had weakened against the USD by 8% (2020: 8%), then this would have the following impact:

	The Group		The Company	
	Profit/(loss) and equity		Profit/(loss) and equity	
	2021 USD	2020 USD	2021 USD	2020 USD
At 30 June	**(538,936)**	(218,621)	**(407,618)**	(17,962)

If the BWP had strengthened against the USD by 8% (2020: 8%), then this would have the following impact:

	The Group		The Company	
	Profit/(loss) and equity		Profit/(loss) and equity	
	2021 USD	2020 USD	2021 USD	2020 USD
At 30 June	**538,936**	(218,621)	**(407,618)**	(17,962)

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.1 Market risk analysis (Continued)

Interest rate sensitivity

The Group's interest-bearing financial liabilities consist of convertible loan notes which carry interest at a fixed rate and is therefore not exposed to any interest rate risk.

The Group's interest-bearing financial assets include its bank balances. Interest on the bank balances is based on market interest rates. At 30 June 2021, the bank balance stood at USD 18,159 (2020: USD 108,567) and interest earned during the year was insignificant. Therefore, any change in the market interest rate would impact marginally on the Group's operating cash flows.

4.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation resulting in financial loss to the Group. The Group's and the Company's exposures to credit risk are limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	The Group		The Company	
	2021 USD	2020 USD	2021 USD	2020 USD
Assets				
Non-Current				
Loans	**99,803**	93,168	**19,542,017**	18,929,005
Current				
Receivables	**2,516,461**	18,495	**1,804,151**	1,781,414
Cash and cash equivalents	**18,159**	108,567	**52**	205
	2,534,620	127,062	**1,804,203**	1,781,619
Total	**2,634,423**	220,230	**21,346,220**	20,710,624

The Group transacts with reputable banks in order to minimise its credit risk on its bank balances.

The Group has policies in place to deal with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

4.3 Liquidity risk analysis

Liquidity risk is the risk arising from the Group not being able to meet its financial obligations as and when they fall due.

The Group manages liquidity risk by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Funding for long term liquidity needs is secured by loans from related parties and raising funds from the public.

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.3 Liquidity risk analysis (Continued)

The following are the contractual maturities of the financial liabilities:

The Group	Within 1 year		More than 1 year	
	2021 USD	2020 USD	2021 USD	2020 USD
Loan notes	-	-	**3,709,731**	3,282,272
Contingent consideration	-	-	**1,500,000**	1,500,000
Finance lease liabilities	-	1,416	**518,062**	378,122
Bank overdraft	**38,559**	29,435	-	-
Payables and accruals	**3,673,970**	2,644,397	-	-
	3,712,529	2,675,248	**5,727,793**	5,160,394

The Company	Within 1 year		More than 1 year	
	2021 USD	2020 USD	2021 USD	2020 USD
Convertible loan notes	-	-	**3,709,731**	3,282,272
Contingent consideration	-	-	**1,500,000**	1,500,000
Payables and accruals	**2,306,279**	2,269,059	-	-
	2,306,279	2,269,059	**5,209,731**	4,782,272

5. Capital risk management policies and procedures

The Group's capital management objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and other stakeholders.

The Group aims to maintain a reasonable gearing ratio, which would allow it to achieve its investment objectives.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, that is, equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, reduce capital, issue new shares, or sell assets to reduce debts.

The Group was not geared for the two years ended 30 June 2021.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

The Group's financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of investment in subsidiaries, goodwill, plant and equipment, right-of-use assets, exploration assets, deposits and prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring and non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

The Group's non-financial assets consist of plant and equipment, exploration assets which are measured using the cost model and inventories and prepayments for which fair value measurement is not applicable. At the reporting date, the Group's non-financial liabilities include only current tax liabilities, for which the fair value measurement is not applicable.

7. Investment in subsidiaries

7.1 Unquoted and at cost:

	2021 USD	2020 USD
At 01 July	**2,030,743**	2,036,706
Impairment loss (Note 7.3 below)	**-**	(5,963)
At 30 June	**2,030,743**	2,030,743

7.2 Details of the investments are as follows:

Investee company	Country of incorpora-tion	Type of shares	% held	Cost 2021 USD	Cost 2020 USD
Shumba Resources Ltd	Republic of Mauritius	Ordinary shares	100%	**2,030,742**	2,030,742
Shumba Coal Trading Ltd	Republic of Mauritius	Ordinary shares	100%	**1**	1
				2,030,743	2,030,743

7.3 The principal activity of Shumba Coal Trading Ltd is to trade in coal. The investment is shown at a nominal value of USD 1 due to impairment.

7.4 The principal activity of Shumba Resources Ltd is to hold investment in Shumba Energy (Proprietary) limited.

7. Investment in subsidiaries (Continued)

Indirect holding through Shumba Resources Ltd:

Investee company	Country of incorpora-tion	Type of shares	% held	Cost 2020 & 2021 USD
Shumba Energy (Proprietary) Limited	Republic of Botswana	Ordinary shares	90%	**359**

The principal activity of Shumba Energy (Proprietary) Limited is the acquisition and development of highly prospective coal exploration licences in the Republic of Botswana.

Indirect holding through Shumba Energy (Proprietary) Limited:

Investee company	Country of incorpora-tion	Type of shares	% held (Effective holding)	Cost 2021 USD	Cost 2020 USD
Shumba Energy South Africa (Pty) Ltd	South Africa	Ordinary shares	67%	**6**	6
Morupule South Resources Limited	Republic of Botswana	Ordinary shares	88%	**3,082,121**	3,082,121
Coal Petroleum (Proprietary) Limited	Republic of Botswana	Ordinary shares	72%	**3,793**	3,793
Shumba Coal Trading Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	90%	**9**	9
Lurco Thermal Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	68%	**7**	7
Kibo Energy Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	59%	**841,978**	841,978
Total				**3,927,914**	3,927,914

Indirect holding through Shumba Coal Trading Botswana (Proprietary) Limited:

Investee company	Country of incorpora-tion	Type of shares	% held	Cost 2021 & 2020 USD
Hodges Morupule Mauritius Limited	Republic of Mauritius	Ordinary shares	100%	**1**

7. Investment in subsidiaries (Continued)

Indirect holding through Hodges Morupule Mauritius Limited:

Investee company	Country of incorporation	Type of shares	% held	Cost 2021 & 2020 USD
Hodges Resources (Morupule) (Proprietary) Limited	Republic of Mauritius	Ordinary shares	100%	**1**

8. Goodwill

	2021 USD	2020 USD
Goodwill on acquisition	**2,745,662**	2,745,662

9. Loans

The Group

Loan of USD 99,803 (2020: USD 93,168) is receivable from a third party and it is unsecured, bears no interest and with no fixed term of repayment.

The Company	2021 USD	2020 USD
At 01 July	**18,929,005**	18,194,213
Repayments made during the year	**-**	(12,150)
Interest element for the year	**613,012**	746,942
At 30 June	**19,542,017**	18,929,005

(i) The loan carries interest at the USD Libor rate +50 basis points.

(ii) Interest income for the year amounted to USD 613,012 (2020: USD 746,942).

10. Plant and equipment

Plant and equipment

The Group	Furniture & fittings USD	Motor vehicles USD	IT equipment USD	Office equipment USD	Capital work-in-progress	Total USD
Cost						
At 01 July 2020	**10,966**	**28,927**	**17,913**	**1,482**	**388,073**	**447,361**
Exchange differences	**781**	**2,060**	**1,276**	**106**	**27,641**	**31,864**
At 30 June 2021	**11,747**	**30,987**	**19,189**	**1,588**	**415,714**	**479,224**
Depreciation						
At 01 July 2020	**8,868**	**23,142**	**11,060**	**1,174**	**-**	**44,244**
Charge for the year	**1,129**	**-**	**2,422**	**134**	**-**	**3,685**
Exchange differences	**677**	**1,648**	**886**	**91**	**-**	**3,302**
At 30 June 2021	**10,674**	**24,790**	**14,368**	**1,399**	**-**	**51,231**
Net book values						
At 30 June 2021	**1,073**	**6,197**	**4,821**	**189**	**415,714**	**427,994**
Cost						
At 01 July 2019	11,988	31,622	15,384	1,620	424,226	484,840
Additions during the year	-	-	4,020	-	-	4,020
Exchange differences	(1,002)	(2,695)	(1,491)	(138)	(36,153)	(41,499)
At 30 June 2020	10,966	28,927	17,913	1,482	388,073	447,361
Depreciation						
At 01 July 2019	8,495	25,484	9,334	1,141	-	44,454
Charge for the year	1,148	-	2,463	136	-	3,747
Exchange differences	(775)	(2,342)	(736)	(103)	-	(3,956)
At 30 June 2020	8,868	23,142	11,061	1,174	-	44,245
Net book values						
At 30 June 2020	2,098	5,785	6,853	308	388,073	403,116

11. Exploration assets

Exploration assets		
The Group	**2021 USD**	**2020 USD**
Cost		
At 01 July	**15,122,560**	4,739,648
On consolidation of new subsidiaries	**-**	11,107,887
Additions during the year	**1,810**	94,086
Impairment loss	**-**	(112,965)
Exchange differences	**367,425**	(706,096)
At 30 June	**15,491,795**	15,122,560

(i) Exploration assets which relate to intangible assets under development represent:

- cost of procurement of tenement rights for prospecting certain mineral resources in specified geographical area; and
- accumulated costs in connection with undertaking of various activities involving carrying out and assessment of technical feasibility as well as commercial viability of the extraction of mineral resources, available as mining reserves in the area of interests for which the Group has acquired the tenement rights.

(ii) The following table states the details of all tenements as at 30 June:

2021		
License number	**Size (Km2)**	**Expiry date**
PL 121/2010	**124.00**	31 December 2023
PL 053/2005	**247.40**	30 September 2022
PL 218/2016	**42.00**	31 March 2023

2020		
License number	**Size (Km2)**	**Expiry date**
PL 121/2010	**124.00**	31 December 2021
PL 428/2009	**101.90**	31 March 2021
PL 053/2005	**247.40**	30 September 2020
PL 218/2016	**42.00**	31 March 2021

Licence PL 428/2009 has been submitted to Department of Mines.

(i) The directors have assessed whether the exploration assets and prospecting licences are still valid and concluded that based on independent reports dated 09 September 2016 and 13 December 2016 from KPMG South Africa on the Sechaba Independent Power Producer (SIPP) project and Mabesekwa Export Independent Power Producer (MEIPP) project respectively, the explorations assets and prospecting licences have not suffered any impairment in value since these projects are still commercially viable, except for a particular project which has been deemed to be no longer viable by management during the year under review. The licence thereof has been relinquished.

12. Receivables and prepayments

	The Group		The Company	
	2021 USD	2020 USD	2021 USD	2020 USD
Trade receivables, gross	**4,736**	41,897	**-**	-
Loss allowance	**-**	(27,715)	**-**	-
Trade receivables, net	**4,736**	14,164	**-**	-
Due from related parties (Note 12.3)	**-**	-	**1,804,150**	1,781,414
Deposits	**82,148**	12,155	**-**	-
Other receivables	**2,511,725**	4,331	**1**	-
VAT recoverable	**6,443**	27,722	**-**	-
Prepayments	**100,594**	29,925	**4,228**	2,400
Total	**2,705,646**	88,297	**1,808,378**	1,783,815

12.1 Expected credit losses

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

The loss allowance provision is determined as follows:

	2021 USD	2021 USD	2020 USD	2020 USD
The Group	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss:				
Less than 30 days past due	**4,736**	**-**	56,112	-
31-60 days past due	**-**	**-**	-	-
More than 120 days past due	**-**	**-**	30,705	27,715
Total	**4,736**	**-**	86,817	27,715

12.2 Receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

12.3 Due from related parties

The amount due from the related parties are unsecured, interest-free and receivable on demand.

13. Cash and cash equivalents

	The Group		The Company	
	2021 USD	2020 USD	2021 USD	2020 USD
Cash at bank in:				
United Stated Dollar (USD)	**8,792**	883	**52**	205
Botswana Pula (BWP)	**6,972**	41,119	**-**	-
South African Rand (ZAR)	**2,393**	66,565	**-**	-
	18,159	108,567	**52**	205
Bank overdraft:				
Botswana Pula (BWP)	**38,559**	29,435	**-**	-

14. Stated capital

	The Company	
14.1 Issued and fully paid:	**2021 USD**	**2020 USD**
293,558,550 (2020: 291,819,493) shares at no par value	**17,770,830**	17,621,778

The movement is as follows:

	2021 USD	2020 USD
At 01 July	**17,621,778**	17,621,778
Conversion of convertible loan notes into equity shares	**149,052**	-
At 30 June	**17,770,830**	17,621,778

14.2 Warrants

Pursuant to a Board meeting dated 29 September 2015, the Board had resolved to issue 7,050,709 warrants to founding directors of the Company to subscribe for ordinary shares of the Company at any time during the exercise period at an exercise price of BWP 1.18 each. Pursuant to a Board meeting dated 31 December 2015, it was resolved to issue 603,226 warrants to General Research GMBH to subscribe for ordinary shares of the Company at any time during the exercise period at the listed market price.

Pursuant to a Board meeting dated 20 April 2017, the Board had resolved to issue 18,367,962 warrants to the below holders to subscribe for ordinary shares of the Company at any time during the exercise period at the exercise price of BWP 1.06 each.

As at the date of this report, the directors have not yet exercised their rights to the warrants.

14. Stated capital (Continued)

14.2 Warrants (Continued)

Details of warrants:

Name	2017 Warrants (Number)	2016 Warrants (Number)	Total (Number)
Mashale Phumaphi	4,423,958	3,555,833	7,979,791
Thapelo Mokhathi	4,423,958	2,031,904	6,455,862
Alan Clegg	4,423,959	731,486	5,155,445
Grant Ramnauth	4,423,959	731,486	5,155,445
General Research GMBH	-	603,226	603,226
Thamang Thabolo	572,128	-	572,128
Priscillah Gaonyyadiwe Sengwatse	100,000	-	100,000
Total warrants	**18,367,962**	**7,653,935**	**26,021,897**

15. Non-controlling interest

	2021 USD	2020 USD
At 01 July	**2,760,194**	(1,145,328)
On acquisition of subsidiaries	**-**	4,300,479
Share of loss for the year	**(133,286)**	(510,518)
Share of translation reserves for the year	**357,482**	115,561
At 30 June	**2,984,390**	2,760,194

16. Loan Notes

Medium-Term Loan Note

Name	2021 USD	2020 USD
At 01 July	3,282,272	2,862,021
Interest expense for the year	481,056	432,401
Repayments made during the year	(53,597)	(12,150)
At 30 June	**3,709,731**	**3,282,272**

In 2018, the Group issued convertible loan notes for an amount of USD 2,553,282 (BWP 25,000,000) which carry interest at the rate of prime plus margin semi-annually and maturing by end of 31 January 2024 (maturity date).

17. Contingent consideration

On 24 November 2016, an agreement was made with Hodges Resources Limited for the acquisition of all the shares held by the latter in Hodges Morupule Mauritius Limited which has an effective interest of 75% in the Morupule South Project at the time of acquisition.

17. Contingent consideration (Continued)

The transfer was thus done and the salient terms of the acquisition are as follows:

- Payment of USD 1.4 million to Hodges Resources Limited;
- Payment of USD 1.5 million on the first year's anniversary from the date on which mining commences; and
- Payment of a gross sales royalty of 1% of sales revenue generated from the sale of coal from the Morupule South Project to Hodges Resources Limited.

An amount of USD 1,500,000 was thus recognised as a contingent consideration in 2016/2017 though the timing of payment will depend upon the successful operation of the relevant mine.

18. Payables and accruals

	The Group		The Company	
	2021 USD	2020 USD	2021 USD	2020 USD
Payables	**3,661,138**	2,559,481	**2,226,718**	2,211,843
Accruals	**123,387**	84,916	**102,294**	57,216
	3,784,525	2,644,397	**2,329,012**	2,269,059

Included in payables is an amount of **USD 2,000,000** (2020: USD 2,000,000) which is secured by the Daheng Licence. This amount is payable on the first anniversary of the commencement of mining at the Mabesekwa project.

19. Taxation

(i) The Subsidiaries

The income tax rate applicable to the subsidiaries depends upon the jurisdiction in which they are incorporated/registered.

(ii) The Company

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 01 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

19. Taxation (Continued)

(ii) The Company (Continued)

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source in-come resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign in-come against the Company's tax liability computed at 15% on such income, or (b) a partial ex-emption of 80% of some of the income derived, including but not limited to foreign source div-idends or interest income.

A reconciliation of the actual income tax expense based on accounting profit and the actual in-come tax expense is as follows:

	2021 USD	2020 USD
Profit before tax	**958**	186,532
Tax at 15%	**144**	27,980
Impact of:		
Non-deductible expenses	**-**	7,371
Deferred tax liability not recognised	**(144)**	(35,351)
Tax expense	**-**	-

(ii) Subsidiaries incorporated in Republic of Mauritius

(a) The subsidiaries' income tax liabilities are as follows:

	2021 USD	2020 USD
Shumba Resources Ltd	**339**	1,054

Shumba Coal Trading Ltd holds a Category 2 Global Business Licence, and by virtue of this licence this subsidiary is exempt from income tax in the Republic of Mauritius.

(iii) Subsidiaries incorporated in Botswana Shumba Energy (Proprietary) Limited, Morupule South Resources Limited and Hodges Resources (Morupule) (Proprietary) Limited), Kibo Energy Botswana (Proprietary) Limited, Coal Trading Botswana (Proprietary) Limited, Coal Petroleum (Proprietary) Limited, and Lurco Thermal Botswana (Proprietary) Limited.

19. Taxation (Continued)

The above subsidiaries have no income tax liability due to tax losses carried forward. The estimated tax losses available for set off against future taxable income amounted to USD 10,111,466 (2020: USD 9,603,571). These losses can be carried forward without any limitation of time until there are taxable profits, as they do not fall away. The subsidiaries have not recognised deferred tax assets as it is still proceeding with exploration activities and has not begun to generate revenues.

20. Other income

The other income of USD 33,400 (2020: USD 574,958) related to recoveries.

21. Earnings/(loss) per share

Both the basic and diluted earnings/(loss) per share have been calculated using the profit/loss attributable to shareholders of the parent company.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings/loss per share to the weighted average number of ordinary shares used in the calculation of basic earnings/loss per share is as follows:

	Number of shares	
	2021	**2020**
Weighted average number of shares used in basic earnings/loss per share	**292,617,333**	291,819,493
Shares deemed to be issued for warrants and options	**26,021,897**	26,021,897
Weighted average number of shares used in diluted earnings/loss per share	**318,639,230**	317,841,390

22. Gain on bargain purchase

Pursuant to a Shareholders' Agreement (the "Agreement") dated 05 December 2019 entered into by Kibo Energy (Cyprus) Limited, Shumba Energy (Proprietary) Limited and Kibo Energy Botswana (Proprietary) Limited, it was agreed to adjust the economic shareholder interests of the latter resulting from the implementation of the provisions of clause 2.2.1 of the Agreement in respect of the Mabesekwa Coal Independent Power Project ("MCIPP") in Botswana with the prospecting license PL428/2009.

The above implementation has resulted in a change of shareholding of Shumba Energy (Proprietary) Limited in Kibo Energy Botswana (Proprietary) Limited from 15% to 65% and consequently a gain on bargain purchase of USD 4,977,507 has been recognised in profit and loss.

23. Right-of-use assets

The Group has the option to purchase the plant at a nominal amount on completion of the lease term.

Details pertaining to leasing arrangements, where the Group is lessee are presented overleaf:

23. Right-of-use assets (Continued)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	2021 USD	2020 USD
Leasehold property	**385,846**	372,864
Additions to right-of-use assets		
Leasehold property	**-**	380,868

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed as well as depreciation which has been capitalised to the cost of other assets.

	USD	USD
Buildings	**8,490**	7,741
Interest expense on lease liabilities	**25,061**	23,767

24. Lease liabilities

	2021 USD	2020 USD
Minimum lease payments due		
- within one year	**27,109**	25,097
- in second to fifth year inclusive	**108,436**	100,387
- later than five years	**872,010**	1,043,602
	1,007,555	1,169,085
Less: future finance charges	**(600,030)**	(789,547)
Present value of minimum lease payments	**407,525**	379,538
Present value of minimum lease payments due		
- within one year	**1,529**	1,416
- in second to fifth year inclusive	**7,122**	6,633
- later than five years	**398,874**	371,489
	407,525	379,538
Non-current liabilities	**405,978**	378,122
Current liabilities	**1,529**	1,416
	407,525	379,538

The lease term is for a period of 50 years and the average effective borrowing rate was 6.5%.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

25. Consolidation

Details regarding the Company's subsidiaries, their total assets and liabilities at 30 June 2021, and revenue and loss for the year then ended are as follows:

	Shumba Resources Ltd	Shumba Coal Trading Ltd
Country of incorporation	Republic of Mauritius	Republic of Mauritius
Proportion of ownership interest	100%	100%
Activity of subsidiary	Investment holding	Trading of coal
Total assets	USD 2,700,738	USD 245
Total liabilities	USD 334,447	USD 46,677
Revenues	USD 22,456	USD Nil
Profit/(loss) for the year	USD 10,974	USD (268)

Indirectly owned by Shumba Resources Limited:

	Shumba Energy (Proprietary) Limited
Country of incorporation	Republic of Botswana
Proportion of ownership interest	100%
Activity of subsidiary	Exploration
Total assets	USD 8,632,277
Total liabilities	USD 25,464,834
Revenues	USD 618,668
Loss for the year	USD 1,145,776

Indirectly owned by Shumba Energy (Proprietary) Limited:

	Shumba Energy South Africa Proprietary Limited	Morupule South Resources (Proprietary) Hodges Morupule Limited	Kibo Energy Botswana (Pty) Ltd	Coal Trading Botswana (Pty) Ltd	Coal Petroleum (Pty) Ltd	Lurco Thermal Botswana (Pty) Ltd
Country of incorporation	South Africa	Republic of Botswana	Republic of Botswana	Republic of Botswana	Republic of Botswana	Republic of Botswana
Proportion of ownership interest	74%	97.5%	65%	100%	80%	75%
Activity of subsidiary	Wholesale of coal	Exploration	Exploration	Wholesale of coal	Solar Energy	Exploration
Total assets	USD 795,795	USD 771,641	USD 11,368,167	USD 234,035	USD 386,118	USD 3,353,254
Total liabilities	USD 1,056,131	USD 145,891	USD 1,363	USD 246,756	USD 538,546	USD Nil
Revenues	USD 42,967	USD Nil	USD Nil	USD Nil	USD Nil	USD Nil
Loss for the year	USD 22,363	USD Nil	USD 1,211	USD 12,234	USD 33,977	USD Nil

25. Consolidation (Continued)

Indirectly owned by Shumba Coal Trading Ltd:

	Hodges Morupule Mauritius Limited
Country of incorporation	Republic of Mauritius
Proportion of ownership interest	100%
Activity of subsidiary	Investment holding
Total assets	USD Nil
Total liabilities	USD 88,475
Revenues	USD Nil
Profit/(loss) for the year	USD Nil

Indirectly owned by Hodges Morupule Mauritius Limited:

	Hodges Resources Morupule (Proprietary) Limited
Country of incorporation	Republic of Botswana
Proportion of ownership interest	100%
Activity of subsidiary	Exploration
Total assets	USD Nil
Total liabilities	USD Nil
Revenues	USD Nil
Profit/(loss) for the year	USD Nil

26. Reconciliation of liabilities arising from financing activities

2021	On 01 July 2020 USD	Cash flows USD	Non-cash changes USD	30 June 2021 USD
Medium Term Note	**3,282,272**	**(53,597)**	**481,056**	**3,709,731**
Total liabilities from financing activities	**3,282,272**	**(53,597)**	**481,056**	**3,709,731**

2020	On 01 July 2019 USD	Cash flows USD	Non-cash changes USD	30 June 2020 USD
Medium Term Note	**2,862,021**	**-**	**420,251**	**3,282,272**
Total liabilities from financing activities	**2,862,021**	**-**	**420,251**	**3,282,272**

27. Related party transactions

The nature, volume of transactions and balances with the related parties are as follows:

Nature of relationship	Nature of transaction	Volume of transaction USD	Debit/(credit) balances at 30 June 2021 USD	Debit/(credit) balances at 30 June 2020 USD
Subsidiary	Loans (Note 9)	**613,012**	**19,542,017**	**18,929,005**
Subsidiary	Receivable (Note 12)	**-**	**281,414**	**281,414**
Subsidiary	Payables (Note 18)	**-**	**(211,843)**	**(211,843)**
Key management personnel	Director fees	**-**	**-**	**15,500**

One director of the Company, Mr Sipho Alec Ziga, is deemed to have interests in the Company, through his firm Armstrong Attorneys, which provide legal services to the Group.

28. Emphasis of matter

28.1 Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and the validity of which depends upon the availability of funds to meet operation costs and financial obligations in the normal course of business. The directors have assessed the going concern of the Group and formed a reasonable judgement that, at the time of approving these consolidated financial statements, there is reasonable expectation that the Group will be able to obtain sufficient funds to remain a going concern one.

28.2 Exploration assets

The exploration costs so far incurred by the Group on its 3 exploration sites amounted to USD 15.5M as at 30 June 2021. The directors have assessed the technical and financial viability of these 3 exploration sites for financial reporting purposes based on a technical report prepared by an external consultant and concluded that no impairment indicators have been identified and consequently there is reasonable ground to believe that the costs are fairly reflected at the reporting date. Given the uncertainty surrounding the outcome of such type of exploration, we are drawing attention to this matter.

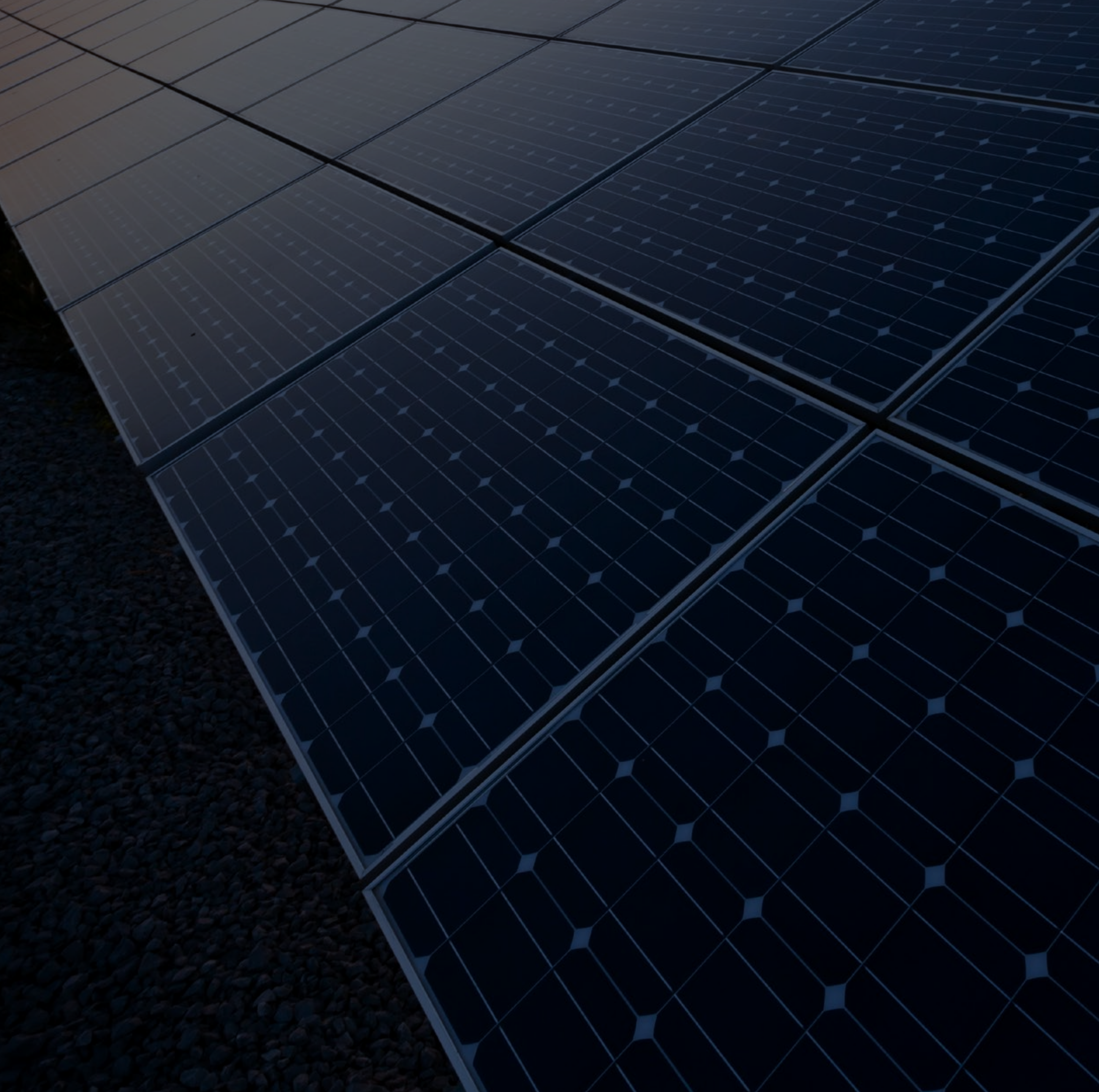
29. Events after the reporting date

The Covid-19 outbreak was declared as a pandemic by the World Health Organisation and this pandemic globally is still causing disturbance and slowdown of economic activity. The directors have performed a preliminary assessment to determine the extent of the effects on the Group's activities and consequently certain strategic measures have already been taken to ensure that there is no major disruption and that obligations are met as and when they fall due The directors are closely monitoring the evolution given the high level of unpredictability and uncertainties and other measures will be taken to alleviate any potential negative effects on the Group's activities. However, such impact cannot be determined with certainty at present.

The Group is expected to have limited impact from the ongoing conflict in Ukraine in the short term. The Group has no exposure to Russian banks and materials, which are subject to United States sanctions.

Except for the above, there have been no material events since the end of the reporting year which would require disclosure or adjustment to the consolidated financial statements for the year ended 30 June 2021.

Consolidated Financial Statements for the year ended 30 June 2022



Shumba Energy Ltd
(the 'Company')

CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166(D) OF THE COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 for the financial year ended 30 June 2022.

Dated this 14th day of June 2023

Sunibel Corporate Services Ltd
Company Secretary
Represented by: Alan Rungassamy and Kesaven Veerapen

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Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Shumba Energy Ltd, the "Company" and its subsidiaries, collectively referred to as the "Group", which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 accompanying consolidated financial statements on pages 22 to 65 give a true and fair view of the financial position of the Group and the Company as at 30 June 2022 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 27 of the consolidated financial statements on the basis of preparation of these consolidated financial statements and the fair value of the exploration costs. Our opinion is not modified in respect of these two matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 30 June 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The only key audit matter identified in relation to the audit of the consolidated financial statements is as described overleaf.

Risk Description

Exploration assets

We focussed on the exploration assets due to the size of the balance on the consolidated statement of financial position and the key judgements, assumptions and estimates used by the Group to assess the recoverability of the costs incurred so far. These include reserves and resources estimates, production estimates, economic factors like coal prices on the market, the movement in exchange rates, exploration costs to be incurred and the renewability of the tenement rights and the effects of Covid-19 pandemic.

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Independent auditors' report (Continued)

How audit responded to this matter

Our audit procedures included among others:

- confirmed that tenement rights are still valid and adherence to tenement requirements.
- ensure exploration assets are capitalised in compliance with IFRS 6, Exploration for and Evaluation of Mineral Resources.
- confirmed that management is closely monitoring the progress of the exploration presently undertaken and all deviations are addressed.
- ensured that external analyst reports are available in support for all assumptions and estimates used in financial forecasts.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Information, Commentary of the Directors, and the Chairman's Report sections but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Independent auditors' report (Continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditors' report (Continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company and its subsidiaries other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

Our report is made solely to the members of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 16 June 2023

Ebene 72201, Republic of Mauritius

Consolidated Statement of Financial Position as at 30 June 2022

		The Group		The Company	
	Notes	2022 USD	2021 USD	2022 USD	2021 USD
Assets					
Non-current					
Investment in subsidiaries	7	-	-	2,030,743	2,030,743
Goodwill	8	2,745,662	2,745,662	-	-
Loans	9	88,377	99,803	20,128,867	19,542,017
Plant and equipment	10	376,249	427,994	-	-
Right-of-use assets	22	338,508	385,846	-	-
Exploration assets	11	13,718,191	15,491,795	-	-
		17,266,987	19,151,100	22,159,610	21,572,760
Current					
Receivables and prepayments	12	53,188	2,705,646	1,806,261	1,808,378
Cash and cash equivalents	13	468,028	18,159	49	52
		521,216	2,723,805	1,806,310	1,808,430
Total assets		17,788,203	21,874,905	23,965,920	23,381,190
Equity and liabilities					
Equity					
Stated capital	14	17,795,944	17,770,830	17,795,944	17,770,830
Translation reserves		(1,008,673)	2,118,340	-	-
Accumulated losses		(12,291,090)	(10,440,370)	(1,718,446)	(1,928,383)
Equity attributable to owners of the parent		4,496,181	9,448,800	16,077,498	15,842,447
Non-controlling interest	15	3,140,743	2,984,390	-	-
		7,636,924	12,433,190	16,077,498	15,842,447
Liabilities					
Non-current					
Loan notes	16	4,617,123	3,709,731	4,212,473	3,709,731
Finance lease liabilities	23	333,446	405,978	-	-
Contingent consideration	17	1,500,000	1,500,000	1,500,000	1,500,000
		6,450,569	5,615,709	5,712,473	5,209,731
Current					
Payables and accruals	18	3,626,640	3,784,525	2,149,334	2,329,012
Finance lease liabilities	23	23,806	1,529	-	-
Bank overdraft	13	17,729	38,559	-	-
Current tax liabilities	19	32,535	1,393	26,615	-
		3,700,710	3,826,006	2,175,949	2,329,012
Total liabilities		10,151,279	9,441,715	7,888,422	7,538,743
Total equity and liabilities		17,788,203	21,874,905	23,965,920	23,381,190

Approved by the Board of Directors and authorised for issue on 14 June 2023 and signed on its behalf by:

Director

Director

The notes on pages 84 - 125 form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

		The Group		The Company	
	Notes	2022 USD	2021 USD	2022 USD	2021 USD
Revenue		487,609	661,635	-	-
Cost of sales		(423,293)	(568,077)	-	-
Net income		64,316	93,558	-	-
Expenditure					
Professional fees		11,977	101,198	23,887	108,599
Licence fees		4,990	9,220	1,950	1,950
Audit fees		31,930	30,550	20,000	20,000
Bank charges		578	201	-	151
Operating expenses		1,692,307	677,545	630	300
Loss on disposal of financial assets		2,690	-	2,690	-
		1,744,472	818,714	49,157	131,000
Operating loss for the year		(1,680,156)	(725,156)	(49,157)	(131,000)
Finance costs		(558,056)	(505,306)	(524,278)	(481,056)
Finance income	9	-	609	813,568	613,012
Foreign exchange (losses) / gain		(3,581)	3	(3,581)	2
Other income	20	32,200	33,400	-	-
		-	-	-	(5,963)
Profit / (loss) before tax		(2,209,593)	(1,196,450)	236,552	958
Tax expense	19	(31,142)	(339)	(26,615)	-
Profit / (loss) for the year		(2,240,735)	(1,196,789)	209,937	958
Other comprehensive income, net of tax:					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on retranslation of foreign operations		(3,544,291)	2,447,050	-	-
		(3,544,291)	2,447,050	-	-
Total comprehensive income for the year		(5,785,026)	1,250,261	209,937	958
(Loss)/profit for the year attributable to:					
Owners of the parent		(1,889,823)	(1,063,503)	-	-
Non-controlling interest	15	(350,912)	(133,286)	-	-
		(2,240,735)	(1,196,789)	-	-
Total comprehensive income attributable to:					
Owners of the parent		(5,016,836)	1,026,065	-	-
Non-controlling interest	15	(768,190)	224,196	-	-
		(5,785,026)	1,250,261	-	-
(Loss)/earnings per share					
(Loss)/basic earnings per share	21	(0.01707)	0.00351	-	-
(Loss)/diluted earnings per share	21	(0.01708)	0.00322	-	-

The notes on pages 84 - 125 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2022

The Group	Stated capital USD	Translation reserves USD	Accumulated losses USD	Equity attributable to owners of the parent USD	Non-controlling interest USD	Total USD
At 01 July 2021	**17,770,830**	**2,118,340**	**(10,440,370)**	**9,448,800**	**2,984,390**	**12,433,190**
Adjustment	**-**	**-**	**39,103**	**39,103***	**-**	**39,103**
Issue of shares (Note 14.1)	**25,114**	**-**	**-**	**25,114**	**-**	**25,114**
Transaction with the shareholders	**25,114**	**-**	**-**	**25,114**	**-**	**25,114**
NCI share of stated capital (Note 24)	**-**	**-**	**-**	**-**	**924,543**	**924,543**
Loss for the year	**-**	**-**	**(1,889,823)**	**(1,889,823)**	**(350,912)**	**(2,240,735)**
Other comprehensive income:						
Exchange differences on translating foreign operations		**(3,127,013)**	**-**	**(3,127,013)**	**(417,278)**	**(3,544,291)**
Total comprehensive income for the year	**-**	**(3,127,013)**	**(1,889,823)**	**(5,016,836)**	**(768,190)**	**(5,785,026)**
At 30 June 2022	**17,795,944**	**(1,008,673)**	**(12,291,090)**	**4,496,181**	**3,140,743**	**7,636,924**
At 01 July 2020	17,621,778	28,772	(9,313,206)	8,337,344	2,760,194	11,097,538
Adjustment	-	-	(63,661)	(63,661)	-	(63,661)
Issue of shares	149,052	-	-	149,052	-	149,052
Transaction with the shareholders	149,052	-	-	149,052	-	149,052
Loss for the year	-	-	(1,063,503)	(1,063,503)	(133,286)	(1,196,789)
Other comprehensive income:						
Exchange differences on translating for-eign opera-tions	-	2,089,568	-	2,089,568	357,482	2,447,050
Total comprehensive income for the year	-	2,089,568	(1,063,503)	1,026,065	224,196	1,250,261
At 30 June 2021	17,770,830	2,118,340	(10,440,370)	9,448,800	2,984,390	12,433,190

* The above adjustment relates to one subsidiary's opening retained earnings and same adjusted in the current year.

The notes on pages 84 - 125 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2022 (Continued)

The Company	Stated capital USD	Accumulated losses USD	Total USD
At 01 July 2021	**17,770,830**	**(1,928,383)**	**15,842,447**
Issue of shares (Note 14.1)	**25,114**	**-**	**25,114**
Transactions with the shareholders	**25,114**	**-**	**25,114**
Profit for the year	**-**	**209,937**	**209,937**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**209,937**	**209,937**
At 30 June 2022	**17,795,944**	**(1,718,446)**	**16,077,498**
At 01 July 2020	17,621,778	(1,929,341)	15,692,437
Issue of shares	149,052	-	149,052
Transactions with the shareholders	149,052	-	149,052
Profit for the year	-	958	958
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	958	958
At 30 June 2021	17,770,830	(1,928,383)	15,842,447

Consolidated Statement of Cash flows for the year ended 30 June 2022

	The Group		The Company	
	2022 USD	2021 USD	**2022 USD**	2021 USD
Cash flows from operating activities				
(Loss)/profit before tax	**(2,209,593)**	(1,196,789)	**236,552**	958
Adjustments for:				
Interest expense	**558,056**	505,306	**-**	-
Interest income	**-**	(609)	**(813,568)**	(613,012)
Foreign exchange losses/(gains)	**3,581**	(3)	**-**	-
Depreciation of plant and equipment	**2,924**	3,685	**-**	-
Movement in right-of-use assets	**47,338**	(12,982)	**-**	-
Operating loss before working capital changes	**(1,597,694)**	(701,392)	**(577,016)**	(612,054)
Change in receivables and prepayments	**2,652,458**	(2,617,349)	**228,835**	(24,563)
Change in payables and accruals	**(157,885)**	1,140,128	**(179,678)**	59,953
Net cash from operations	**896,879**	(2,178,613)	**(527,859)**	(576,664)
Cash flows from investing activities				
Exploration assets on business combina-tions/additions	**-**	(1,810)	**-**	-
Loans	**11,426**	7,244	**-**	-
Net cash from investing activities	**11,426**	5,434	**-**	-
Cash flows from financing activities				
Issue of shares	**-**	149,052	**-**	149,052
Net movement in convertible loan notes and other loans	**-**	(77,847)	**-**	-
Funds received from shareholders	**370,872**	-	**527,856**	427,459
Net movement in lease liabilities	**(50,255)**	27,969	**-**	-
Net cash from financing activities*	**320,617**	99,174	**527,856**	576,511
Net change in cash and cash equivalents	**1,228,922**	(2,074,005)	**(3)**	(153)
Cash and cash equivalents at beginning of the year	**(20,400)**	79,132	**52**	205
Exchange differences	**(758,223)**	1,974,473	**-**	-
Cash and cash equivalents at end of the year	**450,299**	(20,400)	**49**	52
Cash and cash equivalents made up of:				
Cash at bank (Note 13)	**468,028**	18,159	**49**	52
Bank overdraft (Note 13)	**(17,729)**	(38,559)	**-**	-
	450,299	(20,400)	**49**	52
Non-cash transactions:				
Issue of shares	**25,114**	-	**25,114**	-
Deemed loan repayment	**(21,536)**	-	**(21,536)**	-
Foreign exchange differences	**(3,578)**	-	**(3,578)**	-

** For reconciliation of liabilities arising from financing activities, refer to Note 25.*

The notes on pages 84 - 125 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2022

1. General information and statement of compliance with International Financial Reporting Standards

Shumba Energy Ltd, the "Company", was incorporated on 28 August 2012 in the Republic of Mauritius under the Mauritius Companies Act 2001 as a public company with liability limited by shares. The Company registered office is at C/o Sunibel Corporate Services Ltd, Suite 204, Grand Baie Quarter, Chemin Vingt Pieds, Grand Bay, 30529, Republic of Mauritius. The Company is currently listed on the Botswana Stock Exchange.

The Company was previously known as Shumba Coal Limited and it changed name to "Shumba Energy Ltd " on 22 October 2015 as evidenced by a Certificate of Incorporation on Change of Name issued by the Registrar of Companies.

The Company holds a Global Business Licence issued by the Financial Services Commission of Mauritius.

The Company and its subsidiaries are collectively referred to as the "Group".

The principal activity of the Group is the acquisition and development of highly prospective coal exploration licences in the Republic of Botswana and the trade of solar energy.

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Adoption of new and revised IFRS

2.1 New and revised standards that are effective for annual period beginning on 01 July 2021

In the current year, the following revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 July 2021:

IFRS 16 COVID-19 Related Rent Concessions (Amendment to IFRS 16)

Various Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Management have assessed the impact of these revised standards and concluded that none of them have an impact on Group's financial statements.

2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these consolidated financial statements, certain new standards and amendments to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements, as applicable to the Group's activities, will be adopted in the Group's accounting policies for the first year beginning after the effective date of the pronouncements. Information on new standards and amendments to existing standards is provided below:

IFRS 3 References to the Conceptual Framework (Amendments to IFRS 3)

IAS 1 Proceeds before Intended Use (Amendments to IAS 16)

IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

IFRS 17 Insurance Contracts

2. Adoption of new and revised IFRS (Continued)

2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Group (Contd)

IFRS 1, IFRS 9,	
IFRS 16	Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1,
and IAS 41	IFRS 9, IFRS 16, IAS 41)
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 (Amend-ments to IFRS 4)
IAS 1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transac-tion (Amendments to IAS 12)

Management has yet to assess the impact of the above standards and amendments on the Group's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Basis of consolidation

The Group financial statements consolidate those of the parent company and of its subsidiaries as at

30 June 2022. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interest, presented as part of equity, represents the portion of subsidiaries' profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

3. Summary of accounting policies (Continued)

3.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Consideration in respect of business combinations comprises of actual cash paid, shares issued or contingent consideration.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

3.4 Financial instruments

Recognition, initial measurement, and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transactions costs, where appropriate. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and subsequent measurement of financial assets

Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

In the current year, the Group does not have any financial assets categorised as FVOCI.

3. Summary of accounting policies (Continued)

3.4 Financial instruments (Continued)

Classification and subsequent measurement of financial assets (Continued)

The classification is determined by both:

- the Group's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's receivables and cash and cash equivalents fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income ("OCI") will be recycled upon derecognition of the asset.

Principles of valuation of investment

Unlisted investments are stated at amounts considered by the directors to be a reasonable assessment of their fair value, where fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Listed investments are fair valued with reference to their closing price quoted on the relevant stock exchange.

3. Summary of accounting policies (Continued)

3.4 Financial instruments (Continued)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. Instruments within the scope of these requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in Note 12.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Classification and measurement of financial liabilities

The Group's financial liabilities include payables and accruals, convertible loan notes, contingent consideration and finance lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

3. Summary of accounting policies (Continued)

3.4 Financial instruments (Continued)

Classification and measurement of financial liabilities (Continued)

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.5 Investment in subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All investments in subsidiaries are stated at cost less impairment charges in the separate financial statements. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to statement of profit or loss and other comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited in the consolidated statement of profit or loss and other comprehensive income.

3.6 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 3.3 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses, if any.

Negative goodwill or gain on bargain purchase is recognised in the consolidated statement of comprehensive income.

3.7 Plant and equipment

The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Plant and equipment are initially measured at cost.

Costs include any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

3. Summary of accounting policies (Continued)

3.7 Plant and equipment (Continued)

Plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of plant and equipment have been assessed as follows:

Item	**Average useful life**
Furniture and fittings	10 years
Office equipment	10 years
IT equipment	4 years
Motor vehicles	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from the de recognition of an item of plant and equipment is included in profit or loss. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

3.8 Exploration assets

Exploration and evaluation expenditure include costs associated with exploration and evaluation activity as well as cost of procurement of tenement rights for prospecting mineral resources. Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity include:

- Researching and analysing historical exploration data;

- Gathering exploration data through geophysical studies;

- Exploratory drilling and sampling;

- Determining and examining the volume and grade of the resource;

- Surveying transportation and infrastructure requirements; and

- Conducting market and finance studies.

Exploration and evaluation expenditure is capitalised on an area of interest basis.

Exploration assets are initially recognised at cost.

Expenditure on exploration on the prospecting stage on tenements are capitalised. Expenditure, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the production of mineral resources from each respective area. The costs are also carried forward, where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

3. Summary of accounting policies (Continued)

3.8 Exploration assets (Continued)

Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest is amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest.

The exploration and evaluation expenditure capitalisation cease when the board of directors concludes that the project is capable of commercial production whereupon accumulated costs are amortised on a unit of production basis.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the First In First Out method. Net realisable value is the estimated selling price in the ordinary course of the business less any applicable selling expenses.

3.10 Site restoration and dismantling cost

The Group has an obligation to dismantle, remove and restore items of plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss; and
- if the adjustment results in an addition to the cost of an asset, the Group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in profit or loss.

If the related asset is measured using the revaluation model, changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:

- a decrease in the liability (subject to (b)) is credited in other comprehensive income and accumulated in the revaluation reserve in equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss;
- an increase in the liability is recognised in profit or loss, except that it is debited to other comprehensive income as a decrease to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

3. Summary of accounting policies (Continued)

3.10 Site restoration and dismantling cost (Continued)

. in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in profit or loss; and

. a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be deter-mined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to profit or loss and to other comprehen-sive income under (a). If a revaluation is necessary, all assets of that class are revalued.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, fixed deposits and demand deposit, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisi-tion that are readily convertible into known amounts of cash and which are subject to an insignif-icant risk of change in value.

Bank overdrafts are shown under current liabilities.

3.12 Equity and reserves and dividend payments

Stated capital represents the nominal value of shares that have been issued.

Translation reserves comprise of foreign currency translation differences arising from the trans-lation of financial statements of the Group's foreign entities.

Accumulated losses include all current and prior years' results as disclosed in the consolidated statement of profit or loss and other comprehensive income.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in liabilities when the divi-dends have been approved by the Board prior to the reporting date.

3.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a re-sult of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation has been made. At the time of the effective payment, the provision is deducted from the corre-sponding expenses.

All known risks at reporting date are reviewed in detail and provision is made when necessary.

3.14 Operating expenses

Operating expenses are recognised in the consolidated statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

3. Summary of accounting policies (Continued)

3.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualify-ing asset less any temporary investment of those borrowings; and
- weighted average of the borrowing costs applicable to the Group on funds generally bor-rowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowings costs incurred.

The capitalisation of borrowing costs commences when:

- expenditure for the asset has occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3.16 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated fi-nancial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date in the respective jurisdiction where each entity is incorporated.

Deferred income taxes are calculated using the liability method on temporary differences be-tween the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantive-ly enacted by the end of the reporting date.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabili-ties are always provided in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

3. Summary of accounting policies (Continued)

3.16 Taxation (Continued)

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.17 Foreign currency

Functional and presentation currency

The consolidated financial statements are presented in United States Dollars (USD), which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the USD are translated into USD upon consolidation. The functional currencies of the overseas subsidiaries have remained unchanged during the reporting year.

On consolidation, assets and liabilities have been translated into USD at the closing rate at the reporting date. Income and expenditure have been translated into USD at the average rate over the reporting year.

Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserves in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

The closing and average exchange rates for the year ended 30 June 2022 were as follows:

	2022 USD	2021 USD
BWP/USD (Closing)	**0.08044**	0.09084
BWP/USD (Average)	**0.08564**	0.08730
ZAR/USD (Closing)	**0.06187**	0.06981
ZAR/USD (Average)	**0.06584**	0.06378

3.18 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3. Summary of accounting policies (Continued)

3.19 Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of an impairment loss exists, the carrying amount of the asset is assessed and is written down to its recoverable amount.

The impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

3.20 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

3.21 Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable, excluding taxes, rebates and discounts.

To determine whether to recognise revenue, the Group ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised over time, when (or as) the Group satisfies performance obligations by delivering goods to its customers.

Interest income is recognised on an accrual basis unless collectability is in doubt.

Dividend income is recognised when the right to receive payment is established.

3.22 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. Summary of accounting policies (Continued)

3.22 Leases (Continued)

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

3. Summary of accounting policies (Continued)

3.22 Leases (Continued)

Lease liabilities (Continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discount-ing the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the ini-tial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a sepa-rate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the car-rying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, un-less these costs are incurred to produce inventories; and
- less any lease incentives received.

3. Summary of accounting policies (Continued)

3.22 Leases (Continued)

Right-of-use assets (Continued)

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Leasehold property straight line 50 years	Straight line	50 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

3.23 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.24 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Determination of functional currency

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Group is the USD.

3. Summary of accounting policies (Continued)

3.24 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

Significant management judgement (Continued)

Income taxes

The Company and its subsidiaries are subject to income taxes in jurisdictions where each com-pany is incorporated. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax de-terminations is uncertain. The Group recognises liabilities for anticipated tax issues based on es-timates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

Contingent liabilities

Management applies its judgement to facts and advices it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or dis-closed as a contingent liability.

Coal reserve and resource estimates

Coal reserves are estimates of the amount of coal that can be economically and legally extracted from the Group's mining properties. The Group estimates its coal reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the coal body. Such analysis requires complex geological judg-ments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and produc-tion costs along with geological assumptions and judgments made in estimating the size and grade of the coal body. Changes in the reserves or resource estimates may impact upon the carry-ing value of exploration assets, mine properties, plant and equipment, recognition of deferred tax assets, and depreciation and amortisation charges. Depreciation and amortisation charges in profit or loss may change where the useful life of the related assets change. The recognition and carrying value of deferred income tax assets may change due to changes in the judgements re-garding the existence of such assets and in estimates of the likely recovery of such assets.

Production start date

The Group assesses the stage of each mine under construction to determine when a mine moves into the production stage being when the mine is substantially complete and ready for its intend-ed use. The criteria used to assess the start date are determined based on the unique nature of each mine development project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the production phases is considered to com-mence and all related amounts are reclassified from 'Mines under construction' to 'Exploration assets' and 'plant and equipment'. Some of the criteria used will include, but are not limited to, the following:

3. Summary of accounting policies (Continued)

3.24 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

Significant management judgement (Continued)

Production start date (Continued)

- Level of capital expenditure incurred compared to the original construction cost estimates
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce in saleable form (within specifications)
- Ability to sustain ongoing production

When a mine development project moves into the production stage, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation / amortisation commences.

Recognition of deferred tax asset

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised.

Impact of COVID-19 and going concern

The COVID-19 pandemic has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The directors have therefore considered the potential adverse impact of COVID-19 on the Group's business activities and have exercised significant judgement in assessing that the preparation of these consolidated financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Group's future business projects, future cash flows and profitability, the global economic conditions and the government's financial support.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Inventories

The directors estimate the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

3. Summary of accounting policies (Continued)

3.24 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

Estimation uncertainty (Continued)

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, the directors use estimates of future cash flows and discount rates.

Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognised in profit or loss in the subsequent period.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. These estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

Useful lives of depreciable assets

The estimates of useful lives as translated into depreciation rates are detailed in plant and equipment policy in the consolidated financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the industry.

Impairment testing (including goodwill)

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions by management may change which may then impact these estimations and may then require a material adjustment to the carrying value of assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand, together with economic factors such as exchange rates, inflation and interest.

3. Summary of accounting policies (Continued)

3.24 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

Estimation uncertainty (Continued)

Impairment of financial assets

The Group uses the guidance of IFRS 9 to determine the degree of impairment of its financial assets. Management considers a broader range of information when assessing credit risk and es-timating the credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables. These estimates are based on assumptions about a number of factors and actual results may differ, re-sulting in future changes to the allowance.

4. Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group's financial assets and liabilities by category are summarised below:

	The Group		The Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Financial assets				
Financial assets at amortised cost				
Non-current				
Loans	**88,377**	99,803	**20,128,867**	19,542,017
	88,377	99,803	**20,128,867**	19,542,017
Current				
Receivables	**48,968**	2,516,461	**1,804,151**	1,804,151
Cash and cash equivalents	**468,028**	18,159	**49**	52
	516,996	2,534,620	**1,804,200**	1,804,203
Total financial assets	**605,373**	2,634,423	**21,933,067**	21,346,220

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group's financial assets and liabilities by category are summarised below:

	The Group		The Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Financial liabilities				
Financial liabilities measured at amortised cost:				
Non-current				
Loan notes	**4,617,123**	3,709,731	**4,212,473**	3,709,731
Finance lease liabilities	**333,446**	405,978	**-**	-
Contingent consideration	**1,500,000**	1,500,000	**1,500,000**	1,500,000
	6,450,569	5,615,709	**5,712,473**	5,209,731
Current				
Finance lease liabilities	**23,806**	1,529	**-**	-
Bank overdraft	**17,729**	38,559	**-**	-
Payables and accruals	**3,626,640**	3,673,970	**2,149,334**	2,329,012
Total financial liabilities	**10,118,744**	9,329,767	**7,861,807**	7,538,743

The Group's risk management is carried out under policies approved by the Board of Directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets and derivatives for speculative purposes nor does it write options.

The most significant financial risk to which the Group and the Company are exposed are described below.

4.1 Market risk analysis

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from its currency exposures, primarily with respect to the Botswana Pula ("BWP"), South African Rands ("ZAR") and Great Britain Pound ("GBP"). Consequently, the Group is exposed to the risk that the exchange rates of the USD relative the BWP, ZAR and GBP may change in a manner which has material effect on the reported value of the Group's assets and liabilities which are in BWP, ZAR and GBP. The Group does not use any financial instruments to hedge its foreign exchange risk.

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.1 Market risk analysis (Continued)

Foreign currency sensitivity (Continued)

The foreign currency profile of the Group's and the Company's financial instruments is as follows:

	Financial assets			
	The Group		The Company	
	2022 USD	2021 USD	2022 USD	2021 USD
USD	**118,580**	1,823,803	**49**	52
BWP	**90,266**	228,976	**21,933,018**	21,346,168
ZAR	**54,503**	581,644	**-**	-
GBP	**342,024**	-	**-**	-
	605,373	2,634,423	**21,933,067**	21,346,220

	Financial liabilities			
	The Group		The Company	
	2022 USD	2021 USD	2022 USD	2021 USD
USD	**2,225,417**	2,462,905	**2,149,334**	2,102,294
BWP	**7,882,194**	6,855,125	**5,712,473**	5,436,449
ZAR	**11,133**	11,737	**-**	-
	10,118,744	9,329,767	**7,861,807**	7,538,743

The following table illustrates the sensitivity of profit/loss and equity in regards to the Compa-ny's and the Group's financial assets and liabilities and the USD/BWP and USD/GBP exchange rates "all other things being equal".

It assumes a 11% and 12% change of the USD/BWP and USD/GBP exchange rates respectively for the year ended 30 June 2022 (2021: 8%).

This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's and the Group's for-eign currency financial instruments held at the reporting date.

If the BWP had weakened against the USD by 11% (2021: 8%), then this would have the following impact:

	The Group		The Company	
	Profit/(loss) and equity		Profit/(loss) and equity	
	2022 USD	2021 USD	2022 USD	2021 USD
At 30 June	**(892,075)**	(538,936)	**(1,857,042)**	(407,618)

If the BWP had strengthened against the USD by 11% (2021: 8%), then this would have the fol-lowing impact:

	The Group		The Company	
	Profit/(loss) and equity		Profit/(loss) and equity	
	2022 USD	2021 USD	2022 USD	2021 USD
At 30 June	**892,075**	538,936	**1,857,042**	407,618

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.1 Market risk analysis (Continued)

Foreign currency sensitivity (Continued)

If the GBP had weakened against the USD by 12%, then this would have the following impact:

	The Group
	Loss and equity 2022 USD
At 30 June	41,434

If the GBP had strengthened against the USD by 12%, then this would have the following impact:

	The Group
	Loss and equity 2022 USD
At 30 June	41,434

Interest rate sensitivity

The Group's interest-bearing financial liabilities consist of convertible loan notes which carry interest at a fixed rate and is therefore not exposed to any interest rate risk.

The Group's interest-bearing financial assets include its bank balances. Interest on the bank balances is based on market interest rates. At 30 June 2022, the bank balance stood at USD 468,028 (2021: USD 18,159) and interest earned during the year was insignificant. Therefore, any change in the market interest rate would impact marginally on the Group's operating cash flows.

4.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation resulting in financial loss to the Group. The Group's and the Company's exposures to credit risk are limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	The Group		The Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Assets				
Non-Current				
Loans	**88,377**	99,803	**20,128,867**	19,542,017
Current				
Receivables	**48,968**	2,516,461	**1,804,151**	1,804,151
Cash and cash equivalents	**468,028**	18,159	**49**	52
	516,996	2,534,620	**1,804,200**	1,804,203
Total	**605,373**	2,634,423	**21,933,067**	21,346,220

The Group transacts with reputable banks in order to minimise its credit risk on its bank balances.

The Group has policies in place to deal with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.3 Liquidity risk analysis

Liquidity risk is the risk arising from the Group not being able to meet its financial obligations as and when they fall due.

The Group manages liquidity risk by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Funding for long term liquidity needs is secured by loans from related parties and raising funds from the public.

The following are the contractual maturities of the financial liabilities:

The Group	Within 1 year		More than 1 year	
	2022 USD	2021 USD	2022 USD	2021 USD
Loan notes	**-**	-	**4,617,123**	3,709,731
Contingent consideration	**-**	-	**1,500,000**	1,500,000
Finance lease liabilities	**23,806**	1,529	**333,446**	405,978
Bank overdraft	**17,729**	38,559	**-**	-
Payables and accruals	**3,626,640**	3,673,970	**-**	-
	3,668,175	3,714,058	**6,450,569**	5,615,709

The Company	Within 1 year		More than 1 year	
	2022 USD	2021 USD	2022 USD	2021 USD
Convertible loan notes	**-**	-	**4,212,473**	3,709,731
Contingent consideration	**-**	-	**1,500,000**	1,500,000
Payables and accruals	**2,149,334**	2,306,279	**-**	-
	2,149,334	2,306,279	**5,712,473**	5,209,731

5. Capital risk management policies and procedures

The Group's capital management objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and other stakeholders.

The Group aims to maintain a reasonable gearing ratio, which would allow it to achieve its in-vestment objectives.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, that is, equi-ty and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying as-sets. In order to maintain or adjust the capital structure, the Group may adjust the amount of div-idends paid, reduce capital, issue new shares, or sell assets to reduce debts.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

The Group's financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of investment in subsidiaries and prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring and non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

The Group's non-financial assets consist of plant and equipment, exploration assets which are measured using the cost model, goodwill, inventories and prepayments for which fair value measurement is not applicable. At the reporting date, the Group's non-financial liabilities include only current tax liabilities, for which the fair value measurement is not applicable.

7. Investment in subsidiaries

7.1 Unquoted and at cost:

	2022 USD	2021 USD
At 01 July and 30 June	**2,030,743**	2,030,743

7.2 Details of the investments are as follows:

Investee company	Country of incorpora-tion	Type of shares	% held	Cost 2022 USD	Cost 2021 USD
Shumba Resources Ltd	Republic of Mauritius	Ordinary shares	100%	**2,030,742**	2,030,742
Shumba Coal Trading Ltd	Republic of Mauritius	Ordinary shares	100%	**1**	1
				2,030,743	2,030,743

7.3 The principal activity of Shumba Coal Trading Ltd is to trade in coal. The investment has fully been impaired as the company was in winding up procedures and that no return was expected to be received.

7.4 The principal activity of Shumba Resources Ltd is to hold investment in Shumba Energy (Proprietary) limited.

7. Investment in subsidiaries (Continued)

Indirect holding through Shumba Resources Ltd:

Investee company	Country of incorpora-tion	Type of shares	% held	Cost 2021 & 2022 USD
Shumba Energy (Proprietary) Limited	Republic of Botswana	Ordinary shares	90%	**359**

The principal activity of Shumba Energy (Proprietary) Limited is the acquisition and development of highly prospective coal exploration licences in the Republic of Botswana.

Indirect holding through Shumba Energy (Proprietary) Limited:

Investee company	Country of incorpora-tion	Type of shares	% held (Effective holding)	Cost 2022 USD	Cost 2021 USD
Shumba Energy South Africa (Pty) Ltd	South Africa	Ordinary shares	67%	**6**	6
Morupule South Resources Limited	Republic of Botswana	Ordinary shares	88%	**3,082,121**	3,082,121
Coal Petroleum (Proprietary) Limited	Republic of Botswana	Ordinary shares	72%	**3,793**	3,793
Shumba Coal Trading Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	90%	**9**	9
Lurco Thermal Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	68%	**7**	7
Kibo Energy Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	59%	**841,978**	841,978
Etavi Renewables (Pro-prietary) Limited	Republic of Botswana	Ordinary shares	90%	**239,360**	-
Total				**4,167,274**	3,927,914

Indirect holding through Shumba Coal Trading Botswana (Proprietary) Limited:

Investee company	Country of incorpora-tion	Type of shares	% held	Cost 2021 & 2022 USD
Hodges Morupule Mauritius Limited	Republic of Mauritius	Ordinary shares	100%	**1**

7. Investment in subsidiaries (Continued)

Indirect holding through Hodges Morupule Mauritius Limited:

Investee company	Country of incorporation	Type of shares	% held	Cost 2021 & 2022 USD
Hodges Resources (Morupule) (Proprietary) Limited	Republic of Mauritius	Ordinary shares	100%	**1**

8. Goodwill

	2022 USD	2021 USD
Goodwill on acquisition	**2,745,662**	2,745,662

Goodwill arose on the acquisition of a subsidiary in 2018. The directors have assessed the goodwill for impairment and no indication of impairment loss has been identified at the reporting date.

9. Loans

The Group

Loan of **USD 88,377** (2021: USD 99,803) is receivable from a third party and it is unsecured, bears no interest and with no fixed term of repayment.

The Company	2022 USD	2021 USD
At 01 July	**19,542,017**	18,929,005
Adjustment for a set off settlement	**(226,718)**	-
Interest element for the year	**813,568**	613,012
At 30 June	**20,128,867**	19,542,017

(i) The loan carries interest at the USD Libor rate +50 basis points.

(ii) Interest income for the year amounted to **USD 813,568** (2021: USD 613,012).

10. Plant and equipment

Plant and equipment						
The Group	**Furniture & fittings USD**	**Motor vehicles USD**	**IT equipment USD**	**Office equipment USD**	**Capital work-in-progress**	**Total USD**
Cost						
At 01 July 2021	**11,747**	**30,987**	**19,189**	**1,588**	**415,714**	**479,225**
Exchange differences	**(1,345)**	**(3,548)**	**(2,197)**	**(182)**	**(47,594)**	**(54,866)**
At 30 June 2022	**10,402**	**27,439**	**16,992**	**1,406**	**368,120**	**424,359**
Depreciation						
At 01 July 2021	**10,674**	**24,790**	**14,368**	**1,399**	**-**	**51,231**
Charge for the year	**581**	**-**	**2,299**	**44**	**-**	**2,924**
Exchange differences	**(1,258)**	**(2,838)**	**(1,785)**	**(164)**	**-**	**(6,045)**
At 30 June 2022	**9,997**	**21,952**	**14,882**	**1,279**	**-**	**48,110**
Net book values						
At 30 June 2022	**405**	**5,487**	**2,110**	**127**	**368,120**	**376,249**
Cost						
At 01 July 2020	10,966	28,927	17,913	1,482	388,073	447,361
Exchange differences	781	2,060	1,276	106	27,641	31,864
At 30 June 2021	11,747	30,987	19,189	1,588	415,714	479,225
Depreciation						
At 01 July 2020	8,868	23,142	11,060	1,174	-	44,245
Charge for the year	1,129	-	2,422	134	-	3,685
Exchange differences	677	1,648	886	91	-	3,302
At 30 June 2021	10,674	24,790	14,368	1,399	-	51,231
Net book values						
At 30 June 2021	1,073	6,197	4,821	189	415,714	427,994

11. Exploration assets

Exploration assets		
The Group	**2022 USD**	**2021 USD**
Cost		
At 01 July	**15,491,795**	15,122,560
Additions during the year	**-**	1,810
Exchange differences	**(1,773,604)**	367,425
At 30 June	**13,718,191**	15,491,795

(i) Exploration assets which relate to intangible assets under development represent:

- cost of procurement of tenement rights for prospecting certain mineral resources in specified geographical area; and
- accumulated costs in connection with undertaking of various activities involving carrying out and assessment of technical feasibility as well as commercial viability of the extraction of mineral resources, available as mining reserves in the area of interests for which the Group has acquired the tenement rights.

(ii) The following table states the details of all tenements as at 30 June:

2022		
License number	**Size (Km2)**	**Expiry date**
PL 121/2010	**124.00**	30 September 2024
PL 053/2005	**247.40**	30 September 2024
PL 218/2016	**42.00**	30 September 2024

2021		
License number	**Size (Km2)**	**Expiry date**
PL 121/2010	**124.00**	31 December 2023
PL 053/2005	**247.40**	30 September 2022
PL 218/2016	**42.00**	31 March 2023

Licence PL 428/2009 has been submitted to Department of Mines.

(iii) The directors have assessed whether the exploration assets and prospecting licences are still valid and concluded that based on independent reports dated 09 September 2016 and 13 December 2016 from KPMG South Africa on the Sechaba Independent Power Producer (SIPP) project and Mabesekwa Export Independent Power Producer (MEIPP) project respectively. The directors are of opinion that no adverse events have occurred since the last valuation reports that would materially affect the carrying values of the exploration assets during the year ended 30 June 2022.

12. Receivables and prepayments

	The Group		The Company	
	2022 USD	**2021 USD**	**2022 USD**	**2021 USD**
Trade receivables	**-**	4,736	**-**	-
Due from related parties (Note 12.3)	**-**	-	**1,804,150**	1,804,150
Deposits	**-**	82,148	**-**	-
Other receivables	**45,294**	2,511,725	**1**	1
VAT recoverable	**3,674**	6,443	**-**	-
Prepayments	**4,220**	100,594	**2,110**	4,227
Total	**53,188**	2,705,646	**1,806,261**	1,808,378

12.1 Expected credit losses

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The Group did not have any receivable at 30 June 2022.

12.2 Receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

12.3 Due from related parties

The amount due from the related parties are unsecured, interest-free and receivable on demand.

13. Cash and cash equivalents

	The Group		The Company	
	2022 USD	**2021 USD**	**2022 USD**	**2021 USD**
Cash at bank in:				
United Stated Dollar (USD)	**467,979**	8,792	**49**	52
Botswana Pula (BWP)	**49**	6,972	**-**	-
South African Rand (ZAR)	**-**	2,395	**-**	-
	468,028	18,159	**49**	52
Bank overdraft:				
Botswana Pula (BWP)	**17,729**	38,559	**-**	-

14. Stated capital

	The Company	
14.1 Issued and fully paid:	**2022 USD**	**2021 USD**
293,841,364 (2021: 293,558,550) shares at no par value	**17,795,944**	17,770,830

The movement is as follows:

	2022 USD	2021 USD
At 01 July	**17,770,830**	17,621,778
Conversion of convertible loan notes into equity shares (Note 16)	**25,114**	149,052
At 30 June	**17,795,944**	17,770,830

14.2 Warrants

Pursuant to a Board meeting dated 29 September 2015, the Board had resolved to issue 7,050,709 warrants to founding directors of the Company to subscribe for ordinary shares of the Company at any time during the exercise period at an exercise price of BWP 1.18 each. Pursuant to a Board meeting dated 31 December 2015, it was resolved to issue 603,226 warrants to General Research GMBH to subscribe for ordinary shares of the Company at any time during the exercise period at the listed market price.

Pursuant to a Board meeting dated 20 April 2017, the Board had resolved to issue 18,367,962 warrants to the below holders to subscribe for ordinary shares of the Company at any time during the exercise period at the exercise price of BWP 1.06 each.

As at the date of this report, the directors have not yet exercised their rights to the warrants.

Details of warrants:

Name	2017 Warrants (Number)	2016 Warrants (Number)	Total (Number)
Mashale Phumaphi	4,423,958	3,555,833	7,979,791
Thapelo Mokhathi	4,423,958	2,031,904	6,455,862
Alan Clegg	4,423,959	731,486	5,155,445
Grant Ramnauth	4,423,959	731,486	5,155,445
General Research GMBH	-	603,226	603,226
Thamang Thabolo	572,128	-	572,128
Priscillah Gaonyyadiwe Sengwatse	100,000	-	100,000
Total warrants	**18,367,962**	**7,653,935**	**26,021,897**

15. Non-controlling interest

	2022 USD	2021 USD
At 01 July	**2,984,390**	2,760,194
Share of loss for the year	**(350,912)**	(133,286)
NCI share of stated capital	**924,543**	-
Share of translation reserves for the year	**(417,278)**	357,482
At 30 June	**3,140,743**	2,984,390

16. Loan Notes

(i) The Company

Medium-Term Loan Note

Name	2021 USD	2020 USD
At 01 July	3,709,731	3,282,272
Interest expense for the year	524,278	481,056
Repayments made during the year	-	(53,597)
Deemed settlement (Note 14.1)	(25,114)	-
Exchange differences	3,578	-
At 30 June	**4,212,473**	**3,709,731**

In 2018, convertible loan notes were issued for an amount of USD 2,553,282 (BWP 25,000,000) which carry interest at the rate of prime plus margin semi-annually and maturing by end of 31 January 2024 (maturity date).

(ii) The Group

The above loans of USD 4,212,473 and a loan of USD 404,650 payable to a third party is unsecured, bears no interest and with no fixed term of repayment (total: USD 4,617,123).

17. Contingent consideration

On 24 November 2016, an agreement was made with Hodges Resources Limited for the acquisition of all the shares held by the latter in Hodges Morupule Mauritius Limited which has an effective interest of 75% in the Morupule South Project at the time of acquisition.

The transfer was thus done and the salient terms of the acquisition are as follows:

- Payment of USD 1.4 million to Hodges Resources Limited;
- Payment of USD 1.5 million on the first year's anniversary from the date on which mining commences; and
- Payment of a gross sales royalty of 1% of sales revenue generated from the sale of coal from the Morupule South Project to Hodges Resources Limited.

An amount of USD 1,500,000 was thus recognised as a contingent consideration in 2016/2017 though the timing of payment will depend upon the successful operation of the relevant mine.

18. Payables and accruals

	The Group		The Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Payables	**3,215,703**	3,661,138	**2,000,000**	2,226,718
Accruals	**410,937**	123,387	**149,334**	102,294
	3,626,640	3,784,525	**2,149,334**	2,329,012

Included in payables is an amount of USD 2,000,000 (2021: USD 2,000,000) which is secured by the Daheng Licence. This amount is payable on the first anniversary of the commencement of mining at the Mabesekwa project.

19. Taxation

(i) The Subsidiaries

The income tax rate applicable to the subsidiaries depends upon the jurisdiction in which they are incorporated/registered.

(ii) The Company

The Company's GBL1 licence was converted to a Global Business licence on 01 July 2021 and it now operates under the new tax regime. Under the new regime, the Company is able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

At 30 June 2022, the Company had an income tax liability of **USD 26,615** (2021: USD NIL).

A reconciliation of the actual income tax expense based on accounting profit and the actual income tax expense is as follows:

	2022 USD	2021 USD
Profit before tax	**236,552**	958
Tax at 15%	**35,483**	144
Impact of:		
Non-deductible expenses	**941**	-
Tax loss utilised	**(9,809)**	(144)
Tax expense	**26,615**	-

Taxation (Continued)

(iii) Subsidiaries incorporated in Republic of Mauritius

(a) The subsidiaries' income tax liabilities are as follows:

	2022 USD	2021 USD
Shumba Resources Ltd	**4,527**	339

(iii) *Subsidiaries incorporated in Botswana Shumba Energy (Proprietary) Limited, Morupule South Resources Limited and Hodges Resources (Morupule) (Proprietary) Limited), Kibo Energy Botswana (Proprietary) Limited, Coal Trading Botswana (Proprietary) Limited, Tati Development (Proprietary) Limited, Lurco Thermal Botswana (Proprietary) Limited and Etavi Renewables (Proprietary) Limited.*

The above subsidiaries have no income tax liability due to tax losses carried forward. The estimated tax losses available for set off against future taxable income amounted to USD 11,887,285 (2021: USD 10,111,466). These losses can be carried forward without any limitation of time until there are taxable profits, as they do not fall away. The subsidiaries have not recognised deferred tax assets as it is still proceeding with exploration activities and has not begun to generate revenues.

20. Other income

The other income of **USD 32,200** (2021: USD 33,400) related to recoveries.

21. (Loss)/earnings per share

Both the basic and diluted (loss)/earnings per share have been calculated using the (loss)/profit attributable to shareholders of the parent company.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings/loss per share to the weighted average number of ordinary shares used in the calculation of basic earnings/loss per share is as follows:

	Number of shares	
	2022	2021
Weighted average number of shares used in basic earnings/loss per share	**293,808,821**	292,617,333
Shares deemed to be issued for warrants and options	**26,021,897**	26,021,897
Weighted average number of shares used in diluted earnings/loss per share	**319,830,718**	318,639,230

22. Right-of-use assets

The Group has the option to purchase the plant at a nominal amount on completion of the lease term.

Details pertaining to leasing arrangements, where the Group is lessee are presented overleaf:

Right-of-use assets (Continued)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	2022 USD	2021 USD
Leasehold property	**338,508**	385,846

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed as well as depreciation which has been capitalised to the cost of other assets.

	USD	USD
Buildings	**11,452**	8,490
Interest expense on lease liabilities	33,778	25,061

23. Lease liabilities

	2022 USD	2021 USD
Minimum lease payments due		
- within one year	**23,798**	27,109
- in second to fifth year inclusive	**118,984**	108,436
- later than five years	**918,704**	872,010
	1,061,486	1,007,555
Less: future finance charges	**(704,234)**	(600,030)
Present value of minimum lease payments	**357,252**	407,525
Present value of minimum lease payments due		
- within one year	**23,806**	1,529
- in second to fifth year inclusive	**9,205**	7,122
- later than five years	**324,241**	398,874
	357,252	407,525
Non-current liabilities	**333,446**	405,978
Current liabilities	**23,806**	1,529
	357,252	407,525

Lease liabilities (Continued)

The lease term is for a period of 50 years and the average effective borrowing rate was 6.5%.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

24. Consolidation

Details regarding the Company's subsidiaries, their total assets and liabilities at 30 June 2022, and revenue and profit/(loss) for the year then ended are as follows:

	Shumba Resources Ltd	Shumba Coal Trading Ltd
Country of incorporation	Republic of Mauritius	Republic of Mauritius
Proportion of ownership interest	100%	100%
Activity of subsidiary	Investment holding	Trading of coal
Total assets	USD 2,745,635	USD 229
Total liabilities	USD 359,955	USD 25,447
Revenues	USD 49,387	USD Nil
Profit for the year	USD 19,389	USD Nil

Indirectly owned by Shumba Resources Limited:

	Shumba Energy (Proprietary) Limited
Country of incorporation	Republic of Botswana
Proportion of ownership interest	100%
Activity of subsidiary	Exploration
Total assets	USD 7,248,061
Total liabilities	USD 24,010,518
Revenues	USD 487,609
Profit for the year	USD 1,977,054

Consolidation (Continued)

Details regarding the Company's subsidiaries, their total assets and liabilities at 30 June 2021, and revenue and loss for the year then ended are as follows:

	Shumba Energy South Africa	Morupule South	Kibo Energy Botswana (Pty) Ltd	Coal Trading Botswana (Pty) Ltd	Coal Petroleum (Pty) Ltd	Lurco Thermal Botswana (Pty) Ltd	Etavi Renewables (Pty) Ltd
Country of incorporation	South Africa	Republic of Botswana	Republic of Botswana	Republic of Botswana	Republic of Botswana	Republic of Botswana	Republic of Botswana
Proportion of ownership interest	74%	97.5%	65%	100%	80%	75%	90%
Activity of subsidiary	Wholesale of coal	Exploration	Exploration	Wholesale of coal	Solar Energy	Exploration	Solar Energy
Total assets	USD 237,755	USD 683,298	USD 10,065,545	USD 34,218	USD 338,749	USD 2,969,348	USD 779,930
Total liabilities	USD 630,205	USD 129,189	USD 2,413	USD 42,216	USD 486,203	USD Nil	USD 643,770
Revenues	USD 7,530	USD Nil	USD Nil	USD Nil	USD Nil	USD Nil	USD 20,749
Loss for the year	USD 165,253	USD Nil	USD 2,471	USD 56	USD 46,614	USD Nil	USD 839,347

During the year, the Company invested through Shumba Energy (Proprietary) Limited in Etavi Renewables (Pty) Ltd (a new subsidiary) for USD 239,120. The portion of capital for NCI stood at USD 924,543.

Consolidation (Continued)

Indirectly owned by Shumba Coal Trading Ltd:

	Hodges Morupule Mauritius Limited
Country of incorporation	Republic of Mauritius
Proportion of ownership interest	100%
Activity of subsidiary	Investment holding
Total assets	USD 1
Total liabilities	USD 88,405
Revenues	USD Nil
Profit/(loss) for the year	USD Nil

Indirectly owned by Hodges Morupule Mauritius Limited:

	Hodges Resources Morupule (Proprietary) Limited
Country of incorporation	Republic of Botswana
Proportion of ownership interest	100%
Activity of subsidiary	Exploration
Total assets	USD Nil
Total liabilities	USD Nil
Revenues	USD Nil
Profit/(loss) for the year	USD Nil

25. Reconciliation of liabilities arising from financing activities

2022	On 01 July 2021 USD	Cash flows USD	Non-cash changes USD	30 June 2022 USD
Medium Term Note	**3,709,731**	**-**	**502,742**	**4,212,473**
Total liabilities from financing activities	**3,709,731**	**-**	**502,742**	**4,212,473**

2021	On 01 July 2020 USD	Cash flows USD	Non-cash changes USD	30 June 2021 USD
Medium Term Note	3,282,272	(53,597)	481,056	3,709,731
Total liabilities from financing activities	3,282,272	(53,597)	481,056	3,709,731

26. Related party transactions

The nature, volume of transactions and balances with the related parties are as follows:

Nature of relationship	Nature of transaction	Volume of transaction USD	Debit/(credit) balances at 30 June 2021 USD	Debit/(credit) balances at 30 June 2020 USD
Subsidiary	Loans (Note 9)	**586,850**	**20,128,867**	**19,542,017**
Subsidiary	Receivable (Note 12)	**-**	**304,150**	**304,150**
Subsidiary	Payables (Note 18)	**226,718**	**-**	**226,718**

One of the ex-director of the Company, Mr Sipho Alec Ziga, is deemed to have interests in the Company, through his firm Armstrong Attorneys, which provide legal services to the Group.

27. Emphasis of matter

27.1 Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and the validity of which depends upon the availability of funds to meet operation costs and financial obligations in the normal course of business. The directors have assessed the going concern of the Group and formed a reasonable judgement that, at the time of approving these consolidated financial statements, there is reasonable expectation that the Group will be able to obtain sufficient funds to remain a going concern one.

27.2 Exploration assets

The exploration costs so far incurred by the Group on its 3 exploration sites amounted to USD 13.7M as at 30 June 2022. The directors have assessed the technical and financial viability of these 3 exploration sites for financial reporting purposes based on technical reports available and also other strategic plans presently under discussion and concluded that no impairment indicators have been identified and consequently there is reasonable ground to believe that the costs are fairly reflected at the reporting date. Given the uncertainty surrounding the outcome of such type of exploration, we are drawing attention to this matter.

28. Events after the reporting date

The COVID-19 pandemic remains an event post the reporting date due to a possible resurgence that may affect the Group's activities.

The directors have made an assessment of the Group's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these consolidated financial statements and confirm that they have not identified events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The Group is expected to have limited impact from the ongoing conflict in Ukraine in the short term. The Group has no exposure to Russian banks and materials, which are subject to United States sanctions.

Except for the above, there have been no material events since the end of the reporting year which would require disclosure or adjustment to the consolidated financial statements for the year ended 30 June 2022.

Corporate Governance

Compliance with King IV

Corporate Governance

	Principle	Description	Explanation	Outcome
1	Leadership	The Board should lead ethically and effectively.	The board leads ethically and effectively. All directors conform to the duties of directors by acting with due care and maintaining sufficient expertise in the industry the company operates in. The directors have sufficient experience and skills to set strategic goals and oversee management in implementation of those goals. This is demonstrated by the wide range of skills by the directors.	Ethical Leadership Development through demonstrated practice
2	Organisational Ethics	The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	The board has adopted a Code of Ethics on 27 September 2018. As part of the Corporate Govern-ance Framework, the Company has adopted a Code of Ethics which sets out general statements on principles of ethical conduct towards stakeholders and re-views the suitability and effec-tiveness of the Code of Ethics at least once per year.	Ethical culture development among all company stakeholders
3	Responsible Corporate Citizenship embedded in Environmental, Social & Governance	The Board should ensure that the organisation is and is seen to be a responsible corporate citizen.	The board ensures that the group continues to be a good corporate citizen. The board has appointed an Executive to advise on all matters related to be a good corporate citizen. Furthermore, the group uses industry leading practices for environmental impact of all their projects, the board ensures this by using only independent environmentalist for all projects. The group is very much aware as to its role in social development towards sustainable economic development The company continues to place emphasis to its employees and contractors to promote responsible and ethical practises in all their dealings and ensuring good governance.	Ethical acceptance and implementation of all aspects of Corporate citizenship at all levels of engagement with stakeholders
4	Strategy and Performance	The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The board of directors assumes responsibility for the group strategy. This is formalised by the strategy documents, that is agreed by the board and presented to management for tactical implementation, with the CEO leading the management committee in the tactical actions for ensuring implementation of the approved strategies. All investments made by the group are discussed and approved by the board. Board ensures that all strategic decision are towards improving shareholder value while not negatively impacting stakeholders in general.	Ethical Value creation through tactical execution & performance management
5	Reporting	The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term pro-spects	The board has delegated the approval of the integrated report to the Audit & Risk Committee The committee ensures the following: · That annual reports are issued · Ensuring that the Annual financial statements are prepared in accordance to the IFRSs, Companies Act and BSE requirements. · Approves the quarterly management accounts The board further ensures that all press releases, circulars and notices contain all the relevant information and are distributed to the relevant authorities appropriately.	Ethical Risk Management culture with transparency in dissemina-tion of information

Corporate Governance (continued)

	Principle	Description	Explanation	Outcome
6	Primary Role and Responsibilities of the Board	The Board should serve as the focal point and custodi-an of corporate strategy and its governance in the organisation.	The board of directors is the custodian of corporate governance in relation to execution of the strategy of the Group. It also ensures it is well informed of relevant corporate governance codes to adopt and is committed to ensuring that it continues to comply where appropriate with the code(s).	Ethical governance of strategy execution
7	Composition of the Board	The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The board has individuals of varying skills to ensure that it has the capacity to handle all situations that may arise Currently comprises of the 3 Executive Directors and 3 Non-Executive Directors. The nomination of directors is done by the current board members. The board also has a non-executive chairman whose role is separate from the Chief Executive Officer. Further the board ensures that it is updated with relevant skills through appointment of new directors.	Effective Board performance
8	Committees of the governing body	The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	The board has created the audit committee which is chaired by an independent non-executive director. The audit committee also regularly invites the group auditors to attend. The board has also appointed a remuneration committee, which is chaired by a non-executive director. The remuneration committee does not include any executive director.	Effective Board perfor-mance & reward management
9	Evaluations of the performance of the Board	The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The board carries out an evaluation of its performance on a regular basis. The process is led by the lead independent director of the board. During the current year the board has been satisfied that its performance and effectiveness continues to develop and improve.	Effective Board development and performance
10	Appointment and delegation to management	The Board should ensure that the appointment of, and delegation to, management contribute to role clari-ty and the effective exercise of authority and responsibilities.	The board appoints the CEO and CFO and regularly monitors their performance. The Managing Director heads the executive committee which comprises of divisional heads The performance of the executive is regularly monitored through board and management sessions.	Effective Management control

Corporate Governance (continued)

	Principle	Description	Explanation	Outcome
11	Risk Governance	The Board should govern risk in a way that supports the organisation in setting and achieving strategic objectives	Board maintains a risk register which is regularly reviewed by the directors and management to ensure all risks are adequately identified and mitigated.	Effective Risk management & control
12	Technology and Information Governance	The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The board has formally adopted an IT policy that governs information and technology management within the group. The IT policy had to be augmented to now include enhanced data security since most staff members work remotely and need to share sensitive data from outside the normal office infrastructure.	Effective security & control of information
13	Compliance Governance	The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The board use company secretaries and transfer secretaries to ensure full compliance with the BSE Listing requirements as well as the Companies Act requirements. The company also uses independent tax advisors to ensure compliance with the tax requirements.	Effective control & management of compliance
14	Remuneration Governance	The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The board has appointed a remuneration committee, which comprises of only non-executive directors The committee sets the director remuneration annually. The group also discloses remuneration paid to each director in its Annual Report. The remuneration of all director is approved by the shareholders at the AGM.	Legitimacy and transparency
15	Assurance	The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports.	The board has adopted a combined assurance model. The assurance is delegated to the Audit Committee which annually reviews the internal controls. These are also reviewed by the external auditors The board also uses independent external experts for professional advice for matters concerning company. Furthermore the company Provides the external auditors with unrestricted access to the Board and Audit Committee members and ensures that the designated partner of the external audit firm attends the AGM of the Company;	Legitimacy & transparency

Corporate Governance (continued)

	Principle	Description	Explanation	Outcome
16	Stakeholders	In the execution of its governance role and responsibilities, the Board should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The Company is committed to ensuring timely, effective and transparent communication with shareholders and other stakeholders through annual integrated and quarterly financial reports, presentations to analysts and press releases. The directors avail themselves to the AGM and EGM. The boards ensures that management avail itself to all stakeholders. The Chairman of the board regularly engages the various stakeholders of the progress of the company All press releases are uploaded to company website www.shumbaenergy.com	Legitimacy & transparency


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