

Shumba Energy Ltd
Consolidated Financial Statements
for the Year Ended 30 June 2023

Shumba Energy Ltd
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)	14 March 2022	-
	Mashale Phumaphi	28 August 2012	-
	Thapelo Mokhathi	24 January 2013	31 January 2024
	Dourvesh Kumar Chumun	14 March 2022	07 April 2023
	Alan Rungassamy	14 March 2022	06 June 2023
	Joshna Ramah Goordiah	07 April 2023	19 May 2025
	Praveen Beeharay	06 June 2023	28 December 2023
	Timothy Bolokwe	09 June 2023	-
	Kavesh Jagannath	28 December 2023	18 April 2025
	Fatimah Saadiyah Meerun-Sohoboo	18 April 2025	-
	Mouhiyoudine Djilani Hisaindee	19 May 2025	-

Registered Office C/o Sunibel Corporate Services Ltd
Suite 204, Grand Baie Quarter
Chemin Vingt Pieds
Grand Bay 30529
Republic of Mauritius

Administrator and Secretary Sunibel Corporate Services Ltd
Suite 204, Grand Baie Quarter
Chemin Vingt Pieds
Grand Bay 30529
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Banker (In the Republic of Mauritius) AfrAsia Bank Limited
4th Floor, NeXTeracom Tower III
Ebene 72201
Republic of Mauritius

External Auditors Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Shumba Energy Ltd
Corporate Information (Continued)

Transfer Secretary	Central Securities Depository Botswana (Proprietary) Limited Plot 65411, Fairgrounds Private Bag 0417 Gaborone Republic of Botswana
Sponsoring Broker (Botswana)	Imara Botswana Limited 2 nd , 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

Shumba Energy Ltd

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

	Pages
Commentary of the Directors	5 – 8
Chairman's Report	9 – 12
Certificate from the Secretary	13
Independent Auditors' Report	14 – 18
Consolidated Statement of Financial Position	19
Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Consolidated Statement of Changes in Equity	21 - 23
Consolidated Statement of Cash Flows	24
Notes to the Consolidated Financial Statements	25 - 60

Shumba Energy Ltd

Commentary of the Directors

The directors are pleased to present their report together with the consolidated financial statements of Shumba Energy Ltd, the “Company”, for the year ended 30 June 2023.

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

Incorporation

The Company was incorporated in the Republic of Mauritius on 28 August 2012 as a public company with liability limited by shares.

Review of activities

Main business and operations

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 Company is currently listed on the Botswana Stock Exchange.

Results

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

The directors do not recommend the payment of any dividend for the year under review (2022: Nil).

Directors

The present membership of the Board is set out on page 2.

Directors’ responsibilities in respect of the 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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 IFRS Accounting Standards as issued by the International Accounting Standards Board. 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.

Shumba Energy Ltd

Commentary of the Directors (Continued)

External auditors

Grant Thornton are the external auditors for the year under review.

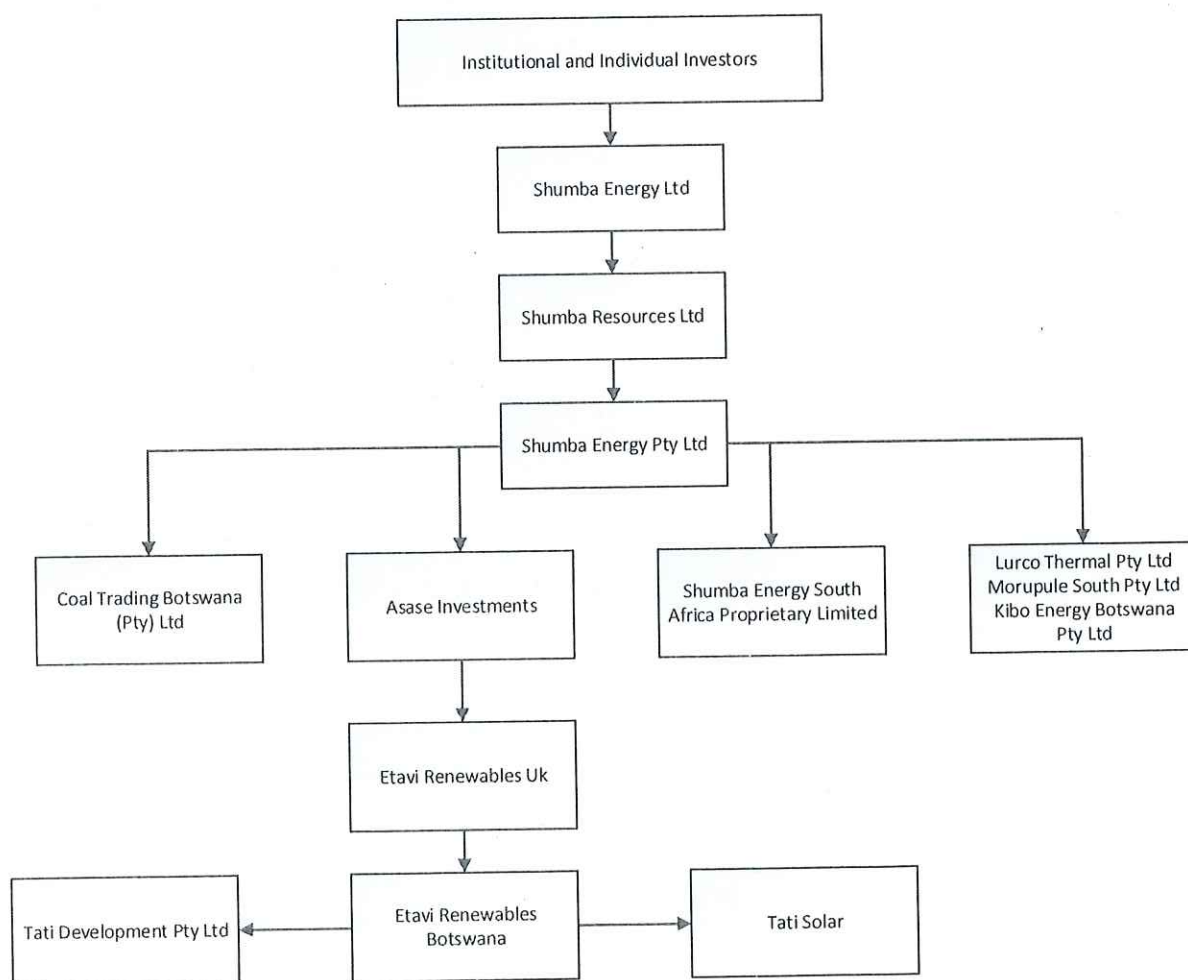
Corporate governance

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 and Shumba Energy (Proprietary) Limited 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 Botswana, and coal/energy trading in Southern Africa;
- (iii) the trading of coal; and
- (iv) to invest in renewable energy projects across the Southern African region.

Holding structure



Compliance with Corporate Governance

Though the Company does not fall under the definition of a public interest entity in the Republic of Mauritius, 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 2023 to ensure compliance with the Corporate Governance Framework of the Company.

Throughout the year ended 30 June 2023, 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 obtained a Global Business Licence and a Financial Services Licence /Authorisation letter ("FSL/Authorisation letter") from the Financial Services Commission ("FSC") on 11 April 2014. 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 Alan Mitchell Clegg (Chairman), Mashale Phumaphi, Timothy Bolokwe, Fatimah Saadiyah Meerun-Sohoboo and Mouhiyoudine Djilani Hisaindee. The Board meets as and when required to discuss routine and other significant matters so as to ensure that the directors maintain overall control and supervision of the Group's affairs. 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 committees did not hold any meetings during the year under review.

3) *Director Appointment Procedures*

During the year under review, several directors have been appointed as directors. The appointment of directors 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 and also prior approval of relevant authority, where applicable.

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.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements for the year ended 30 June 2023 will be filed with the FSC after the Board's approval.

7) *External Audit*

In line with the Financial Services Act 2007, the consolidated financial statements are audited by Grant Thornton Mauritius.

8) *Relations with Shareholders and other Key Stakeholders*

The last Annual Meeting of the shareholders of the Company was held by 03 August 2023 to adopt the audited financial statements for the years ended 30 June 2022 and 30 June 2021. The next Annual Meeting will be announced by the Board at the appropriate time.

Shumba Energy Ltd
Annual Report for the year ended 30 June 2023

Chairman's Report

Dear Shareholders and Investors, herewith I take pleasure on behalf of your Board of Directors in presenting for your consideration the corporate and management report along with audited results of Shumba Energy Ltd ("Shumba" or the "Company") and its subsidiaries, collectively referred to as the "Group", for the operating year ended 30 June 2023, 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.

Another year has passed and little has changed in the macro socio-political and policy driven environment, at least on the surface and in the mainstream controlled media, focussing on the disaster narrative and apocalyptic language around climate change designed to scare the global average citizen into supporting the elected power and control focussed political elites. Meanwhile the 'Pied-Piper' in the form of the US Federal Reserve has maintained the aggressively hiked interest rates while still issuing T-Bills to cover fiscal spending, with the other global 'Rat' Central banks having followed, and the hawkish "...higher for longer.." language from the Fed Chair being maintained. The commodity focussed stock sectors remained volatile while everything else demonstrated continuing upward trending performance, primarily led by the tech-sector, i.e., FAANG stocks and emerging AI Companies like NVIDIA.

The mining and natural resources investment sector has in the reporting period turned flat and in some critical mineral commodities reversed trend, e.g., Lithium and Cobalt, as reality disconnects from the narratives on threats of either over-supply or lack of ability to deliver on technology that consumes the metals. The main sectoral demand remains polarised on financial and safe-haven driven precious metals and the other energy and environment driven supporting the demand and investment in renewable energy related technologies, power generation sources, and electric vehicle ("EV") manufacture.

The overall economic and political environment remained volatile throughout the 2023 financial year with regional conflicts or potential conflicts continuing, but the main event focus is the Ukraine/Russia conflict which is extending with potential wider global consequences in West vs Global South polarisation. This has remained supportive for resource commodity prices with inventories continue to be drawn down to ever lower levels. Risk hedging remains prevalent against continual rising government and public debt levels, US dollar and Euro uncertainty with the final recovery solution as yet unclear.

The active establishment of the Global South embedded within the BRICS+ and Shanghai Cooperation Organisation (SCO), now in total 24 nations, are actively trading using their own currencies instead of the US Dollar and this has accelerated. How this will ultimately impact traditional forex markets and rates of exchange is still unclear and hence the caution advised.

The rhetoric around the adopted global imperative 'Climate Change' continued to be weaponised against developing economies, however, Nuclear Power adoption is now mainstream again after being declared green by the International Energy Agency (IEA) in Q3 of the reporting period. As a result nuclear utilities saw spot prices increasing again to US\$72/lb. in the period to end June 2023 and the upward trajectory well set for future historic highs to be achieved.

China, Russia, India, the subcontinent and the entire South-East Asia and South Africa remain committed to Thermal Coal and are actively building new power stations with China continuing to commission c.1Gw per week and India close behind with 1Gw per month of new coal fired generation in the reporting period. It has become clear that emission-reduction targets will not be met as envisaged in over ambitious timeframes and 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.

Shumba Energy Ltd

Annual Report for the year ended 30 June 2023

Chairman's Report (Continued)

Political, Financial and Structural Economic Impacts

My earlier predictions of structural adjustment and reform for fiscal stimulus and failing old power plants and infrastructure translated once again in 2023 to higher Thermal Coal Demand and new Coal fired power plants utilising 'Clean Coal Technologies' ("CCT") that are required to generate 'base-load' power for established industrial centres and fast-growing new towns/cities in the SADC, with the deficit as mentioned earlier now in excess of 90Gw with the ongoing reset of Eskom.

SADC region investment continues focussed on battery metal and infrastructure commodities such as Copper, Nickel, Cobalt, Lithium, Vanadium, Manganese and Tin. As economies build broader and deeper energy-dependent economic bases they need to exploit the Coal as both a geographic and economic necessity. The impact of rising clean energy investment and new energy bills, and other energy ideas are all impacting expectations that are unrealistic.

Botswana still warehouses the largest un-tapped coal resources on the continent. Shumba continues to expand its influence with the achievement of its socio-economic contribution goals aligned with the Government strategy and 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-Executives continue to be very closely connected with all aspects of the execution of the company strategy and advancement of the companies' projects with deployment of the Company's financial resources continuing to remain extremely cautious. 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 2024 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 Energy Limited has made significant strides in its commitment to renewable energy with the flagship 100 MWp Tati Solar PV project near Francistown, Botswana. The project, in which Shumba holds an 80% equity stake, has progressed to the late stages of development on a 295-hectare site owned by the Company. This landmark venture marks Shumba's first foray into utility-scale solar power generation, featuring cutting-edge bifacial PV solar panels on single-axis trackers. With an expected annual output of over 200 GWh and an impressive capacity factor of 25.4%, the Tati Solar Project is set to harness Botswana's abundant solar resource, averaging 9.4 hours of sunshine per day. This endeavor not only contributes to the nation's energy independence but also bolsters its economic growth and environmental commitment.

The Tati Solar Project has secured crucial approvals and permits, including an Environmental Authorization, Generation License, and a SEZA Certificate from the Special Economic Zones Authority (SEZA) in September 2022. With an investment exceeding BWP 1 billion, the project is expected to create 600 jobs during construction and maintain 30 operational positions upon completion, with construction slated to commence in 2024. The Company has made substantial progress in securing funding for the Tati Solar Project, aiming to achieve financial close within the 2024 financial year. Through its partnership with Africa GreenCo Group ("Green Co"), Shumba will utilize GreenCo's status as a Southern African Power Pool (SAPP) member to sell the power generated by the Tati Solar Project into the SAPP Competitive Markets, opening up diverse revenue streams for the nation and establishing a replicable model for future large-scale solar installations in Botswana.

Shumba Energy Ltd
Annual Report for the year ended 30 June 2023

Chairman's Report (Continued)

Established Thermal Coal Markets

The benchmark thermal coal price was steady in the first half of the reporting period and volatile in the second half, peaking at over US\$240 a tonne, but maintaining an average of c.US\$152,50 a tonne, FOB Incoterms, in the 2023F reporting period as predicted by market analysts. While 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 coal outlook for 2024 and beyond remains robust in the high base load energy deficit markets, like India, Southern Africa and South-East Asia. The IEA forecast for coal's contribution to the total energy mix globally has growth in SEA and Africa increasing again in 2023 calendar year to more than c.77% due to availability, sustaining input to low energy costs and need for sustained economic growth with employment.

At Shumba, we remain totally convinced that during 2024 and beyond, new pools of capital will step in as long as demand for fossil fuels exists. The SADC countries continued growing energy deficit has amply demonstrated that renewables are simply unable to fill demand for the foreseeable future. Energy prices continue to rise in double digits c.15% per annum, 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

The active engagement begun during the late 2022 financial reporting period has continued with several prospective investor partners to monetise the asset and bring it into production with a clear focus on energy generation.

The prospective investment partner for the Coal Washing Plant stored under care & maintenance conditions close to the Sechaba site concluded negotiations with a binding lease sale agreement executed as expected in the Q1/2023F period. However, despite the meeting of obligations by Shumba to deliver the plant to the partner site in South Africa, after protracted delays in commissioning and non-payment of the agreed lease, by late Q3/2023 financial the company had to foreclose and repossess the plant and began searching for a new Lessee. Management remains confident that deployment with a new Lessee is achievable in first half of 2024F and will report further in due course.

Mabesekwa Mine and MEIPP Development and Studies

The Company continues to pursue the CTL project development as a non-government private investment with its technical and funding partners in the 2023 financial period and secured funding subject to specific forms of guarantee around product offtake from tier-1 petrochemical producer/importer/distributors. Discussions with the petrochemical traders and branded retailers is ongoing to secure offtake guarantees that will unlock the projects execution.

Morupule South Mine Project

Strategic discussions and negotiations with several parties for the development of three sub-sections of the Morupule South Coal asset are still ongoing within the reporting period. The expectation remains that Shumba the progressing of development deals with the third parties mentioned that monetisation event opportunities under discussion could reasonably result in conclusion of a deal to develop at least one portion of the asset in the 2024 financial period assuming no further deterioration in the economic and geo-political environment.

Shumba Energy Ltd
Annual Report for the year ended 30 June 2023

Chairman's Report (Continued)

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, with 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 in the challenging global and local environment we find ourselves operating in.

Take care.



ALAN M. CLEGG Pr. Eng. Pr.CPM PMP FSAIMM F. Inst.D
NON-EXECUTIVE CHAIRMAN

27 JUN 2025



Secretary's Certificate
For the year ended 30 June 2023

Secretary's Certificate under section 166(d) of the Mauritius Companies Act 2001

We certify to the best of our knowledge and belief, that Shumba Energy Ltd (the "Company") has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 for the year ended 31 December 2024.

Dated this 27th day of June 2025

Mohammad Djamil ANNARUTH / Saadiyah MEERUN-SOHOBOO
For Sunibel Corporate Services Ltd
Company Secretary

**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 2023, 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 consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements on pages 19 to 60 give a true and fair view of the financial position of the Group and the Company as at 30 June 2023 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 29 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 2023. 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.

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.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB 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.

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 ISAs 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 ISAs, 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.



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)

- 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.

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.



Independent auditors' report (Continued)
To the members of Shumba Energy Ltd

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 in 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.

A large, stylized blue ink signature of "Grant Thornton" written in a cursive script.

Grant Thornton
Chartered Accountants

A blue ink signature of "Y NUBEE" written in a cursive script.

Y NUBEE, FCCA
Licensed by FRC

Date: 07 JUL 2025

Ebene 72201, Republic of Mauritius

Shumba Energy Ltd

Consolidated Statement of Financial Position as at 30 June 2023

	Notes	The Group		The Company	
		2023 USD	Restated 2022 USD	2023 USD	2022 USD
Assets					
Non-current					
Investment in subsidiaries	7	-	-	2,030,742	2,030,743
Goodwill	8	2,745,662	2,745,662	-	-
Loans	9	80,938	88,377	19,487,275	20,128,867
Plant and equipment	10	339,021	376,249	-	-
Right-of-use assets	22	303,064	338,508	-	-
Exploration assets	11	14,951,088	14,516,225	-	-
Non-current assets		18,419,773	18,065,021	21,518,017	22,159,610
Current					
Receivables and prepayments	12	48,889	53,188	309,186	1,806,261
Cash and cash equivalents	13	43,784	468,028	545	49
Current assets		92,673	521,216	309,731	1,806,310
Total assets		18,512,446	18,586,237	21,827,748	23,965,920
Equity and liabilities					
Equity					
Stated capital	14	17,795,944	17,795,944	17,795,944	17,795,944
Capital contribution		1,713,378	-	-	-
Translation reserves		806,256	(1,060,267)	-	-
Accumulated losses		(12,514,353)	(11,526,424)	(888,328)	(1,718,446)
Equity attributable to owners of the parent		7,801,225	5,209,253	16,907,616	16,077,498
Non-controlling interest	15	1,715,418	3,225,705	-	-
Total equity		9,516,643	8,434,958	16,907,616	16,077,498
Liabilities					
Non-current					
Loans	16	4,757,610	4,617,123	4,757,610	4,212,473
Finance lease liabilities	23	325,791	333,446	-	-
Contingent consideration	17	-	1,500,000	-	1,500,000
Borrowings	18	475,999	-	-	-
Non-current liabilities		5,559,400	6,450,569	4,757,610	5,712,473
Current					
Payables and accruals	19	3,305,738	3,626,640	155,295	2,149,334
Finance lease liabilities	23	101,485	23,806	-	-
Bank overdraft	13	15,734	17,729	-	-
Current tax liabilities	20	13,446	32,535	7,227	26,615
Current liabilities		3,436,403	3,700,710	162,522	2,175,949
Total liabilities		8,995,803	10,151,279	4,920,132	7,888,422
Total equity and liabilities		18,512,446	18,586,237	21,827,748	23,965,920

Approved by the Board of Directors and authorised for issue on 27 June 2025 and signed on its behalf by:


 Director
 Mouhiyoudine Djlani HISAINDEE


 Director
 Fatimah Saadiyah MEERUN-SOHOBOO

The notes on pages 25 to 60 form an integral part of these consolidated financial statements.

Shumba Energy Ltd

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Notes	The Group		The Company	
		Restated			
		2023	2022	2023	2022
		USD	USD	USD	USD
Continuing operations					
Revenue		-	487,609	-	-
Cost of sales		-	(423,293)	-	-
Net income		-	64,316	-	-
Expenditure					
Professional fees		181,876	11,977	12,713	23,887
Licence fees		6,330	4,990	1,950	1,950
Audit fees		36,976	31,930	20,000	20,000
Bank charges		630	578	204	-
Operating expenses		657,215	1,692,307	100,320	630
Penalty and fines		349	2,690	349	2,690
Impairment of investment		-	-	1	-
		883,376	1,744,472	135,537	49,157
Operating loss		(883,376)	(1,680,156)	(135,537)	(49,157)
Finance costs		(566,484)	(558,056)	(545,137)	(524,278)
Finance income	9	3	-	1,491,404	813,568
Net foreign exchange gain		-	(3,581)	-	(3,581)
Other income		128,458	32,200	-	-
(Loss)/profit before tax		(1,321,399)	(2,209,593)	810,730	236,552
Tax credit/(expense)	20	19,089	(31,142)	19,388	(26,615)
(Loss)/profit for the year from continuing operations		(1,302,310)	(2,240,735)	830,118	209,937
Discontinued operations					
Loss for the year from discontinued operations	27	(11,968)	-	-	-
(Loss)/profit for the year		(1,314,278)	(2,240,735)	830,118	209,937
Other comprehensive income, net of tax					
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Exchange differences on retranslation of foreign operations		1,866,523	(3,544,291)	-	-
		1,866,523	(3,544,291)	-	-
Total comprehensive income for the year		552,245	(5,785,026)	830,118	209,937
Loss for the year attributable to:					
Owners of the parent		(993,805)	(1,889,823)	-	-
Non-controlling interest	15	(320,473)	(350,912)	-	-
		(1,314,278)	(2,240,735)	-	-
Total comprehensive income attributable to					
Owners of the parent		286,894	(5,016,836)	-	-
Non-controlling interest	15	265,351	(768,190)	-	-
		552,245	(5,785,026)	-	-
Earnings/(loss) per share					
Basic earnings/(loss) per share	21	0.00188	(0.01707)	-	-
Diluted earnings/(loss) per share	21	0.00173	(0.01708)	-	-

The notes on pages 25 to 60 form an integral part of these consolidated financial statements.

Shumba Energy Ltd

Statement of Changes in Equity for the year ended 30 June 2023

The Group	Stated capital USD	Capital contribution USD	Translation reserves USD	(Accumulated) losses/ retained earnings USD	Equity attributable to owners of the parent USD		Non- controlling interest USD	Total USD
					USD	USD		
At 01 July 2022 - as restated	17,795,944	-	(1,060,267)	(11,526,424)	5,209,253	3,225,705	-	8,434,958
Adjustment to opening balance*	-	-	-	(31,307)	(31,307)	-	-	(31,307)
Fund received	-	1,713,378	-	-	1,713,378	-	-	1,713,378
Transaction with the shareholders	-	1,713,378	-	-	1,713,378	-	-	1,713,378
Loss for the year	-	-	-	(993,805)	(993,805)	(320,473)	-	(1,314,278)
On disposal of subsidiary	-	-	-	37,183	37,183	-	-	37,183
NCI share of asset	-	-	-	-	-	(1,455,165)	-	(1,455,165)
Other comprehensive income:								
Translation reserve	-	-	1,866,523	-	1,866,523	265,351	-	2,131,874
Total comprehensive income for the year	-	-	1,866,523	(956,622)	900,901	(1,510,287)	-	(600,386)
At 30 June 2023	17,795,944	1,713,378	806,256	(12,514,353)	7,801,225	1,715,418	-	9,516,643

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

The notes on pages 25 to 60 form an integral part of these consolidated financial statements.

Shumba Energy Ltd

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

The Group	Stated capital USD	Translation reserves USD	Accumulated losses USD	Equity		Non-controlling interest USD	Total USD
				attributable to owners of the parent USD	controlling interest 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	25,114	-	-	25,114	-		25,114
Transaction with the shareholders	25,114	-	-	25,114	-		25,114
NCI share of stated capital	-	-	-	-	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 - as previously reported	17,795,944	(1,008,673)	(12,291,090)	4,496,181	3,140,743		7,636,924
Prior year adjustment	-	(51,594)	764,666	713,072	84,962		798,034
At 30 June 2022 - as restated	17,795,944	(1,060,267)	(11,526,424)	5,209,253	3,225,705		8,434,958

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

The notes on pages 25 to 60 form an integral part of these consolidated financial statements.

Shumba Energy Ltd

Statement of Changes in Equity for the year ended 30 June 2023 (Continued)

The Company	Stated capital USD	Accumulated losses USD	Total USD
At 01 July 2022	17,795,944	(1,718,446)	16,077,498
Profit for the year	-	830,118	830,118
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	830,118	830,118
At 30 June 2023	17,795,944	(888,328)	16,907,616
At 01 July 2021	17,770,830	(1,928,383)	15,842,447
Issue of shares	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

The notes on pages 25 to 60 form an integral part of these consolidated financial statements.

Shumba Energy Ltd

Statement of Cash Flows for the year ended 30 June 2023

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Cash flows from operating activities				
(Loss)/profit before tax	(1,321,399)	(2,209,593)	810,730	236,552
<i>Adjustments for:</i>				
Interest expense	566,484	558,056	-	-
Interest income	-	-	(1,491,404)	(813,568)
Investment written off	-	-	1	-
Foreign exchange gains	-	3,581	-	-
Depreciation of plant and equipment	5,818	2,924	-	-
Movement in right-of-use assets	7,273	47,338	-	-
Operating loss before working capital changes	(741,824)	(1,597,694)	(680,673)	(577,016)
Change in receivables and prepayments	4,266	2,652,458	(2,925)	228,835
Change in payables and accruals	(266,628)	(157,885)	138,957	(179,678)
Net cash (used in)/generated from operations	(1,004,186)	896,879	(544,641)	(527,859)
Cash flows from investing activities				
Loans	-	11,426	-	-
Acquisition of exploration assets	(1,732,696)	-	-	-
Net cash (used in)/from investing activities	(1,732,696)	11,426	-	-
Cash flows from financing activities				
Funds received from shareholders	-	370,872	545,137	527,856
Net movement in lease liabilities	-	(50,255)	-	-
Net cash from financing activities*	-	320,617	545,137	527,856
Net change in cash and cash equivalents	(2,736,882)	1,228,922	496	(3)
Cash and cash equivalents at beginning of the year	450,299	(20,400)	49	52
Exchange differences	2,314,633	(758,223)	-	-
Cash and cash equivalents at end of the year	28,050	450,299	545	49
Cash and cash equivalents made up of:				
Cash at bank (Note 13)	43,784	468,028	545	49
Bank overdraft (Note 13)	(15,734)	(17,729)	-	-
	28,050	450,299	545	49
Non-cash transactions:				
Issue of shares	-	25,114	-	-
Deemed loan repayment	-	(21,536)	-	-
Foreign exchange differences	-	(3,578)	-	-
Loans	-	-	-	2,000,000
Payables and accruals	-	-	-	(2,000,000)
Contingent consideration	-	-	-	1,500,000
Loans	-	-	-	(1,500,000)

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

1. General information

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's 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 Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

1.1 Going concern

The consolidated financial statements have been prepared on the assumption that the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. The directors have assessed the going concern status of the Group at the reporting date and concluded there is a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

2. Adoption of new and revised IFRS**2.1 New and revised standards that are effective for the year beginning on 01 July 2022**

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 2022:

IFRS 3	References to the Conceptual Framework (Amendments to IFRS 3)
IAS 16	Proceeds before Intended Use (Amendments to IAS 16)
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS1, IFRS 9, IFRS 16, IAS 41)

The directors 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.

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)**

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:

IAS 21	Lack of Exchangeability (Amendments to IAS 21)
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
Various Standards	Annual Improvements to IFRS Accounting Standards - Volume 11
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

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

3. Material accounting policy information**3.1 Overall considerations**

The consolidated financial statements have been prepared using the material accounting policy information and measurement bases summarised below.

3.2 Basis of consolidation

The consolidated financial statements consolidate those of the parent company and of its subsidiaries as at 30 June. 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. Material accounting policy information (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.

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.

3. Material accounting policy information (Continued)**3.4 Financial instruments (Continued)****Classification and subsequent measurement of financial assets (Continued)***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 loans 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.

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.

3. Material accounting policy information (Continued)**3.4 Financial instruments (Continued)****Impairment of financial assets (Continued)**

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.

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.

Notes to the Financial Statements for the year ended 30 June 2023

3. Material accounting policy information (Continued)

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.

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

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

3. Material accounting policy information (Continued)**3.7 Plant and equipment (Continued)**

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 derecognition 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.

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. Material accounting policy information (Continued)**3.9 Site restoration and dismantling cost**

The Group had 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.
- 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.

3.10 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.

3.11 Equity and reserves and dividend payments

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

3. Material accounting policy information (Continued)**3.11 Equity and reserves and dividend payments (Continued)**

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

Accumulated losses include all current and prior years' results as disclosed in the 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.

3.12 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.

3.13 Operating expenses

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

3.14 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. Material accounting policy information (Continued)**3.15 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 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.

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.

3.16 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.

3. Material accounting policy information (Continued)**3.16 Foreign currency (Continued)****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.

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.

3.17 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.

3.18 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 statement of profit or loss and other comprehensive income.

3.19 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.

3.20 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.

3. Material accounting policy information (Continued)**3.20 Revenue recognition**

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.

3.21 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.

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;

3. Material accounting policy information (Continued)**3.21 Leases (Continued)****Lease liabilities (Continued)**

- 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.

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;

3. Material accounting policy information (Continued)**3.21 Leases (Continued)****Right-of-use assets (Continued)**

- 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.

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.

3.22 Comparatives

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

3.23 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 and the Group that have the most significant effect on the consolidated financial statements.

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.

3. Material accounting policy information (Continued)**3.23 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)****Significant management judgement (Continued)***Determination of functional currency*

The determination of the functional currency of the Company and 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 Company and the Group is the USD.

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
- 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.

3. Material accounting policy information (Continued)**3.23 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)****Significant management judgement (Continued)***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 Company's and the Group's future taxable income against which the deductible temporary differences can be utilised.

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.

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 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.

Notes to the Financial Statements for the year ended 30 June 2023

3. Material accounting policy information (Continued)

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

Estimation uncertainty (Continued)

Impairment testing (including goodwill) (Continued)

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.

Impairment of financial assets

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

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Financial assets				
<i>Financial assets at amortised cost</i>				
Non-current				
Loans	80,938	88,377	19,487,275	20,128,867
	80,938	88,377	19,487,275	20,128,867
Current				
Receivables	48,889	48,968	304,151	1,804,151
Cash and cash equivalents	43,784	468,028	545	49
	92,673	516,996	304,696	1,804,200
Total financial assets	173,611	605,373	19,791,971	21,933,067

Notes to the Financial Statements for the year ended 30 June 2023

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

The Company and the Group are 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	
	2023	2022	2023	2022
	USD	USD	USD	USD
Financial liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Non-current				
Loan notes	4,757,610	4,617,123	4,757,610	4,212,473
Finance lease liabilities	325,791	333,446	-	-
Contingent consideration	-	1,500,000	-	1,500,000
Borrowings	475,999			
	5,559,400	6,450,569	4,757,610	5,712,473
Current				
Finance lease liabilities	101,485	23,806	-	-
Bank overdraft	15,734	17,729	-	-
Payables and accruals	3,305,738	3,626,640	155,295	2,149,334
Total financial liabilities	8,982,357	10,118,744	4,912,905	7,861,807

The Company and 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 Company and the Group do 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 Company and the Group 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 Company'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 are exposed to foreign exchange risk arising from its currency exposures, primarily with respect to the Botswana Pula ("BWP"), South African Rands ("ZAR"). Consequently, the Group are 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 Company and the Group's assets and liabilities which are in BWP and ZAR. The Group do not use any financial instruments to hedge its foreign exchange risk.

Notes to the Financial Statements for the year ended 30 June 2023

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	
	2023	2022	2023	2022
	USD	USD	USD	USD
USD	2,155	118,580	499	-
BWP	128,579	90,266	19,791,426	21,933,018
ZAR	42,831	54,503	-	-
GBP	-	342,024	-	-
MUR	46	-	46	49
	173,611	605,373	19,791,971	21,933,067

	Financial liabilities			
	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
USD	347,730	2,225,417	155,295	2,149,334
BWP	8,594,308	7,882,194	4,757,610	5,712,473
ZAR	40,319	11,133	-	-
	8,982,357	10,118,744	4,912,905	7,861,807

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.

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 11% (2022: 11%), then this would have the following impact:

	The Group		The Company	
	Loss and equity		Profit and equity	
	2023	2022	2023	2022
	USD	USD	USD	USD
At 30 June	(892,320)	(892,075)	(1,653,720)	(1,857,042)

If the BWP had strengthened against the USD by 11% (2022: 11%), then this would have the following impact:

	The Group		The Company	
	Loss and equity		Profit and equity	
	2023	2022	2023	2022
	USD	USD	USD	USD
At 30 June	892,320	892,075	1,653,720	1,857,042

Notes to the Financial Statements for the year ended 30 June 2023

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% (2022: 12%), then this would have the following impact:

	The Group
	Loss and equity
	2022
	USD
At 30 June	<u>41,434</u>

If the GBP had strengthened against the USD by 12% (2022: 12%), then this would have the following impact:

	The Group
	Loss and equity
	2022
	USD
At 30 June	<u>(41,434)</u>

Interest rate sensitivity

The Company and 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 Company and the Group's interest-bearing financial assets include its bank balances. Interest on the bank balances is based on market interest rates. The interest earned during the year was insignificant. Therefore, any change in the market interest rate would impact marginally on the Company and 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	
	2023	2022	2023	2022
	USD	USD	USD	USD
Assets				
Non-current				
Loans	80,938	88,377	19,487,275	20,128,867
Current				
Receivables	48,889	48,968	304,151	1,804,151
Cash and cash equivalents	43,784	468,028	545	49
	<u>92,673</u>	<u>516,996</u>	<u>304,696</u>	<u>1,804,200</u>
Total	<u>173,611</u>	<u>605,373</u>	<u>19,791,971</u>	<u>21,933,067</u>

Notes to the Financial Statements for the year ended 30 June 2023

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.3 Credit risk analysis (Continued)

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

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

4.4 Liquidity risk analysis

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

The Group manage 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	Within 1 year	More than 1 year
	2023	2023	2022	2022
	USD	USD	USD	USD
Loan notes	-	4,757,610	-	4,617,123
Contingent consideration	-	-	-	1,500,000
Finance lease liabilities	101,485	325,791	23,806	333,446
Bank overdraft	15,734	-	17,729	-
Borrowings	-	475,999	-	-
Payables and accruals	3,305,738	-	3,626,640	-
	3,422,957	5,559,400	3,668,175	6,450,569

The Company	Within 1 year	More than 1 year		
	2023	2022	2023	2022
	USD	USD	USD	USD
Convertible loan notes	-	-	4,757,610	4,212,473
Contingent consideration	-	-	-	1,500,000
Payables and accruals	155,295	2,149,334	-	-
	155,295	2,149,334	4,757,610	5,712,473

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 statement of financial position.

5. Capital risk management policies and procedures (Continued)

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 Company may adjust the amount of dividends 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:**

	2023 USD	2022 USD
At 01 July	2,030,743	2,030,743
Written off during the year (Note 7.3)	(1)	-
At 30 June	2,030,742	2,030,743

7.2 Details of the investments are as follows:

Investee company	Country of incorporation	Type of shares	% held	Cost 2023 USD	Cost 2022 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
				2,030,742	2,030,743

7.3 The principal activity of Shumba Coal Trading Ltd is to trade in coal. The investment has been written off as the company was in winding up procedures.

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

Shumba Energy Ltd

Notes to the Financial Statements for the year ended 30 June 2023

7. Investment in subsidiaries (Continued)

- 7.5 The investees, Asase Investments and Tati Solar, were not consolidated since they are still dormant at the reporting date and no transaction occurred during the year.

Indirect holding through Shumba Resources Ltd:

Investee company	Country of incorporation	Type of shares	% held	Cost 2022 & 2023 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 incorporation	Type of shares	% held (Effective holding)	Cost 2022 USD
Shumba Energy South Africa (Pty) Ltd	South Africa	Ordinary shares	67%	6
Morupule South Resources Limited	Republic of Botswana	Ordinary shares	88%	3,082,121
Tati Development (Pty) Ltd (previously Coal Petroleum Development (Proprietary) Limited)	Republic of Botswana	Ordinary shares	72%	3,793
Shumba Coal Trading Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	90%	9
Lurco Thermal Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	68%	7
Kibo Energy Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	59%	841,978
Etavi Renewables (Proprietary) Limited	Republic of Botswana	Ordinary shares	90%	239,360
Total				<u>4,167,274</u>

Notes to the Financial Statements for the year ended 30 June 2023

8. Goodwill

	2023 USD	2022 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 80,938** (2022: USD 88,377) receivable from a third party was unsecured, interest free and with no fixed term of repayment.

The Company	2023 USD	2022 USD
At 01 July	20,128,867	19,542,017
Adjustment for a set off settlement	(132,996)	(226,718)
Interest element for the year	1,491,404	813,568
Reversal of loan (Note 18)	(2,000,000)	-
At 30 June	19,487,275	20,128,867

- (i) The loan carries interest at the USD Libor rate +50 basis points.
- (ii) Interest income for the year amounted to **USD 1,491,404** (2022: USD 813,568) (Group: 2023: USD 3).
- (iii) The loan reversal is directly related to the reversal of amount payable to Daheng. In 2014, the Company entered into an agreement with Daheng for PL427, which is held under Kibo Energy (Pty) Limited ("Kibo Botswana"), a company registered in Botswana. Kibo Botswana is a 100% subsidiary of Shumba Botswana.

As part of the agreement, a portion of the acquisition costs were deferred until the project came to full production cycle. Given that the asset is not recognised in the books of the Company, the directors are of the opinion that the liability need to be netted off against the loan.

Shumba Energy Ltd

Notes to the Financial Statements for the year ended 30 June 2023

10. Plant and equipment

The Group	Furniture & fittings USD	Motor vehicles USD	IT equipment USD	Office equipment USD	Capital work-in- progress USD	Total USD
Cost						
At 01 July 2022	10,402	27,439	16,992	1,406	368,120	424,359
Exchange differences	(875)	(2,308)	(1,430)	(119)	(30,982)	(35,714)
At 30 June 2023	9,527	25,131	15,562	1,287	337,138	388,645
Depreciation						
At 01 July 2022	9,997	21,952	14,882	1,279	-	48,110
Charge for the year	141	5,257	399	21	-	5,818
Exchange differences	(847)	(2,078)	(1,270)	(109)	-	(4,304)
At 30 June 2023	9,291	25,131	14,011	1,191	-	49,624
Net book values						
At 30 June 2023	236	-	1,551	96	337,138	399,021

The Group	Furniture & fittings USD	Motor vehicles USD	IT equipment USD	Office equipment USD	Capital work-in- progress USD	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

11. Exploration assets

	2023 USD	Restated 2022 USD
Cost		
At 01 July	14,516,225	15,491,795
Additions during the year	1,732,696	849,623
Exchange differences	(1,297,833)	(1,825,193)
At 30 June	14,951,088	14,516,225

Notes to the Financial Statements for the year ended 30 June 2023

11. Exploration assets (Continued)

(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 2023:

Licence 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

Licence PL 428/2009 has been submitted to the Department of Mines for conversion to a mining licence.

(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 2023.

12. Receivables and prepayments

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Due from related parties (Note 12.3)	-	-	304,150	1,804,150
Other receivables	39,093	45,294	1	1
VAT recoverable	4,760	3,674	-	-
Prepayments	5,036	4,220	5,035	2,110
Total	48,889	53,188	309,186	1,806,261

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 lifetimes 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 2023.

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.

Notes to the Financial Statements for the year ended 30 June 2023

13. Cash and cash equivalents

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Cash at bank in:				
United States Dollar (USD)	932	467,979	499	1
Botswana Pula (BWP)	42,605	49	-	-
Mauritius Rupees (MUR)	46	-	46	49
South Africa Rand	201	-	-	-
	<u>43,784</u>	<u>468,028</u>	<u>545</u>	<u>49</u>
Bank overdraft:				
Botswana Pula (BWP)	<u>15,734</u>	<u>17,729</u>	<u>-</u>	<u>-</u>

14. Stated capital

	2023	2022
	USD	USD
14.1 Issued and fully paid:		
293,841,364 (2022: 293,841,364) shares at no par value	<u>17,795,944</u>	<u>17,795,944</u>

The movement is as follows:

	2023	2022
	USD	USD
At 01 July	17,795,944	17,770,830
Conversion of convertible loan notes into equity shares (Note 16)	-	25,114
At 30 June	<u>17,795,944</u>	<u>17,795,944</u>

14.2 Capital contribution

During the year, a loan payable to Etavi UK amounting to USD 1,713,378 was converted into capital contribution in the books of Etavi Renewable Pty Ltd. The transaction has been recognised as an increase in equity with corresponding derecognition of the financial in accordance with the requirements of IAS 32.

14.3 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 and the exercise period have lapsed. Hence, the warrants have expired.

Shumba Energy Ltd

Notes to the Financial Statements for the year ended 30 June 2023

14. Stated capital (Continued)

14.3 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

	2023 USD	2022 USD
At 01 July - as previously reported	3,140,743	2,984,390
Prior year adjustment	84,962	-
At 01 July - as restated	3,225,705	2,984,390
Share of loss for the year	(320,473)	(350,912)
NCI share of stated capital	(1,455,165)	924,543
Share of translation reserves for the year	265,351	(417,278)
At 30 June	1,715,418	3,140,743

16. Loans

The Group and the Company

Medium-Term Loan Note

	2023 USD	2022 USD
At 01 July	4,212,473	3,709,731
Interest expense for the year	545,137	524,278
Deemed settlement (Note 14.1)	-	(25,114)
Exchange differences	-	3,578
At 30 June	4,757,610	4,212,473

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).

The above loans are payable to a third party and are unsecured, interest-free and with no fixed term of repayment.

Notes to the Financial Statements for the year ended 30 June 2023

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 recognised as a contingent consideration in 2016/2017 though the timing of payment will depend upon the successful operation of the relevant mine.

During the year under review, the directors have decided to derecognise the contingent liability together with the amount receivable from Shumba Energy (Proprietary) Limited, both amounting to USD 1,500,000, as the asset acquired is not recognised.

18. Borrowings

The Group	2023 USD	2022 USD
Movement during the year and at 30 June	475,999	-

18.1 AAAS Loans

Etavi Renewables Pty Ltd obtained a loan of USD 406,602 from AAAS. Interest is 20% if repaid by 30 July 2023, increasingly 2% per month thereafter, capped at 35%. Default interest of 10% per annum applies to overdue amounts. The loan is repayable on the earliest of 31 May 2024, or an accelerated date set by the lender.

ARCH Loans

Etavi Renewables Pty Ltd receiving funding of USD 69,397 from AAAS & CUSPV as part of a broader investment agreement. The lender holds an indirect 25% stake in Hold Co, which owns 51% of Project Co.

19. Payables and accruals

	The Group		The Company	
	2023 USD	2022 USD	2023 USD	2022 USD
Payables	2,960,827	3,215,703	-	2,000,000
Accruals	344,911	410,937	155,295	149,334
	3,305,738	3,626,640	155,295	2,149,334

Notes to the Financial Statements for the year ended 30 June 2023

19. Payables and accruals (Continued)

19.1 The amount due to related parties are unsecured, interest-free and payable on demand.

20. 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 2023, the Company had an income tax credit of **USD 19,388** (2022: tax expense of USD 26,615).

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

	2023 USD	2022 USD
Profit before tax	810,730	236,552
Tax at 15%	121,610	35,483
Impact of:		
Non-deductible expenses	81,691	941
Non-taxable income	(178,968)	-
Over provision in prior year	(26,615)	-
Tax loss utilised	(17,106)	(9,809)
(Tax credit) / tax expense	(19,388)	26,615

(iii) *Subsidiaries incorporated in Republic of Mauritius*

The subsidiaries' income tax liabilities are as follows:

	2023 USD	2022 USD
Shumba Resources Ltd	6,219	4,527

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.

Shumba Energy Ltd

Notes to the Financial Statements for the year ended 30 June 2023

20. Taxation (Continued)

The above subsidiaries have no income tax liability due to tax losses carried forward and these tax losses available for set off against future taxable income.

(iv) Group - Tax liabilities

	2023 USD	2022 USD
Company	7,227	26,615
Subsidiaries (Note 20(iii))	6,219	5,920
At 30 June	<u>13,446</u>	<u>32,535</u>

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 2022
Weighted average number of shares used in earnings/(loss) per share	293,808,821
Shares deemed to be issued for warrants and options	<u>26,021,897</u>
Weighted average number of shares used in diluted earnings/(loss) per share	<u>319,830,718</u>

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:

Net carrying amounts of right-of-use assets

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

	2023 USD	2022 USD
Leasehold property	<u>303,064</u>	<u>338,508</u>

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
Buildings	<u>11,452</u>
Interest expense on lease liabilities	<u>33,778</u>

Notes to the Financial Statements for the year ended 30 June 2023

23. Lease liabilities

	2023 USD	2022 USD
Minimum lease payments due		
- within one year	21,809	23,798
- in second to fifth year inclusive	87,237	118,984
- later than five years	863,281	918,704
	972,327	1,061,486
Less: future finance charges	(545,051)	(704,234)
Present value of minimum lease payments	427,276	357,252
 Present value of minimum lease payments due		
- within one year	101,485	23,806
- in second to fifth year inclusive	6,950	9,205
- later than five years	318,841	324,241
	427,276	357,252
 Non-current liabilities	325,791	333,446
Current liabilities	101,485	23,806
	427,276	357,252

The lease term is for a period of 50 years and the average effective borrowing rate was 6.50%.

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 2023, and revenue and profit/(loss) for the year then ended are as follows:

	Shumba Resources Ltd
Country of incorporation	Republic of Mauritius
Proportion of ownership interest	100%
Activity of subsidiary	Investment holding
Total assets	USD 2,907,843
Total liabilities	USD 538,587
Revenues	USD Nil
Loss for the year	USD 16,424

Shumba Energy Ltd

Notes to the Financial Statements for the year ended 30 June 2023

24. Consolidation

Indirectly owned by Shumba Resources Limited:

	<u>Shumba Energy (Proprietary) Limited</u>
Country of incorporation	Republic of Botswana
Proportion of ownership interest	90%
Activity of subsidiary	Exploration
Total assets	USD 6,639,142
Total liabilities	USD 23,711,973
Revenues	USD Nil
Loss for the year	<u>USD 1,800,223</u>

Shumba Energy Ltd

Notes to the Financial Statements for the year ended 30 June 2023

24. Consolidation (Continued)

Indirectly owned by Shumba Energy (Proprietary) Limited:

	Shumba Energy South Africa Proprietary Limited	Morupule South Resources (Proprietary) Limited	Kibo Energy Botswana (Pty) Ltd	Coal Trading Botswana (Pty) Ltd	Tati Development (Pty) Ltd	Lurco Thermal Botswana (Pty) Ltd	Etavi Renewables (Pty) Ltd	Etavi Renewables Limited
Country of incorporation	South Africa	Republic of Botswana	Republic of Botswana	Republic of Botswana	Republic of Botswana	Republic of Botswana	Republic of Botswana	United Kingdom
Proportion of ownership interest	74%	97.5%	65%	100%	98%	75%	85%	85%
Activity of subsidiary	Investments in energy projects	Exploration	Exploration	Wholesale of coal	Solar energy	Exploration	Solar energy	Holding company
Total assets	USD 42,832	USD 625,790	USD 9,218,408	USD 31,338	USD 303,285	USD 2,719,442	USD 2,429,551	USD 1,713,648
Total liabilities	USD 455,902	USD 118,316	USD 3,315	USD 38,668	USD 465,691	USD Nil	USD 2,843,637	USD Nil
Revenues	USD Nil	USD Nil	USD Nil	USD Nil	USD Nil	USD Nil	USD Nil	USD Nil
Loss for the year	USD 86,464	USD Nil	USD 1,156	USD Nil	USD 28,620	USD Nil	USD 479,442	USD Nil

Shumba Energy Ltd

Notes to the Financial Statements for the year ended 30 June 2023

25. Reconciliation of liabilities arising from financing activities

2023	At 01 July 2022	Cash flows	Non-cash changes	At 30 June 2023
	USD	USD	USD	USD
Medium Term Note	4,212,473	-	545,137	4,757,610
Total liabilities from financing activities	4,212,473	-	545,137	4,757,610

2022	At 01 July 2021	Cash flows	Non-cash changes	At 30 June 2022
	USD	USD	USD	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

26. Related party transactions

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

Nature of relationship	Nature of transactions	Volume of transactions	Debit balances at 30 June 2023	Debit balances at 30 June 2022
		USD	USD	USD
Subsidiary	Loans (Note 9)	641,592	19,487,275	20,128,867
Subsidiary	Receivable (Note 12)	-	304,150	304,150

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. Discontinued operations

In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, the Company has disposed of its subsidiary, Shumba Coal Trading Ltd, on 06 January 2023, thus resulting to Shumba Coal Trading Ltd been classified as discontinued operations for the year ended 30 June 2023.

28. Prior year adjustment

Shumba Group through its different subsidiaries has incurred costs for the development of the Tati Solar project which were expensed to the statement of profit and loss. The Group intends to invest in the asset which is the Tati Solar project SPV through a mix of capital in kind and cash investment. As the recognition criteria to capitalise the costs had not yet been met in the prior year, the Group recognised the development costs as expenses. Since then, the Group has attained its licenses to construct and operate the plant and only awaiting the finalisation of the lending criteria. This change in situation has prompted the Group to reconsider the accounting treatment of these development costs. The directors have therefore opted to restate the prior year's consolidated financial statements to correct this error. The financial effects of the correction are:

Shumba Energy Ltd

Notes to the Financial Statements for the year ended 30 June 2023

28. Prior year adjustment (Continued)

	Exploration assets USD	Accumulated losses USD	Translation reserves USD	Non- controlling interest USD
At 30 June 2022 - as previously reported	13,718,191	(12,291,090)	(1,008,673)	3,140,743
Prior year adjustment	798,034	764,666	(51,594)	84,962
At 30 June 2022 - as restated	14,516,225	(11,526,424)	(1,060,267)	3,225,705

29. Emphasis of matter

29.1 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.

29.2 Exploration assets

The exploration costs so far incurred by the Group on its 3 exploration sites amounted to USD 14.9M as at 30 June 2023. The directors have assessed the technical and financial viability of the 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.

30. Events after the reporting date

Post the reporting date, the Board has resolved to migrate the Company to another jurisdiction.

Except for the above, there have been no other adjusting or significant non-adjusting event that have occurred between 30 June 2023 and the date of authorisation of these consolidated financial statements.