Shumba Energy Ltd

Unaudited Consolidated Financial Statements
for the Year Ended 30 June 2021

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.

		Date of appointment	**Date of resignation**
Directors	Alan Mitchell Clegg (Chairman)	24 January 2013	19 August 2021
	Mashale Phumaphi	28 August 2012	-
	Thapelo Mokhathi	24 January 2013	-
	Sipho Alec Ziga	02 August 2013	19 August 2021
	Boikobo Bashi Paya	01 July 2015	19 August 2021
	Lerang Selolwane	30 April 2019	19 August 2021
	Jihane Muhamodsaroar	21 March 2019	19 August 2021
	Yannick Pascal Lan Yee Man	26 November 2019	19 August 2021

Registered Office	Mauritius International Trust Company Limited 4th Floor, Ebene Skies Rue de L'Institut Ebene 80817 Republic of Mauritius
Administrator and Secretary	Mauritius International Trust Company Limited 4th Floor, Ebene Skies Rue de L'Institut Ebene 80817 Republic of Mauritius
Banker (In the Republic of Mauritius)	AfrAsia Bank Limited 4th Floor, NeXTeracom Tower III Ebene 72201 Republic of Mauritius

Auditors	Grant Thornton Ebene Tower 52 Cybercity Ebene 72201 Republic of Mauritius
Transfer Secretary	Transaction Management Services (Proprietary) Limited C/o Corpserve Botswana Unit 206 Second Floor Plot 64516 Showgrounds Close, Fairgrounds Gaborone Republic of Botswana
Sponsoring Broker (Botswana)	Imara Botswana Limited 2nd, Floor, Morojwa Mews Unit 6, Plot 74769 Western Commercial Road, CBD Gaborone Republic of Botswana
Legal Advisor	Armstrong Attorneys Second Floor, Acacia House Plot 74358 Corner of Khama Crescent Ext and PG Matante Road New CBD Gaborone Republic of Botswana

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

The directors are pleased to present their report together with the consolidated financial statements of Shumba Energy Ltd, the "Company", and its subsidiaries, collectively referred to as the "Group", for the 12 months ended 30 June 2021.

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 energy projects in Southern Africa.

The Company is currently listed on the Botswana Stock Exchange.

Results

The results for the 9 months are shown in the consolidated statement of profit or loss and other comprehensive income.

Directors

The directors of the Company during the period ended 30 June 2021 and at the date of this report are as follows:

See Page 2 above

Directors' responsibilities in respect of the consolidated financial statements

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

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

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

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

Company profile

Shumba Energy Ltd, the "Company", is a proudly African independent energy developer and strategic equity investor. Since its formation it has been Shumba's drive to deliver clean and affordable electricity to the region. Shumba's focus currently is on Wind, Hydro and Solar PV technologies and it will continue to develop, build, own and operate large scale renewable projects throughout Southern Africa. As an African company, we are passionate about the need to utilise our abundant natural resources to drive the continent forward in a sustainable way. Our projects bring much needed investments to local communities and provide reliable, clean and affordable energy. We pride ourselves in conducting our business in an ethically and environmentally sound manner and will continue to focus on driving Africa towards a sustainable future.

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

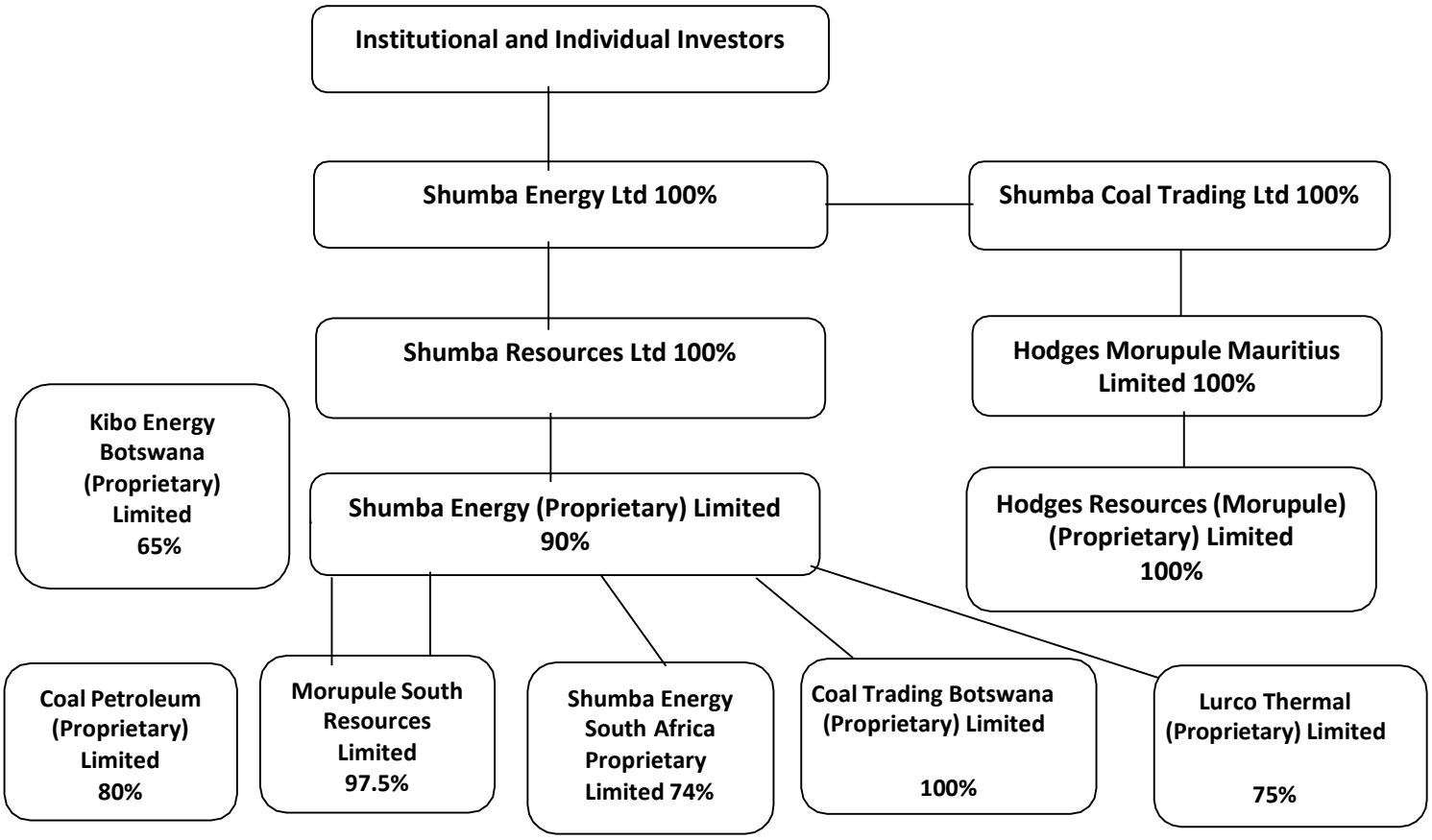
(i) to invest in sustainable energy, including solar energy in Southern Africa, and

(ii) the trading of coal.

Shumba Energy Ltd

Commentary of the Directors

(Continued)Holding structure



Compliance with Corporate Governance

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

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

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

1) Governance Structure

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

1) *Governance Structure (Continued)*

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 will review the suitability and effectiveness of the Code of Ethics at least once per year.

2) *Structure of the Board and its Committees*

The Board currently comprises of Messrs Alan Mitchell Clegg, Boikobo Bashi Paya, MashalePhumaphi, Sipho Alec Ziga, Lerang Selolwane, Jihane Muhamodsaroar, Yannick Pascal Lan Yee Man and Thapelo Mokhathi. The Board meetsas 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:

- Audit and Risk Committee
- Remuneration and Assessment Committee

3) *Director Appointment Procedures*

During the year under review, the following directors have been re-appointed on the Board at the Annual meeting of the Company held on 31 December 2020: Messrs Alan Mitchell Clegg, Boikobo Bashi Paya, MashalePhumaphi, Sipho Alec Ziga, Lerang Selolwane, Jihane Muhamodsaroar, Yannick Pascal Lan Yee Man and Thapelo Mokhathi.. Such re-appointment is valid up to the next Annual meeting. The appointment of director hasbeen 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 TerroristFinancing during the period under review no additional director has been appointed and all prior appointmentof directors have been effected in accordance with the Constitution of the Company subject to receipt ofcustomer due diligence documents on the latters, in line with the Code of Prevention of Money Laundering and Terrorist Financing.

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.

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

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

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

5) Risk Management and Internal Control

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

Day to day activities are undertaken by the Secretary/Administrator, MITCO Mauritius ("SM"), which needs to ensure that the necessary structures, processes and methods for identifying and monitoring any risks arein place. Hence, the Company relies on the internal controls of SM which is subject to an internal control review and reporting by external auditors. On a yearly basis, an ISAE 3402 Type II Audit is conducted and the latest report was issued on 12 February 2018.

6) Reporting with Integrity

The directors are responsible for preparing the audited financial statements of the Company on a yearly basis in accordance with applicable law and regulations. The financial statements have been prepared under theIFRS, which is an accepted GAAP as per FSC circular dated 2 December 2014.

The financial statements of the Company for the year ended 30 June 2021 will be filed with the FSC within the statutory deadline, after the Board's approval.

In addition to the yearly audited financial statements, in line with the SA 05, the Company has to file quarterlymanagement accounts with the FSC within 45 days from the closing date of each quarter.

7) Audit

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

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

8) Relations with Shareholders and other Key stakeholders

The Annual Meeting of the shareholders of the Company will be held by 31 December 2020 to adopt theaudited financial statements of the Company for the year ended 30 June 2020. Notice of this meeting will be sent within the deadline stipulated by the Constitution of the Company.

Shumba Energy Ltd

Unaudited Consolidated Statement of Financial Position as at 31 June 2021

		The Group		The Company	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Notes	USD	USD	USD	USD
Assets					
Non-current					
Investment in subsidiaries	1	-	-	**2,030,743**	2,030,743
Goodwill	2	**2,745,662**	2,745,662	-	-
Loans	3	**93,168**	93,168	**20,073,385**	18,929,005
Plant and equipment	4	**399,244**	403,116	-	-
Right-of-use assets		**380,868**	372,864	-	-
Exploration assets	5	**15,122,560**	15,122,560	-	-
Financial assets at fair value through other comprehensive income		-	-	-	-
		18,741,502	18.737,370	**22,104,128**	20,959,748
Current					
Receivables and prepayments	7	**36,109**	88,297	**1,800,992**	1,783,815
Cash and cash equivalents		**14,734**	108,567	**205**	205
		50,843	196,864	**1,801,197**	1,784,020
Total assets		**18,792,345**	18,934,234	**23,905,325**	22,743,768
Equity and liabilities					
Equity					
Stated capital	8	**17,770,830**	17,621,778	**17,770,830**	17,621,778
Translation reserves		**(395,578)**	28,772	-	-
Fair value reserves		-	-	-	-
Accumulated losses		**(10,002,915)**	(9,313,206)	**(1,348,980)**	(1,929,341)
Equity attributable to owners of the parent		**7,372,337**	8,337,344		15,692,437
Non-controlling interest		**2,651,468**	2,760,194	-	-
		10,023,805	11,097,538	**16,421,850**	15,692,437
Liabilities					
Non-current					
Loan notes		**3,690,432**	3,282,272	**3,690,432**	3,282,272
Finance lease liabilities		**378,122**	378,122	-	-
Contingent consideration		**1,500,000**	1,500,000	**1,500,000**	1,500,000
		5,568,554	5,160,394	**5,190,432**	4,782,272
Current					
Payables and accruals		**3,158,653**	2,644,397	**2,293,043**	2,269,059
Finance Lease Liability			1,416		
Bank overdraft		**41,333**	29,435	-	-
Current tax liabilities		-	1,054	-	-
		3,199,986	2,676,032	**2,293,043**	2,269,059
Total liabilities		**8,768,540**	7,836,696	**7,483,475**	7,051,331
Total equity and liabilities		**18,792,345**	18,934,234	**23,905,325**	22,743,768

Approved by the Board of Directors and authorised for issue on **28 SEPTEMBER 2021** and signed on its behalf by:

Director **Director**

Shumba Energy Ltd

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

	Notes	The Group		The Company	
		30 June 2021 USD	30 June 2020 USD	**30 June 2021 USD**	30 June 2020 USD
Revenue		**739,989**	618,933	**-**	-
Cost of sales		**(582,540)**	(499,749)	**-**	-
		157,449	119,184	**-**	-
Expenditure					
Professional fees		**(9,626)**	(15,419)	**(6,812)**	(31,566)
Listing fees		**(17,172)**	-	**(17,172)**	-
Licence fees		**-**	(4,870)	**-**	(2,240)
Directors' fees		**-**	-	**-**	-
Audit fees		**-**	(50,500)	**-**	(39,950)
Operating expenses		**(339,304)**	(2,423,382)	**-**	(47,491)
		(366,102)	(2,495,020)	**(23,984)**	(122,046)
Operating loss for the period/year		**(208,653)**	(2,375,836)	**(23,984)**	(122,046)
Finance costs		**(481,056)**	(455,047)	**(481,056)**	(432,401)
Finance income		**-**	1,813	**634,959**	746,942
Share issue costs		**-**	-	**(53,099)**	-
Foreign exchange (losses)/gains			(16,482)	**503,541**	-
Investment income		**-**	-	**-**	-
Gain on bargain purchase		**-**	4,977,507	**-**	-
Impairment loss on investment			-	**-**	(5,963)
Other income		**-**	574,958	**-**	-
Profit/(loss) before tax		**(689,709)**	2,706,931	**580,361**	186,532
Tax expense		**-**	(1,054)	**-**	-
Profit/(loss) for the period/year		**(689,709)**	2,705,877	**580,361**	186,532
Other comprehensive income, net of tax:					
Items that will not be reclassified subsequently to profit or loss					
Items that will be reclassified subsequently to profit or loss:		**-**	-	-	-
Loss on remeasurement of financial assets at FVOCI		**-**	-	-	-
Exchange differences on retranslation of foreign operations		**(424,350)**	(446,978)	-	-
		(424,350)	(446,978)	-	-
Total comprehensive income for the period/year		**(1,114,059)**	2,258,899	**580,361**	186,532
Profit/(loss) for the year attributable to:					
Owners of the parent		**(623,418)**	3,216,395	**-**	-
Non-controlling interest		**(66,291)**	(510,518)	**-**	-
		(689,709)	(2,705,877)		-
Total comprehensive income attributable to:					
Owners of the parent		**(1,005,333)**	2,653,856	**-**	-
Non-controlling interest		**(108,726)**	(394,957)	**-**	-
		(1,114,059)	(2,258,899)		-
Profit/(loss) per share					
Basic profit/(loss) per share		**(0.00149)**	(0.01102)	**-**	-
Diluted profit/(loss) per share		**(0.00137)**	(0.01012)	**-**	-

Shumba Energy Ltd

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

The Group	**Stated capital USD**	**Translation reserves USD**	**Fair value reserves USD**	**Accumulated losses USD**	**Equity attributable to owners of the parent USD**	**Non-controlling interest USD**	**Total USD**
At 01 July 2020	**17,621,778**	**28,772**	**-**	**(9,313,206)**	**8,337,344**	**2,760,194**	**11,097,538**
Issue of new shares	**149,052**				**149,052**		**149,052**
On acquisition of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Recycling of fair value reserves (Note 12)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the period				**(689,709)**	**(689,709)**	**(108,726)**	**(798,435)**
Other comprehensive income							
Exchange differences on translating foreign operations	**-**	**(424,350)**	**-**		**(424,350)**	**-**	**(424,350)**
Total comprehensive income for the period	**149,052**	**(424,350)**	**-**	**(689,709)**	**(822,883)**	**(108,726)**	**(859,113)**
At 30 June 2021	**17,770,830**	**(395,578)**	**-**	**(10,002,915)**	**7,372,330**	**2,651,468**	**10,023,805**
At 01 July 2019	17,621,778	591,311	(8,724,959)	(3,731,999)	5,756,131	(1,145,328)	4,610,803
On acquisition of subsidiaries	-	-	-	(72,643)	(72,643)	4,300,479	4,227,836
Recycling of fair value reserves	-	-	8,724,959	(8,724,959)	-	-	-
Profit for the year	-	-	-	3,216,395	3,216,395	(510,518)	2,705,877
Other comprehensive income							
Exchange differences on translating foreign operations	-	(562,539)	-	-	(562,539)	115,561	(446,978)
Fair value movement	-	-	-	-	-	-	-
Total comprehensive income for the year	-	(562,539)	-	3,216,395	2,653,856	(394,957)	2,258,899
At 30 June 2020	17,621,778	28,772	-	(9,313,206)	8,337,344	2,760,194	11,097,538

Shumba Energy Ltd

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

The Company	**Stated capital USD**	**Accumulated losses USD**	**Total USD**
At 01 July 2020	**17,621,778**	**(1,929,341)**	**15,692,437**
Profit for the period	**-**	**580,361**	**580,361**
Share Issue	**149,052**	**-**	**149,052**
Total comprehensive income for the period	**-**	**580,361**	**580,361**
At 30 June 2021	**17,770,830**	**(1,348,980)**	**16,421,850**
At 01 July 2019	17,621,778	(2,115,873)	15,505,905
Issue of shares	-	-	-
Transactions with the shareholders	-	-	-
Loss for the year	-	186,532	186,532
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	186,532	186,532
At 30 June 2020	17,621,778	(1,929,341)	15,692,437

Shumba Energy Ltd

Unaudited Consolidated Statement of Cash flows for the period ended 30 June 2021

	The Group		The Company	
	30 June 2021 USD	**30 June 2020 USD**	**30 June 2021 USD**	**30 June 2020 USD**
Cash flows from operating activities				
Profit/(loss) before tax	**(689,709)**	2,706,930	**580,361**	186,532
Adjustments for:				
Bad debts	**-**	-	**-**	-
Loan written off	**-**	-	**-**	42,915
Interest expense	**481,056**	455,421	**481,056**	432,401
Interest income	**-**	(1,831)	**(634,959)**	(746,942)
Loss on disposal of financial assets	**-**	1,021,713	**-**	-
Share issue costs	**-**	-	**-**	-
Foreign exchange losses/(gains)	**-**	(16,482)	**(503,541)**	-
Costs upon conversion of convertible loan notes to equity shares	**-**	-		-
Depreciation of plant and equipment	**3,872**	3,747		-
Depreciation of right-of-use assets	**0**	8,004		
Impairment loss on investment and exploration assets	**-**	112,965	**-**	5,963
Operating profit/(loss) before working capital changes	**(204,781)**	4,290,467	**(-77,083)**	(79,131)
Change in receivables and prepayments	**52,188**	139,618	**-**	(20,330)
Change in payables and accruals	**511,789**	699,342	**23,984**	89,555
Interest Income				
Interest Expense				
Net cash from/ (used in) operations	**359,196**	5,129,427	**(53,099)**	(9,906)
Tax paid	**-**	(1,981)	**-**	-
Cash flows from investing activities				
Purchase of plant and equipment	**-**	(4,020)	**-**	-
Proceeds from disposal of investment	**-**	688,855	**-**	-
Exploration assets on business combinations	**-**	(6,130,380)	**-**	-
Expenditure on exploration assets	**-**	(94,086)	**-**	-
Proceeds from disposal of exploration assets	**-**	-	**-**	-
Loans	**-**	(93,168)		-
Net cash (used in)/from investing activities	**-**	(5,632,799)		-
Cash flows from financing activities				
New share issue	**149,052**		**149,052**	
Repayment of interest on loan notes	**(95,953)**	(12,150)	**(95,953)**	-
Repayment of right-of-use liabilities	**-**	1,403)	**-**	-
Net cash used in financing activities*	**53,099**	(13,553)	**53,099**	-
Net change in cash and cash equivalents	**412,295**	(518,906	**-**	(9,906)
Cash and cash equivalents at beginning of the year	**79,132**	153,003	**205**	10,111
Exchange differences on cash and cash equivalents	**(518,026)**	445,035	**-**	-
Cash and cash equivalents at end of the period/year	**(26,599)**	79,132	**205**	205
Cash and cash equivalents made up of:				
Cash at bank (Note 14)	**14,734**	108,567	**205**	205
Bank overdraft (Note 14)	**(41,333)**	(29,435)	**-**	-
	(26,599)	79,132	**205**	205
Non-cash transactions:				
Right-of-use assets		(372,864)	**-**	-
Right-of-use liabilities		372,864	**-**	-
Issue of shares	**-**	-	**-**	-
Conversion into equity shares	**-**	-	**-**	-

General information and statement of compliance with International Financial Reporting Standards

Shumba Energy Ltd, the "Company", was incorporated on 28 August 2012 in the Republic of Mauritius under the Mauritius Companies Act 2001 as a public company with liability limited by shares. The Company registered office is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius. The Company was been listed on the Botswana Stock Exchange on 8 April 2013 and on the Development & Enterprise Market in Mauritius on 04 April 2014. On 28 August 2017, the Company cancelled its listing on the Development & Enterprise Market in Mauritius.

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 Category 1 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. During the year, the Group extended its business activity to include the trading of solar energy.

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

Application of new and revised International Financial Reporting Standards

New and revised standards and interpretations that are effective for annual year beginning on 01 July 2017

In the current year, the following new and revised standards issued by IASB became mandatory for the first time for the financial year beginning on 01 July 2017:

IAS 7, Disclosure Initiative (Amendments to IAS 7)

The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes).

The amendments respond to requests from investors for improved disclosures about an entity's financing activities. The Disclosure Initiative itself is in part a reaction to the growing clamour over disclosure overload in financial statements. It consists of a number of projects, both short- and medium-term, and ongoing activities that explore how presentation and disclosure principles and requirements in existing standards can be improved.

IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses

The focus of the amendments to IAS 12 is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

Application of new and revised International Financial Reporting Standards (Continued)

New and revised standards and interpretations that are effective for annual year beginning on 01 July 2020 (Continued)

Annual Improvements to IFRSs 2014-2016

These improvements include amendments to IFRS 1: *First-time Adoption of International Financial Reporting Standards*, IFRS 12: *Disclosure of Interests in Other Entities* and IAS 28: *Investments in Associates and Joint Ventures* which are effective from 01 January 2018 except for amendments to IFRS 12: *Disclosure of Interests in Other Entities* which are effective as from 01 January 2017.

The amendments to IFRS 12 clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Management has assessed the impact of these revised standards and concluded that none of these revised standards have a significant impact on the disclosures of these consolidated financial statements.

2.1 **Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Group**

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

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

IAS 28, Long-term interest in Associates and Joint Ventures (Amendments to IAS 28)

These amendments provide clarification in the case where an entity applies IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

IFRS 1, IAS 28 Annual Improvements to IFRS Standards 2014-2016 Cycle

The amendment to IFRS 1 deletes the short-term exemptions in paragraphs E3–E7, because they have now served their intended purpose.

IAS 28 amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Application of new and revised International Financial Reporting Standards (Continued)

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

IFRS 3, IFRS 11, IAS 12, IAS 23 Annual Improvements to IFRS Standards 2015–2017 Cycle

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

The amendments to IAS 12 clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IAS 40, Transfer of Investment Property (Amendments to IAS 40)

Under these amendments an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

IFRS 15, Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations.

IFRS 9 Financial instruments (2014)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss.

IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4.

IFRS 2, Classification and Measurement of Share-based Payment Transactions (Amendments toIFRS

The amendments bring clarification on the following matters:

- the accounting for cash-settled share-based payment transactions that include a performance condition;
- the classification of share-based payment transactions with net settlement features; and
- the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Application of new and revised International Financial Reporting Standards (Continued)

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

IFRS 16, Leases

The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property with high value equipment.

IFRS 17, Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts* as of 1 January 2021.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

IFRIC 23, Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

IAS 19, Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The following amendments were made to IAS 19 :

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

Management has yet to assess the impact of the above standards, amendments and interpretations on the consolidated financial statements.

Summary of accounting policies

Overall considerations

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

Summary of accounting policies (Continued)

Basis of consolidation

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

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

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

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

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.

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 instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. 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.

Summary of accounting policies (Continued)

Financial instruments (Continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified as available-for-sale financial assets and loans and receivables.

All financial assets of the Group except those at fair value through profit or loss are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in consolidated statement of profit or loss and other comprehensive income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets comprise of both quoted and unquoted shares.

Listed investment is initially recognised at fair value on the date on which the instrument is purchased and is subsequently re-measured at fair value. Fair value is obtained from quoted price on the London Stock Exchange.

Unquoted investment is stated at cost less impairment charges.

Gains and losses on remeasurement are recognised in other comprehensive income and reported within the 'fair value reserves' within equity.

When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss.

For available-for-sale financial assets, impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and other receivables fall into this category of financial instruments.

Summary of accounting policies (Continued)

Summary of accounting policies (Continued)

Financial instruments (Continued)

Classification and subsequent measurement of financial assets

Loans and receivables (Continued)

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include convertible loan notes and payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are reported in the consolidated statement of profit or loss and other comprehensive income and included within finance costs.

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated 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.

Investments 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 investee and has the ability to affect those returns through its power over the investee.

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.

Summary of accounting policies (Continued)

Goodwill

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

Negative goodwill is recognised in the consolidated statement of comprehensive income.

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 have been assessed as follows:

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

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

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

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 expenditure is capitalised on an area of interest basis. An intangible asset in the form of exploration asset is recognised when:

Summary of accounting policies (Continued)

Exploration assets (Continued)

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Exploration assets are initially recognised at cost.

Expenditure on exploration on the prospecting stage on tenements are capitalised. Expenditure, evaluation and development expenditure incurred are 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 consolidated statement of profit or loss and other comprehensive income for the year in which the decision to abandon the area is made.

Exploration assets are also derecognised upon disposal in the normal course of business.

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 depreciation 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 ceases 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.

Inventories

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

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.

Equity and reserves and dividend payments

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

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

Fair value reserves comprise of gains and losses on remeasurement of available-for-sale financial assets.

Summary of accounting policies (Continued)

Equity and reserves and dividend payments (Continued)

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

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

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

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.

Operating expenses

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

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.
- weighted average of the borrowing costs applicable to the entity 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:

- expenditures for the asset have 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.

Summary of accounting policies (Continued)

Taxation

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

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

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

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

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

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

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.

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.

Summary of accounting policies (Continued)

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. The functional currency of the overseas subsidiary has remained unchanged during the reporting year.

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

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

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

	USD
BWP/USD (Closing)	0.0889
BWP/USD (Average)	0.09523
ZAR/USD (Closing)	0.06896
ZAR/USD (Average)	0.0606

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.

Impairment of assets

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

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

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.

Summary of accounting policies (Continued)

Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable, excluding taxes, rebates and discounts. To determine whether to recognise revenue, the Group ensures that the following 5 conditions are satisfied:

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

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

Interest income is recognised on an accrual basis unless 40ollectability is in doubt.

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

Comparatives

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

As fully explained in Note 25 to the consolidated financial statements, the loan to the subsidiary which was treated as capital contribution is now classified as loan and consequently the relevant comparative figures have been adjusted.

Significant management judgement in applying accounting policies and estimation uncertainty

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

Significant management judgement

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

Determination of functional currency

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

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.

Summary of accounting policies (Continued)

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

Significant management judgement (Continued)

Contingent liabilities

Management applies its judgement to facts and advice 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.

Summary of accounting policies (Continued)

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 Group's future taxable income against which the deductible temporary differences can be utilised.

Going concern

The directors have exercised significant judgement in assessing that the preparation of these consolidated financial statements on a going concern basis is appropriate. In making this assessment, factors like current financial position and financial performance of the Group as well as future business prospects, future profits and cash flows have been considered.

This has been considered as at the time of approving the preliminary unaudited accounts.

Estimation uncertainty

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

Inventories

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

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 it is likely that 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.

Summary of accounting policies (Continued)

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

Estimation uncertainty (Continued)

Useful lives of depreciable assets

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

Impairment testing (including goodwill)

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

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

Loans and receivables

The Group assesses its loans and receivables for impairment at the end of each reporting date. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reportingdate that correlate with defaults on the portfolio.

Available-for-sale investment

The Group follows the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost andthe financial health and near-term business outlook for the investee, including factors such as industry andsector performance, changes in technology and operational and financing cash flow.

1. Investment in subsidiaries

1.1 Unquoted and at cost:

	31 June 2021	30 June 2020
	USD	USD
At 01 July 2020	**2,036,706**	2,036,706
At 30 June 2021	**2,036,706**	2,036,706

1.2 Details of the investments are as follows:

Investee company	Country of incorporation	Type of shares	% held	Cost 30 June 2021 USD	Cost 30 June 2020 USD
Shumba Resources Ltd	Republic of Mauritius	Ordinary shares	100%	**2,030,742**	2,030,742
Shumba Coal Trading Ltd	Republic of Mauritius	Ordinary shares	100%	**5,964**	5,964
				2,036,706	2,036,706

1.3 The principal activity of Shumba Coal Trading Ltd is to trade in coal.

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

1. Investment in subsidiaries (Continued)

Indirect holding through Shumba Resources Ltd:

Investee company	Country of incorporation	Type of shares	% held	Cost 30 June 2021 USD
Shumba Energy (Proprietary) Limited	Republic of Botswana	Ordinary shares	90%	**359**

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

Indirect holding through Shumba Energy (Proprietary) Limited:

Investee company	Country of incorporation	Type of shares	% held (Effective holding)	Cost 30 June 2021 USD	Cost 30 June 2020 USD
Shumba Energy South Africa (Pty) Ltd	South Africa	Ordinary shares	67%	**6**	6
Morupule South Resources Limited	Republic of Botswana	Ordinary shares	88%	**3,082,121**	3,082,121
Coal Petroleum (Proprietary) Limited	Republic of Botswana	Ordinary shares	72%	**3,793**	3,793
Shumba Coal Trading Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	100%	**9**	9
Lurco Thermal Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	90%	**7**	7
Kibo Energy Botswana (Proprietary) Limited	Republic of Botswana	Ordinary shares	59%	**841,978**	**841,978**
Total				**3,927,914**	**3,927,914**

Indirect holding through Shumba Coal Trading Ltd:

Investee company	Country of incorporation	Type of shares	% held	Cost 30 June 2020 & 30 June 2021 USD
Hodges Morupule Mauritius Limited	Republic of Mauritius	Ordinary shares	100%	1

1. Investment in subsidiaries (Continued)

Indirect holding through Hodges Morupule Mauritius Limited:

Investee company	Country of incorporation	Type of shares	% held	Cost 30 June 2021 USD
Hodges Resources (Morupule) (Proprietary) Limited	Republic of Mauritius	Ordinary shares	100%	**1**

2. Goodwill

	30 June 2021 USD	30 June 2020 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 period.

3. Loans

The Company	30 June 2021 USD	30 June 2020 USD
At 01 July	**18,929,005**	18,194,213
Repayments made during the period	**(35,678)**	(12,150)
Interest element for the period	**302,769**	746,942
At 30 June	**18,559,096**	18,929,005

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

(ii) Interest income for the 12 months amounted to **USD 684,959** (30 June 2020: USD 746,942).

4. Plant and equipment

The Group	Furniture & fittings USD	Motor vehicles USD	IT equipment USD	Office equipment USD	Capital WIP	Total USD
Cost						
At 01 July 2020	**10,966**	**28,927**	**17,913**	**1,482**	**388,073**	**447,361**
Additions during the year	**-**	**-**	**-**	**-**	**-**	**-**
Exchange differences	**-**	**-**	**-**	**-**	**-**	**-**
At 30 June 2020	**10,966**	**28,927**	**17,913**	**1,482**	**388,073**	**447,361**
Depreciation						
At 01 July 2020	**8,495**	**25,484**	**9,334**	**1,141**	**-**	**44,454**
Charge for the year	**2,334**	**-**	**5,008**	**277**	**-**	**7,619**
Exchange differences	**(775)**	**(2,342)**	**(736)**	**(103)**	**-**	**(3,956)**
At 30 June 2021	**10,054**	**23,142**	**13,606**	**1,315**	**-**	**48,117**
Net book values				**167**		
At 30 June 2021	**912**	**5,785**	**4,307**		**388,073**	**399,244**
Cost						
At 01 July 2019	11,988	31,622	15,384	1,620	424,226	484,840
Additions during the year	-	-	4,020	-	-	4,020
Disposals during the year	-	-	-	-	-	-
Exchange differences	(1,002)	(2,695)	(1,491)	(138)	(36,153)	(41,499)
At 30 June 2020	**10,966**	**28,927**	**17,913**	**1,482**	**388,073**	**447,361**
Depreciation						
At 01 July 2019	8,495	25,484	9,334	1,141	-	44,454
Charge for the year	1,148	-	2,463	136	-	3,747
Exchange differences	(775)	(2,342)	(736)	(103)	-	(3,956)
At 30 June 2020	**8,868**	**23,142**	**11,061**	**1,174**	**-**	**44,245**
Net Book Values						
At 30 June 2020	**11,988**	**31,622**	**15,384**	**1,620**	**424,226**	**484,840**

5. Exploration assets

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

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

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

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

2020

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

2019

Licence number	**Size (Km2)**	**Expiry date**
PL 308/2014	477	31 December 2019
PL 053/2005	247.40	30 September 2020
PL 218/2016	42.00	31 March 2021
PL 121/2010	124	31 December 2019

Licence PL 308/2014 was formally relinquished in the prior year.

(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 explorations assets and prospecting licences have not suffered any impairment in value since these projects are still commercially viable, except for a particular project which has been deemed to be no longer viable by management during the year under review. The licence thereof has been relinquished.

8. Stated capital

8.1 Issued and fully paid:	30 June 2021 USD	30 June 2020 USD
292,795,093 shares at no par value	**17,770,830**	17,621,778

The movement is as follows:

	30 June 2021 USD	30 June2020 USD
At 01 July	**17,621,778**	17,621,778
Share Issue	**149,052**	-
At 30 June	**17,770,830**	17,621,778