



SHUMBA
E N E R G Y
Powering the Future

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Republic of Mauritius

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

QUARTERLY MARKET UPDATE – 30 September 2023

Shumba Energy Ltd (“Shumba” or the “Company”) is an energy development company based in Botswana and listed on the Botswana Stock Exchange (BSE: SHUMBA). The Company offers the advantage of being based in a country with the best credit rating in sub-Saharan Africa with a stable fiscal and political setting.

Established in 2011, the company is reaching its development objectives and controls a significant portion of advanced energy projects in Botswana. *Shumba is developing a portfolio of Projects servicing energy poor Southern Africa with emphasis on state-of-art technology deployment and low impact emissions.* For Shumba “Powering the Future” means addressing the growing power deficit in the face of collapsing utility companies in the region and supplying energy to affected southern African countries in a sustainable and cost-effective manner.

The Company’s main activity areas include development of production and trading/export of thermal coal, near term generation of renewable energy, medium term generation of base load energy from ‘HELE’ (High Efficiency Low Emissions) thermal power plants, and medium-long term production of Liquid Fuels using state-of-art STL (Solids to Liquids) technologies with experienced partners.

Shumba Energy has several energy assets in the advanced development stage as follows:

TATI SOLAR PV PROJECT - Ownership:80%

Our flagship 100 MWp solar PV project, situated near the city of Francistown, Botswana, is progressing towards the crucial stage of financial closure. We remain cautiously optimistic about achieving this milestone by the end of the third quarter of Fiscal Year 2024.

The Request for Proposal (RFP) to shortlisted EPC contractors was executed in August. The selection of the preferred contractor is imminent, finalization of the capital investment, and achievement of financial close remains on track. Our current estimation for project completion remains the third quarter of Fiscal Year 2025 (January 2025). This is the point at which we anticipate unlocking significant value for the company. The Tati project Phase II has already been engaged with discussions with potential funders and likely industrial-scale energy consumers continuing.

Expenditures

The project development expenditures for the quarter were as follows;

All figures in USD

Description	Expenditure
Site Development	89 386
Technical Consulting	45 620
Legal	-
Insurance	-
Financial Advisory	-
Accounting & Auditing	-
Other Development Costs	17 061
Land Leasing	-
Total	152 067

SECHABA PROJECT - Licenses: Prospecting License 053/2005 & 218/2016; Ownership: 100%

Shumba Energy holds 100% in the Sechaba Natural Resources Proprietary Limited (“**Sechaba**”), which owns the Sechaba coal mining project situated in the Morupule coalfield in Botswana. Discussions on terms with potential investment and operating partners to complete the necessary development in preparation for application for a mining licence to commence with project execution are ongoing. The company is still awaiting the land rights award for the surface infrastructure to enable issue of the mining right.

The projects target remains with the optimal solution, i.e., to develop a 2 x 150MWp ‘HELE’ circulating fluidized bed coal fired power plant known as the Sechaba Independent Power Producer Project (“**SIPPP**”). The company remains cautiously optimistic against the changed narrative and closer understanding of new technology for 21st Century hydrocarbon fueled base load power plants to make more definitive announcement in this regard by the end of the year.

MORUPULE SOUTH RESOURCES PROJECT - License: Prospecting License 121/2010; Ownership: 97.5%

Morupule South Resources Limited (“**Morupule South**”) holds the exploration licenses over the Morupule South Project situated in the central eastern district of Botswana immediately south of Morupule Coal Mine with the prospecting license, PL121/2010 valid until 30 September 2024. The project lies within the hub of the extensive power transmission grid, with a new 440kV connection node having been installed within the area. The first Mine is planned on an area circa one quarter of the licensed rights on the shallowest part of the resource amenable to Open pit mining.

The company is working actively with an interested party to complete the necessary development of the license in preparation for a bulk sample extraction of 500kt of saleable Thermal Coal under the prospecting permit as a precursor for the application of the full mining license.

The company met with the department of mines in the Ministry of Minerals & Energy on the obtaining of the bulk sample permission and are awaiting the outcome of the formal request. This permission is the critical path key to unlocking short term investment in the project.

TWO MABESEKWA PROJECTS - License: Prospecting License 428/2009; Ownership: 100%

The Mabesekwa project area contains two elements, the Mabesekwa No.1 Mine and Independent Power plant to be developed within subsidiary Kibo Energy Botswana Pty Ltd (65% owned) and the Mabesekwa No.2 Mine and associated Coal to Liquids Plant to be developed under the subsidiary Coal Petroleum Ltd (80% owned).

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

The Mabesekwa No.2 Mine is planned to be developed to feed the Coal to Liquids (CTL) Plant facility to produce up to 30,000bpd clean burning liquid fuels and associated petrochemical by-products. The company is engaging with a major petrochemical trading house with respect to products offtake and distribution across the SADC regional markets.

During the current quarter the company has, as reported been successful in completing an agreement with Kibo Energy (Cyprus) Limited and has acquired the remaining 35% shareholding. The acquisition cost was as previously indicated settled for USD\$375,000 paid for by issue of shares in Shumba.

Additional Information:

- The development activities per license and money used per activity in the quarter is disclosed in the table herein below. It is to be noted that prudently the company continues to limit external project development expenses in favour of continuing as much work as possible utilising internal resources of its professional experienced employee team.
- The quarterly cash flow update is attached herewith.

The abridged unaudited financials for 2023 ended 30th June 2023 were published in September 2023 and the final audited financials are well progressed and we expect them to be published at the earliest.

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

All figures in USD

	PL053 & PL218		PL428		PL121
Direct Expenditure		Direct Expenditure		Direct Expenditure	
Drilling	-	Drilling	-	Drilling	-
Geotechnical	-	Geotechnical	-	Geotechnical	-
Environmental	-	Environmental	-	Environmental	-
Consulting	-	Consulting	-	Consulting	-
Total	-	Total	-	Total	-
Indirect Expenditure		Indirect Expenditure		Indirect Expenditure	
Salaries and Wages	10 400	Salaries and Wages	5 200	Salaries and Wages	10 400
Travel & Accommodation	-	Travel & Accommodation	-	Travel & Accommodation	-
Administrative Costs	12 833	Administrative Costs	6 417	Administrative Costs	12 833
Financing Costs	187 138	Financing Costs	93 569	Financing Costs	187 138
Total	210 371	Total	105 186	Total	210 371

By order of the Board

This Announcement is issued, in compliance with the Botswana Stock Exchange Equity listing requirements and pursuant to Section 87 of the Securities Act 2005, Rule 5 of the Securities (Disclosure Obligation of Reporting Issuers) Rules 2007.

The Board of Directors of the Company accepts full responsibility for the accuracy of the information contained in this Announcement.

APPENDIX 8A
Mining Company Quarterly Cash flow Update

Name of Company

Shumba Energy Ltd

BSE Code

SHUMBA

Quarter ended ("current quarter")

30-Sep-23

Consolidated statement of cash flows

	Current quarter USD	Year to date (3 months) USD
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	-	-
(b) development	(114 930)	(114 930)
(c) production	-	-
(d) administration	(35 648)	(35 648)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Trading Costs	-	-
Net Operating Cash Flows	(150 578)	(150 578)
Cash flow related to investing activities		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of :		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Proceeds from rights use	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows brought forward	-	-
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	140 440	140 440
1.17 Repayments of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if significant)	-	-
Net financing cash flows	140 440	140 440
Net increase (decrease) in cash held	(10 138)	(10 138)
1.20 Cash at beginning of quarter/year to date	42 836	42 836
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	32 698	32 698

Payments to directors of the company and associates of the directors payments to related entities of the company and associates of the related entities

- 1.23 Aggregate amount of payment to the parties included item 1.2
- 1.24 Aggregate amount of loans to the parties included in item 1.10
- 1.25 Explanation necessary for an understanding of the transactions

Payment to the directors. Payment included as directors are considered related parties.

Current quarter
USD

119 940

-

-

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a significant effect on consolidated assets and liabilities but did not impact cash flow

None

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

The outlays are mainly the development expenditure for the renewables projects

Financing facilities available

Add notes as necessary for an understanding of the position.

- 3.1 Loan facilities
3.2 Credit standby arrangements

Amount available USD	Amount used USD
-	-
-	-

Estimated cash outflows for next quarter

- 4.1 Exploration and evaluation
4.2 Development
4.3 Production
4.4 Administration

Total

USD
-
84 940
-
35 000
119 940

Reconciliation of cash

Reconciliation of cash at the end of the quarter
(as shown in the consolidated statement of cash flows)
to the related items in the accounts is as follows.

- 5.1 Cash on hand and at bank
5.2 Deposit at call
5.3 Bank overdraft
5.4 Other (provide details)

Total: Cash at end of quarter (item 1.22)

Current quarter USD	Previous quarter USD
32 698	42 836
-	-
-	-
-	-
32 698	42 836

Changes in interest in mining tenements

Tenement reference	Nature of interest	Interest at the beginning of quarter	Interest at the end of the quarter
6.1 Interest in mining tenements relinquished,	<i>No change</i>		
reduced or lapsed			
6.2 Interests in mining tenements acquired or increased	<i>No change</i>		