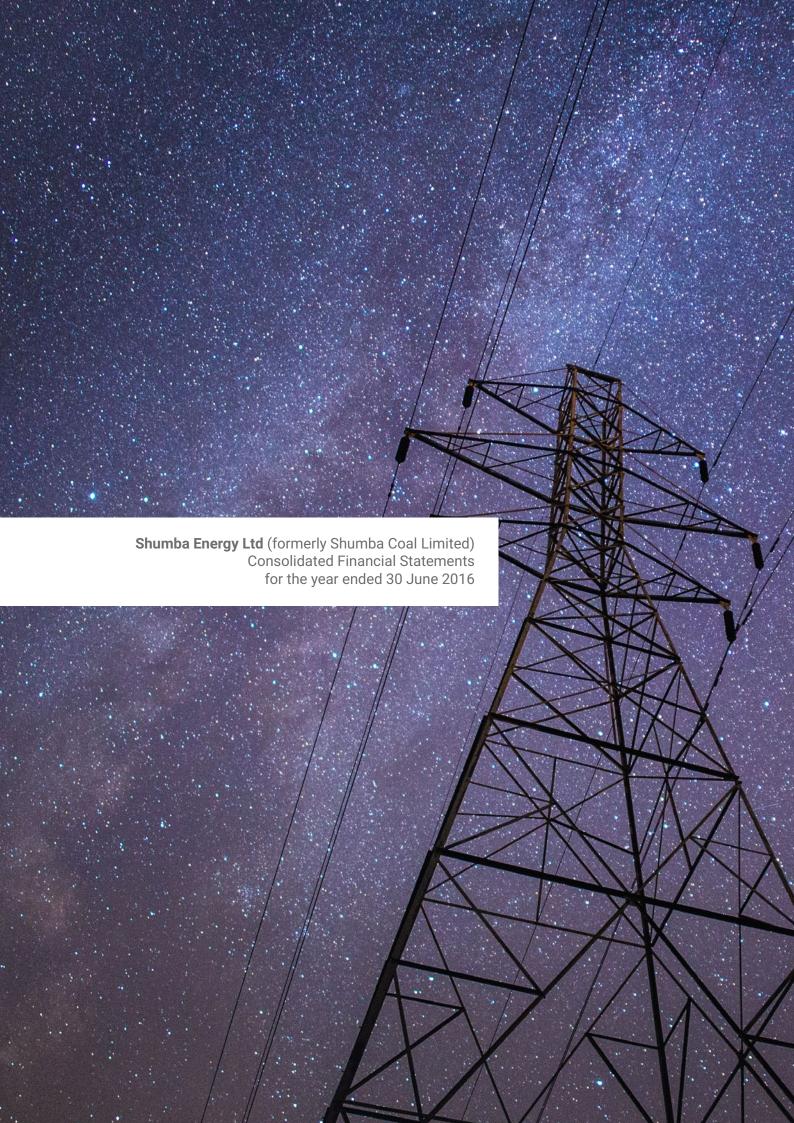


ANNUAL REPORT 2016





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GENERAL 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, trade and solar energy.				
Directors		Date of appointment			
	Alan Mitchell Clegg (Chairman)	24 January 2013			
	Kapildeo Joory	28 August 2012			
	Munesh Sharma (Grant) Ramnauth	28 August 2012			
	Mashale Phumaphi	28 August 2012			
	Thapelo Mokhathi	24 January 2013			
	Sipho Alec Ziga	02 August 2013			
	Boikobo Bashi Paya	01 July 2015			
Registered Office	International Financial Services Limited IFS Court TwentyEight Cybercity Ebene 72201 Republic of Mauritius				
Administrator and Secretary	International Financial Services Lim	ited			
,	IFS Court				
	TwentyEight				
	Cybercity				
	Ebene 72201				
	Republic of Mauritius				
Bankers (In Mauritius)	Standard Bank (Mauritius) Limited AfrAsia Bank Limited				
Auditors	Cront Thouston				
Auditors	Grant Thornton Ebene Tower				
	52 Cybercity				
	Ebene 72201				
	Republic of Mauritius				
		<u></u>			
Transfer Secretary	Transaction Management Services (Proprietary) Limited				
	C/o Corpserve Botswana				
	Unit 206 Second Floor				
	Plot 64516				
	Chawaraunda Clasa Egiraraunda				
	Showgrounds Close, Fairgrounds Gaborone				





GENERAL INFORMATION

Legal Advisor	Armstrong Attorneys
	Second Floor, Acacia House
	Plot 74358
	Corner of Khama Cresent Ext and PG Matante Road
	New CBD
	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
Sponsoring Broker (Mauritius)	Anglo Mauritius Stockbrokers Limited
	3rd Floor, Swan Group Centre
	10 Intendance Street
	Port-Louis
	Republic of Mauritius
	republic of Mauritius
Reporting Accountants	Grant Thornton
	Chartered Accountants
	Acumen Park
	Plot 50370
	Fairgrounds
	Gaborone
	Republic of Botswana
Deviation and Transfer Agast	MCD Degister, 9 Consulting Ltd
Registrar and Transfer Agent	MCB Registry & Securities Ltd
	Sir William Newton Street
	Port Louis
	Republic of Mauritius



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COMMENTARY OF THE DIRECTORS

The directors are pleased to present their report together with the consolidated financial statements of Shumba Energy Ltd (formerly Shumba Coal Limited), the "Company", and its subsidiaries, collectively referred to as the "Group", for the year ended 30 June 2016.

The Company changed its name to Shumba Energy Ltd on 22 October 2015.

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. During the year, the Group has extended its business activity to include the trade of solar energy.

Results

The results for the year are shown on page 34.

The directors do not recommend the payment of any dividend for the year under review (2015: Nil).

Directors

The directors of the Company during the year ended 30 June 2016 and at the date of this report are as follows:



Alan Mitchell Clegg (Chairman)



Kapildeo Joory



Munesh Sharma (Grant) Ramnauth



Mashale Phumaphi



Thapelo Mokhathi



Sipho Alec Ziga



Boikobo Bashi Paya





COMMENTARY OF THE DIRECTORS

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, International Financial Reporting Standards and the Financial Reporting Act 2004. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors



The auditors, Grant Thornton, have indicated their willingness to continue in office.

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CHAIRMAN'S REPORT

Dear Shareholders and Investors, herewith I take pleasure on behalf of your Board of Directors in presenting for your consideration the audited results of Shumba Energy Limited (formerly Shumba Coal Limited) ("Shumba" or the "Company") and its subsidiaries, collectively referred to as the "Group", for the 12 months ended 30 June 2016, along with commentary on the operating environment and related outlook.

The past business year was again challenging, but a year in which we have begun to see a number of new and significant macro trends already penetrating our local and general operating environment in the SADEC region. Firstly, as was predicted by the 'experts' within the preceding period, the mining & natural resources investment market turned quite strongly positive with precious metals (Gold & Silver) and related base metals stocks rising fast on the back of significant new capital inflows and massively increased exploration and development activity, which has underwritten this further.

The Junior Mining market where Shumba generally resides has rebounded between 100% to 300% on individual stocks with biggest gains being in focussed Gold and Pure Silver plays. But because most stocks were down up to 97% from their historical highs reached in 2010, there is still a long way to go for them to reach such highs again and the market remains on average 60% down. In short we are probably at the close of the first inning only, based on historic bull market trends and there is more expected to come.

So why is this happening? And what does it mean potentially for the bulk commodities like Thermal Coal and the energy fuels markets where Shumba's assets and activities are really focussed.

The 'experts' conversation has now changed in the last year from talking of failing confidence in the US Dollar and other major currencies, to talking of the totally failed confidence and imminent collapse of the FIAT Currency system and its replacement by some other more secure exchange unit. The current global central banking experiment, flirting with negative interest rates, is something totally new and there is no history or precedent to refer to. This underscores the uncertainty as no one can predict what will be the outcome, but the 'experts' of the last 5 or 6 decades are saying this is a strategy doomed to bring disaster as it flies in the face of all economic theory and convention. And as societal and political structures continue to breakdown worldwide, survival instincts are heightening. This inspires self-organizing communities and a decreasing confidence in central banking and other key financial and currency based infrastructures.

Precious metals as a medium of exchange has thousands of years of tried-and-true history, so people run to these safe havens.

ALAN M. CLEGG
Pr.Eng Pr.CPM PMP
FSAIMM MIOD
SHUMBA CHAIRMAN



But this in itself has become problematic as there is not enough physical Gold & Silver out there, Silver in particular is facing a huge deficit, and this is fuelling the demand for other forms of safety, in physical commodities. Thus Shumba will benefit more as we move in to 2017 and beyond. Investment in 'stuff' that is physical and tradeable is the trend, this includes infrastructure and energy commodities, like Thermal Coal and/or the company stocks that hold such assets in strategically important areas. This therefore continues to offer our investors strong fundamentals to the Shumba business and in progress project developments.

Your Board, while vigilant in its monitoring of the macro events, has remained very closely connected with all aspects of the management and remain as focussed as ever to executing our clearly defined investment plans at local level in the Republic of Botswana. The first class delivery by management in advancement of the companies' projects has continued, along with strategic discussions ongoing for the potential acquisition and/or merger of new value adding assets. Deployment of the Group's available funds remains cautious and well researched and all possible alternatives are investigated to ensure value is generated. It is my belief that investor confidence in Shumba remains strong and this is clearly exhibited most by the tightly held nature of our stock, limited trading and immediate take-up of any availability or offer of Shumba shares. Shumba has been listed of late on the watch lists of a number of leading analysts and resource investor newsletters and blogs.

Some key environmental features of our operating year are as follows:

- A continuing volatile and sentiment driven investment environment compounded by central bank monetary system experimentation and misguidance.
- Junior Mining Company Valuations having turned positive, in particular in the infrastructure commodities, energy fuels and precious metals.
- Operating cost stabilisation through productivity initiatives and capital investment in replacement is also a continuing trend and mantra of management teams across the board.
- Mergers and acquisitions in the Junior and Mid-Cap sector continues with high frequency. This has
 manifested it in a significant number of approaches to Shumba to acquire others assets in Botswana.
 Shumba is continually reviewing such opportunities on their specific merits.
- Exploration programs and project developments are being restarted, in particular in the base & precious metals commodities, but also in energy fuels (Uranium & Coal) or related energy storage metals & mineral salts.
- Major current thermal coal exporters have completed the closure of ageing operations and are selling off others with high cash costs which bodes well for Shumba in short to medium term.
- Analysts continue to indicate ever stronger the attractiveness of emerging energy markets like Africa
 and in particular SADEC region where Shumba is in prime position to contribute to the large deficit of
 over 30Gw of electrical power from Coal Fired generating capacity.
- The power deficits embedded in the SADEC region continues to play to Shumba's growing strength in its asset base as it has gained pole position for our projects advance to a cross border energy supplier.

Some of the Group's key results and features reported are:

- The Group raised USD 1.536 million from issue of shares, a 74% reduction compared to 2015.
- Total expenditures on Projects and Asset development increased year on year by 93% reflecting the accelerated development of our projects during the year and were USD 1,936,809.
- The Group's net assets at the end of the year were USD 11,653,472, a reduction year on year of 13% reflecting the higher development expenditures.





- Cash and cash equivalents of the Group as at the reporting date were USD 3,018,829 a reduction year on year of 12%.
- Management's ongoing commitment and competence in the disciplined maintenance of a low cost structure within the Group shown clearly in the Group's continued advancement and maintenance of a strong cash position relative to its peers.
- The Group remains adequately funded to meet its planned expenditure requirements in the coming financial year.

Junior Mining Environment

In the 2016 financial year as I stated earlier, the Junior Mining & Exploration Company environment has turned positive for the better but retains some volatility. Resource and Energy Sector junior companies remain largely dependent on market sentiment, commodity price outlook, and central banks experimental actions and statements for misguidance of the markets.

Last year I indicated that your Board had completed an in depth analysis of the environment and we were fairly certain that conditions were set to improve, with company valuations set to turn positive, a continued focus on cost reduction, a reversal of the contraction and investment returning to the sector on the back of disinvestment and investment suspension having been overdone. The rebound in the market has shown we were right to a degree and in particular for those companies like Shumba that continue to advance this bodes well for our further development to full energy producer.

However, what we and most others never saw was the central banks going rogue as they have done in creating a whole new asset class of negative yielding securities. So the current reviewed analysis by your Board leads us to believe that based on macro trends in currency adjustments/devaluations, the desire by central banks to bring interest rates to negative levels will result in only one of two potential scenarios. Either total crash of the monetary (paper FIAT currency) system as we know it, or hyperinflation. Either way, holding 'stuff' in the form of physical commodities, resource assets of size, and the related Resource & Energy company stocks like your company Shumba will ensure your survival.

Shumba's business remains a long term business and continues to be run with focus and prudent expense management for project value creation. Hence Shumba continues to provide protection of our shareholders' investment and create the opportunity for growth and superior return on investment. We have, as you can see in the results and achievements in the 2016 financial year continued to make all efforts to ensure that Shumba remains on pole position for success.

Established Thermal Coal Markets

While an updated analysis of established Coal Markets has shown an initial further decline at the beginning of the year with prices going under USD 55 per tonne briefly, markets like South East Asia and China which are supplied mainly by Australia, have bounced back with the benchmark Australian export price coming within touching distance of USD 70 per tonne and they are now making reduced losses around +USD 15 to USD 20 per tonne after further cost reductions, cancelling expansion plans and capital projects.





Heavy rainfalls have hit Indonesian supplies also and with the Chinese Government shutting down mines at home on safety and environmental concerns these are all boosters for the price with some analysts predicting prices back at levels of USD 90 per tonne by 2018.

But we continue to share the sentiment of the major analysts and still believe the markets are correcting and market analysis places South East Asia for significant growth with strong correction by end of 2017 and into 2018 based on the known energy demand which on latest 2016 estimates require an additional 40Mt to 45Mt of coal supply per annum. The market is still heading for a significant deficit within 3 to 5 years which will force prices upward to potentially unseen levels and highs.

For Shumba though at this stage what is happening closer to home in Africa in more important as it is unlikely we will entire the sea-borne Coal market for some years yet.

As I highlighted last year the Southern African power pool continues to hold a major net deficit of over 30GWe that is still growing as older power plants are closed down and/or need replacement. This urgency to cover this deficit and make industry in the SADEC region competitive and sustainable has been highlighted in the reporting period with much inter-governmental activity on cross border power supply arrangements and agreements which, are all in Shumba's favour. Some 3750Mw has been approved and called for by the South African government under these arrangements and recent parliamentary presentations by the Minister of Energy again highlighted the urgency for these quotas to be filled by independent power producers.

We continue at Shumba to drive and sustain our strategy and all indicators continue to strongly underscore it. Shumba is continuing to focus on tactical execution for early cashflow. In line with this, low cost coal production for local supply to the spot market and established energy producers directly through offtake agreements, like Botswana Power Company at Morupule, is a point of focus. And further our IPP projects are also in the short term another priority, particularly at Mabesekwa. Potentially in the future we may yet export onto world spot markets into the sweet spot of the upturn medium term, giving significantly higher than normal returns, but this depends largely on the logistical infrastructure establishment and transport costs.

Overview of Operations

During the second half of the year under review and in order to properly assess the value of the Shumba projects, management engaged KPMG with your Board's approval, in order to properly constitute in easily accessible data rooms, all legal and project rights of tenure, all technical work done to date, etc. for use by prospective strategic and development partners. This engagement included, inter-alia, for compiling of detailed PIM's (Project Information Memorandums) for the projects and a valuation of the resource assets and projects at their current stage of development. It is expected that this work will be complete by the end of the first quarter of the 2017 financial year in September 2016.





Sechaba

Management continues to focus on early project execution for the Sechaba Coal Mine, with initial open pit mining focussed on supply to the local spot market and the Botswana Power Corporation (BPC), with discussions at this time of reporting continuing positively on this. The intent is then to follow with development of a substantial underground mine for the long term supply consideration for a 300MWe IPP potentially supplying NamPower Corporation in Namibia. Ultimately a second deeper underground mine project is envisaged in 5 to 8 years' time for the extraction of the TBS seam purely for export and dependant on the available logistical infrastructure and costs to FOB at a port on the West or East Coast of Southern Africa.

The Project Pre-Feasibility study ("PFS") was completed in the 2015 financial year and subject to the KPMG valuation Shumba hopes to conclude by end of first half of 2017 financial year both an offtake agreement for local supply of Thermal Coal to BPC and a JDA (Joint Development Agreement) with a strategic partner for the development of the Sechaba IPP. I can therefore continue to assure all of our current shareholders and future investors that although the time frames have extended due to the continued depressed market conditions until the recent reverse, that the Sechaba Mine & IPP Project continues with a very clear future which, continues to consist of the following three elements;

- 1. Establishment of a domestic coal supply and delivery of a target 1.5 Mtpa of quality thermal coal to existing nearby power producers by end of 2017.
- 2. The expansion of the mine to produce and supply an additional 1.5 Mtpa (Total of 3 Mtpa saleable) and construction and commissioning of our Sechaba Energy 300MWe IPP, utilising this expansion in production for generation and distribution to regional grids (NamPower targeted) by 2018/19.
- 3. A further expansion of the mine to produce and supply an additional 2 Mtpa (for a total of 5Mtpa) of high quality thermal coal for export via Southern Africa by 2022/23.





Lethlakeng Prospecting Licence No. 308/2014

In the 4th quarter of 2015 financial year the Group was awarded the rights to a new prospecting licence for coal exploration rights in Botswana at Lethlakeng. The new Prospecting Licence No. 308/2014 has been issued to Shumba for coal exploration rights over an initial period of 3 years. The estimated and budgeted expenditure to be incurred during this 2016 financial year was USD 330,000. However, due to our focus on the accelerated development of our other assets and projects this was delayed to 2017 financial year. As a reminder Lethlakeng has significant in-situ reserves of carbonaceous material (estimated 500Mt) identified in the area and our initial efforts will be focussed on confirming the presence and structure of such resources which, indicates strong possibility for the application of UCG (Underground Coal Gasification) technology application at this prospect.



Mabesekwa IPP Joint Development and Studies

In the 2016 financial year the Group continued to work actively under the JDA with Mulilo and as at 30 June 2016 can report the following progress with the project:

- Land Board Lease has been issued in second quarter of the period.
- Power station & Mine ESIA has been approved.
- Infrastructure ESIA and Water Resource studies completed and applications submitted and licences issued.
- · Waste management licence application submitted and approval received.
- Initial Owners Engineer studies completed and EPC suppliers shortlisted.
- Grid connection plans agreed with National utilities and the SAPP.
- Mine and Process Plant BFS is underway with resource upgrade drilling and Large Sampling for Burn tests in progress.

Further strong progress has been made on this project in the reporting period.







Strategic Business Development

The core strategy of Shumba remains unchanged, i.e. the focus on acquisition and development of highly prospective coal exploration licenses in Botswana and our objective is to develop the production and sustainable supply of thermal coal from these for supply to both domestic spot markets for third parties and for own use in our IPP's. In the longer term we may also supply sea-borne export markets dependent on price and logistical corridors developments.

With the accelerating development of Mabesekwa for our first IPP to supply the now established cross border market to South Africa and with Sechaba for supply to spot markets and potentially the local utility, the strategic future of Shumba has been further enhanced.

The potential UCG based energy future at Lethlakeng also remains to be developed which, with suitable experienced development partners yet to be selected should begin to gain traction in the upcoming 2017/18 period. And Shumba still has intent to add to its energy supply portfolio with the development of a solar energy future on the land holdings and under the agreements it holds in Northern Botswana. The RFP submissions Shumba made to the Botswana government for a potential 150Mw Solar PV Energy field development is still under review. In essence the Shumba future continues to look bright for your Company and your investment.

On behalf of the Board and Management we offer our sincere regard for the ongoing support shown by our shareholders new and old alike in the challenging world and environment we find ourselves continuing in. We look forward to another coming year of real value growth through the solid and continued execution within our sustained philosophy of "Saying what we will do and doing what we have said we will do".

Take care.

ALAN M. CLEGG Pr.Eng Pr.CPM PMP FSAIMM MIOD

CHAIRMAN

Company Profile

Shumba Energy Ltd (formerly Shumba Coal Limited), (the "Company") was incorporated on 28 August 2012 as a public company with liability limited by shares and is primarily listed on the Botswana Stock Exchange ("BSE") and also listed on the Development and Enterprise Market ("DEM") of the Stock Exchange of Mauritius ("SEM"), the secondary listing. The principal activity of Shumba Energy Ltd, Shumba Resources Ltd, Shumba Coal Trading Ltd and Sechaba Natural Resources (Pty) Limited, collectively, (the "Group"), is to acquire and develop highly prospective coal exploration licences in the Republic of Botswana in the mineral and exploration sector. During the year, the Group has extended its business activity to include the production and sale of solar energy.

Constitution of the Company

The Company has revised its Constitution by special resolution of shareholders on 22 May 2015.

Stated Capital

The stated capital of the Company as at 30 June 2016 was USD 12,745,002 (30 June 2015: USD 11,208,968) and the number of ordinary shares in issue was 247,465,428 (30 June 2015: 230,673,761). The ordinary shares are no par value shares.

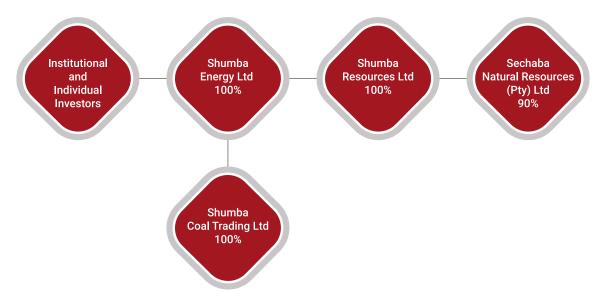
Statement of Compliance

The Board endorses the code of corporate practices and conduct as set out in the Code of Corporate Governance for Mauritius (the "Code").

The disclosures included in this report are consistent with the requirements of the Code. The directors ensure that they are fully conversant with best practice and current thinking with regard to corporate governance.

Holding Structure

Structure chart as at 30 June 2016







Common Directorship at 30 June 2016

Name of Director	Shumba Energy Ltd	Shumba Resources Ltd	Sechaba Natural Resources (Pty) Ltd	Shumba Coal Trading Ltd
Alan Mitchell Clegg	√	√	-	√
Mashale Phumaphi	√	√	√	-
Thapelo Mokhathi	√	√	V	-
Munesh Sharma (Grant) Ramnauth	√	√	√	√
Kapildeo Joory	√	√	-	-
Sipho Alec Ziga	√	-	-	-
Amnagirinatha Runghien	-	-	-	√
Boikobo Bashi Paya	√	-	-	-

Details of shareholders with more than 5% holding as at 30 June 2016

Shareholder Name	Number of Shares	Percentage Holding
BLACK PHOENIX LIMITED	73,238,713	29.60%
FNB BOTSWANA NOMINEES (PTY) LTD RE:AA BPOPF EQUITY	44,679,569	18.05%
BAI CO (MTIUS) LTD	16,666,666	6.73%
MR MUNESH SHARMA RAMNAUTH	14,414,894	5.83%
FNB NOMS BW(PTY) LTD RE:FAM BPOPF1-10001028	14,184,033	5.73%
Mr He Liesen	14,019,343	5.67%

Shareholders' Agreement

There was no shareholders' agreement in place as at 30 June 2016.

Calendar of Important Events

The next financial year will run for the period 01 July 2016 to 30 June 2017. The next Annual Meeting will be held in December 2016.

Dividend Income

The Company has not adopted any dividend policy as it is still at its initial and prospecting stage and is therefore not generating any income.





Board of Directors

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

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

Name of Director in the Company	
Alan Mitchell Clegg (Chairman)	Non-Independent and Non-Executive
Mashale Phumaphi (Managing Director)	Executive
Thapelo Mokhathi (Finance Director)	Executive
Kapildeo Joory	Independent and Non-Executive
Munesh Sharma (Grant) Ramnauth	Non-Independent and Non-Executive
Sipho Alec Ziga	Independent and Non-Executive
Boikobo Bashi Paya	Independent and Non-Executive

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

Directorship of directors on other companies listed on the BSE and SEM - none



Profile of Directors

ALAN CLEGG (PR.Eng, PMP, FSAIMM) - Chairman

Alan, a British and South African citizen, is a mining industry professional with over 35 years experienced in mining and minerals projects in over 150 countries worldwide. He is a recognised mining technical assessment, reporting and project valuation expert with experience in stock exchange listings and capital raising. Alan has been involved with feasibility studies and the construction of over 60 mining and mineral projects with a combined value in excess of USD 8 billion over the last 30 years. He currently holds 6 directorships in the mining and energy related sector.

MASHALE PHUMAPHI (MEng, IMC) - Managing Director

Mashale is a Botswana national who has been focused on sourcing, financing and structuring mineral projects in Africa. He was formerly part of the corporate finance team of a London based natural resources corporate finance and issuing house. In addition to conducting investment analysis and research he has raised debt and equity finance for mining projects in both Europe and Africa. He began his career as an engineer with Debswana Diamond Company-based on Jwaneng Mine in Botswana. Mashale holds a Masters of Engineering degree from the University of Sheffield, is a member of the United Kingdom Society of Investment Professionals (UKSIP) and is a member of the London-¬based Association of Mining Analysts (AMA). Recently he held the position of Director of a London based Coal Bed Methane Exploration company with projects in Botswana.

THAPELO MOKHATHI (BComm) - Finance Director

Thapelo holds a degree in Management Accounting and Executive Program in Mining and Minerals (Wits). He started his career in the mining industry at Impala Platinum where he is spent 5 years in various financial positions. In 2004 he co-founded BSC Resources Ltd, a Junior Exploration company that grew to have significant assets in Nickel, Copper and Coal across South Africa, he was the Financial Director until 2011.

KAPILDEO JOORY (Chartered Accountant) - Non-Executive Director

Dev is co-founder and Executive Director of International Financial Services Limited, a leading management company specialising in international tax, business and corporate advisory services. He is a Fellow of the Institute of Chartered Accountants in England and Wales and associate member of the Society of Trust and Estate Practitioners. After qualifying as a Chartered Accountant in 1974, he joined Price Waterhouse, Paris working mainly on audit of multinationals operating in Northern and Western African countries followed by international tax specialisation with Touche Ross, London (1975) and Arthur Young (1983). He was until 1993 a Senior Tax Executive at Ernst & Young, London office. He has over twenty years of experience in international tax planning and business structuring. His areas of specialization cover international banking and financial services including Islamic banking, offshore fund structuring and administration, intellectual and real property planning, aircraft and ship leasing, franchising and retail operations. Dev also serves as a director of numerous offshore funds and companies.





Profile of Directors (Continued)

GRANT RAMNAUTH (Dip. PFS, BSc, MBA) - Non-Executive Director

Grant holds a B.Sc. (Hons) from London University and a Joint M.B.A. from Hartford University (USA and France) where he specialised in investments. He holds an Investment Advisor license in the offshore financial sector in Mauritius. He formally was based in Jersey at HSBC Bank where he conducted business development for international high net worth investment advisory and distribution. Currently, as a Senior Partner of St. James's Place Wealth Management, Grant specialises in advising high-net-worth Private Clients and Institutional Investors on offshore investment management. He is a Fellow of the Mauritius Institute of Directors.

SIPHO ALEC ZIGA (LLB) - Non-Executive Director

Sipho graduated from the University of Botswana with an LLB in 1997 and immediately joined Armstrongs Attorneys, as an Attorney in the Commercial Department. He became a Partner in 2004. Currently as a partner, Sipho specialises in all disciplines of business law; corporate commercial law, securities and financial services regulations; mining and resources law; privatisation and public private partnerships. He has acted as legal advisor to a large number of pre-imminent Botswana Stock Exchange listed companies and parastatals, and many of the multi-nationals doing business in Botswana on a wide range of corporate issues ranging from regulatory compliance; corporate governance; company formations; acquisition; take overs; due diligence reviews; capital raising corporate and trade finance; listings and rights issues; schemes of arrangement; banking law; loan finance agreements; negotiable instruments and capital market instruments.

BOIKOBO BASHI PAYA (BSc, Mphil Geology) - Non-Executive Director

Paya is a former Permanent Secretary of the Ministry of Minerals, Energy and Water Affairs and is currently Deputy Vice- Chancellor at the Botswana International University of Science and Technology. Paya's prior experience in government positions included Project Manager, Mmamabula Coordinating Unit, under the Ministry of Minerals, Energy and Water Resources and Director of the Department of Water Affairs, which included responsibility for two major wetlands: the Okavango Delta and the Kwando-Linyanti Delta. Paya holds a BSc and an MPhil in geology and has extensive research experience. He is also a Non-Executive Director of Debswana, Chairman of Diamond Trading Company Botswana (both joint ventures between De Beers and the Botswanan Government), a Non-Executive Director of De Beers and a Director of BBKR Productions (Pty) Ltd. In addition, Paya is a member of the administrative boards of DB Investments SA, Debswana Investments SA and De Beers SA.





Role of the Directors

Ultimate control of the Company rests with the Board, while the executive management is responsible for the proper management of the Company and execution of the policies and strategic objectives set out by the Board. To achieve this, the Board is responsible for establishing the objectives of the Company and setting a philosophy for investments, performance and ethical standards. Although quarterly Board meetings are recommended every year, two meetings were called. Other decisions were taken by way of written resolution 5 times during the year under review.

Attendance at Board Meetings

	Meetings and written resolution of Directors		
Directors	Held	Present	
Alan Clegg	7	7	
Mashale Phumaphi	7	7	
Thapelo Mokhathi	7	7	
Kapildeo Joory	7	7	
Munesh Sharma (Grant) Ramnauth	7	7	
Sipho Alec Ziga	7	2	
Boikobo Bashi Paya	7	3	

Board obligations and responsibilities

The Board acknowledges that it is responsible for ensuring the following functions for the proper functioning of the Company:

- good corporate governance and implementation of the code of corporate practices and conduct as set out in the Code;
- that the Company performs at an acceptable level and that its affairs are conducted in a responsible and professional manner; and
- · recognition of its responsibilities to all stakeholders.





Board obligations and responsibilities

Although certain responsibilities are delegated to committees or management executives, the Board acknowledges that it is not discharged from its obligations in regard to these matters.

The Board acknowledges its responsibilities in the following areas:

- the adoption of strategic plans and ensuring that these plans are carried out by management;
- monitoring of the operational performance of the business against predetermined budgets and targets; monitoring the performance of management at both operational and executive level;
- ensuring that the Group complies with all laws, regulations and codes of business practice; and
- ensuring a clear division of responsibilities at Board level to ensure a balance of power and authority in terms of company policies.

Independence of the Directors

The Board's independence from the executive management team is ensured by the following:

- · separation of the roles of Chairman and Managing Director;
- the Board having a balance of executive and non-executive directors;
- the audit and risk committee, and the remuneration and assessment committee having a majority of non-executive directors;
- non-executive directors not holding service contracts;
- · all directors having access to the advice and services of the Company Secretary; and
- with prior agreement from the Chairman, all directors are entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense.

The following non-executive directors chair the various sub committees of the Board:

- Kapildeo Joory: Audit and Risk
- Alan Mitchell Clegg: Remuneration and Assessment

Board Appraisal

No evaluation of the Board of Directors has been carried out during the year under review. The Board is of the opinion that each director is contributing effectively and demonstrating commitment to his role.







Independence of the Directors (Continued)

Audit and Risk Committee

The primary role of the audit and risk committee is to ensure the integrity of financial reporting and the audit process and to ensure that the Group has implemented an effective plan for risk management that will enhance the Group's ability to achieve its strategic objectives.

In pursuing these objectives, the audit and risk committee oversees relations with the external auditors. The committee also assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and internal control processes, overseeing the preparation of accurate financial reports and statements in compliance with all applicable legal requirements and accounting standards, ensuring compliance with good governance practices and nomination of external auditors.

As at the end of the financial year, the audit and risk committee comprised of Messrs Kapildeo Joory (Chairman), Thapelo Mokhathi, Sipho Alec Ziga and Grant Thornton Mauritius ("auditors") with the Chairman and Mr Sipho Alec Ziga being non-executive directors and Mr Thapelo being the Finance Director of the Company. The committee members have unlimited access to all information, documents and explanations required in the discharge of their duties, as do the external auditors.

The audit committee has satisfied itself that no breakdown in accounting controls, procedures and systems has occurred during the year under review. In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the audit committee has reviewed accounting principles, policies and practices adopted in the preparation of financial information and has examined documentation relating to the annual integrated report and quarterly financial reports. The clarity of disclosures included in the consolidated financial statements was reviewed by the audit committee, as was the basis for significant estimates and judgments.

It is the function of the committee to review and make recommendations to the Board regarding quarterly financial results and the integrated report prior to approval by the Board. The audit committee has complied with its legal, regulatory and other responsibilities. The audit committee recommended the integrated report to the Board for approval.

External Audit

A key factor that may impair auditors' independence is a lack of control over non-audit services provided by the external auditors

In essence, the external auditors' independence is deemed to be impaired if the auditors provide a service which:

- results in auditing of own work by the auditors;
- results in the auditors acting as a manager or employee of the Company;
- puts the auditors in the role of advocate for the Company; or
- creates a mutuality of interest between the auditors and the Company.





External Audit (Continued)

The Company addresses this issue through three primary measures, namely:

- disclosure of the extent and nature of non-audit services;
- the prohibition of selected services; and
- prior approval by the audit committee of non-audit services.

Other safeguards encapsulated in the policy include:

- the external auditors are required to assess periodically, in their professional judgement, whether they are independent of the Company and its subsdiaries;
- the audit committee ensures that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated; and
- the audit committee has primary responsibility for making recommendations to the Board on the appointment, reappointment and removal of the external auditors.

The audit committee approved the external auditors' terms of engagement, scope of work, the annual audit and the applicable levels of materiality. Based on written reports submitted, the committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters had been satisfactorily resolved. The committee determined that the 2015-2016 audit was completed without any restriction on its scope.

The audit committee has satisfied itself as to the suitability of the external auditors for reappointment for the ensuing year.

Internal Audit

The Company does not have a formalised internal audit department but the Board has implemented strong internal control and it ensures that the latter is functioning properly and adjusts its control when and where necessary.

Internal Control and Risk Management

The Board of Directors ensures that there are proper internal and accounting controls and that the different accounting policies and procedures are closely monitored and reviewed as and when appropriate. The Board of Directors has also the overall responsibility for ensuring that the whole systems of controls, financial and otherwise, in place is sufficient and appropriate to enable the Company to carry on business in an orderly and efficient manner, ensure adherence to management policies, safeguard assets, and secure as far as possible the completeness and accuracy of records.

The management is responsible for the implementation of internal control and risk management systems under the supervision of the Board of Directors to ensure their effectiveness. Such systems must ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented.





Internal Control and Risk Management (Continued)

The key risks relevant to the Group are as follows:

- Industry risks: risks that makes the industry less attractive as a result of changes in (i) the key factors
 for competition success within the industry, including significant opportunities and threats, (ii) the
 capabilities of existing and potential competitors and (iii) the Group's strengths and weaknesses relative
 to present and future competitors.
- Operational risks: risks defined as risks of loss resulting from inadequate or failed internal processes and procedures, human error or system failure or from external events e.g. legal risks.

Operational risks are further broken down into:

- 1. Human resources risks: losses arising from acts inconsistent with employment and health and safety laws.
- 2. Fraud risks: intentional or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, laws and policies and involving one internal party and/or a third party.
- 3. Physical risks: losses due to fire, cyclone, explosion, riots or else.
- 4. Business continuity risks: losses from failed transaction processing and process management, inadequate back-ups and loss of data.
- 5. Reputational risks: losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.
- 6. Technology risks: risks that hardware and software are not operating as intended thereby compromising the integrity and reliability of data and information and exposing significant assets to potential loss or misuse or exposing the Company's ability to maintain a high standard in its main business processes.
- 7. Country risks: risks arising when the political climate in a specific country affects the business environment and impacts on the Company's objectives and strategies in such a way that the Company may get out of business.
- 8. Financial risks: exposure to credit, interest rate, liquidity, foreign currency and capital management risks.

The Board of Directors ensures that the above risks are managed and kept at an acceptable level. The internal accounting team does regular testing aimed at detecting any potential weaknesses in the internal control systems and any likely risk of fraud. The human resource department manages human resources risks via proper and adequate job reviews and performance evaluation.

The Board has overall responsibility for the system of internal control. A sound system of internal control is designed to manage the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.







Internal Control and Risk Management (Continued)

Below follows a few of the most important controls in place that the Company deems necessary to safeguard against improper acquisition, use and disposal of its assets:

- Drawdowns on the funding lines are controlled under dual signatory and/or predetermined and approved facsimile numbers and e-mail addresses; and
- All instructions for payment expenses are checked and authorised by three signatories from 2 groups of authorized signatories. Three separate signatories are required to approve and release these payments.

Remuneration and Assesment Committee

The Remuneration and Assessment Committee is mandated by the Board to set the remuneration and incentivisation of all employees, including executive and non – executive directors and recommend same to the Board of Directors for consideration.

Remuneration philosophy of the Board is to benchmark salaries in similar companies to Shumba and taking into consideration of the local factors.

As at the end of the financial year, the Remuneration and Assessment Committee comprised of Messrs Alan Mitchell Clegg (Chairman), Munesh Sharma (Grant) Ramnauth and Kapildeo Joory.

Company Secretary

Company Secretary in Mauritius

The Board considered the competence, qualifications and experience of the Company Secretary, International Financial Services Limited ("IFS"), and is deemed fit to continue in the role as Company Secretary for the Company. Mr Kapildeo Joory is also a director of IFS and a director of the Company and is deemed to have beneficial interest in the Service Agreement between the Company and IFS. The relationship with the Board has been assessed and is considered to be at arm's length.

Transfer Secretary in Botswana

The Board considered the competence, qualifications and experience of the Transfer Secretary in Botswana, Transaction Management Services (Pty) Limited, c/o Corpserve Botswana and is deemed fit to continue in the role as Transfer Secretary for the Company. The relationship with the Board has been assessed and is considered to be at arm's length.





Directors' Interests

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

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

Messrs Mashale Phumaphi, Thapelo Mokhathi, Alan Mitchell Clegg and Munesh Sharma (Grant) Ramnauth are also shareholders in the Company.

Shareholding:

As at 30 June 2016, the directors had a direct or indirect interest in the Company as tabled below:

Name	Shares in the Company	Direct Interest %	Indirect Interest %
Alan Mitchell Clegg	8,769,389	Nil	3.54
Mashale Phumaphi	73,238,713	Nil	29.60
Munesh Sharma (Grant) Ramnauth	14,414,894	5.83	Nil
Thapelo Mokhathi	6,522,904	Nil	2.64
Total	102,945,900		

Remuneration:

Name	USD
Alan Mitchell Clegg	43,714
Mashale Phumaphi	182,144
Munesh Sharma (Grant) Ramnauth	43,714
Thapelo Mokhathi	112,694
Kapildeo Joory	15,000
Sipho Alec Ziga	15,000
Boikobo Bashi Paya	15,000
Total	427,266





Directors' interests (Continued)

Dealing in Securities by the Directors

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

Material Clauses of the Constitution

There are no clauses of the Constitution deemed material enough for special disclosure.

Special Resolutions Passed

Annual Meeting 30 December 2015

(i) Extension of business activity

Communications with Stakeholders

The Company is committed to ensuring timely, effective and transparent communication with shareholders and other stakeholders through annual integrated and quarterly financial reports, presentations to analysts and press releases. The Company has appointed a Public Relation firm in Mauritius to monitor all communications made to the public.

Sustainability

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

Ethics

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

Environmental and Health and Safety Practices

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





Corporate Social Responsibilities ("CSR")

The Group supported the following community projects and events in Botswana:

- · Gave access to company drilled boreholes for community use; and
- Donations to Kalahari Conservation Society, a NGO focused on environmental education and conversation research.

Political Contributions

The Group did not pay out any amount with regard to political contributions during the financial year ended 30 June 2016.

Related Party Transactions

Related parties transactions have been disclosed in Note 19 to the audited consolidated financial statements.





STATEMENT OF COMPLIANCE

(Section 75(3) of the Financial Reporting Act)

Name of Public Interest Entity ('PIE'): Shumba Energy Ltd (formerly Shumba Coal Limited)

Reporting Period: Financial year ended 30 June 2016

We, the undersigned, being the Directors of Shumba Energy Ltd (the "Company"), confirm, that, to the best of our knowledge, the Company has complied with all of its obligations and requirements under the Code of Corporate Governance (the 'Code'):

Alan Clegg Chairman Thapelo Mokhathi

Director

On behalf of the Board



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

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of Shumba Energy Ltd (formerly Shumba Coal Limited) under the Mauritius Companies Act 2001 during the financial year ended 30 June 2016.

for International Financial Services Limited Secretary

Registered Office:

IFS Court
TwentyEight
Cybercity
Ebene 72201
Republic of Mauritius

Date: 28 September 2016





To the members of Shumba Energy Ltd (formerly Shumba Coal Limited)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Shumba Energy Ltd (formerly Shumba Coal Limited), the "Company" and its subsidiaries, collectively referred to as the "Group", which comprise the consolidated statement of financial position as at 30 June 2016, 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 a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements on pages 28 to 55 give a true and fair view of the financial position of the Group and the Company as at 30 June 2016, and of their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.





INDEPENDENT AUDITORS' REPORT

To the members of Shumba Energy Ltd (formerly Shumba Coal Limited)

Report on Other Legal and Regulatory Requirements

(a) Mauritius Companies Act 2001

In accordance with the requirements of the 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.

(b) Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report (the "Report"). Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the Report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Report is consistent with the requirements of the Code.

Other Matters

This 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.

Grant Thornton

Chartered Accountants

Y NUBEE, FCCA Licensed by FRC

Date: 28 September 2016

Ebene 72201, Republic of Mauritius



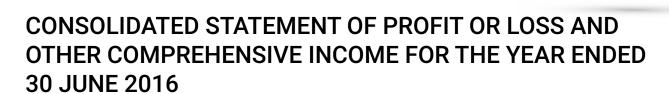


CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

		The Group		The Company	
	Notes	2016 USD	2015 USD	2016 USD	2015 USD
Assets					
Non-current					
Investment in subsidiaries	7	-	-	1,839,884	1,833,920
Capital contribution	8	-	-	11,385,264	10,885,264
Plant and equipment	9	33,781	9,522	-	-
Exploration assets	10	8,600,862	9,059,939	-	-
		8,634,643	9,069,461	13,225,148	12,719,184
Current					
Receivables and prepayments	11	-	874,034	828,775	788,059
Cash and cash equivalents	12	3,018,829	3,415,208	1,761,265	946,722
		3,018,829	4,289,242	2,590,040	1,734,781
Total assets		11,653,472	13,358,703	15,815,188	14,453,965
Equity and liabilities					
Equity					
Stated capital	13	12,745,002	11,208,968	12,745,002	11,208,968
Translation reserves		867,681	275,550	-	-
Accumulated losses		(5,525,942)	(2,490,845)	(1,072,095)	(779,759)
Equity attributable to owners of the parent		8,086,741	8,993,673	11,672,907	10,429,209
Non- controlling interest	14	(394,705)	(157,490)	-	-
		7,692,036	8,836,183	11,672,907	10,429,209
Liabilities					
Current					
Payables and accruals	15	3,960,765	4,522,520	4,142,281	4,024,756
Tax liability	16	671			
		3,961,436	4,522,520	4,142,281	4,024,756
Total equity and liabilities		11,653,472	13,358,703	15,815,188	14,453,965

Director





		The G	roup	The Comp	any
	Notes	2016	2015	2016	2015
		USD	USD	USD	USD
Income		-	-	-	-
Expenditure					
Professional fees		38,893	78,344	9,338	5,897
Listing fees		29,217	-	29,217	-
Licence fees		1,750	2,608	1,750	2,275
Directors' fees		77,360	11,091	77,360	46,786
Audit fees		20,250	29,429	15,650	17,700
Bank charges		9,971	5,559	6,021	2,622
Annual fee to SEM		3,384	-	3,384	6,215
Assets written off		-	6,453	-	-
Operating expenses		1,103,107	845,144	149,616	56,961
Depreciation	9	8,852	4,326	-	-
		1,292,784	982,954	292,336	138,456
Operating loss		(1,292,784)	(982,954)	(292,336)	(138,456)
Finance costs		(205,023)	-	-	-
Finance income		58,572	6,993	-	-
Foreign exchange loss		(1,897,973)	(339,384)	-	(622)
Loss before tax		(3,337,208)	(1,315,345)	(292,336)	(139,078)
Tax expense	16	(671)	-	-	-
Loss for the year		(3,337,879)	(1,315,345)	(292,336)	(139,078)
Other comprehensive income, net of tax:					
Items that will be reclassified subsequently to profit or loss		-	-	-	-
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
-Exchange differences on retranslation of foreign operations		657,698	218,613	-	-
Total comprehensive loss for the year		(2,680,181)	(1,096,732)	(292,336)	(139,078)
Loss for the year attributable to:					
Owners of the parent		(3,035,097)	(1,243,836)	-	-
Non-controlling interest	14	(302,782)	(71,509)	-	-
		(3,337,879)	(1,315,345)	-	-
Total comprehensive loss attributable to:					
Owners of the parent		(2,442,966)	(1,047,084)	-	_
Non-controlling interest		(237,215)	(49,648)	-	-
		(2,680,181)	(1,096,732)	-	-
Loss per share					
Basic loss per share	17	(0.0135)	(0.0057)	-	-
Diluted loss per share	17	(0.0131)	(0.0053)	_	





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

The Group	Stated capital USD	Share application monies USD	Translation reserves USD	Accumulated losses USD	Equity attributable to owners of the parent USD	Non-controlling interest USD	Total USD
At 01 July 2015	11,208,968	-	275,550	(2,490,845)	8,993,673	(157,490)	8,836,183
Issue of shares	1,536,034	-	-	-	1,536,034	-	1,536,034
Transactions with the shareholders	1,536,034	-	-	-	1,536,034	-	1,536,034
Loss for the year	-	-	-	(3,035,097)	(3,035,097)	(302,782)	(3,337,879)
Other comprehensive income	-	-	592,131	-	592,131	65,567	657,698
Total comprehensive loss for the year	-	-	592,131	(3,035,097)	(2,442,966)	(237,215)	(2,680,181)
At 30 June 2016	12,745,002	-	867,681	(5,525,942)	8,086,741	(394,705)	7,692,036
At 01 July 2014	4,220,964	1,000,000	126,456	(1,207,942)	4,139,478	(70,743)	4,068,735
Issue of shares	5,988,004	-	-	-	5,988,004	-	5,988,004
Transfer to /(from)	1,000,000	(1,000,000)	-	-	-	-	-
Derecognition of NCI	-	-	(47,658)	(39,067)	(86,725)	(37,099)	(123,824)
Transactions with the shareholders	6,988,004	(1,000,000)	(47,658)	(39,067)	5,901,279	(37,099)	5,864,180
Loss for the year	-	-	-	(1,243,836)	(1,243,836)	(71,509)	(1,315,345)
Other comprehensive income	-	-	196,752	-	196,752	21,861	218,613
Total comprehensive loss for the year	-	-	196,752	(1,243,836)	(1,047,084)	(49,648)	(1,096,732)
At 30 June 2015	11,208,968	-	275,550	(2,490,845)	8,993,673	(157,490)	8,836,183





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

The Company	Stated capital USD	Share application monies USD	Accumulated losses USD	Total USD
At 01 July 2015	11,208,968	-	(779,759)	10,429,209
Issue of shares	1,536,034	-	-	1,536,034
Transactions with the shareholders	1,536,034	-	-	1,536,034
Loss for the year	-	-	(292,336)	(292,336)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(292,336)	(292,336)
At 30 June 2016	12,745,002	-	(1,072,095)	11,672,907
At 01 July 2014	4,220,964	1,000,000	(640,681)	4,580,283
Issue of shares	5,988,004	-	-	5,988,004
Transfer of share application monies	1,000,000	(1,000,000)	-	-
Transactions with the shareholders	6,988,004	(1,000,000)	-	5,988,004
Loss for the year	-	-	(139,078)	(139,078)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(139,078)	(139,078)
At 30 June 2015	11,208,968	-	(779,759)	10,429,209





CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	The Group		The Comp	The Company	
	2016 USD	2015 USD	2016 USD	2015 USD	
Cash flows from operating activities					
Loss before tax	(3,337,208)	(1,315,345)	(292,336)	(139,078)	
Adjustments for:					
Interest income	(58,572)	(6,993)	-		
Unrealised exchange losses	1,475,868	339,384	-	-	
Depreciation	8,852	4,326	-		
Operating loss before working capital changes	(1,911,060)	(978,628)	(292,336)	(139,078)	
Increase in receivables and prepayments	874,034	(796,671)	(40,716)	(520,414)	
Increase in payables and accruals	(561,755)	254,065	117,525	(29,330)	
Net cash used in operating activities	(1,598,781)	(1,521,234)	(215,527)	(688,822)	
Cash flows from investing activities					
Interest received	58,572	6,993	-		
Purchase of plant and equipment	(35,633)	(1,589)	-		
Expenditure on exploration assets	(562,352)	(1,001,754)	-		
Proceeds from investment	-	-	(5,964)	(300,000)	
Capital contribution	-	(3,150,000)	(500,000)	(3,150,000)	
Net cash used in investing activities	(539,413)	(4,146,350)	(505,964)	(3,450,000)	
Cash flows from financing activities					
Proceeds from issue of shares	1,536,034	3,988,004	1,536,034	3,988,004	
Loan received	-	2,843,612	-		
Net cash generated from financing activities	1,536,034	6,831,616	1,536,034	3,988,004	
Net change in cash and cash equivalents	(602,160)	1,164,032	814,543	(150,818)	
Cash and cash equivalents, beginning of the year	3,415,208	1,931,267	946,722	1,097,540	
Exchange differences on cash and cash equivalents	205,781	319,909	-		
Cash and cash equivalents, end of the year	3,018,829	3,415,208	1,761,265	946,722	
Cash and cash equivalents made up of:					
Cash at bank (Note 12)	3,018,829	3,415,208	1,761,265	946,722	

The notes on pages 38 to 61 form an integral part of these consolidated financial statements.





1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

Shumba Energy Ltd (formerly Shumba Coal Limited), 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, TwentyEight, Cybercity, Ebene, Republic of Mauritius. The Company has been listed on the Botswana Stock Exchange on 8 April 2013 and on the Development & Enterprise Market in Mauritius on 4 April 2014.

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 has extended its business activity to include the trading of solar energy.

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

2. Application of new and revised International Financial Reporting Standards

2.1 New and revised standards and interpretations that are effective for the annual year beginning on 01 July 2015

There are no standards, interpretations or amendments to exixting standards that are effective for the first time for the financial year beginning 01 July 2015 that have had a material impact on the Goup's financial statements.

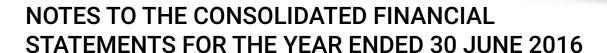
2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Group

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

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







- 2. Application of new and revised International Financial Reporting Standards (Continued)
- 2.2 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 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 2, Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments bring together three changes to IFRS 2 'Share-based Payment' covering the following matters that had originally been referred to the IFRS Interpretations Committee (IFRIC):

- the accounting for the effects of vesting conditions on the measurement of a cash-settled share-based payment;
- the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.

IFRS 15, Revenue from Contracts with Customers

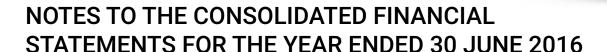
This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations.

IAS 7, Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

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.





- 2. Application of new and revised International Financial Reporting Standards (Continued)
- 2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Group (Continued)

IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The focus of the amendments 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

IAS 1, Disclosure Initiative (Amendments to IAS 1)

The amendments represent the first authoritative output from the IASB's Disclosure Initiative project. 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.

IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

IAS 27, Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IAS 16 and IAS 41, Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

These amendments change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

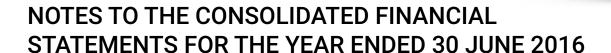
IFRS 11, Accounting of Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

IFRS 14, Regulatory Deferral Accounts

This standard permits first-time adopters of IFRS to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.





3. Summary of accounting policies

3.1 Overall considerations

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

3.2 Basis of consolidation

The Group financial statements consolidate those of the parent company and of its subsidiaries. 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. 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 subsidiary 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 a subsidiary's profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiary between the owners of the parent and the non-controlling interest based on their respective ownership interests.

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.

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. Summary of accounting policies (Continued)

3.4 Financial instruments

Recognition, initial measurement and de recognition

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. 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

For the purpose of subsequent measurement, financial assets are classified as loans and receivables.

All financial assets of the Group 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.

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

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

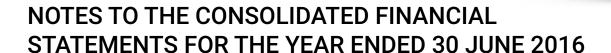
The Group's financial liabilities consist of payables and accruals.

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

All interest-related charges on financial liabilities are included within finance costs.







- 3. Summary of accounting policies (Continued)
- 3.4 Financial instruments (Continued)

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.

3.5 Investment in subsidiary

A subsidiary is an entity over which the Group is exposed, 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.

Investment in subsidiaries is stated at cost less impairment 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 to consolidated statement of profit or loss and other comprehensive income.

3.6 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:

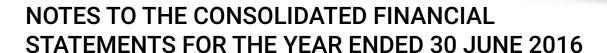
Item	Average useful life
------	---------------------

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.







- 3. Summary of accounting policies (Continued)
- 3.6 Plant and equipment (Continued)

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.

3.7 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:

- 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 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 consolidated statement of profit or loss and other comprehensive income for 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 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.

3.8 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.







3. Summary of accounting policies (Continued)

3.9 Equity and reserves

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

Share application monies refer to funds received and for which equity shares have not yet been issued at the reporting date.

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

Accumulated losses include current and prior years results.

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.

3.10 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.

3.11 Operating expenses

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

3.12 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:

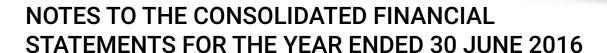
- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The 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.







3. Summary of accounting policies (Continued)

3.12 Borrowing costs (Continued)

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.

3.13 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 the 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.

Deferred tax liabilities are always provided in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss.

3.14 Foreign currency

Functional and presentation currency

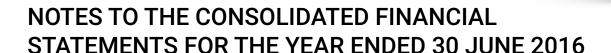
The consolidated financial statements are presented in United States Dollars (USD), which is also the functional currency of the parent company.

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.







3. **Summary of accounting policies (Continued)**

3.14 Foreign currency (Continued)

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

Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the USD are translated into USD upon consolidation. The functional 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.

The average exchange rate was:

USD

USD/ Botswana Pula (BWP)

0.0894

3.15 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.

3.16 Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of an impairment loss exists, the carrying amount of the asset is assessed and is written down to its recoverable amount. The impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

3.17 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.

3.18 Revenue recognition

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

Interest income is recognised on an accrual basis.

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







3. Summary of accounting policies (Continued)

3.19 Comparatives

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

3.20 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.

Income taxes

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

Contingent liabilities

Management applies its judgement to facts and 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.





- 3. Summary of accounting policies (Continued)
- 3.20 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

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.

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.

Estimation uncertainty

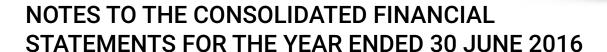
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

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.







- 3. Summary of accounting policies (Continued)
- 3.20 Significant management judgement in applying accounting policies and estimation uncertainty (Continued)

The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

Useful lives of depreciable assets

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

Impairment testing

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 which may then impact these estimations and may then require a material adjustment to the carrying value of assets.

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

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 reporting date that correlate with defaults on the portfolio.





4. Financial instrument risk

Risk management objectives and policies

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

	The Group		The Company	
	2016 USD	2015 USD	2016 USD	2015 USD
Financial assets				
Loans and receivables:				
Non-current				
Capital contribution	-	-	11,385,264	10,885,264
Current				
Receivables	-	-	816,213	775,497
Cash and cash equivalents	3,018,829	3,415,208	1,761,265	946,722
	3,018,829	3,415,208	2,577,478	1,722,219
Total financial assets	3,018,829	3,415,208	13,962,742	12,607,483
Financial liabilities				
Financial liabilities measured at amortised cost:				
Current				
Payables and accruals	3,960,765	4,522,520	4,142,284	4,024,756
Total financial liabilities	3,960,765	4,522,520	4,142,284	4,024,756

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

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

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





4. Financial instrument risk (Continued)

4.1 Market risk analysis

Foreign currency sensitivity

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

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

	Financial assets			
	The Group		The Company	
	2016 USD	2015 USD	2016 USD	2015 USD
USD	1,766,756	946,722	2,577,478	1,722,219
BWP	1,252,073	2,468,486	11,385,264	10,885,264
	3,018,829	3,415,208	13,962,742	12,607,483

	Financial assets			
	The Group		The Company	
	2016 USD	2015 USD	2016 USD	2015 USD
USD	3,960,765	4,296,508	28,596	24,756
BWP	-	226,012	4,113,688	4,000,000
	3,960,765	4,522,520	4,142,284	4,024,756

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

It assumes a 10% change of the USD/BWP exchange rate for the year ended 30 June 2016 (2015:12%). 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 Group's foreign currency financial instruments held at the reporting date.





4. Financial instrument risk (Continued)

4.1 Market risk analysis (Continued)

If the BWP had weakened against the USD by 10% (2015: 12%), then this would have the following impact:

	The Group		The Company	
	Loss and equity		Loss and equity	
	2016 2015		2016	2015
	USD	USD	USD	USD
At 30 June	(125,207)	(269,097)	(727,158)	(1,306,232)

If the BWP had strengthened against the USD by 10% (2015: 12%), then this would have the following impact:

	The Group		The Company	
	Loss and equity		Loss and	d equity
	2016	2015	2016	2015
	USD	USD	USD	USD
At 30 June	125,207	269,097	727,158	1,306,232

Interest rate sensitivity

The Group is not exposed to interest rate risk on its financial assets and financial liabilities as these do not attract any interest.

4.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation 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 G	The Group		npany
	2016 USD	2015 USD	2016 USD	2015 USD
Assets				
Non-current				
Capital contribution	-	-	11,385,264	10,885,264
Current				
Receivables		946,722	816,213	775,497
Cash and cash equivalents	3,018,829	2,468,486	1,761,265	946,722
	3,018,829	3,415,208	2,577,478	1,722,219
Total	3,018,829	3,415,208	13,962,742	12,607,483

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







4. Financial instrument risk (Continued)

4.3 Liquidity risk analysis

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

The Group manages liquidity risk by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

The Group maintains sufficient cash at the bank to meet short term liquidity requirements. Funding for long term liquidity needs is secured by loans from related parties and raising funds on the relevant stock exchanges.

The following are the contractual maturities of the financial liabilities:

The Group	Within	Within
	1 year	1 year
	2016	2015
	USD	USD
Payables and accruals	3,960,765	4,522,520

The Company	Within 1 year	Within 1 year
	2016 USD	2015 USD
Payables and accruals	4,142,284	4,024,756

5. Capital risk management policies and procedures

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

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

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

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

The Group was not geared for the years ended 30 June 2015 and 2016.





6. Fair value measurement

Fair value measurement of financial instruments

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

Fair value measurement of non-financial assets

The Company's non-financial assets consist of investment in subsidiary, for which fair value measurement is not applicable since it is not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

The Group's non-financial assets consist of plant and equipment and exploration assets which are measured using the cost model and prepayments for which fair value measurement is not applicable

7. Investment in subsidiaries

Unquoted and at cost	2016	2015
	USD	USD
At start of the year	1,833,920	1,533,920
Additions during the year	5,964	300,000
At end of the year	1,839,884	1,833,920

Details of the investments are as follows:

Investee company	Country of incorporation	Type of shares	% held	Cost 2016 USD	Cost 2015 USD
Shumba Resources Ltd	Republic of Mauritius	Ordinary shares	100%	1,833,920	1,833,920
Shumba Coal Trading Ltd	Republic of Mauritius	Ordinary shares	100%	5,964	-
				1,839,884	1,833,920

The Company has a 100% (2015: 100%) shareholding in Shumba Resources Ltd and Shumba Coal Trading Ltd and these are considered as subsidiaries in accordance with IFRS 10: Consolidated Financial Statements.

The cost of the investments is regarded as a reflection of fair value.

The principal activity of Shumba Resources Ltd is to act as an investment holding company.

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





7. Investment in subsidiaries (Continued)

Indirect holding through Shumba Resources Ltd:

Investee company	Country of incorporation	Type of shares	% held	Cost 2016 USD
Sechaba Natural Resources Limited	Botswana	Ordinary shares	100%	359

The principal activity of Sechaba Natural Resources Limited is the acquisition and development of highly prospective coal exploration licences in the Republic of Botswana.

8. Capital contribution

	2016	2015
	USD	USD
At start of the year	10,885,264	1,735,264
Additions during the year	500,000	3,150,000
Costs incurred on behalf of the subsidiary	-	6,000,000
At end of the year	11,385,264	10,885,264

Capital contribution represents funds advanced by the Company to its subsidiary for financial and operational purposes and for assets development.

9. Plant and equipment

The Group	Furniture & fittings USD	IT equipment USD	Office equipment USD	Motor Vehicle USD	Total USD
Cost					
At 01 July 2015	11,292	5,595	1,503	-	18,390
Additions during the year	1,295	2,208	-	32,130	35,633
Exchange differences	(1,438)	(793)	(183)	(1,637)	(4,051)
At 30 June 2016	11,149	7,010	1,320	30,493	49,972
Depreciation					
At 01 July 2015	4,164	4,000	704	-	8,868
Charge for the year	1,132	1,175	119	6,426	8,852
Exchange differences	(565)	(546)	(91)	(327)	(1,529)
At 30 June 2016	4,731	4,629	732	6,099	16,191
Net book values					
At 30 June 2016	6,418	2,381	588	24,394	33,781





9. Plant and equipment (Continued)

The Group	Furniture & fittings USD	IT equipment USD	Office equipment USD	Total USD
At 01 July 2014	11,951	4,964	1,654	18,569
Additions during the year	454	1,135	-	1,589
Exchange differences	(1,113)	(504)	(151)	(1,768)
At 30 June 2015	11,292	5,595	1,503	18,390
Depreciation				
At 01 July 2014	2,557	2,305	354	5,216
Charge for the year	1,928	1,997	401	4,326
Exchange differences	(321)	(302)	(51)	(674)
At 30 June 2015	4,164	4,000	704	8,868
Net book values				
At 30 June 2015	7,128	1,595	799	9,522

10. Exploration assets

Cost	2016 USD	2015 USD
At start of the year	9,059,939	2,315,207
Additions during the year	562,352	7,001,754
Exchange differences	(1,021,429)	(257,022)
At end of the year	8,600,862	9,059,939

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.
- the directors have assessed whether the above exploration assets are still valid and concluded that
 based on an independent report the exploration assets have future economic benefits. As regards the
 prospecting licences, the Group has complied with the programme activities and has also exceeded the
 minimum spend to maintain such licences.







11. Receivables and prepayments

	The Group		The Company	
	2016 USD	2015 USD	2016 USD	2015 USD
Receivables	-	861,472	816,213	775,497
Prepayments	-	12,562	12,562	12,562
	-	874,034	828,775	788,059

The carrying amounts of receivables and prepayments approximate their fair values.

12. Cash and cash equivalents

	The Group		The Co	mpany
	2016 USD	2015 USD	2016 USD	2015 USD
Cash at bank in:				
United Stated Dollar (USD)	1,766,756	946,722	1,761,265	946,722
Botswana Pula (BWP)	1,252,073	2,468,486	-	-
	3,018,829	3,415,208	1,761,265	946,722

13. Stated capital

13.1 Issued and fully paid:	2016 USD	2015 USD
247,465,428 shares at no par value (2015: 230,673,761 shares at no par value)	12,745,002	11,208,968

The movement during the year is as follows:

	2016 USD	2015 USD
At 01 July	11,208,968	4,220,964
Issue of shares	1,536,034	5,988,004
Transfer from share application monies	-	1,000,000
At 30 June	12,745,002	11,208,968

13.2 Warrants

Pursuant to a board meeting of 29 September 2015, the Board has 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. As at the date of this report, the founding directors have not yet exercised their rights to the warrants.

Details of warrants:

NameMashale PhumaphiThapelo MokhathiAlan CleggGrant RamnauthTotal WarrantsWarrants (No:)3,555,8332,031,904731,486731,4867,050,709





14. Non-controlling interest

	2016 USD	2015 USD
At start of the year	(157,490)	(70,743)
Transaction between shareholders on acquisition of additional shares in subsidiary	-	(37,099)
Share of loss for the year	(302,782)	(71,509)
Share of translation reserves for the year	65,567	21,861
At end of the year	(394,705)	(157,490)

15. Payables and accruals

	The Group		The Company	
	2016 USD	2015 USD	2016 USD	2015 USD
Other payables	3,939,672	4,472,289	4,121,188	4,000,000
Accruals	21,093	50,231	21,093	24,756
	3,960,765	4,522,520	4,142,281	4,024,756

The carrying values of payables and accruals approximate their fair values at the reporting date. Included in other payables is an amount of USD 4,000,000 which is secured by the Daheng Licence.

16. Taxation

(i) The Company

The Company is, under current laws and regulations, liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of the Mauritius tax payable in respect of its foreign source income thus reducing its maximum effective tax rate to 3%.

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

	2016 USD	2015 USD
Loss before tax	(292,336)	(139,078)
Tax @ 15%	(43,850)	(20,862)
Impact of:		
Non-deductible expenses	375	93
Deferred tax asset not recognised	43,475	20,769
Tax expense	-	-

(ii) Subsidiaries incorporated in Republic of Mauritius

(a) Shumba Resources Ltd is liable to income tax at the rate of 15% on its net income subject to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritius tax payable in respect of its foreign source income, thus reducing its maximum effective tax rate of 3%. The subsidiary has an income tax liability of USD 671.





16. Taxation (Continued)

- (ii) Subsidiaries incorporated in Republic of Mauritius (Continued)
- (b) Shumba Coal Trading Ltd holds a Category 2 Global Business Licence, and by virtue of this licence the Company is exempt from income tax in Mauritius.

(iii) Subsidiary incorporated in Botswana

The above subsidiary has no income tax liability due to tax losses carried forward. The estimated tax losses available for set off against future taxable income amounted to USD 6,719,286 (2015: USD 4,582,559). These losses can be carried forward without any limitation of time until there are taxable profits, as they do not fall away. The subsidiary has not recognised deferred tax assets as it is still proceeding with exploration activities and has not begun to generate revenues.

17. Loss per share

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the parent company.

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

	Number of shares	
	2016	2015
Weighted average number of shares used in basic loss per share	237,528,442	199,051,292
Shares deemed to be issued for warrants and options	7,050,709	16,791,667
Weighted average number of shares used in diluted loss per share	244,579,951	215,842,959

18. Consolidation

Details regarding the Company's subsidiary, its total assets and liabilities at 30 June 2016, and revenue and loss for the year then ended are as follows:

	Shumba Resources Ltd	Shumba Coal Trading Ltd	
Country of incorporation	Republic of Mauritius	Republic of Mauritius	
Proportion of ownership interest	100%	100%	
Activity of subsidiary	Investment holding	Trading of coal	
Total assets	USD 9,943,799	USD 4,018	
Total liabilities	USD 11,751,272	USD 13,757	
Revenues	-	-	
Loss for the year	USD (3,011,079)	USD (15,704)	





19. Related party transactions

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

Nature of relationship	Nature of transaction	Volume of transaction USD	Debit/(credit) balances at 30 June 2016 USD	Debit/(credit) balances at 30 June 2015 USD
Subsidiary Capital Contribution	500,000	11,385,264	10,885,264	
	Contribution			
	(Note 8)			
Subsidiary	Receivable	-	775,497	775,497
	(Note 11)			
Subsidiary	Payables	121,188	(121,188)	-
	(Note 15)			
Key management personnel	Director fees	77,360	-	-

One director of the Company, Mr Kapildeo Joory, is deemed to have beneficial interests in the Service Agreement between the Company and the Administrator and Secretary. Another 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 Company.



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