Registered number: 05292528

SHUKA MINERALS PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2023

COMPANY INFORMATION

SHUKA MINERALS PLC
COMPANY INFORMATION

Directors	Quinton Van Der Burgh Non – Executive Chairman (appointed 3 November 2023) Noel Lyons– Chief Executive Officer Paul Ryan – Executive Director Jason Brewer – Executive Director (appointed 30 May 2023, resigned 28 May 2024) Marc Nally – Non Executive Director (appointed 3 November 2023) Dr Allen Zimbler Non – Executive Director (appointed 3 November 2023)
Company Secretary	Paul Ryan
Registered Office	Aston House Cornwall Avenue London N3 1LF
Nominated Adviser	Strand Hanson Limited 26 Mount Row Mayfair London, W1K 3SQ
Joint Brokers	Tavira Securities Limited 88 Wood Street London, EC2V 7DA Peterhouse Capital Limited 80 Cheapside London, EC2V 6EE
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Faskens Martineau LLP 100 Liverpool Street London EC2M 2AT
Registrars	Link Group Central Square 29 Wellington Street Leeds LS1 4DL

SHUKA MINERALS PLC

CHAIRMAN’S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

In the year ending 31 December 2023, the Company continued its transition in terms of both operations and management, together with a refocus on future strategy and direction and board changes. During this period of change I assumed the role of Non-Executive Chairman. This ongoing refocus of the Company has continued into the first half of 2024 with a further major strategic financial commitment to the Company and material progress on a potential acquisition.

On site in Tanzania, the changes in both 2022 and 2023 to operational management have resulted in more efficient management of the Rukwa coal asset where demand for output has remained encouraging although production and output has continued to be a challenge as has been the case historically with this coal asset. Without a meaningful amount of investment this is unlikely to change. Production in 2023 amounted to 18,520 tonnes, achieving sales of $194,346. A tight rein is kept on costs and we were pleased to have resolved the legacy dispute with Upendo in early 2024.

The second half of 2023 was dominated by a capital raising, name change and several significant changes to the Board and to the local management team in Tanzania undertaken after consulting with key shareholders. These changes included the appointments of Jason Brewer an experienced senior mining executive, joining Noel Lyons and Paul Ryan, as Executive Director. In addition, I joined the Board as non-executive Chairman, together with my fellow non-executive colleagues Allen Zimbler and Marc Nally, during this exciting time of transition for the Company. On 1 September 2023 the Company renamed itself and rebranded as Shuka Mineral plc.

The capital raising comprised raising £1.468 million through direct subscriptions, at 5.0 pence per share, with two strategic investors, Q Global Commodities Group (**“QGC”**) and Gathoni Muchai Investments Limited (**“GMI”**), both of whom became major shareholders in the Company. QGC is one of South Africa’s leading independent commodity, logistics and investment funds and has a broad global network in the mining finance sectors and the marketing and sales of commodities. QGC has 12 thermal coal mines currently under management and is actively expanding its metal mining interests throughout Southern and East Africa through direct equity investments and partnership and co-development agreements with a number of emerging mining and exploration companies. QGC is led by myself, one of South Africa’s leading mining entrepreneurs, with almost 20 years of mining experience, having developed over 47 projects to mining stage, including two large-scale mining companies. QGC’s invest was through Dubai based AUO Commercial Brokerage LLC (**“AUO”**). AUO has a current interest in 29.2% of the Company's issued shares. GMI is a Nairobi-based investment firm focused on mining, property and retail sectors and headed up by Jason Brewer and Ms Jackline Muchai. GMI have existing investments in four East African countries, including Tanzania and are a major shareholder in battery metals focused mining company Marula Mining plc and in Neo Energy Metals plc, each London-listed.

Funds from the capital raising were used by the Company to fund its ongoing working capital requirements and for due diligence costs associated with ongoing review work of potential new and strategically complimentary projects in Africa including, as announced post-period, on 18 March 2024, the detailed legal and technical due diligence review of a major brownfield base metals project located in East Africa..

On 24 May 2024 the Company announced that it had completed this work, and was proposing to proceed with the acquisition. This work, which has included independent technical and legal reports, has demonstrated a technically robust and attractive acquisition opportunity of a brownfield mining operation which has a long history of mining and processing operations of base and precious metals (the **"Project"**). The Project's historical non-JORC compliant resources have been independently verified by the Company's retained technical experts and which have an in-situ value of approx. US$1.98 billion based on London Metal Exchange prices in May 2024. Preliminary economic analyses of the Project have estimated pre-tax cashflow of US$1.84 billion, NPV10 US$0.56 billion and an IRR of 112% based on the development of two of the five existing non-JORC compliant historical resources.

On the same date the Company was pleased to announce that it had entered into a £2 million unsecured convertible loan note agreement with AUO. The proceeds, when drawn, will be applied towards the cash element of the potential acquisition, should it proceed or other future acquisition opportunities, and for general working capital purposes.

SHUKA MINERALS PLC

CHAIRMAN’S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

2023 was certainly a challenging period for the Company on the ground from an operational perspective but outweighed by the strong steps taken to refocus the Company for the future. We believe that the recent fundraise, together with the investment strategy outlined above, will lead to a successful period for the business in 2024 and beyond.

I would like to extend my gratitude to all our stakeholders and former board directors, Nick von Schirnding, Andre Hope and Jason Brewer, who stepped recently stepped down though of course remains as a consultant, for their contributions to the Company.

Yours Sincerely,

Quinton Van Der Burgh

26 June 2024

The past year, 2023, marked a period of significant refocus for our Company and its future direction. As foreshadowed last year we see improving prospects for the Company and a vision for further growth beyond coal, whilst maximising the value of our coal asset. The Company has, in 2023 and 2024, announced two fundraises and, in May 2024, completion of due diligence work on a potential acquisition. This work, which has included independent technical and legal reports, has demonstrated a technically robust and attractive acquisition opportunity of a brownfield mining operation which has a long history of mining and processing operations of base and precious metals (the "**Potential Acquisition"**). The Company changed its name during the year to Shuka Minerals PLC.

Funding

Following on from the equity placing that raised gross proceeds of £400,000 in December 2022, the Company raised a further £1,468,000 mid-year from two substantial new investors who are working with the directors to review and implement a long term vision for the future direction of the Company.

In May 2024 the Company entered into a £2 million convertible loan note ("**Note**") agreement with AUO, a wholly-owned subsidiary of QGC, one of South Africa's leading independent commodity, mining, logistics and investment funds, which is led by Quinton Van Den Burgh, the Company's Chairman. The Notes, which are unsecured, have a 3 per cent annual coupon, are redeemable in cash or Company shares, at the election of the Noteholder and have a final redemption date of 31 March 2026. The Notes each have a conversion price of 15 pence per share, a substantial premium to the Company's then current share price of 10p. The Notes are immediately available for subscription in a single amount at AUO's election or, at the Company's election, in instalments which instalments shall not be drawn down before August 2024 or such earlier date as both parties agree provided that AUO must subscribe for the entire principal amount of the Notes, being £2 million, by 31 March 2025. AUO has a current interest in 29.2% of the Company's issued shares.

As of 31 May 2024, the Company had cash balances of approximately £100,000, which together with funding available from the Notes is expected to be sufficient for both general working capital purposes and the amount that would be applied towards the cash element of the Potential Acquisition, should it proceed or other future acquisition opportunities.

The Company has pursued the long outstanding debt owed by the Envirom Group with debt collectors in Norway and now needs to evaluate whether there is a possibility of collection of the debt following the conclusion of the debt collection process.

Operational Review

The following statement is in relation to the Company's subsidiary Edenville International (Tanzania) Limited (**"EITL"**).

The Company, along with its local partners are continuing to evaluate the most efficient strategy for the mine. Following a period of exceptionally heavy rains, production is only now starting back up. Strategic partnerships are being considered with large cement manufacturers who have expressed an interest in buying all our coal output, up to 10,000 tonnes per month. This deal can only be finalised when EITL shows its ability to produce a minimum of 4,000 tonnes per month uninterrupted, a target that will require some capital and equipment investment.

Corporate Social Responsibility

The Company remains committed to fulfilling its corporate and social responsibilities. We recognise the importance of meeting social requirements as an operator in Tanzania. The construction of the mining operation at Rukwa has already led to improvements in local infrastructure, most notably the construction and maintenance of a road from Kipandi to Mkomolo village and beyond, benefiting farmers, the local population, and the mine itself. We have also continued to prioritise the employment of local individuals from surrounding villages, resulting in highly competent and skilled employees. The positive social impact extends to the broader community, where enterprising individuals are providing services such as food supply for workers. The planning for a new school room is well underway in the local village which EITL has committed to fund. The Board of EITL has been strengthened by the addition of several local Directors.

Post Period Events

As noted above the Company announced a further fundraising post year end. The Company has also advanced the Potential Acquisition over the past several months, undertaking a detailed legal and technical due diligence review of a major brownfield base metals project located in East Africa. The Project's historical non-JORC compliant resources have been independently verified by the Company's retained technical experts and which have an in-situ value of approx. US$1.98 billion based on London Metal Exchange prices as at May 2024, and where preliminary economic analyses have estimated pre-tax cashflow of US$1.84 billion, NPV10 US$0.56 billion and an IRR of 112% based on the development of two of the five existing non-JORC compliant historical resources.

If the Company proceeds with the Potential Acquisition, the Company expects to propose completing a 3-phase exploration and development program, as part of its plans to re-commence both open-pit and underground mining and associated processing operations. Negotiations are at an advanced stage with the shareholders of the locally incorporated company, with key commercial and legal terms agreed for the Company to proceed with its planned acquisition of a 100% interest in the locally incorporated company which holds the Project. US$150,000 has already been paid by the Company to the counterparty, which is non-refundable, and if the Potential Acquisition is completed, further consideration of US$5.85m would be payable through a combination of cash and equity in the Company, with the majority expected to be in equity. The transaction remains subject certain regulatory approvals and customary closing conditions. While the Board remains excited by the Potential Acquisition there can be no certainty that the requisite regulatory approvals and customary closing conditions will be satisfied (or waived) and that definitive documentation will be concluded, or as to the eventual detailed terms or timing of the transaction.

In February 2024, the Company signed a definitive settlement agreement with Upendo Group who hold a historic residual 10% interest in the Rukwa coal mining licence. The settlement involves the immediate payment to Upendo Group of $110,000, the immediate settlement of all proceedings and a waiver of all or any related claims by all parties howsoever arising. The Company has used the funds already lodged in Court to meet the majority of the settlement costs. In addition, under the settlement agreement, Upendo has the right to nominate a director to be appointed to the local Rukwa operating subsidiary (which currently has 5 directors nominated by the Company), and Upendo will earn a royalty of $1.95 per tonne of coal from Rukwa sold and paid for by the customers of the Company from the date of the settlement.

In May 2024, the Company also extended the exercise period for a total of 15,846,691 warrants, originally issued in May 2021 and August 2023, which have an exercise price of 25 pence each, (the **"Extended Warrants"**), that would otherwise have expired on 25 May 2024, for a period of 12 months, until 25 May 2025. All other terms of the Extended Warrants remain unchanged. Should these warrants be exercised in full, the Company would receive gross proceeds of £3.9m.

The Company has also recently announced that Mr Jason Brewer has stepped down from the Board of Directors to avoid any potential conflicts of interest with his current or possible future business roles, however as the Company values Mr Brewer's experience and expertise it is therefore pleased to have entered into a consultancy contract (the **"Consultancy Agreement"**) GMI, which is headed up by Mr Brewer, for the provision of his services as a strategic adviser to the Company on an ongoing basis.

Summary and Outlook

We believe we are now stronger with our new refocused vision, a strong executive management team and valuable new investors who bring extensive experience, finance, and expertise in the mining business on the African continent. Should the Potential Acquisition proceed in the second half of 2024 we expect significant positive changes going forward. Furthermore, with an improved cash and funding position, we will continue to target additional asset acquisitions, leveraging the natural resources and capital markets expertise of the Board and significant shareholders.

I look forward to the future of Shuka, both for the remainder of 2024 and beyond, with confidence in its potential to generate shareholder value.

Noel Lyons
Chief Executive Officer
26 June 2024

The directors present their strategic report for the year ended 31 December 2023.

Principal activity

The principal activity of the Group is the exploration and production of minerals, in Africa.

Business Review and future developments

The purpose of this review is to show how the Group assesses and manages risk and uncertainty and adopts appropriate policy targets. Further details of the Group's business and expected future developments and a review of operations are also set out in the Chief Executive Officer's Report.

Development Approach

The Group's principal operation is the mining of coal. Its operations are subject to all of the hazards and risks normally encountered in mining and processing coal.

The Group follows all necessary laws and regulations and believes it has adopted world best practice standards and is not aware of any present material issues in this regard. As is common with all mining operations, there is uncertainty and therefore risk associated with the Group's operating parameters and costs. These can be difficult to predict and are often affected by factors outside the Group's control.

Financial and performance review

The results of the Group for the year ended 31 December 2023 are set out on page 35.

Principal risks and uncertainties and risk management

The principal risks facing the Group are those relating to the nature of the resources, risk of new entrants, those inherent and associated with mining, reliance on the expertise of key Group personnel, risks connected with uncertainties of Tanzanian political, fiscal and legal systems, including taxation and currency fluctuations, as well as those regimes in which the Group has direct or indirect interests.

The Board and senior management regularly monitor all areas of risk, through regular meetings, reporting on a monthly basis as well as through ad hoc communications. Senior management regularly visits operations to understand site-specific risks as well as to assess local political, fiscal and legal risks. In this regard, the Group maintains a strict policy of compliance with local laws and regulations, and community issues (including health and safety, community development, and environmental responsibility) are at the forefront of strategic and operational decision-making.

The following are the key risks that face the Group:

Operational risks

Mineral extraction operations generally involve a degree of physical risk. The Group's operations are and will be subject to all the hazards and risks normally encountered in the production and extraction of minerals. These include climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and security and health risks associated with work in developing countries.

The exploration and mining activities of the Group are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Group's mining and exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future production or development. Amendments to current laws and regulations governing operations and activities of exploration, or future mining and milling, or more stringent implementation thereof, could have a material adverse effect on the value of the Group's assets. We should note that to date, no substantial adverse changes to our operations, legal, or financial status has materialised due to current documented changes in Tanzanian mining legislation. We continue to have regular dialogue with the authorities on how the law is applied and will report any material areas as they occur.

The operational risks are mitigated, where possible, as follows:

- the executive directors and management visit the operation regularly, when these key risks are reviewed and actions taken as necessary;
- control procedures have been communicated to operations' management who review local procedures for Group compliance;
- the in-country operations team submit monthly reports to head office which cover operational progress and analysis of technical data. Results obtained from testing of mineral samples by independent laboratories are sent to the operational team and copied directly to the UK head office. A strict quality assurance/quality control procedure, designed by a leading independent consultancy group, is in place covering all aspects of mining and exploration and sample collection with local staff trained to standards set by the UK head office;
- the executive directors and management visit each operation regularly to review local operational and technical procedures and controls and compliance with Group procedures and report to the Board; and
- the head office finance function regularly reviews local financial controls and compliance with Group procedures and report to the board.

Production risks

The Rukwa Project is supplying coal to various customers in Tanzania and the region as a whole. As any mining operation, which is producing, has all of the hazards and risks normally encountered in mining and processing coal. These include unusual and unexpected geological formations, flooding and other conditions involved in the extraction of material, any of which could result in damage to the mine and other producing facilities, damage to life or property.

Key considerations include geological risk, mining risk, processing risk, employee risk and governance-risk. Customer risk also exists in relation to the ability of the customer to collect the product and to pay for it. All these areas are managed on a daily basis by qualified professionals experienced in their particular fields. In broad terms geological risk is covered by having well drilled out and the coal resource professionally reviewed. Mining risk is covered by having mine plan and appropriate equipment available to mine it supervised by mining engineers. Processing risk is covered by having a proven method of processing the coal through a system that is controlled and monitored by process plant professionals. Employee risk is managed by having an adequately trained staff whilst governance risk is managed by following government procedures and rules on all aspects of the operation.

Significant customers
During the year ended 31 December 2023 the group derived 83.36% of its revenue from three key customers. The Directors believe that in the future they will be able expand their customer based to reduce reliance on these customers.

Environment, health and safety

The Group's operations in these areas are government regulated by a range of legislative, regulation and policy requirements alongside Group reporting requirements and regular official and spot mine visits. Compliance to the set of rules and regulations underpins our approach to risk management. In support, the Group adopts best practice with on-site and corporate level policies and procedures. It has specific personnel on site to manage this area, employee focused handbooks and daily toolbox meetings. In regard to environmental management, it engages third party consulting services that have an intimate knowledge of the regulatory framework to advise on mining activities.

Despite all this structure, the Group's mining activities may result in pollution, accident or loss of life due to systems or equipment failure.

Exploration and development risk

The exploration for and development of mineral deposits involves significant risks which no combination of careful evaluation, experience and knowledge can entirely eliminate. Currently, the focus of the Rukwa project is in mining and development with only some effort put into exploration. There is no certainty that the operation described in this document will result in profitable commercial mining operations or result in the discovery of ore in commercial quantity and quality. Significant capital investment and working capital is required to achieve commercial production from successful exploration efforts and there can be no certainty that the Company will be able to obtain the financing required to continue operations and meet its commitments for the exploration and development programme.

The commercial viability of a mineral deposit is dependent upon a number of factors. These include the attributes of the deposit such as size, grade and proximity to infrastructures; current and future mineral prices which can be cyclical; and government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors, either alone or in combination, cannot be entirely predicted and their impact may result in the Group not receiving an adequate return on invested capital.

Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

The Group may carry out some of its exploration activities through joint ventures with others to spread the exploration risk and to decrease the Group's financial exposure to individual projects. There can be no guarantee that these partners will not withdraw for their own reasons.

Currently the Group is undertaking limited exploration, this being primarily focused on development within the existing mining area and surrounding prospecting licences.

Reserve and resource estimates

The Group's reported reserves and resources are only estimates based on JORC reports prepared in March 2013. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Reserve and resource estimates are based on sampling, interpretation and modelling and, consequently, are uncertain because the samples may not be representative. Reserve and resource estimates may require revision (either up or down) based on future actual production experience.

Human resources

The Group is reliant on a small team of experienced mining professionals for their success and is more than usually vulnerable to the adverse effects of losing key personnel.

Licences

While the Directors have no reason to believe that the existence and extent of any of the Group's properties are in doubt, title to mining properties is subject to potential litigation by third parties claiming an interest in them.

The failure to comply with all applicable laws and regulations, including failures to pay taxes, meet minimum expenditure requirements, or carry out and report assessment work, may invalidate title to portions of the properties where the mineral rights are held by the Group.

The Group might not be able to retain its licence interests when they come up for renewal, despite a possibility of discovering ore bodies. Under the Mining Act 2010, at the end of the initial licence term and on renewal, a Company must relinquish 50% of the land area held under licence. The dropped portion may be re-applied for; however, relinquishing 50% of the licence area does not necessarily devalue the licence. Mineral deposits may cover areas of only a few Km^{2,} and the process of relinquishment is such that a Company will retain the part of the licence that is considered most prospective for a mineral discovery. If the original licence covers 40km^2 the retained ground after relinquishment is more than sufficient for the discovery of a world class deposit and does not detract from the value of the property.

While the Group has undertaken all the customary due diligence in the verification of title to its material mineral properties, this should not be construed as a guarantee of title. Changes or modifications to the Mining Act 2010 in 2017 and 2019 have had no adverse effect on the operation up to now. The Group's management team has been operating in Tanzania for a number of years and have experience in managing the title to its properties. It maintains professional relationships with the relevant government bodies responsible for the issue and renewal of licences but if there was an indication of an issue over the title to any of its properties it would seek advice from the Group's lawyers.

The Mining Commission has requested meetings with the Company to discuss the low levels of output at the mine. Management is in regular communication with the Mining Commission, however there is a risk, given our low levels of output, that the Mining Commission could declare the Company in default of their licence. Management is confident that, even if this did arise, they could resolve the issue through further dialogue and discussion and expansion of mine output.

Economic risks

The value of the Group's properties may be affected by changes in the market price of minerals which fluctuate according to numerous factors beyond the Group's control. Changes in interest rates and exchange rates, the rate of inflation and world supply of and demand for mineral commodities all cause fluctuations in such prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political conditions. Future mineral price declines could have an adverse effect on the value of the Group's assets and its ability to raise further funds.

Certain of the Group's payments, in order to earn or maintain property interests, are to be made in the local currency in the jurisdiction where the applicable property is located. As a result, fluctuations in the US dollar against the pound and each of those currencies against local currencies in jurisdictions where properties of the Group are located could have an adverse effect on the Group's financial position which is denominated and reported in sterling.

The Group has not insured against some risks. Risks not insured against and for which the Group may become subject to liability include environmental pollution, political risk and other hazards against which the Group cannot insure or which it may elect not to insure. The payment of such liabilities may have a material adverse effect on Group's results of operation and financial condition.

The market price of commodities is volatile and is affected by numerous factors beyond the Group's control.

Over time, prices of all commodities rise and fall. There is the risk that the price earned for minerals will fall to a point where it becomes uneconomic to extract them from the ground. The prices of these commodities are affected by a number of factors beyond Shuka's control which include available supply and demand along with government policy. The principal commodity in Shuka's portfolio is coal. Whilst global export coal prices are subject to price fluctuations depending on market conditions this does not affect our sales into the Tanzanian market because of the continuing Tanzanian ban on coal imports, it can affect our competitiveness in neighbouring countries markets. The impact of the price of coal on the economics of the Shuka project is kept under close review although local and regional factors play an important part in determining the coals economic viability.

Political risks

A substantial portion of the assets of the Group are located in non-UK jurisdictions. As a result, it may be difficult for investors to enforce judgments obtained against the Company if the damages awarded exceed the realisable value of the Company's UK assets. The political situations in African countries may introduce a degree of risk with respect to the Group's activities. In the countries where the Group has or may have exploration activities, governments exercise control over such matters as exploration and mining licensing, permitting, exporting and taxation. Changes of policy by such governments may adversely impact the Group's ability to carry out exploration activities.

Shuka minimises political risk by operating in countries considered to have relatively stable political systems, established fiscal and mining codes and a respect for the rule of law.

Impact of law and Governmental regulations

The Group's investments may be subject to the foreign exchange and other laws of various countries that may prevent, materially delay or at least require governmental approval for, the full or partial repatriation of the Group's investments. Foreign investment in companies in emerging countries may be restricted or controlled to varying degrees. These restrictions may, at times, limit or preclude foreign investment and increase the costs and expenses of the Group. Additionally, under certain circumstances a country may impose restrictions on capital remittances abroad. The Group could be adversely affected by delays in, or refusal to grant any required governmental approval for, repatriation of capital or dividends held by the Group or their conversion into foreign currency. In addition, gains from the disposal of such securities may be subject to withholding taxes, income tax and capital gains tax.

The Group must comply with, inter alia, the current and future Tanzanian regulations relating to mineral exploration and production. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Group's assets.

It is noted that there were changes and amendments in 2017 and 2019 to the Mining Act 2010. In compliance with legislation, and in line with other mining companies in Tanzania, the Company has commenced the necessary steps to award the Tanzanian Government a stake of up to 16% in EITL. We are aware that we may in the future receive further requests from the Tanzanian Government connected to legislation. We continue to have regular dialogue with the authorities and will report any material points as they occur.

Dependency on a single country

The Group's current activities are situated entirely in Tanzania. The political situations in Africa may introduce a degree of risk with respect to the Group's activities. Risks may include, among others, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and terrorist actions, arbitrary changes in laws or policies, foreign taxation and exchange controls, opposition to mining from environmental or other non-governmental organisations, limitations on foreign ownership, limitations on the repatriation of earnings, infrastructure limitations and increased financing costs. In Tanzania, the government exercises control over exploration and mining licensing, permitting, exporting and taxation. The Board believes that the Government of Tanzania supports the development of natural resources. However, there is no assurance that future political and economic conditions in Tanzania will not result in the

Government of Tanzania changing its political attitude towards mining and adopting different policies respecting the exploration, development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and mineral licences, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect the Group's ability to undertake exploration and future mining operations in the properties in respect of which it has obtained exploration and mining rights to date and may adversely impact the Group's ability to carry out its activities.

Management is actively evaluating other mineral projects, and other commodities, in order to expand the Group's coal resource base and reduce dependency on Tanzania. As noted in the CEO's report, the Company has, over the past several months, advanced the Potential Acquisition of a major brownfield base metals project located in East Africa. If the Potential Acquisition completes, it will help reduce the Company's dependency on Tanzania's coal resource.

Competition risks

The mineral exploration and mining sectors are competitive at each phase of a Company's development. The Group competes with and will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for, and the acquisition of, attractive mineral properties. The Group's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire promising properties or prospects for mineral exploration. There is no assurance that the Group will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Shuka is aware that it operates in an area considered highly prospective to competitive companies. The management monitor the activities of other operators and monitor their development and future plans from information available in the public domain, which allows the Company to evaluate whether these competitors pose a threat to our market position.

Financing

The further development and exploration of the various mineral properties in which the Group holds interests is dependent upon the Group's ability to obtain financing through joint venturing projects, debt financing, equity financing or other means. There is no assurance that the Group will be successful in obtaining the required financing. If the Group is unable to obtain additional financing as needed some interests may be relinquished and/or the scope of the operations reduced.

Financial risks

The Group's multi-national operations expose it to a variety of financial risks:

(i) Foreign exchange risk
The majority of exploration and development costs are in United States dollars or Tanzanian schillings. Accordingly, foreign exchange fluctuations may adversely affect the Group's financial position and operating results;

(ii) Liquidity risk
Prudent liquidity risk management in the context of the Group implies maintaining sufficient cash in the necessary currencies to be able to pay creditors as and when they fall due. The Group has a comprehensive system for financial reporting. The board approves the annual budget which is revised through the year as necessary with the board's approval. Monthly results are reported against budgets and variances analysed. Great importance is placed on the monitoring and control of cash flows, and cash forecasts are reported to the board; and

(iii) Credit risk
Cash balances are deposited with banks with a high credit rating.

Key performance indicators
The Board monitors the activities and performance of the Group on a regular basis. The Board uses both financial and non-financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below were used during the year to 31 December 2022 and will continue to be used by the Board to assess performance over the year to 31 December 2023.

Financial KPIs

- Total ROM (Run of Mine) coal production 18,520 tonnes (2022: 26,746 tonnes).
- Sales £194,346 (2022: £183,448)
- Total expenditure burn rates have increased by 1.32% to £1,817546 from £1,796,884.
- Corporate overheads as a percentage of total expenditure have increased to 49% in 2023 from 39% 2022.

Non-financial KPIs

- Health and safety -There were no reported health and safety incidents during the year.
- Operational success -Relevant information is reported in the 'Chief Executive Officer's Report'.

Section 172(1) Statement – Promotion of the Company for the benefit of members as a whole:

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interest of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others; and
- Consider the impact of the Company's operations on the community and environment.

The application of S172 requirements can be demonstrated in relation to some of the key decisions made during 2023:

- Restructure Tanzanian operations to gain benefit from local expertise in logistics and marketing. Following the year end the company is in discussions with further cement manufacturers in the neighbouring countries to supply them.

- Employee safety and welfare are our top of our priority and we are always working to make sure all staff and visitors to the mine be they clients or supplier are fully aware of the necessary issues and all safety equipment, hard hats, clothes, shoes etc are provided. There is ongoing training by our Mine Manager of all things technical regarding the education of our team, new mining methods, new exploration and production methods. The company bring in experts to upgrade and educate the team locally when necessary.

- Managing cash burn rates to preserve cash to maximise new opportunities such as other mineral exploration and production delas that will come with our new investors and business partners.

- The Company has an open door policy with the Tanzanian Government and we regularly meet the Energy Minister for updates of the power plant project.

- The Company employees only local employees so is the largest employer in the area. There are very good relationships with local stakeholders and the company appreciates the cooperation of local people. The company has shown their appreciation by their involvement in improvement to the local school including adding classrooms.

- There is not significant debt in the business other than inter-company debt which we plan to capitalise.

- We have restructured the Board during 2023 to include expert operators and investors in mining and minerals.

As a mining exploration and development group operating in Tanzania, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. We abide by the local and relevant UK and local laws on anti-corruption and bribery.

Wherever possible, local communities are engaged in the operations and support activities providing much needed local employment opportunities and wider economic opportunities to the local communities. In addition, we follow both Tanzanian regulatory requirements and international best practice on environmental aspects of our work. Our goal is to meet or exceed standards, in order to ensure we maintain our social licence to operate from the communities with which we interact. The health and safety of our employees are a primary consideration for the Board.

Noel Lyons
Chief Executive Officer
26 June 2024

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2023.

Dividends

The Directors do not recommend payment of a dividend for the year (2022 – nil).

Directors and Directors' interests

The Directors at the date of these financial statements who served during the year and their interests in the Ordinary Shares in the Company are as follows:

	Ordinary shares of £0.01p held at 31 December 2023	Ordinary shares of 0.02p held at 31 December 2022
Noel Lyons	1,517,000	17,000
Paul Ryan	2,013,382	13,382
Nicholas Von Schirnding (resigned 3 November 2023)	-	-
Jason Brewer (appointed 30 May 2023, resigned 28 May 2024)	11,516,856***	-
Marc Nally (appointed 3 November 2023)		
Quinton Van Der Burgh (appointed 3 November 2023)	17,586,598**	-
Dr Allen Zimbler (appointed 3 November 2023)	-	-

Directors' Interests in share warrants for the year ended 31 December 2023

	Date of Grant	**Expiry Date**	**Exercise price**	**Number of warrants at 31 December 2023**	**Number of warrants at 31 December 2022 (or date of appointment if later)**
Paul Ryan	06.12.2022	05.12.2027	25p	166,667	166,667
	03.08.2023	02.08.2028	9.125p	1,200,000	-
Noel Lyons	06.12.2022	05.12.2027	25p	166,667	166,667
	03.08.2023	02.08.2028	9.125p	1,200,000	-
AUO Commercial Brokerage **	03.08.2023	25.05.2024	9.125p	3,265,555	-
Gathomi Munchai Investments ("GMI")***	03.08.2023	25.05.2025	9.125p	2,186,136	-
Jason Brewer	03.08.2023	02.08.2025	9.125p	1,200,000	-

Jason Brewer resigned as a Director on 28 May 2024.

Share capital

Details of issues of Ordinary Share capital during the year are set out in note 23.

Substantial shareholdings

The Company has been notified of the following voting rights of shareholders of the Company as at 24 May 2024.

	No of Ordinary Shares	**% of issued share capital**
Q Global Commodities**	17,586,598	29.20%
Gathoni Muchai Investments Limited("GMI")***	11,773,402	19.20%
Forest Nominees Ltd*	4,651,137	7.73%
JIM Nominees Limited*	4,056,846	6.74%
Pershing Nominees Limited*	2,780,722	4.62%
Hargreaves Lansdown (Nominees)*	2,689,472	4.47%
Paul Ryan	2,013,382	3.34%

*Nominee shareholders represent a number of investors shareholdings.
** Q Global Commodities ("QCG") is a wholly owned subsidiary of AUO Commercial Brokerage LLC. Quinton Van der Burgh is founder and Chief Executive Officer of QGC.

*** Jason Brewer, Executive Director of the Company until 28 May 2024 is a connected person to the Chief Executive Officer of GMI and a substantial shareholder of GMI.

Financial instruments and other risks

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 26 of the financial statements.

Details of risks and uncertainties that affect the Group's business are given in the Strategic Report.

Provision of information to auditors

So far as each Director at the date of approval of this report is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, PKF Littlejohn LLP, have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the next Annual General meeting.

This report was approved by the board on 26 June 2024 and signed on its behalf.

Noel Lyons
Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards. Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM market.

In preparing these 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 they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

The remuneration committee comprised of, Noel Lyons as Chairman and Paul Ryan and Dr Allen. The committee is, within the agreed terms of reference, responsible for making recommendations to the directors on matters relating to the Group's remuneration structure, including pension rights, the policy on compensation of executive directors and their terms of employment, with the objective of attracting, motivating and retaining high quality individuals who will contribute fully to the success of the Group's businesses.

As the scope of operations expands the Company intend to increase the number and scope of the non-executive directors. The Company has three non-Executive directors.

Remuneration policy

Salaries are reviewed annually on the basis of market comparisons with positions of similar responsibility and scope in comparable industries. The full Board considers both Group and personal performance in reviewing directors' salaries.

Non-executive directors' remuneration

Fees for non-executive directors are determined by the full Board on the basis of market comparisons with positions of similar responsibility and scope in companies of a similar size in comparable industries. Non-executive directors do not have service contracts, are not eligible for pension scheme membership and do not participate in any of the Group's bonus schemes. They have letters of engagement with the Company and their appointments are terminable on one month's or three months' written notice on either side.

Service agreements

The full Board has adopted current best practice in respect of service agreements issued on all new appointments. Executive Directors are employed under six month rolling service contracts.

Share options

Warrants have been granted to the current Directors see page 15 and note 27, for further details.

SHUKA MINERALS PLC

REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' remuneration

Details of remuneration of the directors of the Company who served in the year ended 31 December 2023 are set out below:

Name	**Fees and other remuneration £**	**Share based payments**	**Benefits in Kind £**	**2023 Total £**	**2022 Total £**
Executive					
Noel Lyons	245,000	52,640	2,856	300,496	30,000
Paul Ryan	245,000	52,640	2,013	299,653	30,000
Jason Brewer (appointed 30 May 2023, resigned 28 May 2024)	70,000	49,525	-	119,525	
Non-Executive					
Nicholas Von Schirnding (resigned 3 November 2023)	40,000		-	40,000	42,000
A Hope (resigned 3 November 2023)	30,000	-	-	30,000	18,000
Quinton Van Der Burgh (appointed 3 November 2023)	6,000	-	-	6,000	-
Dr Allen Zimbler (appointed 3 November 2023)	6,000	-	-	6,000	-
Marc Nally (appointed 3 November 2023)	6,000	-	-	6,000	-
	648,000	154,805	4,869	809,674	120,000

Included in the above are accrued salaries of £53,750 (2022: £5,000).

Compliance with the Quoted Companies Alliance Corporate Governance code

The Quoted Companies Alliance has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters (the **"QCA Code"**). The QCA Code sets out 10 principles of Corporate Governance which should be applied in order to deliver long-term shareholder value through good communication and an efficient, effective and dynamic management framework.

The Directors of Shuka have adopted the QCA Code. The 10 principles of the QCA Code are listed below together with a short explanation of how the Group applies each of the principles and where the Group does not fully comply with each principle an explanation is provided as to why it does not currently do so.

Delivering growth

1. Establish a strategy and business model which promote long-term value for shareholders

Shuka's growth strategy is focused on the continued development of its mining operations in Tanzania by tapping into opportunities to leverage of the current high demand for industrial coal in Tanzania and East Africa and from the high price of export quality coal alongside the planned development of a mine mouth power plant at the project site which will sell electricity to Tanesco and the East Africa Power Pool. With new investment and a board restructuring more focus will be put on other mineral opportunities in Tanzania and surrounding countries. This will help spread investment risk and open the business to new opportunities.

In June 2023 the company attracted investment from 2 new strategic investors Q Global Commodities Group ("QGC) and Gathoni Muchai Investments Limited ("GMI") both investors bring considerable mining experience to the Group with Jason Brewer, a director of GMI being appointed to the Board of Directors (but has resigned subsequent to the period end).

The near-term objectives are that, after the the mutual termination of a second coal mining agreement this time with NextGen Coalmine Ltd, the Company has taken control of mining operations and started to use its current capital to invest in the equipment needed to boost production towards peak wash plant capacity which should be between 4,000 and 8,000 tonnes per month of washed coal and we look forward to working with our new partners to increase and expand output and efficiency through use of their expertise, equipment and technical knowhow.

Hand in hand with this it will focus on filling the gap for the demand for coal in Tanzania and other East African countries as well as looking to exploit the very high coal prices for coal internationally. The Company has already started implementing this strategy and secured additional excavating and trucking capacity to ramp production up towards 5,000 tonnes per month. The Company sees a stepwise strategy to lift production in increments of 3,000-5,000 tonnes per month by progressively adding mining capacity. The increased demand especially from neighbouring countries with cement production facilities supports the Company's strategy

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders on a regular basis.

All shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

Investors have access to current information on the Company though its website, https://www.shukaminerals.com/.

The Company intends to widen its investor base over time and already meets or talks regularly with any significant institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long term issues and obtain feedback.

The Company also has held and intends to periodically hold investor events (either in person or virtually) to meet with shareholders and provide updates on corporate developments; and at appropriate points in the future the Company will host analyst site visits.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long-term success of Shuka is reliant upon the relationship and good communications with the Tanzanian authorities (the Ministries of Energy and Minerals, Tanesco, the national power Company and other government authorities such as NEMC the environmental management council), our local partner in Tanzania, the local community and the efforts of the employees of the Group and its contractors, suppliers and regulators.

Frequent and regular communications with the authorities and our local partner is ongoing. A designated employee and a local Tanzanian consultant are engaged to conduct regular communication with the local community.

An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient. Newly appointed Directors are made aware of their responsibilities through the Company Secretary.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Principal risks
The principal risks facing the Group are those relating to the volatility of commodity prices, reliance on the expertise of key Group personnel, risks connected with uncertainties of Tanzanian political, fiscal and legal systems, including taxation and currency fluctuations, and meeting its financing requirements.

Risk Management
The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company.

Senior management regularly visits operations to understand site-specific risks as well as to assess local political, fiscal and legal risks. In this regard, the Group maintains a strict policy of compliance with local laws and regulations, and community issues (including health and safety, community development, and environmental responsibility) are at the forefront of strategic and operational decision-making.

Duties in relation to risk management that are conducted by the Directors include, but are not limited, to:

- Initiating action to prevent or reduce the adverse effects of key risks;
- Controlling further treatment of risks until the level of risk becomes acceptable;
- Identifying and recording any problems relating to the management of risk;
- Initiating, recommending or providing solutions through designated channels;
- Verifying the implementation of solutions;
- Communicating and consulting internally and externally as appropriate; and
- Informing investors of material changes to the Group's risk profile.

Ongoing review of the overall risk management programme (inclusive of the review of adequacy of treatment plans) is conducted by external parties, such as specialist consultancy groups or individuals, where appropriate. During the mine start-up phase, the Company has regularly used consultants in both the mining and processing areas. The Board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

Conflicts of interest
The Board has instituted a process for reporting and managing any conflicts of interest held by Directors. Under the Company's Articles of Association, the Board has the authority to approve such conflicts.

The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change. As well as the applicable laws and recommendations, the Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of Directors.

The Strategic Report provides detailed analysis of the key risks that face the Group and how those risks are managed.

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board recognises that the Company's objective of delivering growth in long-term shareholder value requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

As at 31 December 2023, the Board comprised three full-time Executive Directors (Noel Lyons, Paul Ryan and Jason Brewer (who resigned subsequent to the period end)) and three Non-Executive Directors (Quinton Van der Burgh, Dr Allen Zimbler and Marc Nally). Details of the qualifications, background and responsibility of each director is provided on page 21 with additional information in respect of directors' record of attendance at meetings and the operation of the Audit Committee and Remuneration Committee provided in the Company's annual report and accounts and below under Principle 9.

The Board is also supported by Rakesh Patel, a partner at Adler Shine LLP, Chartered Accountants, who provide accounting, financial and reporting support to the directors.

Dr Allen Zimbler and Marc Nally are considered by the Board to be independent directors. Given the size of the Company, the present level of its development and the number of directors currently in place the Board believe this to be acceptable as a number of non-executive independent directors.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board comprises of directors considered to possess the appropriate experience, skills, personal qualities and capabilities necessary to deliver the Company's strategy for the benefit of its shareholders and is appropriate to its present size and stage of development.

Noel Lyons – Chief Executive Officer (Aged 59)
Noel is an operational executive with over 30 years direct experience in the oil, gas and mining sector mainly in Africa and the Middle East. His experience is primarily on the operational side including strategic management, operations, project management, funding and value creation generally with listed companies. He is the founder of Clean Invest Africa plc, a company focused on delivering an attractive return through acquiring stakes in clean energy companies, remediation technologies, waste-to-energy technologies and other clean energy related projects.

Paul Ryan - Executive Director (Aged 56)
Paul has over 20 years of commercial, regulatory and advisory experience. Paul has acted as a consultant, primarily on strategy and public policy, to a range of clients including FTSE100 and Fortune 500 companies largely in the ICT space. He held a variety of board positions with leading mobile operator Vodafone Group. Paul has many years of experience working in sub-Saharan Africa including South Africa, Kenya, Tanzania and Ghana where he lived for a number of years. Since 2018 Mr Ryan has been involved with a clean coal project through Clean Invest Africa plc whose subsidiary CoalTech has an operational coal facility in South Africa. Mr Ryan is a qualified solicitor in the UK and graduated from Trinity College, Dublin, Ireland.

Quinton Van Der Burgh – Non Executive Chairman (Age 46)

Quinton is one of South Africa's leading mining entrepreneurs, with over 20 years of mining experience and a track record of successfully developing more than 47 projects to the mining stage, including two large-scale mining companies.

Quinton is the founder and CEO of Q Global Commodities, one of South Africa's largest privately owned mining houses. This company boasts self-sustaining subsidiaries in logistics, beneficiation, plant-hire, and a rapidly expanding metals portfolio.

In addition to his extensive business ventures, he has been instrumental in establishing numerous non-profit organizations, investment firms, and mining companies across Africa, Europe and North America.

Dr Allen Zimbler – Non Executive Director (Age 74)

Dr. Allen Zimbler (BA Hons , MBA, PhD) has over 40 years of experience in strategic management and organisational development consultancy and investment banking in both South Africa and the United Kingdom.
For over 15 years, Dr Zimbler was an Executive Director of Investec Bank plc in the United Kingdom and a member of their Global Executive, where he served as its Chief Integration Officer. Prior to that Dr. Zimbler ran his own management consultancy group in South Africa for over 25 years, advising both African and international organisations on growth opportunities across multiple sectors.

Dr. Zimbler is currently a Director of the African Leadership Institute, a pan-African organisation that runs best-in-class leadership programmes for young future leaders of Africa, a Knight of the Honorary Knights of the Round Table in London, an honorary Member of Magdalene College, Cambridge University and Wolfson College, Oxford University, Chairman of the Ju/'hoansi Development Fund, and Master of the Worshipful Company of Carpenters of the City of London

Marc Nally Non – Executive Director (Age 55)

Marc is an experienced geologist and exploration manager with over 25 years of experience in mining and mineral exploration in Africa, South America and Europe.

Most recently Marc was a Non-Executive Director and consulting exploration geologist of AQSE-listed Marula Mining plc where he was involved in the acquisition of several advanced mining projects throughout Africa and also consulting exploration geologist to AIM-listed Tertiary Minerals plc with a particular focus on project generation in Zambia.

Marc was a founding Director and former Managing Director of Moxico Resources PLC, a private operating, development and exploration mining company that recently commenced copper mining operations at its Mimbula Copper Mine in Zambia.

Jason Brewer – Executive Director (Aged 54)

Jason is a Director of GMI and currently the Chief Executive Officer of Marula Mining plc (AQUIS: MARU) ("Marula"), an African battery metals focused mining and development company which has a broad portfolio of mining and exploration projects in South Africa, Tanzania and Zambia. Marula currently operates the Blesberg Lithium Mine in South Africa, and is developing the Kinusi Copper Mine in Tanzania as well as advancing a number of graphite and rare earth elements projects in Tanzania and Zambia. Jason is a senior mining executive with over 25 years of experience in international mining, financial markets and investment banking and being based in Nairobi is ideally positioned to oversee the development of our current mining and exploration ongoing projects in East Africa, and his on-site presence will prove invaluable in identifying and securing new mining and mine development opportunities for the Company. Mr Brewer stepped down as a director on 28 May 2024, remaining as a consultant to the Company.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Given the size of the Board and the stage of development, no formal assessment of the Board performance is taken. However, requests to attend seminars, courses, conferences to improve the effectiveness of the Board are encouraged.

A yearly internal review of the performance of the Board is planned with inputs from employees and advisors.

Board members are in frequent communication with each other and the Chairman and the Chief Executive officer are in a daily communication such that Board members are aware of the present status of the Company.

The Board conduct weekly meetings either by telephone or in person to review their goals. The CEO gets regular feedback from operational employees on all issues.

There are periodic discussions on the future direction of the Company, augmentation of senior management team, potential Board members and succession planning.

8. Promote a corporate culture that is based on ethical values and behaviours

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with the Tanzanian, Seychelles and UK laws and regulations;
- Anti-corruption practices;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

Regular meetings and communications with management and employees are conducted throughout the year to ensure such corporate culture are instilled within the Company.

Details of these are outlined in the Annual Report under the Corporate Social Responsibility and Corporate Governance sections.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Board meetings
The Board formally meet on average every three months, however the Executive and management teams meet regularly either in person or on teleconference.. Decisions concerning the direction and control of the business are made by the Board, and a formal schedule of matters specifically reserved for the Board is in place.

Generally, the powers and obligations of the Board are governed by the UK Companies Act 2006, and the other laws of the jurisdictions in which it operates. The Board is responsible, *inter alia*, for setting and monitoring Group strategy, reviewing trading performance, changes in the Board / senior management, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders. These areas are set out in more detail in a formal Schedule of Matters Reserved for the Board.

Board committees
There are two board committees, namely the Audit and Remuneration committees.

The Audit Committee comprises of Noel Lyons as Chairman and Dr Allen Zimbler. Noel Lyons position as Chairman of the Audit Committee is appropriate as he is considered the best qualified person amongst the Company's Directors for this role. This appointment will be kept under review as the Company develops and in light of any future non-executive Board appointments.

The Remuneration Committee comprises of Noel Lyons as Chairman and Paul Ryan and Dr Allen Zimbler. The appointment of Noel Lyons as Chairman will be kept under review as the Company develops and in light of any future non-executive Board appointments. The frequency and timing of the meetings will differ according to the needs of the Company.

During the year ended 31 December 2023 the Audit Committee and the Remuneration Committee met with the Chief Executive Officer and all relevant matters were dealt with by the full Board. The functions of these committees are as follows:

Audit committee
The Committee provide a forum for reporting by the Group's external auditors. Meetings will be held on average once a year and the executive Director(s) will also be invited to attend.

The Audit Committee will be responsible for reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports before their submission to the Board and monitoring the controls which ensure the integrity of the financial information reported to the shareholders.

Remuneration committee
The Committee will be responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Remuneration Committee will determine the contract terms, remuneration and other benefits for the Executive Directors, including performance related bonus schemes, compensation payments and option schemes. At present, the Board itself determines the remuneration of the Non-Executive Directors.

Nominations committee
The directors consider that the Group is not currently of a size to warrant the need for a separate Nominations Committee or internal audit function although the board has put in place internal financial control procedures as summarised below.

Internal financial control
The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors are conscious of the need to keep effective internal financial control, particularly in view of the cash resources of the Group. Due to the relatively small size of the Group's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the Group.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In addition to the Chairman's Statement and CEO report in the Company's Annual Report and Interim Results, Shareholders are regularly advised of any significant developments in the Company and are encouraged to participate in the Annual General Meeting and any other General Meetings that may take place throughout the year. The Company intends to widen its investor base over time and then meet regularly with any significant institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long term issues and obtain feedback.

Investors have access to current information on the Company though its website, https://www.shukaminerals.com/.

The Company also intends to periodically hold investor events to meet with shareholders and provide updates on corporate developments; and at appropriate points in the future the Company will host analyst site visits.

The Company has a twitter account https://twitter.com/Shukaminerals_ which contains photos and videos of the Company's operation in Tanzania. The CEO also periodically promotes the Company's activities, following the publication of regulatory announcements, through various media platforms such as Directors Talk, VOX Markets and Proactive Investors.

Greenhouse Gas (GHG) Emissions

The Company has not made separate disclosures relating to energy consumption and efficiency as the Company consumed less than 40,000 kWh of energy during the period.

Going Concern

The financial statements have been prepared on a going concern basis. The Company intends to operate within its cash resources.

At 31 December 2023 the Group had cash balances totalling £633,093. The Group also raised £2,000,000 in May 2024 by the issue of convertible loan notes (see note 31). This funding has not yet been drawn down.

The Company is in discussions with its new target market, that being the supply of coal and coal fines to cement factories in nearby countries. While the location of the mine is a challenge for the market outside Africa, it is strategically placed for neighbouring countries where supply is limited and transport costly, therefore giving the company a strategic and economic advantage. Offtakes are already in place for as much production as Rukwa can manage and supply has already started to companies such as Crimera and others. The Company will focus on increasing production and developing the partnership with these cement producing entities, who not only seek our coal for its location but also for its chemical composition and quality.

Based on the current working capital forecast , the Group has sufficient funds in order to allow it to continue in production and implement planned project development and any upgrades.

Expenditure on excavation is related to the level of orders and both head office costs and Tanzanian administration costs can be reduced and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion

We have audited the financial statements of Shuka Minerals Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Cash Flows Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included

- Obtaining and evaluating management's going concern assessment, including their assumptions, key risks and uncertainties, and any available supporting documentation.
- Assessing the historical forecasting accuracy and consistency of the going concern assessment with information obtained from other areas of the audit, such as our audit procedures on management's impairment assessments.
- Testing the clerical accuracy of the assessment.
- Evaluating whether the assumptions made by management are reasonable and appropriately conservative, considering the Group's relevant principal risks and uncertainties. We challenged the assumptions and estimates made by management where necessary.
- Evaluating the adequacy of working capital, including assessing the reasonableness of assumptions used in the cash flow forecasts and budgets and any plans to address potential shortfalls.
- Performing sensitivity analysis on management's assumptions, including applying incremental adverse cash flow sensitivities to assess the potential impact of severe but plausible scenarios such as significant movement in commodity prices or demand for coal, and any other risks specific to the mining industry.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter

Operationalisation of the 16% Government of Tanzania non-dilutable free carried share interest.

We draw attention to note 28 of the financial statements, which highlights that the Group has not completed the operationalisation of the issuance of the 16% non-dilutable free carried interest shares in its subsidiary, Edenville International (Tanzania) Limited, as required by the Tanzania State Participation Mining legislation.

Our opinion is not modified in this respect.

Recoverability of Value Added Tax

We draw attention to Note 4 of the financial statements, which describes the group's assessment over the Value Added Tax (VAT) receivable balance of £261,340 in its subsidiary, Edenville International (Tanzania) Limited. The Group has assessed and concluded within its critical accounting estimates that the VAT is recoverable. The financial statements do not include the adjustments that would result if the group was unable to fully recover this.

Our opinion is not modified in this respect.

Our application of materiality

The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing, and extent of our audit procedures. The materiality for the financial statements as a whole applied to the group financial statements was £88,000 (2022: £74,000) based on 1.5% of gross assets. We chose gross assets as the basis for materiality because in a mining company, the primary focus of users is the efficient utilisation and exploitation of mining assets to generate production, making it a key performance indicator for stakeholders. The performance materiality for the group was set at £57,200 (2022: £44,400) representing 65% (2022: 60%) of the overall materiality. The materiality for the financial statements as a whole applied to the parent company financial statements was £22,000 (2022: £11,400) based on 2% of the expenses. We chose expenses as the basis for materiality for the parent company financial statements because it aligns with the key cost components associated with its administrative and management functions, considering the parent company primarily serves as a holding entity for the subsidiary. The performance materiality for the parent company was £14,300 (2022: £6,840) representing 65% (2022: 60%) of the overall materiality. Performance materiality is based at a medium to high risk level of 65% considering the inherent risks in the mining industry and the specific risks identified and disclosed in the key audit matters. We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

For the component in the scope of our group audit, we allocated a materiality that was less than our overall group materiality. This component materiality, determined to be £79,200 (2022: £65,800), aligns with the same benchmarks used for the group.

We agreed with those charged with governance that we would report all differences identified during the course of our audit in excess of £4,400 (2022: £3,700) for the group and £1,100 (2022: £570) for the parent company.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC FOR THE YEAR ENDED 31 DECEMBER 2023

Our approach to the audit

In designing our audit approach, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we assessed the areas involving significant accounting estimates and judgements by the directors in respect of the carrying value of the mining assets and carrying values of the parent company's investments in, and loans to, subsidiaries and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluation of whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Of the four components of the group, two components being the London parent company and its Tanzanian subsidiary that owns the mining license were identified as significant and material components. We performed a full scope audit of the London parent company's complete financial information using a team with specific experience of auditing mining entities and publicly listed entities, and the Tanzanian subsidiary's audit was conducted by component auditors from a PKF network firm. Analytical procedures were performed in respect of the remaining components of the group because they were not significant to the group.

The subsidiary located in Tanzania was audited by a component auditor operating under our instructions as the group auditor. The Senior Statutory Auditor interacted regularly with the component audit team during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the group and parent company's financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Carrying value of mining assets (Note 15)	
The entity has capitalised mining assets of £5,334,949 (£5,681,377: 2022). **As per IAS 36, management is required to assess the carrying value of these assets for impairment at each reporting date or when there is an indication of impairment.** **The impairment test involves estimation of the recoverable amount of the assets, which requires significant judgement and estimation uncertainty. Management's assessment of the carrying value of mining assets involves significant estimation and judgement related to the assumptions and inputs used in the NPV valuation model.** **The carrying value of mining assets is a key audit matter because of the high level of estimation uncertainty and judgement involved in determining the carrying value of these assets reliably and accurately, the requirements of IAS 36 for the**	Our work in this area included: - Reviewing and challenging the management's impairment review process, including consideration of the NPV calculations used, and reviewing the assumptions included in the models and performing a sensitivity analysis on the key assumptions. We challenged management's assumptions by testing against third-party evidence and ensuring the model is robust to these changes. - Examining the assumptions made in the impairment review and supporting calculations. We tested the reasonableness of the assumptions and compared them to industry benchmarks and other sources of external information. - Considering the Group's resources, coal processing capacity, and sales margins in our assessment of the carrying value of mining assets. We evaluated the potential impact of changes in market conditions,

company to assess the carrying value of these assets for impairment, and the significance of these assets on the group's statement of financial position.	such as changes in commodity prices or demand, on the carrying value of mining assets. - Performing a sensitivity analysis to assess the impact of changes in key assumptions on the carrying value of mining assets. This helped us to assess the potential range of outcomes and the degree of estimation uncertainty associated with the carrying value of mining assets. - Reviewing the terms and conditions of the mining license agreement to determine the requirements for license renewal and assess whether Edenville International Tanzania has complied with these requirements. - Inquiring with the management regarding the steps taken to renew the mining license and assess the probability of renewal based on their responses. - Reviewing the correspondence and communication with relevant authorities to assess if there are any indications of non-compliance or breach of conditions that could affect the renewal of the mining license. - Ensuring that all conditions related to mining license renewal and extensions are complied with. - Ensuring that all mining licences are active and in good standing. - Assessing whether appropriate rehabilitation provisions have been recognized in the financial statements, considering the expiry of the mining license in 2026 and the potential costs associated with rehabilitation in the event that the license is not renewed. - Performing testing to ensure the existence and ownership of licenses and consideration has been given to whether a decommissioning provision is required. We evaluated the adequacy of the decommissioning provision, and assessed whether the decommissioning liability is appropriately recognized in the financial statements; and - Considering whether the treatment of mining assets is in accordance with IAS 16 and has been correctly classified. We evaluated the appropriateness of accounting policies used for mining assets, including the recognition and measurement of mineral reserves and mine development costs. The future carrying value of the mining assets is dependent on the ability of the subsidiary to fully realise the potential of the mine and increase the mining activities and extraction to pre-pandemic levels.

Valuation of the parent company's investment in, and loans to, subsidiaries (Note 14)	
The parent Company owns a significant investment in Edenville International (Tanzania) Limited of £18,643,969 (£18,173,697: 2022), which includes loans to the subsidiary of £11,600,657 (£11,130,386: 2022). The carrying value of this investment is linked to the value of the underlying assets held in Edenville International (Tanzania) Limited. These assets are primarily mining assets located in Tanzania, and their valuation is subject to significant estimation uncertainty and judgement. Therefore, there is a risk that the value in use of these assets is below the carrying value of the investment, which could result in material misstatement of the amounts reported. **As per IAS 36 - Impairment of Assets, management is required to assess the recoverable amount of the mining assets held by Edenville International (Tanzania) Limited at each reporting date, or when there is an indication of impairment. This involves estimating the future cash flows expected to be generated from the mining assets and comparing this to the carrying value of the investment in the subsidiary. The estimation of future cash flows is based on assumptions made by management, including factors such as commodity prices, production volumes, and operational costs.** **The carrying value of the investment in Edenville International (Tanzania) Limited is a key audit matter due to the high level of judgement and estimation involved in determining the recoverable amount of the underlying mining assets.**	Our work in this area included: - Reviewing and challenging management's impairment review of investments held, including consideration of the NPV calculations used. We reviewed the assumptions included in the models and performed a sensitivity analysis on the key assumptions. We challenged management's assumptions by testing against third-party evidence and ensuring the model is robust to these changes. We also considered the reasonableness of the discount rate applied in the NPV calculations. - Reviewing component auditor responses in relation to the Tanzania based subsidiary and ensuring that no impairment indicators exist. We evaluated the work of the component auditor and assessed the accuracy and completeness of their audit work. We also reviewed the documentation provided by the component auditor to assess the existence of any impairment indicators. - Ensuring that all conditions related to mining license renewal and extensions are complied with. - Ensuring that mining licence with subsidiary are active and in good standing. - Reviewing the value of the net investment in subsidiaries against the underlying assets and verifying and corroborating the judgements/estimates used by management to assess the recoverability of investments and intercompany receivables. We assessed the reliability of the underlying assumptions made by management regarding the expected future cash flows from the mining assets held by the subsidiary. We also performed sensitivity analysis on the key assumptions used in the valuation and challenge management's estimates where necessary. Additionally, we corroborated the supporting documentation provided by management, such as mineral resource reports and feasibility studies, to assess the reasonableness of the judgements made. The future carrying value of the mining assets is dependent on the ability of the subsidiary to fully realise the potential of the mine and increase the mining activities and extraction to pre-pandemic levels.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC FOR THE YEAR ENDED 31 DECEMBER 2023

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements .

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Companies Act 2006, AIM Rules for Companies and Mining Act (14/2010) and various regulations made there under applicable to subsidiary in Tanzania.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and Regulatory News Service (RNS) announcements, and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the impairment assessment of mining assets and parent company's valuation of investments in loans to subsidiaries. We addressed this by challenging the assumptions and judgements made by management when evaluating any indicators of impairment.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- For the significant component within the group, the audit procedures performed by the component auditors relating to non-compliance with laws and regulations and the posting of journal entries was reviewed for evidence of non-compliance or potential instances of fraud detected. As noted in the Emphasis of matter section of our report, non-compliance with requirement of the Government of Tanzania on operationalisation of the 16% non-dilutable free carried interest shares was identified in the year.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC FOR THE YEAR ENDED 31 DECEMBER 2023

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 opinions we have formed.

Zahir Khaki

Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
26 June 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

SHUKA MINERALS PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Revenue	5	194,346	183,448
Cost of sales		(438,877)	(896,147)
Gross loss		(244,531)	(712,699)
Administration expenses	6	(1,424,120)	(1,038,384)
Group operating loss		(1,668,651)	(1,751,083)
Finance income	10	3,256	68
Finance costs	11	(16,133)	(4,747)
Loss on operations before taxation		(1,681,528)	(1,755,762)
Income tax	12	(972)	(917)
Loss for the year		(1,682,500)	(1,756,679)
Attributable to:			
Equity holders of the Company		(1,680,848)	(1,754,011)
Non-controlling interest		(1,652)	(2,668)
Other comprehensive loss			
Item that will or may be reclassified to the profit and loss:			
Gain on translation of overseas subsidiary		(349,479)	691,850
Total comprehensive loss for the year		(2,031,979)	(1,064,829)
Attributable to:			
Equity holders of the Company		(2,030,327)	(1,062,161)
Non-controlling interest		(1,652)	(2,668)
Earnings per Share (pence)			
Basic and diluted loss per share	13	(4.11p)	(7.97p)

All operating income and operating gains and losses relate to continuing activities.

No separate statement of comprehensive income is provided as all income and expenditure is disclosed above.

SHUKA MINERALS PLC

GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

Company Registered Number 05292528	**Note**	**Group 31 December 2023 £**	**31 December 2022 £**	**31 December 2023 £**	**Company 31 December 2022 £**
Non-current assets					
Investment in subsidiaries	14	-	-	18,277,299	17,952,478
Property, plant and equipment	15	5,469,134	5,911,876	562	749
Intangible assets	16	333,041	352,627	-	-
		5,802,175	6,264,503	18,277,861	17,953,227
Current assets					
Inventories	17	75,011	117,766	-	-
Trade and other receivables	18	416,370	347,984	497,311	282,487
Cash and cash equivalents	19	633,093	237,300	499,661	159,558
		1,124,478	703,050	996,972	442,045
Current liabilities					
Trade and other payables	20	(515,376)	(402,200)	(150,538)	(157,764)
Borrowings	21	(34,366)	(29,376)	-	-
		(549,742)	(431,576)	(150,538)	(157,764)
Current assets less current liabilities		574,732	271,474	846,434	284,281
Total assets less current liabilities		6,376,907	6,535,977	19,124,295	18,237,508
Non-current liabilities					
Borrowings	21	(32,131)	(67,128)	-	-
Environmental rehabilitation liability	22	(32,086)	(30,609)	-	-
		6,312,690	6,438,240	19,124,295	18,237,508
Equity					
Called-up share capital	23	4,562,344	4,233,744	4,562,344	4,233,744
Share premium account		23,995,626	22,569,976	23,995,626	22,569,976
Share option reserve		364,842	277,654	364,842	277,654
Foreign currency translation reserve		923,514	1,272,993	-	-
Retained earnings		(23,509,661)	(21,896,430)	(9,798,517)	(8,843,866)
Attributable to the equity shareholders of the Company				19,124,295	18,237,508
Non- controlling interests		(23,975)	(19,697)	-	-
Total equity		6,312,690	6,438,240	19,124,295	18,237,508

The financial statements were approved by the board of directors and authorised for issue on 26 June 2024 and signed on its behalf by:

Noel Lyons, Director

SHUKA MINERALS PLC

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2023

GROUP

	---Equity Interests				--			
	Share Capital	**Share Premium**	**Retained Earnings Account**	**Share Option Reserve**	**Foreign Currency Translation Reserve**	**Total**	**Non-controlling interest**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
At 1 January 2022	4,176,601	22,254,317	(20,325,577)	453,614	581,143	7,140,098	(17,328)	7,122,770
Other comprehensive loss for the year								
Foreign currency translation	-	-	-	-	691,850	691,850		691,850
Loss for the year	-	-	(1,754,011)	-	-	(1,754,011)	(2,668)	(1,756,679)
Total comprehensive income for the year	**-**	**-**	**(1,754,011)**	**-**	**691,850**	**(1,062,161)**	**(2,668)**	**(1,064,829)**
Transactions with owners								
Issue of share capital	57,143	342,857	-	-	-	400,000	-	400,000
Share issue costs	-	(20,000)	-	-	-	(20,000)	-	(20,000)
Share options/warrants charge	-	(7,198)	-	7,198	-	-	-	-
Lapse of share options/warrants	-	-	183,158	(183,158)	-	-	-	-
Total transactions with owners	57,143	315,659	**183,158**	**(175,960)**	**-**	**380,000**	**-**	**380,000**
Non- controlling interest share of goodwill	-	-	-	-	-	-	299	299
At 31 December 2022	**4,233,744**	**22,569,976**	**(21,896,430)**	**277,654**	**1,272,993**	**6,457,937**	**(19,697)**	**6,438,240**

SHUKA MINERALS PLC

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2023

	---Equity Interests---							
	Share Capital	**Share Premium**	**Retained Earnings Account**	**Share Option Reserve**	**Foreign Currency Translation Reserve**	**Total**	**Non-controlling interest**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
At 1 January 2023	4,233,744	22,569,976	(21,896,430)	277,654	1,272,993	6,457,937	(19,697)	6,438,240
Other comprehensive loss for the year								
Foreign currency translation	-	-	-	-	(349,479)	(349,479)	(2,464)	(351,943)
Loss for the year	-	-	(1,680,848)	-	-	(1,680,848)	(1,652)	(1,682,500)
Total comprehensive income for the year	**-**	**-**	**(1,680,848)**	**-**	**(349,479)**	**(2,030,327)**	**(4,116)**	**(2,034,443)**
Transactions with owners								
Issue of share capital	328,600	1,445,650	-	-	-	1,774,250	-	1,774,250
Share issue costs	-	(20,000)	-	-	-	(20,000)	-	(20,000)
Share options/warrants charge	-		-	154,805	-	154,805	-	154,805
Lapse of share options/warrants	-	-	67,617	(67,617)	-	-	-	-
Total transactions with owners	**328,600**	**1,425,650**	**67,617**	**87,188**	**-**	**1,909,055**	**-**	**1,909,055**
Non- controlling interest share of goodwill	-	-	-	-	-	-	(162)	(162)
At 31 December 2023	4,562,344	23,995,626	**(23,509,661)**	364,842	**923,514**	**6,336,665**	**(23,975)**	**6,312,690**

SHUKA MINERALS PLC

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2023

COMPANY

	Share Capital £	Share Premium £	Retained Earnings Account £	Share Option Reserve £	Total £
At 1 January 2022	4,176,601	22,254,317	(8,337,372)	453,614	18,547,160
Other comprehensive loss for the year					
Loss for the year	-	-	(689,652)	-	(689,652)
Total comprehensive income for the year	-	-	(689,652)	-	(689,652)
Transactions with owners					
Issue of share capitals	57,143	342,857	-	-	400,000
Share issue costs	-	(20,000)	-	-	(20,000)
Share option/warrants charge	-	(7,198)	-	7,198	-
Lapse of share options/warrants			183,158	(183,158)	
Total transactions with owners	**57,143**	**315,659**	**183,158**	**(175,960)**	**380,000**
At 31 December 2022	**4,233,744**	**22,569,976**	**(8,843,866)**	**277,654**	**18,237,508**
Other comprehensive loss for the year					
Loss for the year	-	-	(1,022,268)	-	(1,022,268)
Total comprehensive income for the year	-	-	(1,022,268)	-	(1,022,268)
Transactions with owners					
Issue of share capital	328,600	1,445,650	-	-	1,774,250
Share issue costs	-	(20,000)	-	-	(20,000)
Share option/warrants charge	-		-	154,805	154,805
Lapse of share options/warrants			67,617	(67,617)	-
Total transactions with owners	**328,600**	**1,425,650**	**67,617**	**87,188**	**1,909,055**
At 31 December 2023	**4,562,344**	**23,995,626**	**(9,798,517)**	**364,842**	**19,124,295**

SHUKA MINERALS PLC

GROUP AND COMPANY CASH FLOW STATEMENTS
YEAR ENDED 31 DECEMBER 2023

		Group		Company	
		Year ended 31 December 2023	**Year ended 31 December 2022**	**Year ended 31 December 2023**	**Year ended 31 December 2022**
		£	**£**	**£**	**£**
Operating activities					
Operating loss		(1,668,651)	(1,751,083)	(1,047,987)	(699,273)
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation		114,422	324,790	187	251
Share based payments		154,805	-	154,805	-
Expected credit losses		(4,387)	242,780	-	242,780
Impairment of inventories		45,925	-	-	-
Foreign exchange difference		(2,135)	(4,614)	-	-
Working capital changes:					
Decrease/ in inventories		(8,798)	40,903	-	-
Increase in trade and other receivables		(94,500)	(92,615)	(229,023)	(250,227)
Increase/(decrease)/ in trade and other payables		104,216	(26,820)	(7,226)	54,401
Net cash outflow from operating activities		(1,359,103)	(1,266,659)	(1,129,244)	(652,068)
Tax paid		-	(1,319)	-	-
Cash flows from investing activities					
Capital introduced to subsidiaries		-	-	(324,822)	(754,827)
Purchase of property, plant and equipment		-	(41,236)	-	
Finance income		3,256	68	3,256	68
Net cash from/(used in) investing activities		3,256	(41,168)	(321,566)	(754,759)
Cash flows from financing activities					
Repayment of lease liabilities		(25,265)	(22,138)	-	-
Interest payable		(3,187)	-	(3,187)	
Lease interest		(9,687)	(1,793)	-	-
Proceeds from issue of ordinary shares		1,814,100	360,150	1,814,100	360,150
Share issue costs		(20,000)	(20,000)	(20,000)	(20,000)
Net cash inflow from financing activities		1,755,961	316,219	1,790,913	340,150
Net increase/(decrease) in cash and cash equivalents		400,114	(992,927)	340,103	(1,066,677)
Cash and cash equivalents at beginning of year		237,300	1,229,801	159,558	1,226,235
Effect of foreign exchange rate changes on cash and cash equivalents		(4,321)	426	-	-
Cash and cash equivalents at end of year	19	633,093	237,300	499,661	159,558

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2023

1. General Information

Shuka Minerals Plc is a public limited Company incorporated in England and Wales. The address of the registered office is Aston House, Cornwall Avenue, London, N3 1LF. The Company's shares are listed on AIM, a market operated by the London Stock Exchange.

The principal activity of the Group is the exploration, development and mining of energy commodities predominantly coal in Africa.

2. Group Accounting Policies

Basis of preparation and statement of compliance

The Group's and Company's financial statements have been prepared in accordance with UK-adopted international accounting standards ('UK adopted IAS') and as applied in accordance with the provisions of the Companies Act 2006. The Group's financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with UK adopted IAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed in Note 4.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement. The loss after tax for the Parent Company for the year was £1,022,268 (2022: £689,652)

Going concern

At 31 December 2023 the Group had cash balances totalling £633,094. The Group also raised £2,000,000 in May 2024 by issuing convertible loan notes (see note 31), which has not yet been drawn down.

Following the introduction of new management in August of 2022 production improved slightly and in June of 2023 output was up on previous year. However due to plant and equipment issues production has fallen back. It took longer than expected to resolve these issues due to difficulties in the supply chain in Tanxania and need for importation of parts. All is now resolved and with a very heavy rainy season over the mine is ready to ramp up production.

The Company is now in significant discussions with its new target market, that being the supply of coal and coal fines to cement factories in nearby countries. While the location of the mine is a challenge for the market outside Africa, it is strategically placed for neighbouring countries where supply is limited and transport costly, therefore giving the company a strategic and economic advantage. Oftakes are already in place for as much production as Rukwa can manage and supply has already started to companies such as Crimera and others. The company will focus on increasing production and developing the partnership with these cement producing entities, who not only seek our coal for its location but also for its chemical composition and quality.

Based on the current working capital forecast , the Group has sufficient funds for the next 12 months.

In May 2024 the Company entered into a £2 million unsecured convertible loan note agreement with AUO Commercial Brokerage LLC, a wholly-owned subsidiary of Q Global Commodities Group, which is led by Quinton Van Den Burgh, the Company's Chairman. The £2 million is to be received by no later than 31 March 2025, although the company can receive the £2 million via a drawdown process from August 2024 to March 2025. (see note 31), which has not yet been drawn.

The Directors therefore consider that the Group has sufficient funds in place to continue as a going concern for at least 12 months from the date of approval of these financial statements.

Adoption of new and revised standards and changes in accounting policies

New standards, interpretations and amendments that are effective for the first time for the financial year beginning 31 December 2023

IFRS 4	Amendments regarding the expiry date of the deferral approach
IFRS 17	Insurance contracts
IFRS 17	Amendments regarding comparative information for initial application of IFRS 17 and IFRS 9
IAS 1	Amendments regarding disclosure of accounting policies
IAS 8	Amendments regarding the definition of accounting estimates
IAS 12	Amendments resulting from deferred tax assets and liabilities arising from a simple transaction

Standards and interpretations in issue but not yet effective or not yet relevant

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effect annual periods beginning before or after
IFRS 16	Amendments to clarify seller-lessee subsequently measured sale and leaseback transactions	1st January 2024
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1st January 2024
IFRS S2	Climate-related Disclosures	1st January 2024
IFRS 7	Amendments regarding supplier finance arrangements	1st January 2024
IAS 1	Amendments regarding to the classification of liabilities with covenants as either current or non-current	1st January 2024
IAS 7	Amendments regarding supplier finance arrangements	1st January 2024

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Group's financial statements.

2. Group Accounting Policies (continued)

Share based payments (Share options and Warrants)

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of options is recognised as an expense.

The Group also , from time to time , issues warrants, primarily to advisors of the company in connection with placing of shares and/or other services. There fair value of these warrants is either recognised as an expense or as a share issue costs offset against share premium, depending on the nature of services.

The total amount to be expensed or offset against share premium in respect of share issue costs is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement of employees to save).

Assumptions about the number of options that are expected to vest include consideration of non-market vesting conditions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Basis of consolidation

The Group's financial statements consolidate the financial statements of Shuka Minerals Plc and all its subsidiary undertakings (Edenville International (Seychelles) Limited, Edenville International (Tanzania) Limited and Edenville Power (TZ) Limited) made up to 31 December 2023 (Note 14). Profits and losses on intra-group transactions are eliminated on consolidation.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests (NCIs).

2. Group Accounting Policies (continued)

Business combinations

The Group adopts the acquisition method in accounting for the acquisition of subsidiaries. On acquisition the cost is measured at the fair value of the assets given, plus equity instruments issued and liabilities incurred or assumed at the date of exchange. The assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the fair value of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill.

Any deficiency of the fair value of the consideration below the fair value of identifiable net assets acquired is credited to the income statement in the period of the acquisition.

The results of subsidiary undertakings acquired or disposed of during the year are included in the group statement of comprehensive income statement from the effective date of acquisition or up to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. Inter-company transactions and balances between group companies are eliminated.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable, and represent amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Under IFRS 15, there is a five-step approach to revenue recognition which is adopted across all revenue streams. The process is:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue as and when the entity satisfies the performance obligation.

The Group has one revenue stream being the sale of coal and other aggregate bi-products produced by the Group. Sales are predominantly made at the Group's premises as customers collect their quantities from the mine. Such revenue is recognised at the point of contact at a pre-agreed fixed price on a per tonnage basis. For deliveries made to customer premises, revenue is recognised at the point of which the products leave the Group's premises.

Presentational and functional currency

The Group's consolidated financial statements are presented in pound sterling, which is also the parent company's functional currency.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.
The functional currency of the Group's subsidiaries is US Dollars.

In preparing the financial statements of individual entities, transaction in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

2. Group Accounting Policies (continued)

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations (including comparatives) are expressed in pounds sterling using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group’s foreign currency translation reserve. Such translation differences are recognised in the income statement in the period in which the foreign operation is disposed.

Financial instruments

Financial assets

Financial assets comprise investments, cash and cash equivalents and receivables. Unless otherwise indicated, the carrying amounts of the Group’s financial assets are a reasonable approximation of their fair values.

Classification and measurement

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through the income statement (FVPL) and those to be held at amortised cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. The Group’s policy with regard to financial risk management is set out in note 3. Generally, the group does not acquire financial assets for the purpose of selling in the short term.

The group’s business model is primarily that of “hold to collect” (where assets are held in order to collect contractual cash flows). When the group enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset’s lifetime ECL at each reporting date.

2. Group Accounting Policies (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial Assets held at fair value through other comprehensive income (FVOCI)

The classification applies to the following financial assets:

- Debt instruments that are held under a business model where they are held for the collection of contractual cash flows and also for sale ("collect and sale") and which have cash flows that meet the SPPI criteria. An example would be where trade receivable invoices for certain customers were factored from time to time. All movements in the fair value of these financial assets are taken through comprehensive income, except for the recognition of impairment gains and losses, interest revenue (including transaction costs by applying the effective interest method), gains or losses arising on derecognition and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified to the income statement.

- Equity investments where the group has irrevocably elected to present fair value gains and losses on revaluation of such equity investments, including any foreign exchange component, are recognised in other comprehensive income.

- When equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to the income statement. Dividends are recognised in the income statement when the right to receive payment is established.

Financial Assets held at fair value through profit or loss (FVPL)

The classification applies to the following financial assets. In all cases, transaction costs are immediately expensed to the income statement.

- Debt instruments that do not meet the criteria of amortised costs or fair value through other comprehensive income.
- Equity investments which are held for trading or where the FVOCI election has not been applied. All fair value gains or losses and related dividend income are recognised in the income statement.
- Derivatives which are not designated as a hedging instrument. All subsequent fair value gains or losses are recognised in the income statement.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2. Group Accounting Policies (continued)

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial

liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Trade and other payables
After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition
A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit and loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average costing method. Components of inventories consist of coal, parts and supplies, net of allowance for obsolescence. Coal inventories represent coal contained in stockpiles, coal that has been mined and hauled to the wash plant (raw coal) for processing and coal that has been processed (crushed, washed and sized) and stockpiled for shipment to customers.

2. Group Accounting Policies (continued)

The cost of raw and prepared coal comprises extraction costs, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The Group performs inventory obsolescence assessment at each reporting date. In determining whether inventories are obsolete, the Company assesses the age at which inventories held in the store in order to make an assessment of the inventory write down to net realisable value.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Convertible loan notes
The convertible loan notes issued by the Company are classified separately as financial liabilities in accordance with the substance of contractual arrangements. The convertible loan note (**"CLN"**) is a compound financial instrument that cannot be converted to share capital at the option of the holder. As the CLN, and the accrued interest, can only be repaid as a loan, it has been recognised within liabilities. Interest is accounted for on an accruals basis and charged to the Consolidated Income Statement and added to the carrying amount of the liability component of the CLN.

Property, plant and equipment
Property, plant and equipment are stated at cost on acquisition less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all property, plant and equipment categories at rates calculated to write off the cost, less estimated residual value on a reducing balance basis over their expected useful economic life. The depreciation rates are as follows:

	Basis of depreciation
Fixtures, fittings and equipment	25% reducing balance
Plant and machinery	5 years straight line or 25% reducing balance
Office equipment	25% reducing balance
Motor vehicles	25% reducing balance

Costs capitalised include the purchase price of an asset and any costs directly attributable to bringing it into working condition for its intended use.

Coal Production assets

Coal land, mine development costs, which include directly attributable construction overheads, land and coal rights are recorded at cost. Coal land and mine development are depleted and amortised, respectively, using the units of production method, based on estimated recoverable tonnage. The depletion of coal rights and depreciation of restoration costs are expensed by reference to the estimated amount of coal to be recovered over the expected life of the operation.

2. Group Accounting Policies (continued)

Coal Mine Reclamation Costs

Future cost requirements for land reclamation are estimated where surface operations have been conducted, based on the Group's interpretation of the technical standards of regulations enacted by the Government of Tanzania. These costs relate to reclaiming the pit and support acreage at surface mines and sealing portals at deep mines. Other costs include reclaiming refuse and slurry ponds as well as related termination/exit costs.

The Group records asset retirement obligations that result from the acquisition, construction or operation of long-lived assets at fair value when the liability is incurred. Upon the initial recognition of a liability, that cost is capitalised as part of the related long-lived asset and expensed over the useful life of the asset. The asset retirement costs are recorded in Land, Coal Rights and Restoration Costs.

The Group expenses reclamation costs prior to the mine closure. The establishment of the end of mine reclamation and closure liability is based upon permit requirements and requires significant estimates and assumptions, principally associated with regulatory requirements, costs and recoverable coal lands. Annually, the end of mine reclamation and closure liability is reviewed and necessary adjustments are made, including adjustments due to mine plan and permit changes and revisions of cost and production levels to optimize mining and reclamation efficiency. The amount of such adjustments is reflected in the year end reclamation provision calculation.

Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs during the production phase of its operations. Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below.

After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above). Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

a) Future economic benefits (being improved access to the ore body) are probable;

b) The component of the ore body for which access will be improved can be accurately identified; and

c) The costs associated with the improved access can be reliably measured

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

2. Group Accounting Policies (continued)

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of the Coal Production Asset in the statement of financial position.

Finance costs

Finance costs of debt, including premiums payable on settlement and direct issue costs are charged to the income statement on an accruals basis over the term of the instrument, using the effective interest method.

Income taxation

The taxation charge represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment. The Group considers long term loans to be cost of investment in subsidiary.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;

- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and

- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;

- initial direct costs incurred; and

- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

2. Group Accounting Policies (continued)

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract

Leased Assets

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

Intangible assets

Intangible assets arose as a result of the valuation placed on the original six Tanzanian licences acquired on the acquisition of Edenville (Tanzania) Limited. The allocation price was based on the price paid to acquire these the Group's licences. The licences are amortised over the life of the production asset using rates of depletion.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer.

The Board considers that the Group's project activity constitutes one operating and reporting segment, as defined under IFRS 8.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the combined income statement.

3. Financial risk management

Fair value estimation

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values, due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

4. Critical accounting estimates and areas of judgement

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are those in relation to:

- the impairment of coal production assets and intangible assets;
- share based payments
- Valuation of provision for restoration costs
- Recoverability of VAT balance
- Recoverability of Inventory

Impairment – coal production assets and intangible assets (notes 15 and 16)

The Group is required to perform an impairment review, on coal production assets, for each CGU to which the asset relates. Impairment review is also required to be performed on other intangible assets when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is based upon the Directors’ judgements and are dependent upon the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposal, at which point the value is estimated based upon the present value of the discounted future cash flows.

In assessing whether an impairment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use. Given the nature of the Group’s activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with

potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is value in use.

The calculation of value in use is most sensitive to the following assumptions:

- Production volumes
  Production volumes are based on management's most reasonable possible estimate of mine reaching its potential and achieving the run of mine production capacity of 75,000 tonnes per year. The total mining quantities are on the assumption that there are resources which is supported by the JORC report carried out in 2017 indicating that the mine has 7 million tonnes of coal.

- Sales volumes
  Sales volumes are based on the assumption that all of the coal produced will be sold. There is no year on year growth rate assumed till 2028.

- Terminal growth rates
  There is terminal growth rate applied in calculation of value in use is 5% which is based on the assumption that mining licenses will be renewed and extended.

- Discount rates
  The future cash flows are adjusted for risks specific to the asset and discounted using a pre-tax discount rate of 10%. The Directors believe this rate to be appropriate as this is in line with the borrowing rates the Group are expected to receive if they were to obtain significant long-term finance based on discussions between the Directors and prospective parties. The Directors acknowledge that the Group does have small, short term finance arrangements which attract a higher rate but have chosen not to use these rates as they would not be financing the production asset using short term borrowing facilities.

4. Critical accounting estimates and areas of judgement (continued)

- Selling prices
  Coal selling prices are based on the most recent realisable value available based on signed contracts with customers.

The directors have assessed the value of exploration and evaluation expenditure and development assets and intangible assets. In their opinion there has been no impairment loss to these intangible assets in the period, other than the amounts charged to the income statement.

Share based payments (note 27)

The estimate of share based payments costs requires management to select an appropriate valuation model and make decisions about various inputs into the model including the volatility of its own share price, the probable life of the options, the vesting date of options where non-market performance conditions have been set and the risk free interest rate.

Valuation of provision for restoration costs (note 15)

The Company makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred in the future, which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Company's internal estimates and a third party estimate from an independent consultant. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future coal prices, which are inherently uncertain.

Management increases reclamation costs estimates at an annual inflation rate to the anticipated future mine closure date. This inflation rate is based on the historical rate for the industry for a comparable.

Recoverability of VAT receivable (note 18)

The group considers the recoverability of the VAT balance in Tanzania to be a key area of judgement, as the VAT can only be recovered by an offset against VAT payable on future sales.. The directors believe that the debtor is recoverable based on their knowledge of the market in Tanzania.

Recoverability of Inventory (Note 17)

The group considers the recoverability of the inventory to be a key area of judgement, and this is held at its realisable value. The directors believe the inventory to be in good condition.

Current dramatic increases in Global coal prices have had a major impact on the demand situation in country and the east African region overall, with one of the major producers turning their focus to export. As a result of this the company has received regular coal sales enquiries and is focused on finding new markets for its product and gearing up production. It has already commenced the sale of fines and has regular enquiries about the purchase of its washed coal.

Following the introduction of new management in August of 2022 production improved slightly and in June of 2023 output was up on previous year. The company has recently signed a contract to provide up to 5,000 per month of washed coal to a Rwanda client. This opens up the opportunities for export to neighbouring countries who suit the location of the mine at Rukwa.

As a result of this, they have concluded no impairment is required at this stage, based on the directors' judgement of the local market and estimates regarding the timeframe in which the goods can be sold.

5. Segmental information

The Board considers the business to have one reportable segment being Coal production assets.

Other represents unallocated expenses and assets held by the head office. Unallocated assets primarily consist of cash and cash equivalents.

	Coal Production Assets		
2023	**Coal**	**Other**	**Total**
Consolidated Income Statement	**£**	**£**	**£**
Revenue - Tanzania	194,346	-	194,346
Cost of sales (excluding depreciation and amortisation)	(369,182)	-	(369,182)
Depreciation	(38,824)	-	(38,824)
Depletion of development assets	(30,871)	-	(30,871)
Gross loss	(244,531)	-	(244,531)
Administrative expenses	(211,592)	(1,012,994)	(1,224,586)
Depreciation	(44,542)	(187)	(44,729)
Share based payments	-	(154,805)	(154,805)
Group operating loss	(500,665)	(1,167,986)	(1,668,651)
Finance income	-	3,256	3,256
Finance cost	(12,946)	(3,187)	(16,133)
Loss on operations before taxation	(513,611)	(1,167,917)	(1,681,528)
Income tax	(972)	-	(972)
Loss for the year	(514,583)	(1,167,917)	(1,682,500)

5. Segmental information (continued)

	Coal Production Assets		
2022	**Coal**	**Other**	**Total**
Consolidated Income Statement	**£**	**£**	**£**
Revenue - Tanzania	183,448	-	183,448
Cost of sales (excluding depreciation and amortisation)	(609,883)	-	(609,883)
Depreciation	(240,262)	-	(240,262)
Depletion of development assets	(46,002)	-	(46,002)
Gross profit	(712,699)	-	(712,699)
Administrative expenses	(180,837)	(819,022)	(999,859)
Depreciation	(38,274)	(251)	(38,525)
Group operating loss	(931,810)	(819,273)	(1,751,083)
Finance income			
Finance cost	-	68	68
	(4,747)		(4,747)
Loss on operations before taxation	(936,557)	(819,205)	(1,755,762)
Income tax	(917)	-	(917)
Loss for the year	(937,474)	(819,205)	(1,756,679)

By Business Segment	**Carrying value of segment assets**		**Additions to non-current assets and intangibles**		**Total liabilities**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	£	**£**	**£**	**£**	**£**	**£**
Coal	6,295,784	6,745,980	-	141,141	469,761	377,889
Other	630,865	221,575	-	-	144,198	151,424
	6,926,649	6,967,555	-	141,141	613,959	529,313
By Geographical Area						
	£	**£**	**£**	**£**	**£**	**£**
Africa (Tanzania)	6,295,784	6,745,980	-	141,141	469,761	377,889
Europe	630,865	221,575	-	-	144,198	151,424
	6,926,649	6,967,555	-	141,141	613,959	529,313

5. Segmental information (continued)

Information about major customers

Included in revenues arising from the sale of coal are revenues which arose from sales to the Group's largest customers based in Tanzania except for Customer 2 which was based in Rwanda. No other customers contributed 10% or more to the Group's revenue in either 2023 or 2022. This information is not available for 2022.

	2023 £	2022 £
Customer 1	78,503	97,040
Customer 2	81,570	-
Customer 3	-	56,929
Customer 4	20,005	-
	180,078	153,969

6. Expenses by nature

	2023 £	2022 £
Staff costs	653,592	277,251
Share based payments	154,805	-
Audit fees	72,810	55,089
Office and other administrative services	46,530	88,261
AIM related costs including investor relations	28,417	30,000
Professional, legal and consultancy fees	385,737	220,202
Travel, entertaining and subsistence	18,674	45,995
Exchange gain	(506)	(1,277)
Depreciation	44,729	38,525
Provisions and expected credit losses	(4,387)	267,081
Other costs	23,719	17,257
	1,424,120	1,038,384

7. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the parent Company and consolidated accounts	50,000	47,000

8. Employees

	Group 2023	2022 £
Wages and salaries	745,435	367,766
Social security costs	13,892	30,750
Benefits in kind	5,094	-
Pensions	-	12,516
Share based payments	154,805	-
Other costs	723	-
	919,949	411,032

The average number of employees and directors during the year was as follows:

	Group 2023	2022
Administration	5	9
Mining , plant processing and security	18	14
	23	23

Remuneration of key management personnel

The remuneration of the directors and other key management personnel is set out below:

	2023 £	2022 £
Emoluments	648,000	270,267
Pensions	-	607
Benefits in kind	4,869	-
Share based payments	154,805	
	807,674	270,874

9. Directors' remuneration

	2023
	£
Emoluments	648,000
Pensions	-
Benefits in kind	4,869
Share based payment	154,805
	807,674

The highest paid director received remuneration of £300,496 (2022: £74,250).

Included in the above are accrued Director's remuneration of £50,750 (2022: £Nil)

Directors' interest in outstanding share options per director is disclosed in the directors' report.

10. Finance income

	2023
	£
Interest income on short-term bank deposits	3,256
	3,256

11. Finance Costs

	2023
	£
Hire purchase interest	9,687
Interest on rehabilitation provision	3,259
Other interest payable	3,187
	16,133

12. Income tax

	2023 £	2022 £
Current tax:		
Current tax on loss for the year		
Foreign taxation	972	917
Total current tax	972	917
Deferred tax		
On write off/impairment on intangible assets	-	-
Tax charge for the year	972	917

No corporation tax charge arises in respect of the year due to the trading losses incurred. The Group has Corporation Tax losses available to be carried forward and used against trading profits arising in future periods of £9,149,345 (2022: £8,324,834).

A deferred tax asset of £2,287,195 (2022 £2,081,021) calculated at 25% (2022: 25%) has not been recognised in respect of the tax losses carried forward due to the uncertainty that profits will arise against which the losses can be offset.

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	2023 £	2022 £
Loss on ordinary activities before tax	(1,681,529)	(1,755,762)
Expected tax credit at standard rate of UK Corporation Tax 25.52% (2022: 19%) and 30% (2022:30%) In Tanzania	(459,682)	(450,409)
Disallowable expenditure	120,380	59,444
Depreciation in excess of capital allowances	87,464	
Other adjustments	872	(18,025)
Capital allowances in excess of depreciation	-	(1,684,421)
Losses carried forward	251,938	2,092,494
Movement in deferred tax not recognised		-
Tax charge for the year	972	917

On 1 April 2023 the corporation tax rate increased to 25% for companies with profits of over £250,000. A small profits rate was introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. The group considers the amendments issued by IAS 12 from the accounting requirements for deferred taxes are not material. International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

13. Earnings per share

The basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue.

The loss attributable to equity shareholders and weighted average number of ordinary shares for the purposes of calculating diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of warrants would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

	2023 **£**	**2022** **£**
Net loss for the year attributable to ordinary shareholders	(1,682,500)	(1,756,679)
Weighted average number of shares in issue	40,922,217	22,036,964
Basic and diluted loss per share	(4.11)	(7.97)

14. Investment in subsidiaries

Company	**Shares in subsidiaries £**	**Loans to subsidiaries £**	**Total £**
Cost			
At 1 January 2022	7,043,312	10,154,340	17,197,652
Additions	-	754,826	754,826
At 31 December 2022	7,043,312	10,909,166	17,952,478
Accumulated impairment			
As at 1 January 2022	-	-	-
Impairment	-	-	-
At 31 December 2022	-	-	-
Net Book Value			
As at 31 December 2022	7,043,312	10,909,166	17,952,478

Company	**Shares in subsidiaries £**	**Loans to subsidiaries £**	**Total £**
Cost			
At 1 January 2023	7,043,312	10,909,166	17,952,478
Additions	-	324,821	324,821
At 31 December 2023	7,043,312	11,233,987	18,277,299
Accumulated impairment			
As at 1 January 2023	-	-	-
Impairment			
At 31 December 2023	-	-	-
Net Book Value			
As at 31 December 2023	7,043,312	11,233,987	18,277,299

The value of the Company's investment and any indications of impairment is based on the prospecting and mining licences held by its subsidiaries.

The Tanzanian licences comprise a mining licence and various prospecting licences. The licences are, located in a region displaying viable prospects for coal and occur in a country where the government's policy for development of the mineral sector aims at attracting and enabling the private sector to take the lead in exploration mining, development, mineral beneficiation and marketing.

The JORC compliant resource statement completed in 2013 can be found in the operations section of the Groups website: www.shukaminerals.com.

14. Investment in subsidiaries (continued)

During 2018 the activities of the Company's subsidiary evolved from exploration and evaluation to development and as a result the exploration and evaluation assets held by the Company's subsidiary were transferred to development expenditure. The Directors carried out an impairment review on reclassification of exploration and evaluation assets to development assets, which covered the Company's investments in, and loans to, its subsidiaries. Following the impairment reviews the Directors did not consider the Company's investments to be impaired.

In April 2019, the subsidiary moved into the production phase.
The Directors have carried out an impairment review and consider the value in use to be greater than the book value in respect of The Company's investment in its subsidiary Company Edenville International (Tanzania) Limited.

The Directors considered the recoverable amount by assessing the value in use by considering future cash flow projections of the revenue generated by its subsidiary through the sale of its coal resources.

Cash flows were based on the revenue generated to date plus expected growth from current production levels to 10,000 tons per month in the short to medium term.

. The Group is continuing to sell its washed coal through export to neighbouring countries for use by cement manufacturers. It is expected these sales, subject to satisfactory continuous production, will increase going forward.

The Company is now in significant discussions with its new target market, that being the supply of coal and coal fines to cement factories in nearby countries. While the location of the mine is a challenge for the market outside Africa, it is strategically placed for neighbouring countries where supply is limited and transport costly, therefore giving the company a strategic and economic advantage. Oftakes are already in place for as much production as Rukwa can manage and supply has already started to companies such as Crimera and others. The company will focus on increasing production and developing the partnership with these cement producing entities, who not only seek our coal for its location but also for its chemical composition and quality.

However, based upon estimated resources, the subsidiary has significant coal resources which based upon current projections prepared by the Directors would be sufficient to support the book value in the financial statements. The Directors are of the view that this amount is adequately supported by proposed returns generated by supplying coal to nearby cement factories in neighbouring countries. Production projections are based on ROM (Run of Mine) which is higher than the actual production levels and the value in use is dependent on the mine achieving ROM capacity. The Directors have applied a 10% discount rate in their forecasts. Additional factors that may affect these projections include the following: –

An increase in the discount factor to 14% would result in an impairment of the Edenville International (Tanzania) Limited investment by £806k.

A decrease of 37% of the EBITA would result in an impairment of the Edenville International (Tanzania) Limited investment by £206k.

A decrease of quantity by 12% would result in an impairment of the Edenville International (Tanzania) Limited investment by £170k.

The mining license is due to expire in 2026. Should the mining license not be renewed this would result in an impairment of £18.2m.

14. Investment in subsidiaries (continued)

<u>Holdings of more than 20%</u>:

The Company holds more than 20% of the share capital of the following companies:

Subsidiary undertaking	Country of incorporation	Class	Shares held
Edenville International (Seychelles) Limited	Seychelles	Ordinary	100%
Edenville International (Tanzania) Limited	Tanzania	Ordinary	99.75%*
Edenville Power (Tz) Limited	Tanzania	Ordinary	99.9%

* These shares are held by Edenville International (Seychelles) Limited.

15. Property, plant and equipment

	Coal Production assets	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
As at 1 January 2022	5,230,294	1,201,831	7,191	193,620	6,632,936
Additions	-	-	-	141,141	141,141
Adjustment	-	-	-	(27,414)	(27,414)
Foreign exchange adjustment	624,725	142,660	363	21,133	788,881
As at 31 December 2022	5,855,019	1,344,491	7,554	328,480	7,535,544
Depreciation					
As at 1 January 2022	114,026	925,484	7,045	134,460	1,181,015
Depletion/ Charge for the year	46,002	259,777	37	18,974	324,790
Adjustment	-	-	-	(27,414)	(27,414)
Foreign exchange adjustment	13,614	116,659	363	14,641	145,277
As at 31 December 2022	173,642	1,301,920	7,445	140,661	1,623,668
Net book value					
As at 31 December 2022	5,681,377	42,571	109	187,819	5,911,876

15. Property, plant and equipment (continued)

	Coal Production assets	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
As at 1 January 2023	5,855,019	1,344,491	7,554	328,480	7,535,544
Foreign exchange adjustment	(325,211)	(74,262)	(188)	(17,318)	(416,979)
As at 31 December 2023	5,529,808	1,270,229	7,366	311,162	7,118,565
Depreciation					
As at 1 January 2023	173,642	1,301,920	7,445	140,661	1,623,668
Depletion/ Charge for the year	30,871	39,171	27	44,353	114,422
Foreign exchange adjustment	(9,653)	(71,908)	(188)	(6,910)	(88,659)
As at 31 December 2023	194,860	1,269,183	7,284	178,104	1,649,431
Net book value					
As at 31 December 2023	5,334,948	1,046	82	133,058	5,469,134

Plant and machinery depreciation amounting to £49,489 (2022: £240,262) is included within cost of sales as it relates to mining equipment.

In addition the groups obligations under finance leases (see note 21) are secured by the assets purchased under hire purchase included in motor vehicles are assets with a net book value of £124,785 (2022: £138,200).

15. Property, plant and equipment (continued)

Company

	Plant and machinery £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
Cost				
As at 1 January 2022 and 31 December 2022	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2022	7,208	4,007	16,100	27,315
Charge for the year	66	37	148	251
As at 31 December 2022	7,274	4,044	16,248	27,566
Net book value				
As at 31 December 2022	197	109	443	749

	Plant and machinery £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
Cost				
As at 1 January 2023 and 31 December 2023	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2023	7,274	4,044	16,248	27,566
Charge for the year	49	27	111	187
As at 31 December 2023	7,323	4,071	16,359	27,753
Net book value				
As at 31 December 2023	148	82	332	562

16. Intangible assets

Group

	Mining Licences
	£
Cost or valuation	
As at 1 January 2022	1,489,604
Foreign exchange adjustment	177,926
At 31 December 2022	1,667,530
Accumulated depletion, amortisation and impairment	
As at 1 January 2022	1,174,602
Amortisation	
Foreign exchange adjustment	140,301
At 31 December 2022	1,314,903
Net book value	
As at 31 December 2022	352,627

Group

	Mining Licences
	£
Cost or valuation	
As at 1 January 2023	1,667,530
Foreign exchange adjustment	(92,619)
At 31 December 2023	1,574,911
Accumulated depletion, amortisation and impairment	
As at 1 January 2023	1,314,903
Amortisation	
Foreign exchange adjustment	(73,033)
At 31 December 2023	1,241,870
Net book value	
As at 31 December 2023	333,041

16. Intangible assets (continued)

Mining Licences

Intangible assets arose as a result of the valuation placed on the original six Tanzanian licences acquired on the acquisition of Edenville (Tanzania) Limited. The allocation price was based on the price paid to acquire these the Group's licences.

These assets are reviewed for impairment annually alongside the coal production assets.(see note 4 for Critical accounting estimates and judgements).

17. Inventories

	Group 2023 £	Group 2022 £
ROM stockpiles	30	498
Fines	162,033	158,106
Washed coal	2,542	6,594
Less; Impairment	(89,594)	(47,432)
	75,011	117,766

The cost of inventories recognised as an expense during the year in was £136,021 (2022: £363,877).
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18. Trade and other receivables

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade receivables	93,657	84,441	-	-
Less : Expected credit loss allowance	(70,986)	(79,692)	-	-
Net Trade receivables	22,671	4,749	-	-
Other receivables	148,642	314,709	120,080	283,464
Less : Expected credit loss allowance	(26,843)	(271,202)	-	(242,780)
	121,799	43,507	120,080	40,684
Amounts due from related parties	-	-	366,670	221,220
VAT receivable	271,900	298,798	10,561	19,653
Prepayments	-	930	-	930
	416,370	347,984	497,311	282,487

Included within VAT receivable is VAT owed to Edenville International (Tanzania) Limited which is only recoverable against future sales made by Edenville International (Tanzania) Limited. The Group expects to recover the above VAT from sales of commercial coal.

19. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	Group 2023 £	2022 £
Cash at bank and in hand	633,093	237,300

20. Trade and other payables

	Group 2023 £	2022 £
Trade payables	132,578	252,666
Amounts owed to subsidiary undertakings	-	-
Accruals and deferred income	138,064	149,534
Other payables	244,734	-
	515,376	402,200

21. Borrowings

	Group 2023 £	2022 £
Hire purchase finance		
Repayable within 1 year	34,366	29,376
Repayable within 2 to 5 years	32,131	67,128
	66,497	96,504

22. Environmental rehabilitation liability

	Group 2023 £	2022 £
At 1 January	30,609	24,632
Interest	3,260	2,954
Foreign exchange movement	(1,783)	3,023
	32,086	30,609

The group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites which are expected to be incurred in the future, which is when the producing mine properties are expected to cease operations. Those provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn will depend upon future coal prices, which inherently uncertain.

23. Share capital

Group and Company

	No Ordinary shares of 1p each	£ Ordinary shares of 0.02p/1p each	No Deferred shares of 0.001p each	£ Deferred shares of 0.001p each	£ Total share capital
Issued and fully paid					
At 1 January 2022	21,645,575	216,457	396,014,437,346	3,960,144	4,176,601
On 7 December 2022 the company issued 5,714,286 Ordinary 1p shares at 7p each	5,714,286	57,143	-	-	57,143
As at 31 December 2022	27,359,861	273,600	396,014,437,346	3,960,144	4,233,744

23. Share capital (continued)

Group and Company

	No Ordinary shares of 1p each	£ Ordinary shares of 0.02p/1p each	No Deferred shares of 0.001p each	£ Deferred shares of 0.001p each	£ Total share capital
Issued and fully paid					
At 1 January 2023	27,359,861	273,600	396,014,437,346	3,960,144	4,233,744
On 31 May 2023 11,500,000 Ordinary 1p shares were issue for 5p	11,500,000	115,000	-	-	115,000
On 7 September 2023 17,860,000 Ordinary 1p shares were issued for 5p	17,860,000	178,600	-	-	178,600
On 7 September 2023 3,500,000 Ordinary shares of 1p each were issued for 8.75p	3,500,000	35,000	-	-	35,000
As at 31 December 2023	60,219,861	602,200	396,014,437,346	3,960,144	4,562,344

The deferred shares have no voting rights, dividend rights or any rights of redemption. On return of assets on winding up the holders are entitled to repayment of amounts paid up after repayment to ordinary shareholders

24. Capital and reserves attributable to shareholders

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Share capital	4,562,344	4,233,744	4,562,344	4,233,744
Share premium	23,995,626	22,569,976	23,995,626	22,569,976
Other reserves	1,288,356	1,550,647	364,842	277,654
Retained deficit	(23,509,661)	(21,896,430)	(9,798,517)	(8,843,866)
Total equity	6,336,665	6,457,937	19,124,295	18,237,508

There have been no significant changes to the Group’s capital management objectives or what is considered to be capital during the year.

25. Capital management policy

The Group's policy on capital management is to maintain a low level of gearing. The group funds its operation primarily through equity funding.

The Group defines the capital it manages as equity shareholders' funds less cash and cash equivalents.

The Group objectives when managing its capital are:

- To safeguard the group's ability to continue as a going concern.
- To provide adequate resources to fund its exploration, development and production activities with a view to providing returns to its investors.
- To maintain sufficient financial resources to mitigate against risk and unforeseen events.

The group's cash reserves are reported to the board and closely monitored against the planned work program and annual budget. Where additional cash resources are required the following factors are considered:

- the size and nature of the requirement.
- preferred sources of finance.
- market conditions.
- opportunities to collaborate with third parties to reduce the cash requirement.

26. Financial instruments

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments to mitigate risk with the main risk affecting such instruments being foreign exchange risk, which is discussed below.

	Group		Company	
Categories of financial instruments	**2023**	**2022**	**2023**	**2022**
	£	**£**	**£**	**£**
Receivables at amortised cost including cash and cash equivalents:				
Investments and loans to subsidiaries	-	-	11,233,987	10,909,166
Cash and cash equivalents	633,093	237,300	499,661	159,558
Trade and other receivables	416,370	347,054	497,311	282,847
Total	1,049,463	584,354	12,230,959	11,351,571
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	515,376	402,200	150,538	157,764
	515,376	402,200	150,538	157,764
Net	534,087	182,154	12,080,421	11,93,807

26. Financial instruments (continued)

Cash and cash equivalents

This comprises cash held by the Group and short-term deposits. The carrying amount of these assets approximates to their fair value.

General risk management principles

The Directors have an overall responsibility for the establishment of the Group's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic, operational and financial risks of the Group is in place to ensure appropriate risk management of its operations.

The following represent the key financial risks that the Group faces:

Interest rate risk

The Group only interest-bearing asset is cash invested on a short-term basis which attracts interest at the bank's variable interest rate.

Credit risk

Credit risk arises principally from the Group's trade receivables and investments in cash deposits. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

VAT receivable is owed to Edenville International (Tanzania) Limited which is only recoverable against future sales made by Edenville International (Tanzania) Limited. The Group expects to recover the above VAT from sales of commercial coal.

The Group holds its cash balances with reputable financial institutions with strong credit ratings. There were no amounts past due at the balance sheet date.

The maximum exposure to credit risk in respect of the above as at 31 December 2023 is the carrying value of financial assets recorded in the financial statements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

Liquidity risk is managed through an assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of working capital.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of one year.

Currency Risk

The Group is exposed to currency risk as the assets (see note 5) of its subsidiaries are denominated in US Dollars. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (primarily US Dollars) with cash. The Company transfers amounts in sterling or US dollars to its subsidiaries to fund its operations. Where this is not possible the parent Company settles the liability on behalf of its subsidiaries and will therefore be exposed to currency risk.

26. Financial instruments (continued)

The Group has no formal policy in respect of foreign exchange risk; however, it reviews its currency exposure on a regular basis. Currency exposures relating to monetary assets held by foreign operations are included in the Group's income statement. The Group also manages its currency exposure by retaining the majority of its cash balances in sterling, being a relatively stable currency.

The effect of a 10% strengthening of sterling against the US dollar would result in an increase the net assets of the group of £582,602, whist a 10% weaking would result in a fall in net assets of the group of £529,638.

Fair value of financial assets and liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates and by applying year end exchange rates.

The Directors consider that there is no significant difference between the book value and fair value of the Group's financial assets and liabilities.

The tables below summarise the maturity profit of the combined Group's non-derivative financial liabilities at each financial year end based on contractual undiscounted payments.

Group

2022

	Less than 1 year	1- 2 years	Total
Trade payables	252,666	-	252,666
Accruals	149,534	-	149,534
Borrowings	29,376	67,128	96,504
	431,576	67,128	431,576

2023

	Less than 1 year	1- 2 years	Total
Trade payables	132,578	-	132,578
Accruals	138,064	-	138,064
Other payables	244,734	-	244,734
Borrowings	34,366	32,131	66,497
	549,749	32,131	581,873

26. Financial instruments (continued)

Company

2022

	Less than 1 year	1-2 years	Total
Trade payables	1,890	-	1,890
Other payables	6,340	-	6,340
Accruals	149,534	-	149,534
	157,764	-	157,764

2023

	Less than 1 year	1-2 years	Total
Trade payables	13,979	-	13,979
Other payables	6,340	-	6,340
Accruals	130,219	-	130,219
	150,538	-	150,538

27. Equity-settled share-based payments

The following options over ordinary shares have been granted by the Company:

			Number of options			
Grant Date	**Expiry date**	**Exercise price***	**As at 1 January 2023**	**Granted**	**Lapsed**	**As at 31 December 2023**
9 May 2019	8 May 2023	£2.60	100,000	-	(100,000)	-
3 April 2020	2 April 2025	£3.00	270,000	-	-	270,000
			370,000	-	(100,000)	270,000

The following warrants over ordinary shares have been granted by the Company:

At the date of grant, the options were valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation were as follows:

27. Equity-settled share-based payments (continued)

Date of grant	**26 April 2019**	**17 April 2020**
Expected volatility	101%	72%
Expected life	3.5 years	3 years
Risk-free interest rate	0.75%	0.11%
Expected dividend yield	-	-
Possibility of ceasing employment before vesting	-	-
Fair value per option	0.02p	0.02p

Volatility was determined by reference to the standard deviation of daily share prices for one year prior to the date of grant.

The charge to the income statement for share-based payments for the year ended 31 December 2023 was £Nil (2022: £Nil).

The following warrants over ordinary shares have been granted by the Company:

			Number of Warrants			
Grant Date	**Expiry date**	**Exercise price**	**As at 1 January 2023**	**Granted**	**Exercised**	**As at 31 December 2023**
6 June 2020	5 June 2023	40p	125,000	-	(125,000)	-
6 June 2020	5 June 2023	60p	85,901	-	(85,901)	-
14 January 2021	13 January 2024	25p	180,000	-	-	180,000
26 May 2021	25 May 2024	25p	9,900,000	-	-	9,900,000
26 May 2021	25 May 2024	25p	495,000	-	-	495,000
26 May 2021	25 May 2024	35p	117,459	-	-	117,459
9 December 2022	8 December 2025	7p	285,714	-	-	285,714
6 December 2022	5 December 2027	25p		333,334	-	333,334
3 August 2023	25 May 2024	25p		5,451,691	-	5,451,691
3 August 2023	02 August 2028	9.125p		3,600,000	-	3,600,000
			11,189,074	9,385,025	(201,901)	20,363,198

At the date of grant, those warrants that came under the scope of IFRS 2 Share based payment were valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation were as follows:

27. Equity-settled share-based payments (continued)

Date of grant	14 January 2021	26 May 2021	9 December 2022	6 December 2022	3 August 2023
Expected volatility	81%	69%	66%	60%	79%
Expected life	3 years	3 years	3 years	3 years	3 years
Risk-free interest rate	(0.06)%	0.14%	3.33%	3.21%	4.78%
Expected dividend yield	-	-	-	-	-
Fair value per option	£0.2241p	£0.1571/ £0.1892	£0.03	£0.019	£0.058

Volatility was determined by reference to the standard deviation of daily share prices for one year prior to the date of grant.

The charge to £154,805 was made against share premium in respect of share issue costs. (2022: £7,198).

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	370,000	289	492,901	327
Granted	-	-	-	-
Lapsed	(100,000)		(122,901)	440
At 31 December	270,000	289	370,000	289
Exercisable at year end	270,000		370,000	

The weighted average remaining contractual life of options as at 31 December 2023 was 1.26 years (2022: 1.74 years).

27. Equity-settled share-based payments (continued)

Warrants

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	11,189,074	25.08	11,822,526	27.80
Granted	9,385,025	18.91	285,714	7.00
Lapsed	(210,901)	(48.15)	(919,166)	(54.45)
At 31 December	20,363,198	13.28	11,189,074	25.08

The weighted average remaining contractual life of warrants as at 31 December 2023 was 1.22 years (2022: 1.42 years).

28. Contingent liabilities

Edenville International (Tanzania) Limited had a dispute with a third party and arises from an Acquisition and Option Agreement signed in August 2010 (and its variation made in 2015) ("Agreement"). This dispute has been settled in full.

As of the time of signing of these financial statements, the Group had not finalised the operationalisation of the issuance of up to 16% non-dilutable free carried interest shares to the Government of Tanzania as per the requirements of the State Participation Government Notice No. 939 of 30 October 2020 which require the Government of Tanzania to acquire up to 16% of the non dilutable free carried interest shares in the capital of a mining company or any other person holding a mining license or special mining license. This situation is being managed by our experienced local directors.

Following the Upendo Group settlement (note 31). The Upendo Group holds a residual 10% interest in the Rukwa coal mining licence.

29. Reserves

The following describes the nature and purpose of each reserve:

Share Capital	represents the nominal value of equity shares
Share Premium	amount subscribed for share capital in excess of the nominal value
Share Option Reserve	fair value of the employee and key personnel equity settled share option scheme and broker warrants as accrued at the balance sheet date.
Retained Earnings	cumulative net gains and losses less distributions made

30. Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, and are all directors of the Company. For details of their compensation please refer to the Remuneration report.

During the year the Company paid £324,821 (2022: £754,826) to or on behalf of its wholly owned subsidiary, Edenville International (Tanzania) Limited. The amount due from Edenville International (Tanzania) Limited at year end was £11,230,276 (2022: 10,905,454). This amount has been included within loans to subsidiaries.

A further amount of £366, 670(2022: £221,220) is due from Edenville International (Tanzania) Limited included in trade and other receivables in respect of management fees and interest receivable.

The company also invoiced Edenville International (Tanzania) Limited £120,000 (2022: £120,000) and £25,650 (2022: £9,554) in respect of management fees and interest respectively . This remained outstanding at the year end.

At the year end the Company was owed £3,712 (2022: £3,712) by its subsidiary Edenville International (Seychelles) Limited.

At the year end the Company was owed £6,340 (2022: £6,340) by its subsidiary Edenville Power Tz Limited.

At the year end Edenville International (Tanzania) limited was owed $41,677 (2022: $41,677) by Edenville Power Tz Limited.

31. Events after the reporting date

Upendo Group Settlement

As announced on 15 February 2024, the Company signed a definitive settlement agreement with Upendo Group ("Upendo") who hold a residual 10% interest in the Rukwa coal mining licence. The dispute with Upendo, regarding the interpretation of the "residual" interest entitlements comprise, has been dragging on for many years. Upendo had obtained a judgement for $110,000, with interest and costs and $108,000 was previously lodged by the Company with the Court in Tanzania.

The settlement involved the immediate payment to Upendo Group of $110,000, the immediate settlement of all proceedings and a waiver of all or any related claims by all parties howsoever arising. The Company has used the funds already lodged in Court to meet the majority of the settlement costs. In addition, Upendo has a right to nominate a director to be appointed to the local Rukwa operating subsidiary which currently has 5 directors nominated by the Company, and Upendo will earn a royalty of $1.95 per tonne of coal from Rukwa sold and paid for by the customers of the Company from the date of the settlement. The settlement agreement provides that the royalty described above and the right to nominate a Board member to the local company are the only rights attaching to the Upendo residual interest in the licence.

31. Events after the reporting date (continued)

Convertible loan note

In May 2024 the Company entered into a £2 million unsecured convertible loan note agreement (**"CLN"**) with AUO Commercial Brokerage LLC (**"AUO"**), a wholly-owned subsidiary of Q Global Commodities Group (**"QGC"**), which is led by Quinton Van Den Burgh, the Company's Chairman. AUO has a current interest in 29.2% of the Company's issued shares.

The £2 million is to be received by no later than 31 March 2025, although the company can receive the £2 million via a drawdown process from August 2024 to March 2025.

The loan notes attract an interest of 3% per annum, and are convertible at 15p per share at any time up to 31 March 2026.

Warrant Extension

The Company has extended the exercise period for a total of 15,846,691 warrants, originally issued in May 2021 and August 2023, which have an exercise price of 25 pence each, that would otherwise have expired on 25 May 2024, for a period of 12 months, until 25 May 2025. All other terms of the extended warrants remain unchanged.

GMI and AUO hold 2,186,136 and 3,265,555 of the extended warrants, respectively.

32. Commitments

License commitments

Shuka owns a coal mining exploration licences in Tanzania. These licences includes commitments to pay annual licence fees and minimum spend requirements.

As at 31 December 2023 these are as follows:

Group	**2023** **£**	**2022** **£**
Not later than one year	23,253	24,620
Later than one year and no later than five years	23,253	49,240
Total	46,506	73,860

33. Ultimate Controlling Party

The Group considers that there is no ultimate controlling party.