

Registered number: 05292528

SHUKA MINERALS PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2024

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SHUKA MINERALS PLC

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SHUKA MINERALS PLC
COMPANY INFORMATION

Directors	Quinton Van Der Burgh Non – Executive Chairman Marc Nally – Independent Non-Executive Director (appointed 3 November 2023) Richard Lloyd – Chief Executive Officer (appointed 13 December 2024) Edward Ruheni Non - Executive Director (appointed 13 December 2024)
Company Secretary	Bernard Sumner
Registered Office	Aston House Cornwall Avenue London N3 1LF
Exchange Listings	Primary listing: London Stock Exchange: AIM, Ticker: SKA Secondary Listing: Johannesburg Stock Exchange: Ticker SKA
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 2024

In the year ending 31 December 2024, the Company continued its transition in terms of management with a refocus on future strategy and direction and board changes. During this continued period of change Richard Lloyd joined as the new Chief Executive Officer (13/12/24) and Edward Ruheni as a Non-Executive Director, and the Company accepted the resignations of directors Noel Lyons, Paul Ryan and Allan Zimbler, we thank them for their efforts and wish them well in their future endeavours. Jason Brewer also resigned as a Director but continued as a consultant through Gathoni Muchai Investments ("GMI"). The ongoing refocus of the Company has continued into the first half of 2025 with a further major strategic financial commitment to the Company by GMI, subject to final documentation, and the extension of the availability of the AUO Commercial Brokerage LLC ("AUO") convertible loan note by 12 months to March 2026, as well as material progress on a potential acquisition.

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. GMI has a current 20.9% shareholding in Shuka Minerals. Shuka's other major shareholder, AUO, led by myself, has a current interest in 28.2% of the Company's issued shares.

On site in Tanzania, the Rukwa coal mine experienced continued production and output challenges as has been the case historically with this coal asset. However, a sufficient amount of investment, from a further drawdown of the £500,000 GMI loan, is earmarked for H2 2025 and a restart, in mining operations, is expected very soon. Production in 2024 amounted to 63 tonnes of washed coal only this volume is set to be used to retest and restart the wash plant and will then be sold. 60,000 tonnes of "fines" are stockpiled on surface and we hope to achieve a sales price of USD7-8 per tonne for this material which will generate valuable cashflow. A tight rein continues to be kept on costs and we were pleased to have resolved the legacy dispute with the Upendo Group.

A further funding commitment was entered into with GMI on 2 December 2024 with an unsecured, non-convertible, interest free loan of £500,000, £335,000 of which has been drawdown to date. This has been agreed to be further extended by an extra £1.5m, subject to completion of the Company's due diligence and signing of definitive funding documentation, post period, in order to complete the acquisition of Leopard Exploration and Mining Limited ("LEM"). LEM is the registered holder of a large-scale mining license 12848-HQ-LML issued in December 2014 for a period of 25 years which includes the world famous Kabwe Lead-Zinc-Silver-Vanadium mine in central Zambia ("Kabwe Mine") approx. 110km north of the capital city of Lusaka.

On 24 May 2024 the Company announced that it had completed due diligence on the Kabwe Mine and was proposing to proceed with the acquisition of LEM. This work, included independent technical and legal reports, and demonstrated a technically robust and attractive acquisition opportunity of the Kabwe operation (the "Project") which has a long history of mining and processing operations (1904-1994) of base and precious metals. The Project's historical non-JORC compliant resources have been independently verified by the Company's retained technical experts Behre Dolbear meeting NI 43-101 reporting requirements and which have an in-situ value of approx. US\$4 billion based on then prevailing London Metal Exchange prices. 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 resources.

On the same date the Company was pleased to announce that it had entered a £2 million unsecured convertible loan note ("CLN") agreement with AUO. The availability of the CLN was extended in March 2025 for a period of 1 year to March 31st 2026 and repayment / conversion also extended to March 31st 2027. While AUO was previously unable to provide the requested funding, on behalf of AUO I can confirm that we remain committed to meeting its obligations under the CLN if required. The proceeds, if successfully drawn, will either be applied towards future acquisition opportunities, including LEM, or for general working capital purposes.

A conditional share purchase agreement ("SPA") was entered into between the Company and LEM in December 2024, to acquire 100% of LEM's share capital.

SHUKA MINERALS PLC

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Kabwe Mine, was previously operated by Anglo American plc and Zambia Consolidated Copper Mines Limited, and was mined continuously for 90 years until its closure in 1994, due to the then prevailing commodity prices. It was ranked as one of the world's highest-grade zinc and lead mining operations and is considered one of the most famous mines in Africa, holding a position of national economic importance in Zambia.

Subject to completion of the Acquisition and to securing the requisite funding, the Company will commence a 3-phase exploration and development program at the Kabwe Mine, as part of its plans to re-commence both open-pit and underground mining and processing operations.

2024 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 continued and anticipated funding support by major shareholders, together with the investment strategy outlined above, will lead to a successful period for the business in 2025 and beyond.

I would like to extend my gratitude to all our stakeholders and former board directors and to Richard Lloyd for taking on the role of CEO and redirecting the Company with the conditional purchase of the Kabwe asset, planned restarting Rukwa and a successful secondary listing on the AltX exchange of the Johannesburg Stock Exchange ("JSE"). Thanks also goes to Jason Brewer, who stepped down during the period though of course remains as a consultant, for his contributions to the Company.

Yours Sincerely,

Quinton Van Der Burgh
Chairman

27 June 2025

SHUKA MINERALS PLC

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The past year, 2024, had a continued period of refocus for our Company and its future direction. The vision for further growth beyond coal, whilst maximizing the value of Rukwa continues. I only joined the Company at the very end of the reporting period so will focus on the initiatives that were in place and which I have been able to either complete or progress with the team. The focus for 2025 and beyond is key.

Board

I joined the board as the new CEO in December 2024 together with Edward Ruheni who joined as an NED, joining Marc Nally the Independent NED. Jason Brewer, whilst resigning as a Director, remains as a consultant through Gathoni Muchai Investments ("GMI") and has been extremely supportive both from the funding and strategic basis. The ongoing refocus of the Company has continued into the first half of 2025 with a further major strategic financial commitments to the Company by GMI, and the extension of the availability of the AUO Commercial Brokerage LLC ("AUO") convertible loan note by 12 months to March 2026.

I hope to make further board appointments with technical capabilities in order to progress our operations and strengthen the board.

In December 2024 Noel Lyons, Paul Ryan and Dr Allen Zimbley resigned as Directors of the company. As part of the settlement agreement Noel Lyons and Paul Ryan received £128,750 and £112,381 respectively in lieu of contractual notice period. Both were also awarded bonuses of £125,000 each. The company was grateful that £190,313.25 of the cash sum due to Noel Lyons and £178,036 of the cash sum due to Paul Ryan under their Settlement Agreements were paid by the issuance of 2,584,583 new Shuka Shares (the subscription price calculated using a 30 day VWAP) to Noel. Lyons and 2,417,850 new Shares to Paul Ryan. The majority of the cash balance has now been settled.

In addition Noel Lyons and Paul Ryan were awarded 2,000,000 warrants each and Dr Allen Zimbley was awarded 250,000 warrants (see Note 27).

Operations

The Rukwa coal mine in Tanzania, operated by Shuka owned subsidiary Edenville International Tanzania Limited ("EITL"), has faced challenges throughout the year, and has been managed on care and maintenance basis. However, a positive reassessment of the potential for the Rukwa mine as well as various joint venture discussions has resulted in a restart budget capex of c.USD150k in order to return the mine to a targeted production rate of 4,000-5,000 tpcm by Q3 2025, depending on when funding is secured. New equipment will be purchased or leased, the wash plant tested and restarted and sales will recommence.

Strategic partnerships with large cement manufacturers continue to be discussed. There is interest in buying Rukwa's entire coal output, to a maximum 10,000 tonnes per month. EITL will need to prove its ability to produce a minimum of 4,000 tonnes per month uninterrupted. As mentioned this will require some investment in capital and equipment.

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 granted an immediate payment to Upendo Group of USD 110,000. Upendo will also earn a royalty of \$1.95 per tonne of coal from Rukwa sold. Positive conversations have continued in 2025 with the new board and Upendo regarding the operations restarting.

Kabwe / LEM acquisition

The Kabwe Mine, was previously operated by Anglo American plc and ZCCM from 1904-1994. It is one of the world's highest-grade zinc and lead mining operations and has also produced significant amounts of Silver and Vanadium oxide, and contains other rare earth minerals such as Gallium and Germanium. Early testing of surface samples from my recent visit returned grades of 15 to +30% Zn.

SHUKA MINERALS PLC

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Company completed due diligence on the Kabwe Mine and signed a conditional share purchase agreement ("SPA") with Leopard Exploration and Mining Ltd in December 2024 which is scheduled to complete no later than 30 June 2025. The SPA anticipates the acquisition of 100% of LEM's share capital. LEM is the registered holder of a large-scale mining license 12848-HQ-LML issued in December 2014 for a period of 25 years, covering the Kabwe Mine and surrounding area of 33sqkm.

Final authorisation has been approved by the Board of Commissioners of the Competition and Consumer Protection Commission ("CCCPC") for the acquisition of LEM.

The Company also agreed terms on a £1.5 million non-dilutive and unsecured facility, subject to completion of the Company's due diligence and signing of definitive funding documentation, to provide funding for the \$1.35m balance of cash consideration due to the LEM vendors.

Following receipt of the final regulatory approval noted above, the Company has agreed the terms of an addendum to the SPA, subject to documentation, whereby the principal LEM vendors have agreed that the share consideration for the Acquisition, being \$3.0 million, shall be settled on completion of the Acquisition through the issue of 28,640,042 new ordinary Shuka shares ("Consideration Shares"), with no deferred consideration shares, equivalent to an issue price of 7.737p per share (being a 10% discount to an agreed reference price of 8.5965p under the terms of the SPA), a significant premium to the current market price.

The Consideration Shares will represent, upon issue, 29.99% of the Company's enlarged issued share capital.

As compensation for the issuance of the Consideration Shares upon completion, with no deferred consideration shares, the Company has agreed to issue LEM with a further 2,000,000 warrants with an exercise price of 12.5p and expiry date of 31 December 2027, subject to the LEM vendors not holding post exercise, in aggregate, over 29.99% of the Total Voting Rights.

The Company have also met with and engaged GeoQuest and discussed its preliminary exploration plans and mine development strategy for the Kabwe Mine. GeoQuest is a fully independent geological and environmental consultancy and contract services group. GeoQuest's principals are well known by the Company's CEO and NED Marc Nally. As part of their initial phase of work they will complete a review of some of the historical resource drilling and exploration work completed at the Kabwe Mine and complete a geophysical survey of the Kabwe Mine and existing Mining License.

Behre Dolbear's NI 43-101 Competent Persons report is an extremely valuable starting point for the analysis of the Kabwe Mine. 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 resources.

A 3-phase program, as recommended by Behre Dolbear, will comprise:

- (i) a high-resolution geophysical survey,
- (ii) a JORC Code 2012 resource drilling program, updated metallurgical test work and additional environmental and mining studies; and
- (iii) detailed feasibility study work and underground mine refurbishment and new access decline activities as well as the establishment of new ore processing facilities and project value addition in respect of the production of refined metals products.

Funding

A funding commitment was entered into with GMI on 2 December 2024 for an unsecured, non-convertible, interest free loan of £500,000. The Company has agreed extended terms on an extra £1.5 million non-dilutive and unsecured facility, subject to completion of the Company's due diligence and signing of definitive funding documentation, in order to complete LEM acquisition (as noted above).

SHUKA MINERALS PLC

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The £2m AUO Investments (Dubai) ("AUO") convertible loan note was extended by 12 months to March 2026, with repayment also extended 12 months to March 2027, which has also given the Company a possible further financing option. As previously announced, while the funding was not provided when requested in 2024, AUO has confirmed that it intends to honor its commitments under the CLN should it be called upon to do so.

The proceeds of the above facilities will be applied towards the cash element of the LEM acquisition, or other future acquisition opportunities, and for general working capital purposes.

The Company continues to assess the long outstanding debt owed by the Envirom Group with debt collectors in Norway and is evaluating the potential for a successful claim.

Corporate Social Responsibility

The Company remains committed to fulfilling its corporate and social responsibilities ("CSR"). 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 CSR responsibilities in and around Kabwe with an historic, 100+ year old mine and local operations will be challenging but Shuka have already engaged local officials and representatives and will have a well thought out plan and study in place before any operations commence.

Post Period Events

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.

On 4 April 2025 the availability of the entire principal amount was extended to 31 March 2026, including the drawdown date and redemption date was extended by 12 months to 31 March 2027.

The loan notes attract an interest of 3% per annum and are convertible at 15p per share at any time up to 31 March 2027.

On 7 May 2025, 1,625,000 new ordinary shares of 1p each were issued at a price of 8 pence per share in lieu of £130,000 of consultancy fees due to Gathoni Muchai Investments Limited, £70,000 of which were outstanding at the year end.

On 21 May 2025, the Company commenced its secondary listing on the AltX market of the Johannesburg Stock Exchange

On 11 June final authorization was approved by the CCCPC for the acquisition of LEM.

The Company also agreed terms on a £1.5 million non-dilutive and unsecured facility, subject to completion of the Company's due diligence and signing of definitive funding documentation, to provide funding for the \$1.35m balance of cash consideration due to the LEM vendors.

Following receipt of the final regulatory approval noted above, the Company has agreed the terms of an addendum to the SPA, subject to documentation, whereby the principal LEM vendors have agreed that the share consideration for the Acquisition, being \$3.0 million, shall be settled on completion of the Acquisition through the issue of 28,640,042 new ordinary Shuka shares ("Consideration Shares"), with no deferred consideration shares, equivalent to an issue price of 7.737p per share (being a 10% discount to an agreed reference price of 8.5965p under the terms of the SPA), a significant premium to the current market price.

SHUKA MINERALS PLC

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Consideration Shares will represent, upon issue, 29.99% of the Company's enlarged issued share capital.

As compensation for the issuance of the Consideration Shares upon completion, with no deferred consideration shares, the Company has agreed to issue LEM[, following completion,] with a further 2,000,000 warrants with an exercise price of 12.5p and expiry date of 31 December 2027, subject to the LEM vendors not holding post exercise, in aggregate, over 29.99% of the Total Voting Rights.

Summary and Outlook

We have a new and focused executive management team with strong technical capabilities. Our investors bring extensive finance, and technical expertise in the mining business on the African continent. The LEM acquisition, once completed, and Kabwe project are huge milestone in Shuka's growth and a Company changer. Furthermore, with an expected improved cash and funding position, subject to completing funding, we will continue to target additional asset acquisitions, leveraging the natural resources and capital markets expertise of the Board and the significant shareholders.

I am firmly behind the future of Shuka and strongly believe that the future is bright, both for the remainder of 2025 and beyond, with confidence in its potential to generate shareholder value. The efforts made already in my short tenure have provided strong results and a positive share price trend. The JSE listing was a great success and opens the path to new and supportive investors.



Richard Lloyd
Chief Executive Officer
27 June 2025

SHUKA MINERALS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their strategic report for the year ended 31 December 2024.

Principal activity

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

The company has a primary listing on the AIM market of the London Stock Exchange (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE).

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 2024 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 and Zambian 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.

SHUKA MINERALS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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, the project 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 a 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 2024 the group made sales of only £2,305 derived from two customers.. The Directors believe that in the future they will be able expand their customer based to reduce reliance on these customers.

SHUKA MINERALS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

SHUKA MINERALS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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

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 Km² 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 40km² 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.

Management is in regular communication with the Mining Commission with regard to the mining restart, 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.

SHUKA MINERALS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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 coal's 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

SHUKA MINERALS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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 are in the final stages of acquiring the entire share capital of LEM who own the Kabwe mine in Zambia which would reduce its dependency on Tanzania. Management will continue to explore additional acquisition opportunities as they arise.

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. As discussed in the Chairman's and Chief Executive's Report the company has received funding commitment from GMI for an interest free loan of £500,000 - terms have since been agreed for a further extension of an extra £1.5m (as described above). The £2m convertible loan facility agreed with AUO has also been extended to March 2026, with repayment also extended by 12 months to March 2027. The management considers that it has access to sufficient funds for at least the next 12 months. However, should further funds be required 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

SHUKA MINERALS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

(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 2024 and will continue to be used by the Board to assess future performance.

Financial KPIs

- Total ROM (Run of Mine) coal production 63 tonnes (2023: 18,520 tonnes).
- Sales £2,305 (2023: £194,346)
- Total expenditure burn rates have decreased by 5.87% to £1,710,940 from £1,817,546.
- Corporate overheads as a percentage of total expenditure have increased to 64.69% in 2024 from 49% 2023.

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 2024:

- 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.

SHUKA MINERALS PLC

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FOR THE YEAR ENDED 31 DECEMBER 2024

- Managing cash burn rates to preserve cash to maximise new opportunities such as other mineral exploration and production delays 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 employ 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.
- The Company has inter-company debt which we plan to capitalise.
- The Company entered a funding commitment with GMI on 2 December 2024 for an unsecured, non-convertible, interest free loan of £500,000, £150,000 of which was provided in the current year. The Company has agreed terms on an extra £1.5 million non-dilutive and unsecured facility, subject to completion of the Company's due diligence and signing of definitive funding documentation, to complete LEM / Kabwe transaction.
- The Company also has access to a £2m convertible loan facility with AUO convertible loan note. The facility was extended by 12 months to March 2026, with repayment also extended 12 months to March 2027.
- We have restructured the Board toward the end of 2024 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.



Richard Lloyd
Chief Executive Officer
27 June 2025

SHUKA MINERALS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2024.

Dividends

The Directors do not recommend payment of a dividend for the year (2023 – 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 2024	Ordinary shares of 0.02p held at 31 December 2023
Noel Lyons (resigned 13 December 2024)	[n/a]	1,517,000
Paul Ryan (resigned 13 December 2024)	[n/a]	2,013,382
Jason Brewer (resigned 28 May 2024)	[n/a]	11,516,856***
Marc Nally (appointed 3 November 2023)		
Quinton Van Der Burgh (appointed 3 November 2023)	17,586,598**	17,586,598**
Dr Allen Zimbler (appointed 3 November 2023, resigned 13 December 2024)	-	-
Richard Lloyd (appointed 13 December 2024)	-	-
Edward Ruheni (appointed 13 December 2024)	-	-

*** 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.

Directors' Interests in share warrants for the year ended 31 December 2024

	Date of Grant	Expiry Date	Exercise price	Number of warrants at 31 December 2024	Number of warrants at 31 December 2023 (or date of appointment if later)
AUO Commercial Brokerage **	03.08.2023	25.05.2024	9.125p	3,265,555	3,265,555

Share capital

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

SHUKA MINERALS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2024

Substantial shareholdings

The Company has been notified of the following voting rights of shareholders of the Company as at 27 June 2025.

	No of Ordinary Shares	% of issued share capital
Q Global Commodities**	17,586,598	26.96%
Morgan Nominees Limited*	11,516,865	17.65%
Hargreaves Lansdown (Nominees)*	7,279,705	11.16%
JIM Nominees Limited*	6,973,180	10.69%
Forest Nominees Ltd*	4,651,137	7.13%
Global Investments Strategy UK*	2,423,313	3.71%
HDSL Nominees Limited*	2,351,661	3.60%

*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.

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 27 June 2025 and signed on its behalf.



Richard Lloyd
Chief Executive Officer

SHUKA MINERALS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

SHUKA MINERALS PLC

REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The remuneration committee comprised, for the majority of the financial period, of Noel Lyons as Chairman and Paul Ryan and Dr Allen. Following, the resignation of both Noel Lyons, Paul Ryan and Dr Allen Zimbler, the Remuneration Committee is comprised of Richard Lloyd, Marc Nally and Edward Ruheni. 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.

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.

Warrants

Warrants have been granted to Noel Lyons (2,000,000), Paul Ryan (2,000,000) and Dr Allen Zimbler (250,000) as part of their settlement agreement on resigning as Directors of the Company. See page 19 and Note 27 for further details.

SHUKA MINERALS PLC**REMUNERATION REPORT****FOR THE YEAR ENDED 31 DECEMBER 2024****Directors' remuneration**

Details of remuneration of the directors of the Company who served in the year ended 31 December 2024 are set out below:

Name	Fees and other remuneration £	Share based payments	Benefits in Kind £	2024 Total £	2023 Total £
Executive					
Richard Lloyd (appointed 13 December 2024)	10,000	-	-	10,000	
Noel Lyons (resigned 13 December 2024)	280,000	120,039		400,039	300,496
Paul Ryan (resigned 13 December 2024)	282,381	120,039	-	402,420	299,653
Jason Brewer (, resigned 28 May 2024)	50,000	-	-	50,000	119,525
Non-Executive					
Nicholas Von Schirnding (resigned 3 November 2023)	-	-	-	-	40,000
Andre Hope	-	-	-	-	30,000
Edward Ruheni (appointed 13 December 2024)	3,000	-	-	3,000	
Quinton Van Der Burgh	36,000	-	-	36,000	6,000
Dr Allen Zimbler (resigned 13 December 2024)	36,000	15,005	-	51,005	6,000
Marc Nally	36,000	-	-	36,000	6,000
	733,381	255,083	-	988,464	807,674

Included in the above are accrued salaries of £86,000 (2023: £53,750).

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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. Jason resigned as Director during the period but remains as a consultant to the company. GMI provided the Company with a £500,000 facility in December 2024 with a further £1,500,000 commitment to be finalised post year end subject to completion of the Company’s due diligence and signing of definitive funding documentation (as noted above). AUO entered a £2 million unsecured convertible loan note (“CLN”) agreement with AUO. The availability of the CLN was extended in March 2025 for a period of 1 year to March 31st 2026 and repayment / conversion also extended to March 31st 2027.

In the near term the goal of the Company is to invest in equipment at Rukwa with the aim of re-starting production and reaching a production rate of 4,000- 5,000 tonnes per calendar month by Q3 2025.

The company is also in the process of completing the acquisition of LEM which under the SPA is scheduled to complete no later than 30 June 2025. All regulatory conditions precedent have been met with the final unconditional approval from the Zambian CCPC received on the 11th June 2025. The settlement process has been extended to 30th June 2025 to allow shares to be transferred and funds settled, once secured.

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 through its website, <https://www.shukaminerals.com/>.

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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-

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 2024, the Board comprised one full-time Executive Directors (Richard Lloyd) and three Non-Executive Directors (Quinton Van der Burgh, Marc Nally and Edward Ruheni). Details of the qualifications, background and responsibility of each director is provided on pages 23 to 24 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.

Marc Nally is considered by the Board to be an independent director. 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.

Richard Lloyd – Chief Executive Officer (Aged 53)

Richard has over 25 years' natural resources investment banking and mining geology experience and is a fellow of the Institute of Materials, Minerals and Mining and the Geological Society. Mr Lloyd is also currently a Director and Chairman of Marula Mining Plc, a role he has held for the past 4 years, and where he has been instrumental in overseeing its growth strategy in Africa. Mr Lloyd was also a non-executive director of AIM-listed Goldstone Resources PLC, a West African focused gold exploration and development company.

Quinton Van Der Burgh – Non-Executive Chairman (Age 47)

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.

SHUKA MINERALS PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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.

Marc Nally Independent Non – Executive Director (Age 56)

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.

Edward Ruheni – Non-Executive Director (Age 40)

Edward has over 10 years of experience in project management and holds a CPA(K) certification and a Bachelor of Commerce in Finance. He is currently the Director of the Company's Tanzanian subsidiary Edenville International Tanzania Limited, General Manager Operations East Africa for Marula Mining Plc and a director of Tanzanian copper mining company, Takela Mining Tanzania Limited. Mr Ruheni holds a bachelor's degree in commerce and finance from Strathmore University in Kenya and possesses a strong regional network and presence that is pivotal in overseeing and expanding the Company's activities and operations in Africa.

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.

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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.

For most of 2024, the Audit Committee comprised of Noel Lyons as Chairman and Dr Allen Zimble. Noel Lyons position as Chairman of the Audit Committee was appropriate as he was considered the best qualified person amongst the Company's Directors for this role. Following, the resignation of both Noel Lyons and Dr Allen Zimble, the Audit Committee is comprised of Richard Lloyd, Marc Nally and Edward Ruheni.

For most of 2024 the Remuneration Committee comprises of Noel Lyons as Chairman and Paul Ryan and Dr Allen Zimble. In December 2024 all members of the company resigned as Director. Following, the resignation of Noel Lyons, Paul Ryan and Dr Allen Zimble, the Remuneration Committee is comprised of Richard Lloyd, Marc Nally and Edward Ruheni. The frequency and timing of the meetings will differ according to the needs of the Company.

During the year ended 31 December 2024 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.

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 through 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 2024 the Group had cash balances totalling £36,038. The Group is also able to request drawdown of £2,000,000 by the issue of convertible loan notes (see note 31) as well as an additional loan of £500,000 having already drawn down £150,000 and up to a further £1,500,000 (subject to completion of the Company's due diligence and signing of definitive funding documentation) once the £500,000 has been drawn down.

Based on the current working capital forecast, and assuming the Company secures funding from the agreed £1.5 million facility as noted above, the Group has sufficient funds in order to allow it to re-commence production at Rukwa and complete the acquisition LEM the owner of the Kabwe mine.

SHUKA MINERALS PLC

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 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 2024 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.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which highlights the need to re-commence commercial production at the Rukwa coal mine, uncertainty over renewal of the Rukwa mining licence which falls due for renewal in February 2026, and the need to access funds under the loan facilities within the going concern period to meet the cash consideration under the LEM acquisition and working capital requirements.

As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 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 mathematical accuracy of the forecasts.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC
FOR THE YEAR ENDED 31 DECEMBER 2024**

- Evaluating whether the assumptions made by management are reasonable and appropriately conservative, considering the group's principal risks and uncertainties. We challenged the assumptions and estimates made by management where necessary.
- Reviewing all available agreements and commitments in respect of the convertible loan note agreement and the non-convertible loan facility.
- Evaluating subsequent events impacting the going concern assessment.
- 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, delays in re-commencing production and any other risks specific to the mining industry.

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.

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 £90,000 (2023: £88,000) 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 £58,000 (2023: £57,200) representing 65% (2023: 65%) of the overall materiality. The materiality for the financial statements as a whole applied to the parent company financial statements was £20,000 (2023: £22,000) based on 2% of 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 £13,000 (2023: £14,300) representing 65% (2023: 65%) 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 £58,000 (2023: £79,200), 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 £4,000 (2023: £4,400) for the group and £1,000 (2023: £1,100) for the parent company.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC FOR THE YEAR ENDED 31 DECEMBER 2024

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 holds the Rukwa 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. Specific procedures were performed in respect of the remaining components because they were not material 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. In addition to the matters described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Carrying value of mining assets (Note 15)	
The entity has capitalised mining assets of £5,423,803 (2023: £5,334,949). 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, together with the timing of recommencing production activities to a commercial level. 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	Our work in this area included: - Reviewing and challenging 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,

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC
FOR THE YEAR ENDED 31 DECEMBER 2024**

IAS 36 for the group 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 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 recommence production and fully realise the potential of the mine, together with the ability to increase the mining activities and extraction to pre-pandemic levels. The group has commenced discussions with the relevant authorities to renew the mining license, which falls due for renewal in February 2026. Refer to the observations
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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC
FOR THE YEAR ENDED 31 DECEMBER 2024**

	within the key audit matter above in respect of the carrying value of mining assets.
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 £18,460,461 (2023: £18,277,299), which includes loans to the subsidiary of £11,417,150 (2023: £11,233,987). 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 evaluating the impairment indicators. 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 2024**

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC
FOR THE YEAR ENDED 31 DECEMBER 2024**

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.

SHUKA MINERALS PLC

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHUKA MINERALS PLC
FOR THE YEAR ENDED 31 DECEMBER 2024**

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.



**David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor**

**15 Westferry Circus
Canary Wharf
London E14 4HD**

27 June 2025

SHUKA MINERALS PLC

**GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £	2023 £
Revenue	5	2,305	194,346
Cost of sales		(200,566)	(438,877)
		<u>(198,261)</u>	<u>(244,531)</u>
Gross loss			
Administration expenses	6	(1,799,584)	(1,424,120)
		<u></u>	<u></u>
Group operating loss		<u>(1,997,845)</u>	<u>(1,668,651)</u>
Finance income	10	2,351	3,256
Finance costs	11	(9,433)	(16,133)
		<u></u>	<u></u>
Loss on operations before taxation		<u>(2,004,927)</u>	<u>(1,681,528)</u>
Income tax	12	-	(972)
		<u></u>	<u></u>
Loss for the year		<u><u>(2,004,927)</u></u>	<u><u>(1,682,500)</u></u>
Attributable to:			
Equity holders of the Company		(2,003,219)	(1,680,848)
Non-controlling interest		(1,708)	(1,652)
		<u></u>	<u></u>
Other comprehensive loss			
<i>Item that will or may be reclassified to the profit and loss:</i>			
Gain on translation of overseas subsidiary		90,521	(349,479)
		<u></u>	<u></u>
Total comprehensive loss for the year		<u><u>(1,914,406)</u></u>	<u><u>(2,031,979)</u></u>
Attributable to:			
Equity holders of the Company		(1,912,698)	(2,030,327)
Non-controlling interest		(1,708)	(1,652)
		<u></u>	<u></u>
Earnings per Share (pence)			
Basic and diluted loss per share	13	(3.32p)	(4.11p)
		<u></u>	<u></u>

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 2024**

Company Registered Number 05292528	Note	Group 31 December 2024 £	31 December 2023 £	31 December 2024 £	Company 31 December 2023 £
Non-current assets					
Investment in subsidiaries	14	-	-	18,460,460	18,277,299
Property, plant and equipment	15	5,526,188	5,469,134	422	562
Intangible assets	16	338,836	333,041	-	-
		<u>5,865,024</u>	<u>5,802,175</u>	<u>18,460,882</u>	<u>18,277,861</u>
Current assets					
Inventories	17	4,454	75,011	-	-
Trade and other receivables	18	240,377	416,370	666,147	497,311
Cash and cash equivalents	19	36,038	633,093	33,449	499,661
		<u>280,869</u>	<u>1,124,474</u>	<u>699,596</u>	<u>996,972</u>
Current liabilities					
Trade and other payables	20	(891,155)	(515,376)	(583,794)	(150,538)
Borrowings	21	(195,307)	(34,366)	(150,000)	-
		<u>(1,086,462)</u>	<u>(549,742)</u>	<u>(733,794)</u>	<u>(150,538)</u>
Current assets less current liabilities		<u>(805,593)</u>	<u>574,732</u>	<u>(34,198)</u>	<u>846,434</u>
Total assets less current liabilities		<u>5,059,431</u>	<u>6,376,907</u>	<u>18,426,684</u>	<u>19,124,295</u>
Non-current liabilities					
Borrowings	21	-	(32,131)	-	-
Environmental rehabilitation liability	22	(36,237)	(32,086)	-	-
		<u>5,023,194</u>	<u>6,312,690</u>	<u>18,426,684</u>	<u>19,124,295</u>
Equity					
Called-up share capital	23	4,612,482	4,562,344	4,612,482	4,562,344
Share premium account		24,372,638	23,995,626	24,372,638	23,995,626
Share option reserve		561,125	364,842	561,125	364,842
Foreign currency translation reserve		1,014,035	923,514	-	-
Retained earnings		(25,512,880)	(23,509,661)	(11,119,561)	(9,798,517)
Attributable to the equity shareholders of the Company				<u>18,426,684</u>	<u>19,124,295</u>
Non- controlling interests		<u>(24,206)</u>	<u>(23,975)</u>	<u>-</u>	<u>-</u>
Total equity		<u>5,023,194</u>	<u>6,312,690</u>	<u>18,426,684</u>	<u>19,124,295</u>

The financial statements were approved by the board of directors and authorised for issue on 27 June 2025 and signed on its behalf by:

SHUKA MINERALS PLC

**GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

A handwritten signature in black ink, appearing to read 'Richard Lloyd', with a horizontal line drawn underneath the name.

Richard Lloyd, Director

SHUKA MINERALS PLC

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2024

GROUP

	Equity Interests					Total	Non-controlling interest	Total
	Share Capital	Share Premium	Retained Earnings Account	Share Option Reserve	Foreign Currency Translation Reserve			
	£	£	£	£	£	£	£	£
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 2024

	Equity Interests							
	Share Capital	Share Premium	Retained Earnings Account	Share Option Reserve	Foreign Currency Translation Reserve	Total	Non- controlling interest	Total
	£	£	£	£	£	£	£	£
At 1 January 2024	4,562,344	23,995,626	(23,509,661)	364,842	923,514	6,336,665	(23,975)	6,312,690
Other comprehensive loss for the year								
Foreign currency translation	-	-	-	-	90,521	90,521	1,244	91,765
Loss for the year	-	-	(2,003,219)	-	-	(2,003,219)	(1,708)	(2,004,927)
Total comprehensive income for the year	-	-	(2,003,219)	-	90,521	(1,912,698)	(464)	(1,913,162)
Transactions with owners								
Issue of share capital	50,138	318,212	-	-	-	368,350	-	368,350
Share options/warrants charge	-	-	-	255,083	-	255,083	-	255,083
Lapse of share options/warrants	-	58,800	-	(58,800)	-	-	-	-
Total transactions with owners	50,138	377,012	-	196,283	-	623,433	-	623,433
Non- controlling interest share of goodwill	-	-	-	-	-	-	233	233
At 31 December 2024	4,612,482	24,372,638	(25,512,880)	561,125	1,014,035	5,047,400	(24,206)	5,023,194

SHUKA MINERALS PLC

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2024

COMPANY

	Share Capital £	Share Premium £	Retained Earnings Account £	Share Option Reserve £	Total £
At 1 January 2023	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 capitals	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
Other comprehensive loss for the year					
Loss for the year	-	-	(1,321,044)	-	(1,321,044)
Total comprehensive income for the year	-	-	(1,321,044)	-	(1,321,044)
Transactions with owners					
Issue of share capital	50,138	318,212	-	-	368,350
Share issue costs	-	-	-	255,083	255,083
Share option/warrants charge	-	58,800	-	(58,800)	-
Lapse of share options/warrants	-	-	-	-	-
Total transactions with owners	50,138	377,012	-	196,283	623,433
At 31 December 2024	4,612,482	24,372,638	(11,119,561)	561,125	18,426,684

SHUKA MINERALS PLC
**GROUP AND COMPANY CASH FLOW STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

		Group Year ended 31 December 2024	Year ended 31 December 2023	Company Year ended 31 December 2024	Year ended 31 December 2023
		£	£	£	£
Note	£				
Operating activities					
Operating loss		(1,997,845)	(1,668,651)	(1,361,968)	(1,047,987)
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation	15	38,098	114,422	140	187
Share based payments	27	255,083	154,805	255,083	154,805
Expected credit losses		(301)	(4,387)	-	-
Impairment of inventories	17	75,313	45,925	-	-
Provisions		178,637	-	-	-
Foreign exchange difference		12,317	(2,135)	-	-
Working capital changes:					
Decrease/ in inventories		(4,756)	(8,798)	-	-
Increase in trade and other receivables		(1,067)	(94,500)	(130,265)	(229,023)
Increase/(decrease)/ in trade and other payables		351,457	104,216	433,258	(7,226)
Net cash outflow from operating activities		(1,093,064)	(1,359,103)	(803,752)	(1,129,244)
Tax paid		(912)	-	-	-
Cash flows from investing activities					
Capital introduced to subsidiaries	14	-	-	(183,161)	(324,822)
Purchase of property, plant and equipment		-	-	-	-
Finance income	10	2,351	3,256	2,351	3,256
Net cash from/(used in) investing activities		2,351	3,256	(180,810)	(321,566)
Cash flows from financing activities					
New loans	21	150,000	-	150,000	-
Repayment of lease liabilities		(21,190)	(25,265)	-	-
Interest payable		-	(3,187)	-	(3,187)
Lease interest		(4,910)	(9,687)	-	-
Proceeds from issue of ordinary shares		368,350	1,814,100	368,350	1,814,100
Share issue costs		-	(20,000)	-	(20,000)
Net cash inflow from financing activities		492,250	1,755,961	518,350	1,790,913
Net (decrease)/increase in cash and cash equivalents		(599,375)	400,114	(466,212)	340,103
Cash and cash equivalents at beginning of year		633,093	237,300	499,661	159,558
Effect of foreign exchange rate changes on cash and cash equivalents		2,320	(4,321)	-	-
Cash and cash equivalents at end of year	19	36,038	633,093	33,449	499,661

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

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 £1,321,044 (2023: £1,022,268).

Going concern

At 31 December 2024 the Group had cash balances totalling £36,038. The Group is also able to raise £2,000,000 by the issue of convertible loan notes (see note 31) as well as an additional loan of £500,000, having already drawn down £335,000 to date, and up to a further £1,500,000 once the £500,000 has been fully drawn down. The agreement for the additional £1,500,000 has not yet been signed and is subject to completion of the Company's due diligence. The convertible loan note facility is available to 31 March 2026 with a repayment date of 31 March 2027. Amounts drawn down under the loan facility are repayable from 30 May 2026.

Based on the current working capital forecast, and assuming the Company secures funding from the agreed £1.5 million facility as noted above, the Group expects to have sufficient funds for the next 12 months in order to allow it to re-commence production at Rukwa and complete the acquisition of LEM, the owner of the Kabwe mine. Uncertainty exists however regarding the timing of re-commencement of mining at Rukwa and the ability to fully access the funds under the loan facilities. Further funding may be required through an equity raise, although there is no guarantee that such funding will be obtained.

The Directors therefore consider that the Group will have 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

The following amendments are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 17).
- Lease Liability in Sales and Leaseback (Amendments to IFRS 16)
- Classification of Liabilities as Current or Non- Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1)

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024

2. Group Accounting Policies (continued)

These amendments had no effect on the consolidated financial statements of the Group. In the current year the group has applied a number of new and amended IFRS Accounting Standards issued by the International accounting Standards Board ("IASB") and adopted by the UK, that are effective for the first time for the financial year beginning 1 January 2024. Their adoption has not had any material impact on the disclosure or on the amounts reported in these financial statements.

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

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

		Effect annual periods beginning before or after
IAS 21	The Effects of Changes in Foreign Exchange Rates Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates)	1 st January 2025
IFRS 7	Financial Instruments: Disclosure Amendments regarding the classification and measurement of financial instruments	1 st January 2026
IFRS 7	Financial Instruments: Disclosure Amendments resulting from Annual Improvements to IFRS Accounting Standards	1 st January 2026
IFRS 7	Financial Instruments Contracts Referencing Nature-dependent Electricity	1 st January 2026
IFRS 9	Financial Instruments Amendments regarding the classification and measurement of financial instruments	1 st January 2026
IFRS 9	Financial Instruments Amendments resulting from Annual Improvements to IFRS Accounting Standards	1 st January 2026
IFRS 9	Financial Instruments Contracts Referencing Nature-dependent Electricity	1 st January 2026
IFRS 18	Presentation and Disclosure of Financial Statements Original issue	1 st January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures Original issue	1 st January 2027

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

The directors of the company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

The Group is currently assessing the effect of these new accounting standards and amendments.

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

The Group does not expect to be eligible to apply IFRS 19.

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. Their 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 2024 (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).

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

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.

2. Group Accounting Policies (continued)

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.

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.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024

2. Group Accounting Policies (continued)

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.

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.

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

2. Group Accounting Policies (continued)

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.

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.

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

2. Group Accounting Policies (continued)

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.

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.

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024****2. Group Accounting Policies (continued)****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.

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.

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

2. Group Accounting Policies (continued)

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.

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.

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

2. Group Accounting Policies (continued)

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.

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

2. Group Accounting Policies (continued)

Right of use assets ("RoU") 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.

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.

Lease Liability

The lease liability is initially measured at the present value of lease payments over the lease term, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Subsequent to initial measurement, the lease liability is reduced for lease payments made and increased to reflect interest on the lease liability.

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

2. Group Accounting Policies (continued)

Short-Term and Low-Value Leases

The Group has elected not to recognise RoU assets and lease liabilities for leases with a lease term of 12 months or less or leases of low-value assets. Lease payments associated with these leases are recognised on a straight-line basis as an expense in profit or loss.

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;
- the recoverability of investments in the subsidiary
- share based payments
- Valuation of provision for restoration costs
- Recoverability of VAT balance
- Recoverability of Inventory

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024

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

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 increasing production of ROM30,000 tonnes per year in 2025 to 120,000 tonnes per year by 2030. 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.
- **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. The current mining license expires in February 2026. Management have already submitted a renewal application, for an additional 10 years, together with the associated fee.
- **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.
- **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.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024

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

Recoverability of Investments in the subsidiary (note 14)

Management is required to make critical judgements in assessing the recoverability of the Company's investment in its subsidiary engaged in coal mining operations. As at the reporting date, the carrying value of the investment is assessed for indicators of impairment in accordance with IAS 36 Impairment of Assets.

Given the nature of the mining sector, the recoverability of the investment is inherently dependent on the future viability and commercial success of the underlying mining operation, which is subject to several significant uncertainties, which are described above.

The Group has performed a discounted cash flow (DCF) analysis to estimate the net present value (NPV) of future cash flows expected to be generated by the mine. This model incorporates management's best estimates of forecast production volumes, commodity pricing, capital expenditures, operating costs, and a risk-adjusted discount rate reflecting current market assessments of the time value of money and project-specific risks.

The outcome of the NPV calculation is highly sensitive to changes in key assumptions. Management considers this area to involve significant judgement due to the estimation uncertainty involved, particularly regarding:

- the life-of-mine plan and mineable reserves,
- long-term coal price forecasts,
- timing and cost of required capital investment, and
- regulatory and environmental developments.

If the NPV of the future cash flows falls below the carrying value of the investment, an impairment loss is recognised in accordance with IAS 36. Any reversal of a previously recognised impairment loss is considered if there is evidence of improved viability or changes in key assumptions.

Management concluded that, based on the NPV assessment performed, no impairment of the investment is required at the reporting date. However, this conclusion is subject to change based on future developments in the project and external market conditions.

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.

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

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

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 VAT recoverable has been provided in full in the current year.

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.

The company has made limited sales during the period and production has been low, as such the recoverability of Fines is certain and therefore has been provided against.

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

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		
2024	Coal	Other	Total
Consolidated Income Statement		£	£
Revenue - Tanzania	2,305	-	2,305
Cost of sales (excluding depreciation and amortisation)	(196,596)	-	(196,596)
Depreciation	-	-	-
Depletion of development assets	(3,970)	-	(3,970)
	(198,261)	-	(198,261)
Gross loss			
Administrative expenses	(283,629)	(1,226,744)	(1,510,373)
Depreciation	(33,988)	(140)	(34,128)
Share based payments		(255,083)	(255,083)
Group operating loss	(515,878)	(1,481,967)	(1,997,845)
Finance income		2,351	2,351
Finance cost	(9,433)		(9,433)
Loss on operations before taxation	(525,311)	(1,479,616)	(2,004,927)
Income tax	-	-	-
Loss for the year	(525,311)	(1,479,616)	(2,004,927)

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

5. Segmental information (continued)

	Coal Production Assets		
	Coal	Other	Total
	£	£	£
2023			
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)

Business Segment	Carrying value of segment assets		Additions to non-current assets and intangibles		Total liabilities	
	2024	2023	2024	2023	2024	2023
	£	£	£	£	£	£
Coal	5,971,946	6,295,784	-	-	396,077	469,761
Other	173,947	630,865	-	-	726,622	144,198
	6,145,893	6,926,649	-	-	1,122,699	613,959
By Geographical Area						
	£	£	£	£	£	£
Africa (Tanzania)	5,971,946	6,295,784	-	-	396,999	469,761
Europe	173,947	630,865	-	-	726,622	144,198
	6,145,893	6,926,649	-	-	1,123,621	613,959

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

5. Segmental information (continued)

Information about major customers

In 2024 revenues arising from the sale of coals are revenues which arise from the Group's largest customers based in Burundi and Rwanda.

In 2023 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 2024 or 2023.

	2024	2023
	£	£
Customer 1	-	78,503
Customer 2	-	81,570
Customer 3	-	-
Customer 4	-	20,005
Customer 5	1,225	-
Customer 6	1,080	-
	<u>2,305</u>	<u>180,078</u>

6. Expenses by nature

	2024	2023
	£	£
Staff costs	734,347	653,592
Share based payments	255,083	154,805
Audit fees	72,423	72,810
Office and other administrative services	61,075	46,530
AIM related costs including investor relations	5,000	28,417
Professional, legal and consultancy fees	445,814	385,737
Travel, entertaining and subsistence	13,331	18,674
Exchange gain	51	(506)
Depreciation	34,128	44,729
Provisions and expected credit losses	178,332	(4,387)
Other costs	-	23,719
	<u>1,799,584</u>	<u>1,424,120</u>

7. Auditors' remuneration

	2024	2023
	£	£
Fees payable to the Company's auditor for the audit of the parent Company and consolidated accounts	<u>64,600</u>	<u>50,000</u>

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

8. Employees

	Group 2024	2023 £
Wages and salaries	798,570	745,435
Social security costs	8,897	13,892
Benefits in kind	-	5,094
Pensions	-	-
Share based payments	255,083	154,805
Other costs	-	723
	<u>1,062,550</u>	<u>919,949</u>

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

	Group 2024	2023
Administration	6	5
Mining , plant processing and security	12	18
	<u>18</u>	<u>23</u>

Remuneration of key management personnel

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

	2024 £	2023 £
Emoluments	733,381	648,000
Pensions	-	-
Benefits in kind	-	4,869
Share based payments	255,083	154,805
	<u>988,464</u>	<u>807,674</u>

SHUKA MINERALS PLC**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024****9. Directors' remuneration**

	2024 £	2023 £
Emoluments	733,381	648,000
Pensions	-	-
Benefits in kind	-	4,869
Share based payment	255,083	154,805
	<u>988,464</u>	<u>807,674</u>

The highest paid director received remuneration of £402,420 (2023: £300,496).

Included in the above are accrued Director's remuneration of £86,000 (2023: £50,750)

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

10. Finance income

	2024 £	2023 £
Interest income on short-term bank deposits	2,351	3,256
	<u>2,351</u>	<u>3,256</u>

11. Finance Costs

	2024 £	2023 £
Hire purchase interest	5,913	9,687
Interest on rehabilitation provision	3,520	3,259
Other interest payable	-	3,187
	<u>9,433</u>	<u>16,133</u>

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

12. Income tax

	2024 £	2023 £
Current tax:		
Current tax on loss for the year		
Foreign taxation	-	972
Total current tax		972
Deferred tax		
On write off/impairment on intangible assets	-	-
Tax charge for the year		972

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 £10,120,546 (2023: £9,149,345).

A deferred tax asset of £2,530,030 (2023 £2,287,195) calculated at 25% (2023: 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:

	2024 £	2023 £
Loss on ordinary activities before tax	(2,004,927)	(1,681,529)
Expected tax credit at standard rate of UK Corporation Tax 25% (2023: 25.52%) and 30% (2023:30%) In Tanzania	(534,938)	(459,682)
Disallowable expenditure	87,534	120,380
Depreciation in excess of capital allowances	9,071	87,464
Other adjustments	68,545	872
Losses carried forward	369,788	251,938
Tax charge for the year	-	972

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

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.

	2024 £	2023 £
Net loss for the year attributable to ordinary shareholders	(2,004,927)	(1,682,500)
Weighted average number of shares in issue	60,439,641	40,922,217
Basic and diluted loss per share	(3.32)	(4.11)

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

14. Investment in subsidiaries

	Shares in subsidiaries £	Loans to subsidiaries £	Total £
Company 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
	Shares in subsidiaries £	Loans to subsidiaries £	Total £
Company Cost			
At 1 January 2024	7,043,312	11,233,987	18,277,299
Additions	-	183,161	183,161
At 31 December 2024	7,043,312	11,417,148	18,460,460
Accumulated impairment			
As at 1 January 2024	-	-	-
Impairment	-	-	-
At 31 December 2024	-	-	-
Net Book Value			
As at 31 December 2024	7,043,312	11,417,148	18,460,460

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.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024

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 15.5% would result in an impairment of the Edenville International (Tanzania) Limited investment by £377k.

A decrease of 60% in the price of coal would result in an impairment of the Edenville International (Tanzania) Limited investment by £216k.

A decrease of quantity by 46% would result in an impairment of the Edenville International (Tanzania) Limited investment by £154k.

The mining license is due to expire in 2026. Should the mining license not be renewed this would result in an impairment of £18.4m.

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

14. Investment in subsidiaries (continued)

Holdings of more than 20%:

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 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

SHUKA MINERALS PLC

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

15. Property, plant and equipment (continued)

	Coal Production assets £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
As at 1 January 2024	5,529,808	1,270,229	7,366	311,162	7,118,565
Foreign exchange adjustment	96,209	21,972	56	5,124	123,361
As at 31 December 2024	<u>5,626,017</u>	<u>1,292,201</u>	<u>7,422</u>	<u>316,286</u>	<u>7,241,926</u>
Depreciation					
As at 1 January 2024	194,860	1,269,183	7,284	178,104	1,649,431
Depletion/ Charge for the year	3,970	266	21	33,841	38,098
Foreign exchange adjustment	3,383	21,956	56	2,814	28,209
As at 31 December 2024	<u>202,213</u>	<u>1,291,405</u>	<u>7,361</u>	<u>214,759</u>	<u>1,715,738</u>
Net book value					
As at 31 December 2024	<u>5,423,804</u>	<u>796</u>	<u>61</u>	<u>101,527</u>	<u>5,526,188</u>

Plant and machinery depreciation amounting to £Nil (2023: £40,489) is included within cost of sales as it relates to mining equipment.

Included within Motor Vehicles are Right of Use assets with a carrying value of £299,595 (2023: £294,471). The depreciation provided in the year on these assets was £33,758 (2023: £44,242).

SHUKA MINERALS PLC

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

15. Property, plant and equipment (continued)

Company

	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
	Plant and machinery £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
Cost				
As at 1 January 2024 and 31 December 2024	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2024	7,323	4,071	16,359	27,753
Charge for the year	37	21	82	140
As at 31 December 2024	7,360	4,092	16,441	27,893
Net book value				
As at 31 December 2024	111	61	250	422

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

16. Intangible assets

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

Group

Mining Licences

£

Cost or valuation

As at 1 January 2024

1,574,911

Foreign exchange adjustment

27,403

At 31 December 2024

1,602,314

Accumulated depletion, amortisation and impairment

As at 1 January 2024

1,241,870

Amortisation

Foreign exchange adjustment

21,608

At 31 December 2024

1,263,478

Net book value

As at 31 December 2024

338,836

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

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 2024 £	2023 £
ROM stockpiles	2,442	30
Fines	164,907	162,033
Washed coal	2,012	2,542
Less; Impairment	(164,907)	(89,594)
	<u>4,454</u>	<u>75,011</u>

The cost of inventories recognised as an expense during the year in was £11,694 (2023: £136,021).

18. Trade and other receivables

	Group 2024 £	2023 £	Company 2024 £	2023 £
Trade receivables	70,820	93,657	-	-
Less : Expected credit loss allowance	(70,820)	(70,986)	-	-
Net Trade receivables	-	22,671	-	-
Other receivables	153,229	148,642	120,080	120,080
Less : Expected credit loss allowance	(27,310)	(26,843)	-	-
	<u>125,919</u>	<u>121,799</u>	<u>120,080</u>	<u>120,080</u>
Amounts due from related parties	-	-	525,242	366,670
VAT receivable	114,458	271,900	20,825	10,561
Prepayments	-	-	-	-
	<u>240,377</u>	<u>416,370</u>	<u>666,147</u>	<u>497,311</u>

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

19. Cash and cash equivalents

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

	Group 2024 £	2023 £	Company 2024 £	2023 £
Cash at bank and in hand	36,038	633,093	33,449	499,661

20. Trade and other payables

	Group 2024 £	2023 £	Company 2024 £	2023 £
Trade payables	432,595	132,578	312,851	13,979
Amounts owed to subsidiary undertakings	-	-	6,340	6,340
Accruals and deferred income	279,082	138,064	264,603	130,219
Other payables	179,478	244,734	-	-
	<u>891,155</u>	<u>515,376</u>	<u>583,794</u>	<u>150,538</u>

21. Borrowings

	Group 2024 £	2023 £	Company 2024 £	2023 £
Lease liabilities				
Repayable within 1 year	45,307	34,366	-	-
Repayable within 2 to 5 years	-	32,131	-	-
	<u>45,307</u>	<u>66,497</u>	<u>-</u>	<u>-</u>
Other loans				
Repayable within 1 year	150,000	-	150,000	-
	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Total				
Repayable within 1 year	195,307	34,366	150,000	-
Repayable with 2 to 5 years	-	32,131	-	-
	<u>195,307</u>	<u>66,497</u>	<u>150,000</u>	<u>-</u>

The loan of £150,000 is interest free and repayable on demand.

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

21. Borrowings (continued)

Lease liabilities

	Group 2023 £
As at 1 January 2023	95,504
Interest expense	9,687
Lease payments	(34,952)
Foreign exchange	(4,742)
As at 31 December 2023	66,497
Interest expense	5,913
Lease payments	(26,100)
Foreign exchange	(1,003)
As at 31 December 2023	
	45,307

22. Environmental rehabilitation liability

	Group 2024 £	2023 £
At 1 January	32,086	30,609
Interest	3,520	3,260
Foreign exchange movement	631	(1,783)
	36,237	32,086

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.

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

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 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
	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 2024	60,219,861	602,200	396,014,437,346	3,960,144	4,562,344
On 16 December 2024 5,013,736 shares were issued for 7.3468p	5,013,736	50,138	-	-	50,138
As at 31 December 2024	65,233,597	652,338	396,014,437,346	3,960,144	4,612,482

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.

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

24. Capital and reserves attributable to shareholders

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Share capital	4,612,482	4,562,344	4,612,482	4,562,344
Share premium	24,372,638	23,995,626	24,372,638	23,995,626
Other reserves	1,575,160	1,288,356	561,125	364,842
Retained deficit	(25,512,880)	(23,509,661)	(11,119,561)	(9,798,517)
Total equity	5,047,400	6,336,665	18,426,684	19,124,295

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.

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

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.

Categories of financial instruments	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Receivables at amortised cost including cash and cash equivalents:				
Investments and loans to subsidiaries	-	-	11,409,148	11,233,987
Cash and cash equivalents	36,038	633,093	33,499	499,661
Trade and other receivables	125,919	121,799	644,488	497,311
Total	161,957	754,892	12,087,135	12,230,959
Financial liabilities				
Financial liabilities at amortised cost:			150,000	
Trade and other payables	891,155	515,376	319,191	150,538
	891,155	515,376	469,191	150,538
Net	(729,198)	239,516	11,617,944	12,080,421

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.

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

26. Financial instruments (continued)

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 2024 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.

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 £559,341, whilst a 10% weakening would result in a fall in net assets of the group of £508,492.

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.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024

26. Financial instruments (continued)

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

Group

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	34,131	66,497
	<u>549,742</u>	<u>34,131</u>	<u>581,873</u>

2024

	Less than 1 year	1- 2 years	Total
Trade payables	432,595	-	432,595
Accruals	279,082	-	279,082
Other payables	179,478	-	179,478
Borrowings	195,307	-	195,307
	<u>1,086,462</u>	<u>-</u>	<u>1,086,462</u>

Company

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
	<u>150,538</u>	<u>-</u>	<u>150,538</u>

2024

	Less than 1 year	1-2 years	Total
Trade payables	312,851	-	312,851
Other payables	6,340	-	6,340
Accruals	264,603	-	264,603
Borrowings	150,000	-	150,000
	<u>733,794</u>	<u>-</u>	<u>733,794</u>

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

27. Equity-settled share-based payments

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

Grant Date	Expiry date	Exercise price*	As at 1 January 2024	Number of options		As at 31 December 2024
				Granted	Lapsed	
3 April 2020	2 April 2025	£3.00	270,000	-	-	270,000
			270,000	-	-	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:

Date of grant	17 April 2020
Expected volatility	72%
Expected life	3 years
Risk-free interest rate	0.11%
Expected dividend yield	-
Possibility of ceasing employment before vesting	-
Fair value per option	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 2024 was £Nil (2023: £Nil).

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

Grant Date	Expiry date	Exercise price	As at 1 January 2024	Number of Warrants		As at 31 December 2024
				Granted	Lapsed	
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
13 December 2024	31 December 2027	12.5p		4,250,000	-	4,250,000
			20,363,198	4,250,000	(297,459)	24,315,739

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024

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

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:

Date of grant	9 December 2022	6 December 2022	3 August 2023	13 December 2024
Expected volatility	66%	60%	79%	176%
Expected life	3 years	3 years	3 years	3 years
Risk-free interest rate	3.33%	3.21%	4.78%	4.12%
Expected dividend yield	-	-	-	-
Fair value per option	£0.03	£0.019	£0.058	£0.104

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

A charge of £255,083 (2023: 154,805 against share premium in respect of share issue costs) was charged to the income statement during the year.

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

	2024		2023	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	270,000	289	370,000	289
Granted	-	-	-	-
Lapsed	-	-	(100,000)	-
At 31 December	<u>270,000</u>	<u>289</u>	<u>270,000</u>	<u>289</u>
Exercisable at year end	<u>270,000</u>		<u>270,000</u>	

The weighted average remaining contractual life of options as at 31 December 2024 was 0.25 years (2023: 1.26 years).

SHUKA MINERALS PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2024

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:

	2024		2023	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	20,363,198	13.28	11,189,074	25.08
Granted	4,250,000	12.50	9,385,025	18.91
Lapsed	(297,459)	(28.95)	(210,901)	(48.15)
At 31 December	24,315,739	20.25	20,363,198	13.28

The weighted average remaining contractual life of warrants as at 31 December 2024 was 1.37 years (2023: 1.22 years).

28. Contingent liabilities

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.

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

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024**

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 £183,161 (2023: £324,821) 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 £11,413,437 (2023: 11,230,276). This amount has been included within loans to subsidiaries.

A further amount of £525,242 (2023: £366,670) 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 (2023: £120,000) and £38,573 (2023: £25,650) 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 (2023: £3,712) by its subsidiary Edenville International (Seychelles) Limited.

At the year end the Company was owed £6,340 (2023: £6,340) by its subsidiary Edenville Power Tz Limited.

At the year end Edenville International (Tanzania) limited was owed \$41,677 (2023: \$41,677) by Edenville Power Tz Limited.

31. Events after the reporting date

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. On 4 April 2025 the availability of the entire principal amount was extended to 31 March 2026, including the drawdown date and redemption date was extended by 12 months to 31 March 2027.

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.

On 7 May 1,625,000 new ordinary shares of 1p each were issued at price of 8 pence per share in lieu of £130,000 of consultancy fees due to Gathoni Muchai Investments Limited, £70,000 of which were outstanding at the year end.

On 21 May 2025 the company commenced its secondary listing on the Johannesburg Stock Exchange.

On 11 June final authorization was approved by the CCCPC for the acquisition of LEM.

The Company also agreed terms on a £1.5 million non-dilutive and unsecured facility, subject to completion of the Company's due diligence and signing of definitive funding documentation, to provide funding for the \$1.35m balance of cash consideration due to the LEM vendors.

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31. Events after the reporting date (continued)

Following receipt of the final regulatory approval noted above, the Company has agreed the terms of an addendum to the SPA, subject to final documentation, whereby the principal LEM vendors have agreed that the share consideration for the Acquisition, being \$3.0 million, shall be settled on completion of the Acquisition through the issue of 28,640,042 new ordinary Shuka shares ("Consideration Shares"), with no deferred consideration shares, equivalent to an issue price of 7.737p per share (being a 10% discount to an agreed reference price of 8.5965p under the terms of the SPA), a significant premium to the current market price.

The Consideration Shares will represent, upon issue, 29.99% of the Company's enlarged issued share capital.

As compensation for the issuance of the Consideration Shares upon completion, with no deferred consideration shares, the Company has agreed to issue LEM, at completion, with a further 2,000,000 warrants with an exercise price of 12.5p and expiry date of 31 December 2027, subject to the LEM vendors not holding post exercise, in aggregate, over 29.99% of the Total Voting Rights

32. Commitments

License commitments

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

As at 31 December 2024 these are as follows:

Group	2024 £	2023 £
Not later than one year	23,657	23,253
Later than one year and no later than five years	23,657	23,253
Total	47,314	46,506

33. Ultimate Controlling Party

The Group considers that there is no ultimate controlling party.