

13 December 2024

Shuka Minerals Plc

("Shuka" or the "Company")

Acquisition of 100% Interest in the Kabwe Zinc Mine in Zambia

Board Changes

Update on Financial Position

Highlights:

- Conditional agreement signed for the purchase of Kabwe Zinc Mine through the acquisition of 100% of the shares of Leopard Exploration and Mining Ltd
- Ministerial approval for the Mining License transfer to Shuka granted by Zambian authorities
- Kabwe is considered a Tier One high grade zinc deposit, that was previously a major underground mining operation that mined 14.5 Mt of ore grading 25.4% zinc and 14.7% lead and producing 1.8 Mt of zinc, 800,000t of lead, 7,816t of vanadium oxide, 2.8 Moz of silver and 235,000kg of cadmium over the period 1906 - 1994 from seven massive orebodies
- Kabwe was previously operated by Anglo American plc for almost 50 years
- Independent Competent Person Report commissioned by the Company has reconfirmed sizeable remaining non JORC compliant resources of 5.723Mt, containing approx. 700kt of zinc and 100kt of lead, with current in situ value of +US 2 billion
- Richard Lloyd joins the board as Chief Executive Officer and Edu Ruheni joins as Non-executive Director
- Noel Lyons, Paul Ryan and Dr Allen Zimbley stepping down from the Board, as previously notified
- Initial advance of £150,000 under non-convertible, unsecured GMI Loan now received

Shuka Minerals Plc (AIM: SKA), an African focused mine operator and developer, announces that further to the Company's announcement of 24 May 2024, it has signed a conditional Share Purchase Agreement ("**SPA**") with the shareholders of Zambian mining and exploration company, Leopard Exploration and Mining Limited ("**LEM**") to acquire 100% of LEM's share capital from the shareholders ("**LEM Shareholders**") in a share and cash-based transaction for total consideration of US 4,500,000 and 2 million warrants, as detailed below (the "**Acquisition**").

LEM is the registered holder of a large-scale mining license 12848-HQ-LML issued in December 2014 for a period of 25 years, and which includes the historical Kabwe Zinc Mine ("**Kabwe Mine**") located in central Zambia, approx. 110km north of the capital city of Lusaka.

The Company can also confirm that approval has been provided to LEM for its request to transfer its shares to Shuka under the terms of the SPA and in accordance with section 67(1) of the Mines and Minerals Development Act No. 1 of 2015. The approval from the Minister of the Ministry of Mines and Mineral Development is in line with Regulation 30 of the Mines and Minerals Regulation Act No. 7 of 2016 and is a key regulatory approval required for the Acquisition to be completed in Zambia.

The Kabwe Mine, was previously operated by Anglo American plc and Zambia Consolidated Copper Mines Limited, and was mined continuously for 88 years until its closure in 1994, due to the then current commodity prices. It was ranked as one of the world's highest-grade lead and zinc mining operation and is considered one of the famous mines in Africa, holding a position of national economic importance in Zambia.

Transaction Overview

Under the terms of the SPA, the Company will acquire the entire issued share capital of LEM for total consideration of US 4.5 million, comprising US 1.5 million in cash (the "**Cash Consideration**") and US 3.0 million via the issuance of new ordinary shares of 1p each in the capital of the Company ("**Ordinary Shares**") (the "**Share Consideration**"), and 2 million warrants. The LEM Shareholders comprise a group of 8 unrelated parties that have held interests in the Kabwe Mine, via their shareholding in LEM, for the past 10 years.

Of the Cash Consideration, the Company has already paid US 150,000 to the LEM Shareholders with the US 1.35 million outstanding balance being payable on completion of the Acquisition ("**Completion**"). As noted below, the Company is exploring avenues to secure the requisite funding, inter alia, to satisfy the balance of the Cash Consideration on a timely basis.

Of the Share Consideration, US 1.0 million is to be settled on Completion by the issue of 11,481,482 new Ordinary Shares and the US 2.0 million balance of the Share Consideration will be satisfied on Completion via the issue of new Ordinary Shares, calculated by reference to an issue price equal to a 10% discount to the 30-day volume weighted average price of Shuka ordinary shares prior to Completion (the "Acquisition Shares"), subject to the number of Acquisition Shares representing no more than 29.99% of the voting rights attached to the Company's ordinary share capital ("**Total Voting Rights**"). In the event that the issue of the Acquisition Shares would result in the LEM Shareholders holding, in aggregate, in excess of 29.99% of the Total Voting Rights, then the number of the Acquisition Shares issued will be reduced accordingly and any balance deferred and issued on the date commercial mining activities commence at Kabwe, subject to the number of Acquisition Shares in issue representing no more than 29.99% of the Total Voting Rights. A further announcement will be made in due course in respect of the issuance and admission of the Acquisition Shares which will be issued under existing share allotment authorities. Pursuant to the Agreement, the total Share Consideration is capped at a maximum of 42,000,000 new Ordinary Shares.

In addition, the LEM Shareholders will be granted an aggregate 2,000,000 warrants to subscribe for new Ordinary Shares ("**Warrants**"). The Warrants will be granted within 10 business days of execution of the SPA and are exercisable at 12.5p per Ordinary Share, at any time until 31 December 2027, subject to the LEM Shareholders not holding post exercise, in aggregate, over 29.99% of the Total Voting Rights.

Completion is expected in the next 90 days and in any event by no later than 13 March 2025 ("**Long Stop Date**"), unless extended for a further 90 days by the Company, and now remains subject to a capital raise by the Company sufficient to fund the Cash Consideration, receipt of final regulatory approvals including approval from the Competition and Consumer Protection Commission in Zambia and other customary conditions for a transaction of this nature.

The Ordinary Shares issued as part of the Share Consideration will be subject to 12-month lock-in provisions from the date of issuance.

One of the LEM Shareholders, Anglorand (Seychelles) Limited ("**Anglorand**"), which has an interest in 66.7% of LEM shares, has also entered into a Relationship Agreement with the Company and the Company's Nominated Adviser, on terms and

conditions that are customary for agreements of this nature. This Relationship Agreement will remain in force while Anglorand retains an interest of 15% or more of the then issued share capital of the Company.

Kabwe Mine Resource Overview and Valuation

As part of the Company's due diligence, noted independent consulting geologists, Behre Dolbear International Ltd ("Behre Dolbear"), were retained by the Company to evaluate the project and provide an updated Independent Competent Persons Report ("CPR") in November 2023. This report was based on an assessment of historical data and resources and reports. This CPR has verified that historical non-JORC compliant resources remain within 5 key deposits and include 2.986 Mt of ore grading 11.4% zinc and 1.7% lead at the No. 2 Orebody; a further 2.610 Mt of ore at similar grades of 11.9% zinc and 1.7% lead at the Mine Club-Speaks deposit; and an additional 126,893 t of ore at 17.2% zinc and 9.2% lead contained in the previously mined zones.

Combined, these equate to 5.723 Mt of total historical resources at average grades of 11.8% zinc and 1.9% lead, containing approximately 695,786 tonnes of zinc and 106,803 tonnes of lead. At current commodity prices these resources have an in-situ value in excess of US 2.0 billion.

Preliminary economic analyses of just the proposed future development of the No. 2 Orebody and Mine Club-Speaks, which have also been reviewed by Behre Dolbear, suggest pre-tax cashflows of US 1.841 billion, an NPV₁₀ of US 0.561 billion and an IRR of 112%.

Behre Dolbear have further confirmed that there is considerable potential for additional sulphide and oxide-silicate deposits and resources in the immediate vicinity of the Kabwe Mine and at depth. Recent grab samples by the Company at surface of the No. 2 Orebody, as part of the Company's due diligence, were assayed by Scientific Services Limited's geological laboratories in South Africa and reported grades of 25.05%, 49.56%, 42.03% and 46.93% zinc, further reiterating the high-grade nature of the Kabwe Mine and the immediate area.

Kabwe Mine Development Plans and Planned ESG Initiatives in Kabwe

Upon completion of the Acquisition and subject 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.

This 3-phase program, as also 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 value addition in respect of the production of refined metals products.

In parallel with this work, the Company is proposing to commence discussions with a number of local mining companies currently conducting small scale open pit mining operations in the vicinity of the Kabwe Mine, to advance potential partnership and co-operation agreements. Pursuant to these discussions, the Company will look to partner with these groups in respect of skills transfer and training, employment, technical cooperation and the promotion of positive environmental and sustainable mining and mineral processing activities.

The Company will also seek to engage with all stakeholders in the town of Kabwe and its surrounding areas, as part of its broader investment plans in the region. This will be a clear focus of the Company's ESG initiatives which will be focused on the need to provide employment and education, to implement a number of major environmental management and water programs and to encourage broader investment in the region at all levels.

The Kabwe area is one that has been subject to over 100 years of continued mining and mineral processing activities, and there are many sites around the Kabwe Mine that have not been remediated to meet currently acceptable international environmental standards. The Company has received legal advice that neither LEM, nor the Company as a result of the Acquisition, can be held responsible for any legacy environmental liabilities or clean up costs, as such liabilities remain with either the Zambian Government or the previous owners of the mine. The Company is committed however to both the implementation of best practice environmental management in its future mining and processing activities and to also working with all stakeholders and in particular the local communities in and around the town of Kabwe to implement measures to improve the socio economic and environmental conditions.

Financing, including Financing of the Acquisition

As previously announced, the Company continues to carefully manage its resources and creditors as it advances both its near term and longer term financing arrangements, including securing the funding in respect to meeting the Cash Consideration due to the LEM Shareholders under the Kabwe Mine acquisition and capital required to commence work on Kabwe.

On 2 December 2024 the Company announced an agreement with Gathoni Muchai Investments Limited ("GMI"), its second largest shareholder, for an unsecured, interest-free and non-convertible loan of £500,000 (the "GMI Loan"). An initial advance of £150,000 has been received with the balance to be available during December 2024.

The Company's major shareholder AUO Commercial Brokerage LLC ("AUO"), has advised the Company that it is continuing to work towards provision of all monies due under the £2m unsecured convertible note instrument ("CLN") entered into on 24 May 2024, and which it has advised the Company that it expects to have available to the Company in Q1 2025. Assuming receipt of such funding, it will be applied to settle the Cash Consideration at Completion.

Going forward, the Company will explore the potential for offtake financing and has received early stage non-binding interest from a European-based global commodity trading group that is currently purchasing zinc ores from the Kabwe area, regarding the potential for a long-term zinc and lead offtake agreement with the Company.

The initial advance under the GMI Loan provides working capital in the near term although the Company will continue to be reliant on its ability to manage its creditors. The Company anticipates that funds to satisfy the Cash Consideration to the LEM Shareholders and to meet both its short term working capital needs and its planned 3-phase exploration and development plans at the Kabwe Mine will be funded from a combination of the sources set out above and other sources currently being advanced. While the Company is confident in its ability to secure such funds on a timely basis, there can be no guarantee that such funds to meet both its short term working capital or longer term financing and the Cash Consideration will be available. In the event requisite funding to satisfy the Cash Consideration is not secured prior to the Completion Long Stop Date, under the terms of the Agreement the Company may defer the Completion date by up to a further 90 days, failing which the Agreement shall terminate with no further obligations on either party.

Former employees dispute

In December 2022 the Company successfully defended a claim from former employees of the Group relating to unfair dismissal as a result of Covid. The judgement by the court in Tanzania found in the Company's favour and rejected the employees claim in its entirety. The former employees have now again lodged the claim for the same matter, which the Company, having sought legal advice, and on the basis of the previous court rejection, believes is without merit and will robustly defend.

Rukwa coal mine

As previously announced, operationally, the Rukwa coal mine has faced challenges, particularly due to the rainy season, which caused a temporary halt in production, with progress further impacted by the Company's limited financial resources. Nonetheless, as the financial position of the Group is stabilised, we will explore options for increasing output in the months ahead. Demand for coal in regional markets remains strong, and we expect this trend to continue into 2025.

Board changes

The Company announces the following Board changes, with immediate effect.

- Richard Lloyd is appointed as Chief Executive Officer. Mr Lloyd 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.
- Edward Ruheni Njoroge ("Edu Ruheni") is appointed as Non-Executive Director. Mr Ruheni 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.
- Noel Lyons (Chief Executive), Paul Ryan (Executive Director) and Dr Allen Zimble (Non-executive Director) are stepping down from the Board.

The Company plans for further Board appointments in Q1 2025, aimed at enhancing the Company's expertise in African mine development. These strategic additions to the Board would be intended to strengthen the Company's leadership and technical capabilities, ensuring alignment with its vision of advancing sustainable mining projects across the continent, and further announcements will be made in due course, as appropriate. In addition, the Board has resolved to appoint an additional independent Non-executive Director as soon as reasonably practicable, targeting Q1 2025.

Director Settlements and proposed Equity/Warrant issue

The Company has entered into settlement agreements with Noel Lyons and Paul Ryan in respect of the contractual sums due to them, being £253,750 to Mr Lyons and £237,381 to Mr Ryan. It is intended that £190,313.25 of the payment due to Mr Lyons shall be settled by the issue of 2,590,423 new Ordinary Shares and 2,000,000 warrants to subscribe for new Ordinary Shares ("**Warrants**") and £178,036 of the payment due to Mr Ryan is intended to be settled by the issue of 2,423,313 new Ordinary Shares and 2,000,000 Warrants. Outstanding fees of £24,000 shall be paid to Dr Zimble. The Company also intends to grant 250,000 Warrants to Dr Zimble in compensation for the late payment of director fees due to him and for services provided during the current month beyond his proposed termination date at the end of November. A further announcement will be made shortly.

Quinton Van Der Burgh, Non-executive Chairman, Shuka Minerals Plc, said;

"The Company has over the past 12 months continued to identify and review high-value opportunities in Africa, that it believes will provide our shareholders with enhanced returns and confirm our position as an African mine operator and developer.

I am pleased to announce that we have successfully executed the agreement to acquire Leopard Exploration and Mining and secure an interest in the historic and world-class Kabwe Mine. We have achieved this following a thorough and detailed legal and technical due diligence process and one that has confirmed our expectations that this remains a significant asset, with considerable historic resources and tremendous opportunity for our shareholders to participate in the development of a tier 1 mining asset.

We are confident that the Kabwe Mine holds substantial value for the Company and all its stakeholders and we now look forward to securing the necessary funding to move ahead, working with the Zambian Government and stakeholders to commence our exploration and mine development studies.

As we look to complete the acquisition of the Kabwe Mine, we eagerly anticipate unlocking its full potential and actively contributing to the sustainable development of the region through our commitment to responsible mining and environmental management programs.

In an era where global attention is increasingly directed towards a more sustainable future, securing a reliable supply of zinc and lead has never been more crucial. Shuka is proud to contribute to this significant process.

The Board would like to record its appreciation for Noel's leadership of the Company and also that of both Paul and Dr Zimble. We are very grateful for their very significant contribution to the Company over the past few years. They have driven a transformation strategy and created a simpler, more focused business that can now begin to deliver shareholder returns. The Company has real potential as it enters the next phase of development and growth."

Richard Lloyd, Executive Director and CEO, Shuka Minerals Plc said:

"I am honoured to join Shuka at such an exciting time in the Company's journey; the Company is uniquely positioned to play a leading role in African mine development. I look forward to bringing my expertise to support Shuka's ambitious growth plans and enhance its reputation as a trusted partner in Zambia's mining industry.

I would like to welcome Mr. Ruheni, whom I have worked with for some three years now, to the Board. Together, we will focus on building Shuka into a strong operating mining company with world class assets, and creating value for our stakeholders and the communities we engage with.

On behalf of the Company, I would like to thank Noel Lyons, Paul Ryan and Allen Zimble for their commitment to the Company over recent years and wish them the best in their future endeavours."

Competent Person Statements

Dr. Dion Brandt, Senior Associate for Behre Dolbear International Ltd, has reviewed and approved the technical information contained within this announcement, in the context of its appropriate extraction from the CPR, in his capacity as a Qualified Person, as required under the AIM Rules (AIM Note for Mining, Oil and Gas Companies). Dr Dion Brandt, Ph.D M.Sc, B.Sc (Hons), Fellow of the Geology Society of South Africa (FGSSA), SACNASP has over 20 years' experience in the mining industry, and is a Qualified Person for geological reviews and mineral resource estimation.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR") and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For Enquiries:

Shuka Minerals Plc Noel Lyons - CEO	+254 (0)743 303075
Strand Hanson Limited	+44 (0) 20 7409 3494

Financial and Nominated Adviser James Harris Richard Johnson	
Tavira Securities Limited Joint Broker Oliver Stansfield Jonathan Evans	+44 (0) 20 7100 5100
Peterhouse Capital Limited Joint Broker Charles Goodfellow Duncan Vasey	+44 (0)20 7469 0930
Investor Relations Faith Kinyanjui Mumbi	+254 (0)743 303075

Further information on new Directors:

The following details in relation to the appointments of Richard Lloyd and Edward Ruheni as directors of the Company are disclosed in accordance with AIM Rule 17 and Schedule 2(g) of the AIM Rules:

Richard Andrew Lloyd (aged 52) has held the following directorships and/or partnerships in the past five years:

Current Directorships/Partnerships	Past Directorships/Partnerships (last five years)
Minexia Limited	Goldstone Resources Limited
Marula Mining Plc	
Veragold Mining GMBH	
AuAg Holdings Ltd	
TWRC Events Ltd	
Minexia Nominees Limited	
Veragold Mining Company Inc.	

Edward Ruheni Njoroge (aged 39) has held the following directorships and/or partnerships in the past five years:

Current Directorships/Partnerships	Past Directorships/Partnerships (last five years)
Takela Mining Tanzania Limited	
Edenville International (Tanzania) Limited	

Neither Mr Lloyd nor Mr Ruheni hold any interest in the Company's shares.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

MSCFXLFFZLLEFBB