



SHUMBA
E N E R G Y
Powering the Future

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

SHUMBA ENERGY LTD RAISES BWP14 M (approximately USD1.3M) FINANCING FOR PAYMENT TO DAHENG

The Board of directors of Shumba Energy Ltd (the “Company”) wishes to inform shareholders that pursuant to the binding Sale and Purchase Agreement entered into with Daheng Group Botswana (Pty) Ltd (“Daheng”) for the acquisition of the Mabesekwa Prospecting Licence (PL428/2009), the second payment is now due for settlement. The settlement would either be the sum of USD2,000,000 payable in cash or failing which, shares in the Company worth USD3,300,000 will be issued.

The Company has raised BWP14 million (approximately USD1.3 million) through the issuance of a convertible loan notes via private placement to contribute to the settlement of the second payment due to Daheng. The convertible loan notes will not be listed and carry a fixed interest rate of 10% which will be settled at the maturity date, i.e. two years from the issue date.

Subject to compliance with the applicable regulations, the Company has the option to settle the final maturity amount on the convertible loan notes, inclusive of interest, by issuing ordinary shares of the Company at a 10% discount to the weighted average traded price of the Company’s shares on the Botswana Stock Exchange over the thirty trading days prior to the maturity date. The Company will seek shareholders’ approval prior to the maturity date for the settlement in shares.

The Company has negotiated with Daheng to pay the balance (USD700,000) plus 10% interest after a further 12 months, payable on 8 October 2017, failing which the balance plus 10% interest would be converted into ordinary shares of the Company.

By order of the Board

International Financial Services Limited
Company Secretary

13 October 2016

This Communiqué is issued pursuant to Section 87 of the Securities Act 2005, Rule 5 of the Securities (Disclosure Obligation of Reporting Issuers) Rules 2007 and DEM Rule 21.

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