



Shumba Energy Ltd  
 (“Shumba Energy” or the “Company”) – previously Shumba Coal Limited  
 Share code: SHU ISIN: MU0397S00002  
 incorporated in accordance with the laws of Mauritius on the 28th of August 2012  
 Company Number 111905 C1/GBL and registered as an external company in Botswana  
 on the 4th of February 2013

## ANNOUNCEMENT OF PROPOSED SHUMBA KIBO PARTNERSHIP

The board of Shumba Energy Ltd (“Shumba” or the “Company”) is pleased to advise shareholders that agreement has been reached for the establishment of a partnership between Shumba and Kibo Mining PLC (“Kibo”), a multi-asset resource development and energy company focused on South West Tanzania, listed on London’s AIM market and the AltX in Johannesburg, (“the Partnership” or “Transaction”) as referred to in the Company’s announcement published 30 November 2017 and as detailed below

<b>Assets to be sold</b>	Shumba holds the 869Mt coal Mineral Resource at Mabesekwa (“MCIPP Resource”). The Partnership project will consist of a 300Mt subset of the MCIPP Resource provided by Shumba in exchange for the issuance by Kibo of 153,710,030 new ordinary shares in Kibo (“Consideration Shares”) The resources that comprise the MCIPP Resource will be defined during the detailed due diligence process. Shumba will own a 15% stake in the Partnership with Kibo holding the remaining 85%.
<b>Purpose of the Transaction and benefits expected to accrue to the Company</b>	The completion of the Transaction shall see Shumba procure London listed shares in an exciting emerging energy developer to the value of 40% of Shumba’s current market capitalisation. In addition, the Company’s board of directors are confident that the partnership with Kibo shall see it fast track the development of a coal mine at Mabesekwa and realisation of Shumba’s strategic objective of sustained development of all the Company’s assets towards unlocking realisable value.
<b>Consideration and other value received and granted</b>	<p>The consideration and benefits that accrue to Shumba from the Transaction comprise the following components</p> <ol style="list-style-type: none"> <li>1. 153,710,030 new ordinary shares in Kibo that shall rank pari passu with the existing ordinary shares in Kibo and currently represent an effective 28% of the issued share capital of Kibo., with a value of GBP0.06 per share or the volume weighted average price at which the Kibo shares shall have traded on AIM for the 30 trading days immediately preceding the completion date (GBP9.2m);</li> <li>3. USD 0.50 royalty from revenue received per metric tonne of coal sold from the area covered by the MCIPP Resource; and</li> <li>4. US 0.225 cents royalty from revenue received per kilowatt hour produced and sold by any power plant owned by the partnership in Botswana or using coal procured from the area covered by the MCIPP Resource.</li> <li>5. Kibo to use reasonable commercial endeavours on reasonable commercial terms and on an arm’s length basis to free-carry Shumba for the reasonable funding requirements of the MCIPP until financial close of a project financing, after which Shumba may be diluted</li> </ol> <p>In addition, Shumba is to be given first right of refusal to participate on terms and conditions no more onerous than those available to Kibo in any coal export projects that Kibo may pursue over a six year period from completion of the Transaction and Kibo to be given first right of refusal to participate on terms and conditions no more onerous</p>

	<p>than those available to Shumba in any energy projects that Shumba may pursue over a six year period from completion of the Transaction.</p> <p>The Consideration shares will be treated by Shumba as Cash and Cash Equivalents on its Statement of Financial Position. The salient terms and condition relating to realisation of the Consideration Shares are as follows:</p> <ul style="list-style-type: none"> <li>• For a period of one year after completion of the Transaction, Shumba is subject to lock up and orderly market arrangements for any sale of Consideration Shares, with a maximum disposal of 5% in any calendar month permitted</li> <li>• Shumba may distribute up to 50% of its Consideration Shares in specie to its shareholders on condition that they will be subject to the same lock up and orderly market arrangements or will be distributed in specie by Shumba to its own shareholders.</li> </ul>
<b>Effect on net asset value (per share)</b>	The impact of this Transaction on the net assets of the Company is material (3% being recognised as material in terms of the Listing Requirements of the Botswana Stock Exchange). Details will be disclosed in a circular to shareholders.
<b>Effect on net profits (per share)</b>	The impact of this Transaction on the net profits of the Company will be material (3% being recognised as material in terms of the Listing Requirements of the Botswana Stock Exchange). Details will be disclosed in a circular to shareholders.
<b>Shareholder approvals</b>	Within 28 days of this announcement the Company will issue a circular to shareholders providing detailed information pertaining to this Transaction and seeking an extra ordinary general meeting of shareholders to approve this Transaction, in accordance with the BSE Listing Requirements.

By order of the board

Shumba Energy Ltd  
24 January 2018

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(A Member of the Botswana Stock Exchange)

Sponsoring Broker