



SHUMBA
E N E R G Y
Powering the Future

Shumba Energy Ltd
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Republic of Mauritius

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

COMMUNIQUE TO SHAREHOLDERS

SHUMBA ENERGY LTD TO RECEIVE GBP 9.2 M SHARES IN KIBO MINING AS IT FORMS PARTNERSHIP

Shumba Energy Ltd ("Shumba" or the "Company") (BSE:SHUMBA), a Botswana-based coal mining and energy development company, is pleased to announce the conclusion of definitive agreements with Kibo Mining PLC (AIM:KIBO; AltX:KBO) at its Mabesekwa Coal Project ('the Project' or 'Mabesekwa'). Kibo Mining is 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 shall be ring fenced to 35% of the total Mabesekwa in – situ 869mt coal resource. This is in line with Shumba's strategy to work with strategic partners to fast track current coal resources into production.

Transaction Overview

- 35% of the Mabesekwa coal resource shall be transferred to a special purpose vehicle ("NewCo") which shall be utilised in the partnership.
- 85% interest in NewCo to be acquired from Sechaba Natural Resources Limited ("Sechaba"), a subsidiary of Shumba for 153,710,030 new ordinary shares in Kibo ("Consideration Shares") that shall rank pari passu with the existing ordinary shares in Kibo.
- The Consideration Shares will be issued and credited as fully paid by Kibo to Sechaba on the completion date at an issue price being the higher of GBP0.06 or the volume weighted average price at which the Ordinary Shares shall have traded on AIM for the 30 trading days immediately preceding the completion date. This means that Kibo shares to a minimum value of **GBP 9.2 m** shall be issued to Sechaba.
- Sechaba will retain the benefit of the following royalties from NewCo when the mine and power station go into operation:
 - USD 0.50 from revenue received per metric tonne of coal sold from the area covered by the MCIPP Resource; and
 - US 0.225 cents from revenue received per kilowatt hour produced and sold by any power plant owned by NewCo in Botswana or using coal procured from the area covered by the MCIPP Resource
- Sechaba is to retain a 15% interest in the NewCo and gain a seat on Kibo's Board of Directors
- Kibo shall be given first right of refusal to participate on terms and conditions no more onerous than those available to Sechaba in any energy projects that Shumba may pursue over a six year period from transaction completion and Shumba to be granted a reciprocal first right of refusal on any coal export projects that Kibo may pursue over the same period. This excludes existing projects.
- Should the transaction complete Sechaba will hold 28% of the enlarged share capital of Kibo assuming no further ordinary shares in Kibo are issued prior to transaction completion.

- Certain conditions must be met before the transaction can complete, and on or before 1 June 2018.

These include:

- Sechaba having incorporated a new 100% subsidiary ('NewCo') of Sechaba and having transferred the Project to NewCo, free of every and all encumbrances and with all permits and authorisations current and in good standing;
- Kibo having delivered a notice in writing to Sechaba to the effect that it is satisfied in its sole discretion with the results of the due diligence investigation into the Project, the incorporation of NewCo, the acquisition by NewCo of the Project and the procurement by NewCo of the Project Authorisations and or Permits;
- Kibo having received the advice of its Nominated Advisor in writing in respect of the matters for which its advice is required in accordance with the AIM Rules; and
- The Parties having received the approval of any regulatory authority with jurisdiction regarding the transaction and whose approval is required to implement its provisions.

Shumba Managing Director commented *"We are delighted to have concluded such a value accretive agreement for our shareholders. The transaction shall see us procure London listed shares in an exciting emerging energy developer to the value of 40% of Shumba's current market capitalisation. In addition we are confident that the partnership with Kibo shall see us fast track the development of a coal mine at Mabesekwa"*

Other material terms include:

- Kibo to use reasonable commercial endeavours on reasonable commercial terms and on an arm's length basis to free-carry Sechaba for the reasonable funding requirements of the MCIPP until financial close of a project financing, after which Sechaba may be diluted.
- For a period of one year after Completion, Sechaba 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.
- Sechaba may distribute up to 50% of its Consideration Shares in specie to its shareholders (currently another subsidiary of Shumba) on condition that the recipient(s) comply with the lock up and orderly market arrangements or distribute the Consideration Shares in specie to Shumba, who must immediately distribute the Consideration Shares in specie to its own shareholders
- Warranties, representations and undertakings typical of a transaction of this nature

About Kibo

Kibo Mining is 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 Company's flagship asset is the Mbeya Coal to Power Project ('MCP'), which comprises the development of the Mbeya Coal Mine, a 1.5Mt p/a mining operation and the Mbeya Power Plant, a 300 MW mine-mouth thermal power station.

The Mbeya Coal Mine has a defined 120.8 Mt NI 43 101 thermal coal resource. A Definitive Feasibility Study has been conducted on the project which underpins its value with an indicated IRR of 69.2%. The 300 MW mouth-of-mine thermal power station has long term scalability to 1,000 MW, with a full Power Feasibility Study that has been published highlighting an annual power output target of 1,8 GW based on annual average coal consumption of 1.5 Mt. An Integrated Bankable Feasibility Study report for the entire project indicated total potential revenues of US\$ 7.5-8.5 billion over an initial 25-year mine life, post tax equity IRR between 21-22%, debt pay-back period of 11-12 years and a construction period of 36 months.

To assist in the execution this critical power project of the MCPP, Kibo has assembled a team of international advisors and partners including Engineering Procurement and Construction ('EPC') contractors and financial teams that are assisting in the development of. These include ABSA/Barclays as Financial Advisor, China based EPC contractor SEPCO III, General Electric, Tractebel Engineering (Power), Minxcon Consulting (Mining) and legal advisors Norton Rose Fulbright.

Kibo also holds the Haneti Project on which the latest technical report confirms prospectivity for nickel, PGMs, gold and strategic metals including lithium and Rare Earth Elements.

Kibo Mining's projects are located in central Tanzania and in the Mtwara Corridor in southern Tanzania where the Government has prioritized infrastructural development attracting significant recent investment in coal and uranium. The Company has a positive working relationship with the Tanzanian Government at local, regional and national levels and works hard to maintain positive relationships with all communities where company interests are held. Kibo Mining recognises the potential to enhance the quality of life and opportunity for Tanzanian citizens through careful development of its projects.

ABOUT SHUMBA ENERGY LTD

Shumba is a coal mining and energy development company based in Botswana and listed on the Botswana Stock Exchange (BSE:SHUMBA). Shumba has over the last couple years progressed from an exploration company to a development company and sits on over 4.5 billion tonnes of thermal coal. As a major industry player, Shumba's mission is to satisfy the growing energy demand in the SADC region as a result of chronic power shortages. For Shumba "Powering the Future" means addressing chronic power shortages head-on and supplying energy to affected southern African countries in a sustainable and cost-effective manner. Established in 2011, Shumba now owns a significant portion of advanced energy projects in Botswana and is uniquely positioned with its strategy to develop energy projects that are unaffected by the volatility of global commodity prices.

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By order of the Board

International Financial Services Limited
Company Secretary

30 November 2017

This Announcement is issued pursuant to the Botswana Stock Exchange listing requirements and Section 87 of the Securities Act 2005.

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