SHUMBA ENERGY LTD SIGNS MOU WITH HMS BERGBAU AFRICA (PTY) LTD

The Board of Directors of Shumba Energy Ltd (“Shumba Energy” or the “Company”) is pleased to announce the execution of a binding Memorandum of Understanding (the "MoU") between the Company’s subsidiary Shumba Coal Trading Ltd (“SCT”) and HMS Bergbau Africa (Pty) Ltd (“HMS Bergbau”), a full subsidiary of German listed HMS Bergbau AG (HMS), a leading independent global trading house to its shareholders and the public in general.

Shumba Energy was established in 2011 to provide the SADC region with coal and energy. The Company is reaching its development objectives and now owns a significant portion of advanced energy projects in Botswana, including over 2 billion tonnes of coal for thermal energy. SCT was established in Mauritius specifically for the purposes of trading Coal from Shumba Energy Mines and/or other Botswana based Coal Mine operators wishing to enter the seaborne Coal export market.

Under the terms of the MoU, it is intended that HMS Bergbau shall be responsible for the exclusive marketing in respect of all export product produced at the mines expectedly as of 2019, estimated at over 2 billion tonnes of coal. This collaboration of the parties will deliver advantage of scale and combined expertise. Shumba Energy's know-how of development of coal mines in Botswana and its established trade structure with SCT combined with HMS Bergbau's marketing and logistics expertise in the global coal markets, offers a solid base for further growth for both companies, and cements its position in Sub Saharan Africa.

Mashale Phumaphi, Managing Director of Shumba Energy, commented, "Despite political pressure to support non-fossil based energy fuels, we believe that the realisation that in the SADC region there is little other option for sustainable base load energy generation combined with the global long-term outlook for thermal coal demand, and driven by the industrialisation of emerging economies the future for Thermal Coal based energy is very promising. The signed MoU, which introduces a credible and experienced partner, is a welcome step towards exploring the export market. We look forward to developing a long-lasting relationship with HMS Bergbau."

Heinz Schernikau, founder and CEO of HMS Bergbau AG: “We are delighted to wrap up another exclusive marketing agreement in South Africa, which will result in a significant expansion of our operating activities in this region. Once again, our global marketing network and wealth of expertise in commodities logistics, as well as the group’s international standing as a reliable trading partner, proved its worth in the conclusion of this agreement. Besides expanding business volume in South Africa, we also expect positive effects and improvements in terms of our position on the international coal market.”

Shumba Energy’s primary focus however remains on developing power stations in Botswana to address the power challenges faced in southern Africa.
ABOUT SHUMBA ENERGY

Shumba Energy is an energy development company based in Botswana and listed on the Botswana Stock Exchange (BSE:SHUMBA) and the Stock Exchange of Mauritius (SEM:SHCL). Shumba Energy has over the last couple years progressed from an exploration company to a development company and sits on over 2 billion tonnes of thermal coal in-situ. As a major industry player, Shumba Energy’s mission is to satisfy the growing energy demand in the SADC region as a result of chronic power shortages. For Shumba Energy “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 Energy 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.

ABOUT HMS BERGBAU AG

Berlin-based HMS Bergbau AG is one of the leading independent raw materials marketing and trading companies in Germany, specialising in the international purchase and sale of coal and raw materials such as ore, fertilizers and cement products. Its customers include renowned energy producers and other industrial consumers worldwide, with whom it works closely to provide raw materials. HMS Bergbau AG is active primarily in Asia, Africa and Europe and also develops first-class raw material resources. Through its Polish subsidiary Silesian Coal Sp. z o. o., HMS Bergbau AG also has licences to explore coal reserves in Silesia. HMS Bergbau AG has also sold the coal products of IchorCoal N.V. for a considerable time and concluded a number of new supply agreements in 2015, particularly in Asia. HMS Bergbau AG also handled complex transport solutions for its customers. The company was established in 1995 and is listed on Germany’s Frankfurt Stock Exchange in the Entry Standard segment.

By order of the Board

International Financial Services Limited
Company Secretary

10 January 2017

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.