ANNOUNCEMENT OF PROPOSED ACQUISITION – MORUPULE SOUTH PROJECT

The board of Shumba Energy Ltd ("Shumba" or the "Company") is pleased to advise shareholders that agreement has been reached for the acquisition by the Company of all the issued shares in Hodges Morupule Mauritius Limited that owns an effective 75% (seventy five percent) interest the Morupule South Project ("the Acquisition").

**Asset to be acquired**
All of the issued shares in Hodges Morupule Mauritius Limited that owns an effective 75% (seventy five percent) interest in the Morupule South Project which has 2.45 billion tons of JORC compliant resources, of which 1.2 billion tons are amenable to open cut mining with initial waste to coal strip ratios of under 2 to 1 which will result in very low cost coal, comparably lower than other Southern African mines.

**The Seller of the Asset**
The seller of the Asset is Hodges Resources Limited, incorporated in accordance with the laws of Australia ("Hodges Resources").

**Purpose of the Acquisition and benefits expected to accrue to the Company**
The Acquisition of a controlling interest in a very low mining cost coal deposit is an excellent outcome for Shumba and is part of our continuing strategy of investing in Botswana based energy projects to supply affordable energy domestically and into the region.

**Consideration**
The Acquisition, although approved by the Competition Authority, remains subject to the approval of the relevant regulatory authorities in Botswana including the Minister of Minerals, Energy and Water Resources approving the transfer of the Prospecting Rights. Should the approvals be forth coming then Shumba will:

1. Pay $1,400,000 to Hodges Resources;
2. On the first year’s anniversary from that date on which mining commences pay US$1,500,000 to Hodges Resources
3. Pay a gross sales royalty of 1% (one percent) of the sales revenue generated from the sale of coal from the Morupule South Project to Hodges Resources.

**Effect on net asset value (per share)**
The impact of this Acquisition 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.

**Effect on net profits (per share)**
The impact of this Acquisition 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.

**Shareholder approvals**
Within 28 days of this announcement the Company will issue a circular to shareholders providing detailed information pertaining to this Acquisition and seeking an extra ordinary general meeting of shareholders to approve this Acquisition, in accordance with the BSE Listing Requirements.

By order of the board
Shumba Energy Ltd
19 September 2017

Sponsoring Broker

---

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