SHUMBA
COAL
Coal Exploration in Botswana

Shumba Coal Limited
Incorporated in accordance with the laws of Mauritius on 28 August 2012
Company Number 111905
(“Shumba Coal” or “the Company”)

ADMISSION DOCUMENT
Admission Document Number: LEC/1/02/2014

IN RESPECT OF

THE ADMISSION AND SECONDARY LISTING OF 170,886,080 ORDINARY SHARES OF SHUMBA COAL OF NO PAR VALUE ON THE DEVELOPMENT & ENTERPRISE MARKET CURRENTLY LISTED ON THE VENTURE CAPITAL MARKET OF THE BOTSWANA STOCK EXCHANGE FOLLOWING A PRIMARY LISTING EFFECTED ON 8 APRIL 2013

This Admission Document is neither an invitation to the public to subscribe for, nor an offer to purchase ordinary shares in Shumba Coal, but is issued in terms of the Rules for DEM Companies of the Stock Exchange of Mauritius for the purpose of providing information to the public in regard to the secondary listing of the ordinary shares of Shumba Coal on the Development & Enterprise Market. This document is not a prospectus nor a statement in lieu of a prospectus for the purposes of the Securities Act, 2007 for Mauritius or the Stock Exchange of Mauritius. The Development & Enterprise Market is a market designed to include emerging or smaller companies to which a market for their securities may be provided. The Development & Enterprise Market securities are not admitted to the Official Market of the Stock Exchange of Mauritius Ltd.

This document contains forward-looking financial information on Shumba Coal for the year ending 30 June 2014, 2015 and 2016. As any forward-looking information is based on assumptions concerning future events, actual results may vary materially from the profit estimate which has been presented. Consequently, no assurances are given on whether or not the estimates made herein will be achieved. Accordingly, prospective investors are urged to closely examine their financial position and to make every effort to familiarise themselves with the implications and the consequences of the non-attainment of objectives and profit estimates outlined in this Admission Document. Investors are urged to seek independent financial advice on these matters. Investment is not advised for any person or entity dependant upon a guaranteed fixed return. Investors should review the risks of investing in the Company carefully. Exploration projects of the type undertaken by Shumba Coal carry risks and investors and the public are cautioned when making decisions to buy shares of the Company.

WARNING: SHUMBA COAL WILL BE LISTED ON THE DEM AND ITS SHARES SHOULD BE CONSIDERED SPECULATIVE. GIVEN THAT SHUMBA COAL IS AN EXPLORATION COMPANY AND INVESTMENT IN THE MINING AND EXPLORATION SPACE CARRIES CERTAIN SPECIFIC RISKS, INVESTORS INVESTING IN THE SHARES OF SHUMBA COAL SHOULD HAVE KNOWLEDGE OF AND FULLY UNDERSTAND THE RISKS OF INVESTING IN SUCH SHARES. INVESTORS SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND, IF APPROPRIATE, CONSULTATION WITH A PROFESSIONAL FINANCIAL ADVISER.
The capital of the Company currently comprises of 170,886,080 shares of no par value ("Shares") with 262 existing shareholders. Subsequent to the secondary listing of the shares, the Company envisages to make a private placement of up to 50,000,000 shares at the prevailing market price. Those shares shall rank pari passu with all the other shares issued by the Company.

This Admission Document has been submitted to the Listing Executive Committee of SEM for a secondary listing of the 170,886,080 shares of Shumba Coal on DEM. The Shares will be quoted in USD at the same price prevailing on the venture capital market of the Botswana Stock Exchange. The Listing Executive Committee has approved the Listing on 18 March 2014. Trading in the Shares is expected to start on 4 April 2014. On the first day of listing, Shumba Coal undertakes to make available 1000 shares at an indicative price of USD0.12 per share.

Prospective investors in the equity of Shumba Coal should ensure that they fully understand the nature of the Company's operations, its valuation and the extent of their exposure to risks, and that they consider the suitability of the Company's shares as an investment in light of their own circumstances and financial position.

DISCLAIMER OF THE LISTING EXECUTIVE COMMITTEE OF THE SEM AND THE FSC

Neither the Listing Executive Committee (LEC) of the Stock Exchange of Mauritius Ltd (SEM) nor the Financial Services Commission (FSC) nor the SEM assumes any responsibility for the contents of this document. The LEC, the SEM and the FSC make no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this document and expressly disclaim any liability whatsoever for any losses arising from or in reliance upon the whole or any part thereof.

This document includes information given in compliance with the Development & Enterprise Market (DEM) Rules (the "DEM Rules") governing the admission to the DEM. It also includes an overview of the activities and the financial statements of Shumba Coal.

The Directors of Shumba Coal, whose names appear in Part C collectively and individually, accept full responsibility for the contents and completeness of this document.

They furthermore declare that to the best of their knowledge and belief, and after having made reasonable inquiries, this document complies, where applicable, with the DEM Rules, the Companies Act, the Securities Act and any applicable rules and regulations made thereof.

THE PRIVATE PLACEMENT OF THE 50,000,000 SHARES SHALL BE MADE AT A LATER STAGE AFTER THE 170,886,080 SHARES OF THE COMPANY ARE SECONDARILY LISTED ON THE DEM. AN ADDENDUM TO THIS ADMISSION DOCUMENT OR A REVISED ADMISSION DOCUMENT SHALL BE CIRCULATED AT THAT TIME.

Date of issue: 18 March 2014
LISTING DETAILS

PARTICULARS OF THE SECURITIES BEING LISTED

Class of security: Ordinary shares
Total number of securities to be listed: 170,886,080
Market Capitalisation on Listing: around USD22,000,000

All issued Shumba Coal Shares are of the same class and rank pari passu in every respect.

Important dates

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<th>Date</th>
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<td>Shares allocated to CDS accounts (if applicable)</td>
<td>4 April</td>
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<tr>
<td>Trading of Shumba Coal Shares on the DEM</td>
<td>4 April</td>
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DETAILS OF LISTING

The SEM has granted Shumba Coal a secondary listing of 170,886,080 Ordinary Shares on the DEM as follows:

ISIN: MU0397S00002

ADVISORS CONSENTS

The Advisor, Corporate Finance Advisor, Sponsoring Broker, Competent Person, Auditors and Legal Advisor, whose names are included in this Admission Document, have given and had not, at the date of this Admission Document, withdrawn their written consents to the inclusion of their names in the capacities as stated.
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CORPORATE INFORMATION, DIRECTORS AND ADVISORS

Registered Office
IFS Court, TwentyEight, Cybercity, Ebène, Republic of Mauritius
Tel: +230 467 4000

Board of Directors
Alan Mitchell Clegg (Chairman)
Mashale Phumaphi
Thapelo Mokhathi
Munesh Sharma Ramnauth
Kapildeo Joory
Sipho Ziga

Corporate Finance Advisor
Imara Botswana Limited
2nd Floor, Morojwa Mews
Unit 6, Plot 74769
Western Commercial Road, CBD
Gaborone
Botswana

Sponsoring Broker
 Anglo Mauritius Stockbrokers Limited
3rd Floor, Swan Group Centre
10, Intendance Street
Republic of Mauritius

Company Secretary and Corporate Adviser
International Financial Services Limited, IFS Court, TwentyEight, CyberCity, Ebène
Republic of Mauritius

Auditors
Grant Thornton Ltd
9th floor
Ebene Tower
52, Cybercity, Ebene
Mauritius

Legal Advisor
C&A Law
Suite 1005, Level 1, Alexander House
35, Cybercity, Ebene
Mauritius

Competent Person’s Report
Analytika Holdings (Pty) Limited Unit
12A, Plot 20743, Broadhurst
Gaborone
Botswana

Banker
Standard Bank (Mauritius) Limited
9th Floor, Tower A
1 CyberCity, Ebene
Mauritius

AfrAsia Bank Ltd
Bowen Square
10, Dr Ferriere Street
Port Louis
Mauritius
The following definitions apply throughout this Admission Document, unless explicitly stated otherwise or the context explicitly requires otherwise. In this Admission Document, unless otherwise indicated, the words or phrases in the first-hand column bear the meaning stipulated in the second column and cognate expressions shall bear corresponding meanings. Words in the masculine shall import both the feminine and the neuter. Words in the singular shall include the plural and *vice versa*. Words importing natural persons shall include juristic persons (whether corporate or incorporate and *vice versa*), including corporations and associations of persons:

“Act” or “Companies Act” the Companies Act 2001 of Mauritius as amended or replaced from time to time;

“Admission Document” This Admission Document issued on 18 March 2014 and its annexures and attachments;

“Auditors” Grant Thornton Ltd, Mauritius, who are the auditors of the Company;

“the Board” or “the Directors” the Board of Directors of Shumba Coal;

“CDS” Central Depository and Settlement Co. Ltd;

“the Company” or “Shumba Coal” Shumba Coal Limited (registration number 111905), a company incorporated with limited liability and registered according to the laws of Mauritius on 28 August 2012 and registered as an external company in Botswana on 4 February 2013 in terms of the Act;

“Competent Persons” Analytika Holdings (Pty) Limited, a company incorporated in accordance with the laws of Botswana, represented by Alan Golding, a registered professional natural scientist with the South African Council for Natural Scientific Professions and a Member of the Geological Society and Engineering Geologists of South Africa, a Fellow of the Geological Society of London and a Member of the Fossil Fuel Foundation of Africa;

“Constitution” the Constitution of the Company as amended from time to time;

“Corporate Finance Advisor” Imara Botswana Limited, a company incorporated according to the laws of Botswana, with limited liability with registration number 2002/2770;

“DEM” The Development Enterprise Market, a market operated by SEM;

“EIA” Environmental Impact Assessment;

“Financial Year” the financial year ending 30 June annually;

“JORC” the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition) which provides for minimum standards for public reporting to ensure that investors and their advisors have all the information they would reasonably require for forming a reliable opinion on the results and estimates being reported;

“Investors” mean the investors in the Company;

“Listing” the listing of the Shares of Shumba Coal on the DEM;

“Listing Date” The date which Shumba will list on the DEM, on 4 April 2014;

“Botswana Partner” Intersperse (Pty) Limited, a company incorporated according to the laws of Botswana with limited liability with company registration number CO2012/3889, which is a company whose shares are beneficially owned by Mashale Phumaphi, one of the directors;

“Listing Price” the price of the Shumba Coal shares;

“Mauritius” The Republic of Mauritius;

“MMS” Morupule Main Seam;

“Mtpa” Million tonnes per annum;

“NUS Consulting” NUS Consulting Group provides businesses the services, tools, information and support they need to meet both today’s and tomorrow’s energy
management challenges;

“Pre-Feasibility Study”
a comprehensive study of a range of options for the technical economic viability of a mineral project that has advanced to a stage where a preferred mining method in the case of underground mining or the pit configuration is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the modifying factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably to determine if all or part of the mineral resources may be converted to an ore reserve at the time of reporting;

“Project”
Sechaba thermal coal project with the intention of developing coal resources in Botswana;

“Prospecting Licence”
means prospecting licence issued in terms of the Mines and Minerals Act Cap 44:06 of the laws of Botswana;

“Sechaba”
Sechaba Natural Resources (Pty) Limited, a company incorporated according to the laws of Botswana with limited liability, a related company of Shumba Coal as set out in paragraph 2 of the Admission Document;

“Sechaba Project Area”
as set out in paragraph 8 of this Admission Document;

“Securities Act”
The Securities Act 2005 of Mauritius, as amended;

“SEM”
The Stock Exchange of Mauritius Ltd;

“Shares” or “Ordinary Shares”
Ordinary Shares of no par value in the stated capital of the Company;

“Shumba Group”
related companies consisting of Shumba Coal, Shumba Resources and Sechaba;

“Shumba Resources”
Shumba Resources Limited, a public company incorporated in the British Virgin Islands;

“Sponsoring Brokers”
Anglo Mauritius Stockbrokers Limited who are the Sponsoring Broker for the purposes of the Listing;

“TWP Projects”
TWP Projects (Pty) Limited, a company incorporated in accordance with the laws of Botswana, an organisation that provides engineering, procurement and construction management services and conducted the Scoping Study for the Shumba Group; and

“USD or US$”
The legal tender of the United States of America in which all monetary amounts in this Admission Document are expressed;
PART A – RATIONALE OF THE LISTING

The salient features presented below are a summary of this Admission Document. For full appreciation, this Admission Document should be read in its entirety.

1. RATIONALE OF THE LISTING

1.1 The Directors of Shumba Coal have decided to apply for a secondary listing of 170,886,080 Shumba Coal’s shares on the DEM. There are a number of reasons for the secondary Listing including the following:

1.1.1 to establish a platform for the future raising of development capital to realise Shumba Coal’s growth plans;
1.1.2 to raise the regional profile of Shumba Coal and its brand;
1.1.3 to improve the liquidity of the share;
1.1.4 to make Shumba Coal a more attractive investment opportunity for market participants;
1.1.5 it provides Shumba with an additional market through which the Group’s projects may be developed and funded;
1.1.6 it frees capital to consolidate Shumba’s position in the industry by acquisition of other potential mineral assets or companies holding those assets;
1.1.7 whilst access to capital is not one of the primary reasons for the secondary Listing, the Company would like to be in a position where access to capital is facilitated to accommodate future growth;
1.1.8 it promotes staff participation, incentivisation, motivation and retention;
1.1.9 it adds value to Shumba’s proposition to clients and to prospective partners and staff. The acquisition of people talent is the key to future sustainability of the Company;
1.1.10 it will consolidate and improve the managing and reporting structures in place and in use and will challenge Shumba to beat their own expectations of success; and
1.1.11 it focuses the attention of prospective investors on the merits of investing in Shumba, thereby helping to enlarge the potential investor base for Shumba shares.

2. LISTING ON THE SEM

The SEM has agreed to the secondary Listing of 170,886,080 Ordinary Shares of Shumba Coal on the DEM. The Listing will take place with effect from the commencement of trade on 4 April 2014. The shares of Shumba Coal are currently already listed on the Venture Capital Market (VCM) of the Botswana Stock Exchange (BSE) following a primary listing effected on 8 April 2013.

3. COPIES OF THE ADMISSION DOCUMENT

3.1 Copies of this Admission Document are available from:

3.1.1 Shumba Coal, at its registered office as set out in the “Corporate Information” section;
3.1.2 Anglo-Mauritius Stock Brokers Limited at its registered office as set out in the “Corporate Information” section.
4. **INTRODUCTION**

Shumba Coal is a mineral exploration company, currently building a portfolio of mining and exploration coal projects. The Shumba Group's business is primarily focused on the identification of economically viable mineral prospects, the acquisition of such assets and the development of such prospects into full-scale mining projects.

An investment in Shumba Coal offers shareholders the opportunity to participate in an anticipated diversified portfolio of exploration assets which will be capable of generating commercially attractive returns and managed by a team with a track record in extracting maximum returns from this asset class. This Admission Document provides investors and the market with information on Shumba Coal, its projects, Directors and management and financial history.

5. **INCORPORATION, HISTORY AND GROUP STRUCTURE**

5.1 Shumba Coal is a company incorporated in Mauritius on the 28 August 2012 under the Companies Act with Company Number 111905 under the name of Shumba Coal Limited as a public company limited by shares with unlimited life and registered as an external company in Botswana, in terms of the Companies Act of Botswana on 4 February 2013. Shumba Coal Limited holds a Category 1 Global Business Licence issued by the FSC The principal place of business of Shumba Coal is at IFS Court, TwentyEight, Cybercity, Ebene, Mauritius, with the telephone number being 467,3000. It owns, through its subsidiary Shumba Resources, registered in the British Virgin Islands, a majority stake in the Botswana subsidiary, Sechaba which holds the right to the Prospecting Licence.

5.2 Shumba Coal is a corporation with real and serious intentions to develop, within an aggressive yet realistic time frame, the production and sustainable supply of thermal coal in Botswana. The Shumba Group has the rights to a portfolio of coal exploration assets in Botswana. The most advanced is the Project which has approximately 1 billion tonnes of thermal coal resources. Furthermore it is intent on developing its coal resources in Botswana as far as possible for the benefit of Botswana.

5.3 The Shumba Group structure described above is set out below:

![Diagram of Group Structure]

Sechaba Natural Resources holds the prospecting licences.

5.4 Shumba Coal owns 96% of Shumba Resources Ltd, a company incorporated in the British Virgin Islands with the remaining 4% being held by a private investor. The market capitalization of Shumba Coal as at January 2014 amounted to around USD22 million.

5.5 Currently the directors and shareholders of the Botswana Partner are Thamang Thabolo and one of the directors, Mashale Phumaphi. The 10% stake of the Botswana Partner shall remain undiluted as capital contributions during exploration and development phases of exploration are to be in the form of loans by one or both shareholders of Sechaba. These shareholder loans and their associated interest payments shall have to be cleared first before any proceeds from attributable production dividend payments, or the sale of the Project can be paid to the shareholders.
6. NATURE OF THE BUSINESS

6.1 The Shumba Group is focused on the acquisition and development of highly prospective coal exploration licenses in Botswana. The Botswana subsidiary, Sechaba currently has one prospecting license which is valid and was recently renewed in July 2012. The table below shows the prospecting license held by Sechaba. An agreement has also been signed to secure 4 more licences.

<table>
<thead>
<tr>
<th>Licenses</th>
<th>Issue</th>
<th>Expiry</th>
<th>Commodity</th>
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</thead>
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<tr>
<td>PLO53/2005</td>
<td>1 July 2012</td>
<td>30 June 2014</td>
<td>Coal</td>
</tr>
</tbody>
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6.2 In the last nine months the Shumba Group has conducted extensive drilling followed by a positive scoping study completed over the Sechaba Project Area which confirms the potential to produce coal by 2016 to supply a nearby power producer, in addition to exporting coal at a later date.

6.3 The decision has been taken to complete a full Preliminary Feasibility Study in the coming 12 months over the Sechaba Project Area.

6.4 Key highlights of Shumba Coal are as follows:

6.4.1 focused on Botswana's relatively untapped coal reserves estimated at around 212 billion tonnes;

6.4.2 owns Sechaba with approximately 1 Billion Tonnes (JORC Compliant) of good quality export thermal coal;

6.4.3 has a strong and highly experienced management team;

6.4.4 planning further billion tonne coal acquisitions in the near future;

6.4.5 raised roughly USD2.2 million in the last year;

6.4.6 completed a Positive Scoping Study on the Sechaba Coal Project;

6.4.7 new coal discovery on greenfield exploration licenses.

6.4.8 had the Scoping Report for the Environmental Impact Assessment at the Sechaba project approved by the Department of Environmental Affairs in Botswana.

7. PROSPECTS OF SHUMBA

The Company seeks to increase shareholder value by the systematic exploration and development of the Group's existing resource assets as well as the acquisition of suitable exploration and development mineral projects and producing assets. The Group will allocate capital to the exploration of its mineral assets and will prioritise these, identifying the potential of each mineral asset to create value for shareholders. The Shumba Group may use a number of strategies to enhance shareholder value such as developing a mineral asset using its own team, development in partnership with other groups or a disposal of a mineral asset where appropriate. In implementing its strategy, the Shumba Group will focus actively on those of its mineral assets, which are identified after an initial sampling and drilling programme, as having the greatest potential for enhancing Shareholder value.

8. SECHABA PROJECT LOCATION

The Project is located, at its centre point, at Latitude 22°09'24" South, Longitude 26°58'48" East, some 47 km north-north-west of the town of Palapye. The elevation of the Project area is some 1,000 metres above mean sea level. The boundaries of the respective prospecting licence areas as well as the limits of the estimated coal resources have been supplied by Sechaba, who are the owners of the Lechana Exploration Property (herein after called "Sechaba Assets"). The Sechaba Asset covers some 247 km² in the Central District of Botswana. Due to its proximity to the A1 highway and the existence of large resources of ground water and two river basins, the project is potentially well situated for the development of a mine and a power station.

9. REGIONAL INFRASTRUCTURE

The prospecting licence area is accessible via the A1 tarred all weather roads from Palapye via a 10 km dirt road. The A1 road is the main link to Botswana's eastern road/rail corridors. For communication the main regional centers of Serowe and Palapye have full telecommunication coverage in terms of fixed lines and mobile cellular networks. The region is connected to the national grid via a 220 kV powerline, which in turn links to the Morupule Power station. This line passes through the prospecting licence area.
10. COAL

10.1 Coal is a fossil fuel and is the altered remains of prehistoric vegetation that originally accumulated in swamps and peat bogs.

10.2 The energy we get from coal today comes from the energy that plants absorbed from the sun millions of years ago. All living plants store solar energy through a process known as photosynthesis. When plants die, this energy is usually released as the plants decay. Under conditions favourable to coal formation, the decaying process is interrupted, preventing the release of the stored solar energy. The energy is locked into the coal.

10.3 Coal formation began during the Carboniferous Period – known as the first coal age – which spanned 360 million to 290 million years ago. The build-up of silt and other sediments, together with movements in the earth’s crust – known as tectonic movements – buried swamps and peat bogs, often to great depths. With burial, the plant material was subjected to high temperatures and pressures. This caused physical and chemical changes in the vegetation, transforming it into peat and then into coal.

11. USES OF COAL (source:http://www.worldcoal.com)

11.1 Access to modern energy services not only contributes to economic growth and household incomes but also to the improved quality of life that comes with better education and health services. All sources of energy will be needed to meet future energy demand, including coal.

11.2 Coal has many important uses worldwide. The most significant uses are in electricity generation, steel production, cement manufacturing and as a liquid fuel. Around 6.1 billion tonnes of hard coal were used worldwide last year and 1 billion tonnes of brown coal. Since 2000, global coal consumption has grown faster than any other fuel. The five largest coal users – China, USA, India, Russia and Japan – account for 77% of total global coal use.

11.3 Different types of coal have different uses. Steam coal – also known as thermal coal – is mainly used in power generation. Coking coal – also known as metallurgical coal – is mainly used in steel production.

11.4 The biggest market for coal is Asia, which currently accounts for over 65% of global coal consumption; although China is responsible for a significant proportion of this. Many countries do not have natural energy resources sufficient to cover their energy needs, and therefore need to import energy to help meet their requirements. Japan, Chinese Taipei and Korea, for example, import significant quantities of steam coal for electricity generation and coking coal for steel production.

12. REGIONAL POWER SHORTAGES

12.1 Since 1995, the South African economy has been growing on average in excess of 5% per year. This growth rate has resulted in a situation where South African electricity public utility, ("ESKOM"), Southern Africa’s major generating utility, no longer has sufficient surplus generating capacity. The current supply – demand curves are so tight that Southern Africa may experience rolling load shedding for at least the next four years. ESKOM has announced a major expansion program dominated by coal and nuclear power stations. It has been reported that the amount of electricity, being generated in Southern Africa, would need to increase at an annual rate of 2,700 MW between 2005 – 2025 to meet the electricity demand forecast for this period.

12.2 In the 2006 review of major world electricity markets released by NUS Consulting, South African power prices remained the lowest of the 14 leading economies surveyed. South African power prices are less than one-third of those applying in Denmark, the most expensive country at 13.41 US cents per kWh.

12.3 South Africa’s position of having some of the lowest power prices in the world could be unlikely to be sustained in the future. The most pressing problem facing the electricity supply industry in the medium term is to generate additional capacity rapidly without incurring punitive costs, which will have to be passed on to consumers. Transmission or distribution capacity and age of the infrastructure is also a matter of concern, the failure of which could have a more direct impact on pricing strategies. Leading coal industry experts, Wood Mackenzie believes that there is a massive potential power deficit that could emerge in South Africa with a potential capacity shortfall of up to 32,000 MW by 2030. Eskom has struggled to meet supply and growth and end users are now seeking alternative suppliers outside of Eskom.

12.4 In Southern Africa, Namibia and Zimbabwe have historically been power deficit countries. It is likely both will remain net importers of power until at least 2019. Zambia is expected to run short of power as its mining sector grows. Combined; these three countries will have a power deficit of nearly 4,000 MW of capacity by 2030.
13. SCOPING STUDY BACKGROUND

13.1 TWP Projects (Pty) Limited was engaged to conduct a Scoping Study. It is one of the biggest Engineering, Procurement and Construction Management ("EPCM") organisations of its kind in Africa. The study was a high level technical-economic evaluation of the Sechaba Project comprising the Lechana Exploration Property. Sechaba is a large coal asset aimed predominantly to supply the Botswana power and energy suppliers with coal suitable for power generation. Higher quality coals also exist in the coal seams. These, when mined and washed from the proposed coal mining operation have the potential to be exported. As part of the Scoping Study, leading coal industry experts, Wood Mackenzie, were engaged to provide a Coal Price Opinion to be used in the Scoping Study.

13.2 Scoping Study Assumptions

13.2.1 Underground operation producing 4,800 ktonne/annum for 24 years;
13.2.2 Mining estimates a unit cost of $17.64/tonne (RoM);
13.2.3 Coal beneficiation estimates a unit cost of $1.65/tonne (RoM);
13.2.4 Off mine operating costs have been derived from the Wood Mackenzie thermal coal price forecast report; and
13.2.5 Discount Rate of 7.5% used.

13.3 Economic results of Scoping Study

13.3.1 Results show a robust project able to economically produce a variety of products at attractive yields;
13.3.2 Calorific Value (CV) of 19.5 MJ/kg alone generates a yield of 98.8%;
13.3.3 Calorific Values (CV) of 19.5 and 23.5 MJ/kg generates a yield of 84.4%;
13.3.4 Calorific Values (CV) of 20.5 and 25.5 MJ/kg generates yield of 57.8%; and
13.3.5 Further information can be found in the Scoping Study Report of 3 May 2012, issued by TWP Projects (Pty) Limited.

13.4 Shumba Coal Valuation

13.4.1 The Scoping Study conducted by TWP and summarised by the Company shows that the net present value of the Sechaba Project could range between USD290 million and USD500 million depending on the type of coal produced.

13.4.2 Shumba Coal is currently raising funds at a pre money valuation of USD22 million which is a significant discount to its value using a discounted cash flow based valuation. Management believe that should Sechaba come into production in coming 5 – 10 years and thus be valued at or close to its net present value, then the returns on current capital investment shall be significantly above the industry average on a time – weighted basis.

14. ENVIRONMENTAL STUDIES

14.1 Shumba Coal has commenced a full Environmental Impact Assessment ("EIA") at Sechaba through Ecosurv (Pty) Limited, Environmental Consultants, as their preferred suppliers of environmental services. Ecosurv will provide the environmental service for the full Environmental Impact Assessment for the development of the mine and later for the Power Station. The EIA would be completed by the 2nd or 3rd Quarter 2014.

14.2 The EIA includes the assessment of impacts, assessment of alternatives, preparation of mitigations, preparation of management and monitoring plans and a first level closure plan (eight to 12 months depending on integration of information from specialist studies and duration of the DEA review process). The Scoping Report for the Environmental Impact Assessment at the Sechaba project has been approved by the Department of Environmental Affairs in Botswana.

15. RECENT EXPLORATION AT SECHABA BY SHUMBA COAL AND FUTURE ACQUISITIONS

15.1 A total of 50 boreholes were drilled and geophysically and geologically logged. The programme confirmed that the coal seams previously encountered on the eastern side of the licence extend further east and southwards than previously realised and that thicknesses are on economic potential. This report briefly summarises the work completed to the end of the current programme.

15.2 Objectives

The objectives of the programme was to delineate measured resources and expand the previous borehole layout east and southwards on a 1 km to 500 metres grid based on the potential indicated in the previous report and drill to test for coal potential. Take samples of the coal seams deemed to have economic potential.

15.3 Key points

Two horizons were targeted in particular:

15.3.1 Morupule Main Seam (MMS) – Basal seam in the succession.
15.3.2 Taukome Bright Seam (TB – aka Middle Coal Zone) poorly developed in the area but associated with significant inter-bedded coals and carbonaceous mudstone making a viable mining target.
15.3.3 Results to date have confirmed that the MMS is well developed in the area being explored 3 to 4 metres in thickness and is likely to be unweathered even as shallow as 20 metres.

15.3.4 In the last 18 months Shumba Coal has drilled in excess of 4000 metres at the Sechaba Project.

15.4 Agreement with Impact Minerals

In early May 2013 Shumba Coal announced that it has entered into a Sale and Purchase Agreement with Australia Stock Exchange listed Impact Minerals Ltd ("Impact"), for the purchase of four energy Prospecting Licences in the northern part of Botswana. The four licences: PL118/2008, PL120/2008, PL121/2008 and PL097/2010 will be transferred from Impact to Shumba Coal for a total of US$800,000, consisting of US$250,000 cash and Consideration Shares equal to US$550,000 in Shumba Coal.

The purchase is subject to the successful renewal of the Prospecting Rights, Ministerial approvals, with the purchase price due and payable in the following tranches:

1. US$50,000 cash (non-refundable) payable to Impact upon execution of the Sale and Purchase Agreement.
2. US$50,000 cash payable to Impact upon the renewal of the Prospecting Rights;
3. US$150,000 cash and $550,000 in shares in Shumba Coal payable to Impact upon the Minister of Minerals, Energy and Water Resources approving the transfer of the Prospecting Rights.

The above conditions are to be fulfilled on or before 30 June 2014. Should the acquisition be successful the Company may require further funding during the 2014 financial year in order to fast track exploration on these new licenses.

WHERE SHUMBA COAL WANTS TO GO

16. EXPECTED EXPLORATION WORK PROGRAMME ON THE SECHABA PROJECT

16.1 Geological Setting

The objective of exploration programme in this phase of work is to complete exploration and evaluate the areas of interest in the coal horizons in the Lower Karoo. Shumba Coal has already identified coal seams of adequate thickness and quality in the Lower Karoo for coal mining.

16.2 Previous Work

From previous phases of exploration by others the presence of coal horizons within the area has been established. The Shumba Coal exploration programme was designed to complete the delineation of these areas i.e. their strike extension and vertical depth of said horizons, the thickness and quality of the coal.

16.3 Recent Exploration Activities

16.3.1 In the first year Shumba Coal continued its exploration drilling programme to define a resource area, of suitable size for its proposed mine to sustain mining activities for a minimum of 30 years.

16.3.2 Shumba Coal reviewed the current geological models and continued a drilling programme setting out borehole locations at 500 metres grid to define the Measured Resource.

16.3.3 Undertook cored borehole drilling at 25 locations on a 500 metres grid over defined area of interest to delineate the required resource area of the current Sechaba Natural Resources geological model.

16.3.4 Geophysical hole logged wherever coal seams in the Lower Karoo sediments were intersected in the drill programme.

16.3.5 Geological logged and sampled of the coal horizons for analysis.

16.3.6 Commenced Base line EIA studies and submitted to DEA for approval to commence full EIA.

Future Exploration Activities

16.3.7 Geological modelling to establish JORC compliant resource at a Measured and Indicated level.

16.3.8 Continuation of EIA. The second year of exploration and assessment will comprise of the undertaking and reporting of reports required to prepare a submission to Department of Mines for a Retention or Mining Licence.

16.3.9 Any additional drilling as required from the previous work to clarify points in the geological model and for acquiring information for the openpit/shaft design. A further programme eight cored boreholes drilled at locations as defined by the results of the first years work.
16.3.10 Geophysical hole logging wherever coal seams in the Lower Karoo sediments are intersected in the drill programme.

16.3.11 Geological logging and sampling of the coal horizons for analysis.

16.3.12 Prefeasibility Study for a mining operation in line with the potential market as defined by the Scoping Study.

16.3.13 Continuation and completion of full EIA.

17. POWER GENERATION AND ASSOCIATED INFRASTRUCTURE

17.1 The Shumba Group envisages developing a Power Station at the Project area mentioned under paragraph 8 and becoming an Independent Power Producer by 2016 – 2017.

17.2 The design of the proposed Power Station will be in a 3 x 300 MW staged modular approach to supply into the growing power demand of Botswana and sub-Saharan Africa in the years to come.

17.3 To support a 300 MW pulverised coal power station for its life of operation there is minimum requirement of 45 mt coal supply with the following quantities:

<table>
<thead>
<tr>
<th>Property</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calorific Value</td>
<td>&gt;20 MJ/kg</td>
</tr>
<tr>
<td>Volatile Matter</td>
<td>&gt;20%</td>
</tr>
<tr>
<td>Ash</td>
<td>&lt;30%</td>
</tr>
<tr>
<td>Sulphur</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

17.4 The initial indications from historical reports support a much larger Power Station's requirements. The CFB boiler technology can burn much lower quality coals with higher sulphur values due to a lime component in the feedstock which absorbs the noxious gasses. The studies will reveal the technology to be used.

18. EXPORTING COAL

18.1 The mine next door to the Sechaba Project, owned by Debswana Diamond Company, is currently exporting Botswana coal to Europe using existing rail through Durban Port and Maputo.

18.2 In 2018 Transnet Freight and Rail intend to have built a rail link between Botswana and South Africa as part of the current heavy haul expansion in Limpopo's Waterberg to bring coal from Botswana. In addition two consortia intend to construct two separate railway lines. The Trans-Kalahari route shall terminate at ports in Namibia and the Ponto Techobanine rail route will terminate at the Mozambique port. Both railway options will be privately funded and envisage an initial export capacity around 60 Mtpa of coal using 30t axial loading.

18.3 With its close proximity to rail infrastructure, the Sechaba Project is ideally located to export coal.
19. **OVERVIEW OF SECHABA PROJECT HISTORY AND FUTURE PLANNED EXPENDITURES** (unaudited estimates)

**Rough Overview Sechaba Project History and Future Planned Expenditures (Unaudited estimates)**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
<th>Funding Requirements (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Purchased For USD1m in Cash. At time of Acquisition project already had 964 million tonnes of JORC compliant resources</td>
<td>Complete</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Conducted 1,500m of drilling at Sechaba focussed on delineating the Sub Crop and increasing the indicated resources</td>
<td>Complete</td>
<td>$ 300,000</td>
</tr>
<tr>
<td>Scoping Study conducted by TWP, a very reputable mining and engineering firm</td>
<td>Complete</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>Commencement of Baseline Environmental Impact Assessment</td>
<td>Complete</td>
<td>n/a</td>
</tr>
<tr>
<td>Renewal of License</td>
<td>Complete</td>
<td>n/a</td>
</tr>
<tr>
<td>Commencement of Water Supply Pre Feasibility Study</td>
<td>Complete</td>
<td>n/a</td>
</tr>
<tr>
<td>Conducted 2,500m of drilling at Sechaba focussed on increasing the measured resources at the project</td>
<td>Complete</td>
<td>$ 600,000</td>
</tr>
<tr>
<td>Shumba Coal Listed on the Botswana Stock Exchange</td>
<td>Complete</td>
<td>$ 150,000</td>
</tr>
<tr>
<td>Completion of Water Supply Pre Feasibility Study</td>
<td>Complete</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Government Approval of Baseline Environmental Impact Assessment</td>
<td>Complete</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Upgrade of Sechaba Resource to measured level</td>
<td>Complete</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Completion of Mine Prefeasibility Study</td>
<td>Planned Completion by June 2014</td>
<td>$ 300,000</td>
</tr>
<tr>
<td>Completion of EIA and Water Studies</td>
<td>Planned Completion by December 2014</td>
<td>$ 200,000</td>
</tr>
<tr>
<td>Completion of Bankable feasibility Study</td>
<td>Planned Completion by December 2015</td>
<td>$ 2,000,000</td>
</tr>
<tr>
<td>Completion of Mine Construction. At this stage the mine can start exporting coal and supplying it to nearby power stations</td>
<td>Planned Completion by December 2016</td>
<td>Bank Financing. Cost will depend on the size of the mine which shall be determined by the level of offtake</td>
</tr>
<tr>
<td>Completion of Power Station by a Independent Third Party</td>
<td>Planned Completion by December 2017</td>
<td>Project Financed by a Third Party</td>
</tr>
</tbody>
</table>

Future financial needs shall be met by raising capital from appropriate funding sources including but not limited to high net worth individuals, private equity funds, investment funds and strategic investors.
20. **FUTURE USE OF PROCEEDS**

The three-year abridged budget plan for the year June 2014 to 2016 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments</strong></td>
<td>5,000,000</td>
<td>12,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Office and Administration</strong></td>
<td>757,800</td>
<td>848,440</td>
<td>938,660</td>
</tr>
<tr>
<td>Office Expenditure</td>
<td>304,300</td>
<td>267,040</td>
<td>293,360</td>
</tr>
<tr>
<td>Directors and Management Fees</td>
<td>303,750</td>
<td>394,800</td>
<td>440,880</td>
</tr>
<tr>
<td>Travel and Accomodation</td>
<td>60,000</td>
<td>66,000</td>
<td>72,600</td>
</tr>
<tr>
<td>Mauritian Office</td>
<td>89,750</td>
<td>120,600</td>
<td>131,820</td>
</tr>
</tbody>
</table>

| **Sechaba Project**    | 1,262,750 | 66,375 | 3,630,400 |
| Geological Consultants | 28,000     | 12,000 | 16,000    |
| Staff Wages and Allowance | 6,000     | 12,000 | 14,400    |
| Mining Consultants     | 46,250     |        |          |
| Environmental Consultants | 71,250   | 30,000 | -        |
| Drilling Contractors   | -          | -      | -        |
| Laboratory             | -          | -      | -        |
| Geological studies     | 1,100,000  |        | 3,600,000|
| General Exploration Related | 11,250   | 12,375 | -        |

| **Mining Development** | -         | -      | 5,000,000 |

| **Serowe Projects**    | 520,000   | 325,000 | 1,970,000 |
| Acquisition            | 200,000   |        |          |
| Geological Consulting  | -         | -      | 1,100,000 |
| Drilling               | 300,000   | 225,000 | 750,000  |
| Laboratory Analysis    | 20,000    | 100,000 | 120,000  |

| **New Acquisitions**   |          |        | 1,500,000 |

| **Subtotal Expenditure**| 2,540,550 | 2,739,815 | 11,539,060 |
| Contingencies 5%        | 127,028   | 136,991   | 576,953    |

| **Total Expenditure**   | 2,667,578 | 2,876,806 | 12,116,013 |
In the case that only the minimum funds are raised the costs will be cut mainly in the areas of expenditures on the Serowe licenses and new acquisitions and thus total cumulative expenditures for 2014 and 2015 would be as illustrated in the table below:

<table>
<thead>
<tr>
<th>Funds Raised</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Cash</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Office and Administration</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Sechaba Project (Flagship Project)</td>
<td>1,329,125</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>2,429,125</td>
</tr>
<tr>
<td>End Cash Position</td>
<td>70,875</td>
</tr>
</tbody>
</table>

Assuming USD6 million is raised, USD2.5 million will be used to finance completion of: (i) the Mine Prefeasibility Study; (ii) the EIA and Water Studies; and (iii) the Bankable feasibility studies and USD3.5 million will used to pay corporate overheads, finance the additional licences (refer to paragraph 40.10) and to secure additional licences as the objective of the Company is to have a portfolio of coal exploration assets (refer to paragraph 7).

21. RISK FACTORS AND MITIGATION

21.1 The success of the Company depends largely upon the expertise of the Directors and management and their ability to develop the Company's intended business activities profitably. The loss of one or more of the Directors or management team member would have an adverse effect on the Company and its viability; whilst the Company has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of its business. Sechaba Natural Resources has taken out a multi-peril insurance for a period of one year which is renewable on an annual basis on behalf of the Group to help mitigate this risk.

Key Persons

21.2 The Company's future success will also depend, inter alia, on its future directors and management team. The recruitment of suitably skilled directors and retention of their services or the services of any future management team cannot be guaranteed. The Company's board regularly reviews the skills that are available within it in relation to the activities of the Company. Should there be a shortfall then the required expertise are acquired through the engagement of consultants or the employment of relevant individuals.

Market Conditions

21.3 It is likely that the Company will need to raise further funds in the future to develop its Project. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for ordinary Shares at the same price as the Listing Price, or higher. Shareholders may be materially diluted by any further issue of ordinary Shares by the Company. The Company generally embarks on fundraising exercises several months before its cash reserves run out.

21.4 The Ordinary Shares carry significant risk: the managements’ ambitions for the Company are likely to take a considerable time to be realised and therefore may not be suitable as a short-term investment. Investors may therefore not realise their original investment at all, or within the time frame they had originally anticipated. The Company is only targeting investors whom are financially capable to assess the risks for themselves or those that have been advised of the long-term nature of the investment.

Political and Economic Factors

21.5 The Company may choose to invest or make acquisitions in politically and economically volatile regions. No assurance can be given that such factors will not have a material adverse effect on the Company's ability to carry out its proposed Coal exploration strategy in Botswana and Southern Africa or that such strategy can be carried out on any given time scale. The Company will use its management's expertise and experience to make decisions that it believes will add value to the Company and its shareholders.

Legal Issues

21.6 The Company's business may be adversely affected by the introduction of new legislation, amendments to existing legislation by the Botswana government or the interpretation of those laws by the Botswana government which could impact adversely on the assets, operations and ultimately the financial performance of the Company. The Company regularly engages with the government to ensure that it is up to date with current and upcoming legislation.
Exchange Controls

21.7 Currency fluctuations and exchange control restrictions imposed in the countries in which the Company can invest may affect the cash flow the Company may realise from its investments. Fluctuations in exchange rates between currencies in which the Company operates in the future may cause fluctuations in its financial results. The Company actively manages its exposure to risk associated with currency fluctuations.

21.8 All of the Company's properties and operations will be located in a developing country. As a result, the Company is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, terrorism, nationalisation, expropriation of property without fair compensation, cancellation or modification of contract rights, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted, as well as risks of loss due to civil strife, acts of war (whether declared or not), guerrilla activities and insurrection. The Company is comfortable with Botswana as a good mining destination with low country risk.

21.9 The Company currently has no revenues and therefore there are currently no profits available for distribution to shareholders. The Company strategy is to get into a revenue producing position at the soonest profitable situation.

21.10 By their very nature, early stage investments bear the risk that the Company may have a higher chance of failure.

21.11 The Company will be operating in Southern Africa where geopolitical circumstances may have a significant chance of affecting the Directors' ability to carry out their duties effectively. The Company is comfortable with doing business in Botswana.

Geological Risks

21.12 The Company is searching for natural resources in an area that is relatively unexplored in terms of the region. As such, geological risk exists where the Company may find that its exploration targets are barren of any meaningful resources. The Company's primary asset has an Australian joint ore reserves committee (jorc) compliant resource.

Renewal of Licence

21.13 The Company owns or may acquire various licenses granted by Government or parastatal authorities. These licenses have limited life and will rely on Government approvals for renewal. No guarantee can be given that such renewals will be forthcoming.

21.14 The Company's current licences expire on 30 June 2014 and will need to be renewed by application to the Minister for the Ministry of Minerals, Energy and Water Resources in Botswana. The Company has already expended in excess of the minimum expenditure requirements at included in the License work programme, Notwithstanding paragraph 21.13 and 22.14, the Mining Act of Botswana governs the issue and renewal of the licences and so far as the Company complies with the said Act, renewal of the licence should not be an issue. The Company has further already conducted its minimum working programme as required under the licence. In the event that the existing licence of the Company is not renewed, this may have a negative impact on the forecasts and plans made by the Company on the existing mine. However, the Company is confident that if such a situation arises, it would be able to mitigate the risks associated with the non-renewal of the present licence as it would then rely on the 4 additional licences that it intends to acquire to sustain the continued listing of the Company.

Others

21.15 The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, explosions and acts of God. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims. The Company intends insure itself as its operations reach the appropriate stage.

21.16 The occurrence of any of these hazards can delay activities of the Company and may result in liability. The Company may become subject to pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. The Company is currently carrying out an environmental impact assessment to be able to actively minimise its effect on the environment and exposure to potential pollution.
22. TECHNICAL AGREEMENT

Alan Golding (FGS, Pr.Sci.Nat, BSc (Hons) Geology) of Analytika Holdings has entered into a retainer agreement dated 3 March 2011 with Shumba Resources Ltd. He acts as Consultant Geologist to Shumba Coal and will have the primary function of providing advice on ongoing geological operations in relation to exploration work, potential acquisitions, investments and business strategies. The Consultant Geologist receives a monthly retainer USD1,000 payable monthly.

Alan has over 35 years experience in all sections of exploration, specialising in coal, coal bed methane and underground coal gasification. He is a Registered Natural Scientist in South Africa and has signed off on reports regarding the exploration works and resources estimates. He is also a Fellow of the Geological Society of London and Member of the Geological Society of South Africa and the South African Institute of Engineering Geologists. He is a recognised expert of the coal deposits of Botswana.

23. COMPETENT PERSON'S REPORT

23.1 Annexure 1 to this Admission Document contains a Competent Person’s Report in terms of paragraph 4 of Schedule 10 of DEM Rules. Within the two years preceding the date of this Admission Document, the Competent Person has had no direct or indirect interest, beneficial or non-beneficial interest in:

23.1.1 any asset including any right to explore for minerals which has been acquired or disposed of by or leased to or by the Company, including any interest in the consideration passing to or from the Company;

23.1.2 in the share capital of the Company; and

23.1.3 in the promotion of the Company.
### PART C: DIRECTORS

#### 24. DIRECTORS

24.1 The full names, ages, qualifications, nationalities, addresses, occupations and career details of the Directors of the Company are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Other Directorship (Past or Current) and nature of business</th>
</tr>
</thead>
</table>
| Alan Clegg (British)  | Istanbul Park Yolu Millennium Park Evleri B88, Akfirat, Tuzla, 34959 Istanbul Turkey | **Past**  
TWP Holdings Pty Ltd (South Africa)/TWP Consulting Pty Ltd (South Africa)/TWP Eurasia A.S. (Turkey)/Red Crescent Resources Ltd (Canada)/Red Crescent Resources (Barbados) Ltd/RCR Holdings A.S. (Turkey)/RCR Quantum A.S. (Turkey)/RCR Seyitoglu Cinko Madencilik A.S. (Turkey)  
**Current**  
| Mashale Phumaphi (Botswanan) |  | **Current**  
Shumba Resources Limited (mining) Sechaba Natural Resources (Pty) Limited (mining) Hangali Pottery (Pty) Limited (investment) Mass Deliveries (Pty) Limited (advertising) Intersperce (Pty) Ltd (Investments)  
**Past**  
Lengau Resources PLC/Lengau Resources Pty Ltd |
| Thapelo Mokhathi (South African) | 15 Bryan Brook Estate Witkoppen Road Paulshof, 2191 South Africa | **Past**  
Insizwa Exploration and Mining/Seneca Trading/ / / BSC Messina Copper / BSC Insizwa Nickel Kobongqaba Mining/BSC Gold Investments/Zeranza 231/BSC Resources/Chloroplex Investments/Little Swift Investments  
**Current**  
Ventrascan Investments/BSC Holding/562 Almente 210/Sechaba Natural Resources Pty Ltd Vargavax/Shumba Resources |
| Kapil Dev Joory (Mauritian) | Ancienne Route Publique DeMoka, Moka, Mauritius | International Financial Services Limited |
| Munesh Sharma Ramnauth (Mauritian) | Block C2 Apartment 601 Pearl Court – Cyberville Ebene, Mauritius | **Current**  
South Seas Development (Hotel Development Co.) Dolberg Asset Finance/asset financing Spencon International Limited  
**Past**  
Lengau Resources PLC |
| Sipho Ziga | 2nd Floor, Acacia House Cnr Khama Crescent Ext & P G Matante Road Plot 54358, New CBD Gaborone | **Current**  
MLM Consultancies (Pty) Limited/Cadbury Botswana (Pty) Limited (Confectionary)/Lansmore Hotel (Hotel) GiA Education and Laboratory (Education)/Filoixa (Pty) Ltd (Prospecting)/Jet Demolition (Pty) Ltd (Explosives)/Catchoka (Pty) Ltd (Investment) Berilium (Property owning).  
**Past**  
Kingdom Bank Limited (Licenced Bank) |
24.2 The following is the Board of Directors of Shumba Coal:

**ALAN CLEGG Pr.Eng, Pr.CPM, PMP, FSAIMM, FIOQ, MIOD, M.ICD (56) – Chairperson**

Mr Clegg, a British and South African citizen is a mining industry professional with over 30 years experienced in mining and minerals projects in over 150 countries worldwide. He is a recognised mining technical assessment, reporting and project valuation expert with experience in stock exchange listings and capital raising. Mr Clegg has been involved with feasibility studies and the construction of over 60 mining and mineral projects with a combined value in excess of US$8 billion over the last 30 years. He currently holds six directorships in the mining and energy related sector.

**MASHALE PHUMAPHI (MEng, IMC) (32) – Managing Director**

Mashale Phumaphi is a Botswana national who has been focused on sourcing, financing and structuring mineral projects in Africa. He was formerly part of the corporate finance team of a London-based natural resources corporate finance and issuing house. In addition to conducting investment analysis and research he has raised debt and equity finance for mining projects in both Europe and Africa. He began his career as an engineer with Debswana Diamond Company based in Jwaneng Mine in Botswana. Mashale holds a Masters of Engineering degree from the University of Sheffield, is a member of the United Kingdom Society of Investment Professionals (UKSIP) and is a member of the London-based Association of Mining Analysts (AMA). Recently he held the position of Director of a London-based Coal Bed Methane Exploration company with projects in Botswana.

**THAPELO MOKHATHI (BComm) (35) – Finance Director**

Thaepelo holds a degree in Management Accounting and Executive Program in Mining and Minerals (Wits). He started his career in the mining industry at Impala Platinum where he spent five years in various financial positions. In 2004 he co-founded BSC Resources Limited a Junior Exploration company that grew to have significant assets in Nickel, Copper and Coal across South Africa, he was the Financial Director until 2011.

**KAPILDEV JOORY (Chartered Accountant) (62) – Non-executive Director**

Kapil Dev Joory is co-founder and Executive Director of International Financial Services Limited, a leading management company specialising in international tax, business and corporate advisory services. He is a Fellow of the Institute of Chartered Accountants in England and Wales and associate member of the Society of Trust and Estate Practitioners. After qualifying as a Chartered Accountant in 1974, he joined Price Waterhouse, Paris working mainly on audit of multinationals operating in Northern and Western African countries followed by international tax specialisation with Touche Ross, London (1975) and Arthur Young (1983). He was until 1993 a Senior Tax Executive at Ernst & Young, London office. He has over twenty years of experience in international tax planning and business structuring. His areas of specialisation cover international banking and financial services including Islamic banking, offshore fund structuring and administration, intellectual and real property planning, aircraft and ship leasing, franchising and retail operations. Mr Joory also serves as a director of numerous offshore funds and companies.

**MUNESH SHARMA (GRANT) RAMNAUTH (Dip PFS, BSc, MBA) (53) – Non-executive Director**

Grant holds a BSc (Hons) from London University and a Joint MBA from Hartford University (USA and France) where he specialised in investments. He holds an Investment Advisor licence in the offshore financial sector in Mauritius. He formally was based in Jersey at HSBC Bank where he conducted business development for international high net worth investment advisory and distribution. Currently, as a Senior Partner of St. James’s Place Wealth Management, Grant specialises in advising high-net-worth Private Clients and Institutional Investors on offshore investment management. He is a Fellow of the Mauritius Institute of Directors.

**SIPHO ALEC ZIGA (LLB) (51)**

Non-executive Director

Sipho Ziga is a partner at Armstrongs, the pre-imminent commercial law firm in Botswana. Sipho joined Armstrongs in 1997, after graduating from the University of Botswana with an LLB degree. For the past 15 years, Sipho has been advising clients in all disciplines of corporate law; with a particular interest in capital market mandates, project finance, mining and resources law. Sipho has acted as legal advisor to a large number of pre-imminent Botswana Stock Exchange listed companies and parastatals, and many of the multinationals doing business in Botswana on a wide range of corporate issue ranging from regulatory compliance; corporate governance; company formations; acquisition; take overs; due diligence reviews; capital raising corporate and trade finance; listing rights issues; schemes of arrangement; banking law; loan finance agreements; negotiable instruments and capital market instruments. Sipho acts on an on-going basis for numerous local and multi-national companies with interests in Botswana by assisting in company formation; due diligence reviews; compliance, licensing, capital raising, mergers and take-overs.
25. QUALIFICATION, APPOINTMENT AND REMUNERATION OF DIRECTORS

26.1 The relevant provisions of the Constitution concerning the qualification, appointment and remuneration and the Directors are set out in Annexure 3 of this Admission Document.

26. INTERESTS OF DIRECTORS IN THE COMPANY

26.1 As at date hereof the Directors have a direct or indirect interest in the Company

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares in Shumba Coal</th>
<th>Direct Interest %</th>
<th>Indirect Interest %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alan Mitchell Clegg</td>
<td>8,769,389</td>
<td>Nil</td>
<td>5.2</td>
</tr>
<tr>
<td>Mashale Phumaphi</td>
<td>69,097,374</td>
<td>0.0</td>
<td>41.1</td>
</tr>
<tr>
<td>Grant Munesh S Ramnauth</td>
<td>13,295,460</td>
<td>7.9</td>
<td>Nil</td>
</tr>
<tr>
<td>Thapelo Mokhathi</td>
<td>4,890,762</td>
<td>Nil</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Mr Dev Joory also has an interest in the Company as a result of his position as director of the Company Secretary, International Financial Services Limited.

Mr. Ramnauth has been appointed as an introducer further to a Mandate Agreement entered with the Company. He has agreed to perform certain services for the Company in relation to the raising of capital.

Mr Sipho Ziga has an interest in the Company as a result of his position as partner of the law firm Armstongs which acts for the Company in Botswana.

26.2 There has not been any sums paid or agreed to be paid within the three years preceding the date of the Admission Document to any directors or to any company in which he is beneficially interested, directly or indirectly or of which he is a director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or the company, partnership, syndicate or other association in connection with the promotion or formation of the Company.

27. AGGREGATE REMUNERATION AND BENEFITS TO DIRECTORS

27.1 The total aggregate remuneration and benefits paid by Shumba Coal and any of its subsidiaries to the Directors for the year ended 30 June 2013 are set out below:

<table>
<thead>
<tr>
<th>Director</th>
<th>Salaries and Bonus (USD)</th>
<th>Benefits and Bonuses</th>
<th>Total (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td>216,000</td>
<td></td>
<td>216,000</td>
</tr>
<tr>
<td>Non-executive Directors</td>
<td>45,000</td>
<td></td>
<td>45,000</td>
</tr>
</tbody>
</table>
27.2 Save for the fees disclosed in this Admission Document, no other fees have been paid to executive or non-executive Directors in respect of bonuses and performance-related payments, expense allowances, commission, gain or profit-sharing arrangements.

27.3 No fees have been paid, accrued or are proposed to be paid by Shumba Coal to any third party in lieu of Directors’ fees.

27.4 There will be no variation in the remuneration receivable by any of the Directors as a direct consequence of the Listing.

27.5 Shumba Coal will not be managed by any third party under any contract or arrangement.

27.6 Shares of Shumba Coal issued to the Directors have been made at a discounted price of USD0.1.

28. CONSENT OF DIRECTORS
The Directors have consented to act as such and have undertaken to comply with the DEM Rules.

29. CORPORATE GOVERNANCE
The Board is fully committed to effective corporate governance and the need for integrity and high ethical standards in the conduct of its business. Shumba is fully committed to achieving the principles of good corporate governance. Board training will be conducted from time to time to ensure compliance with applicable laws and good corporate governance principles and practices.

30. BOARD OF DIRECTORS
The Board comprises of four non-executive Directors who have a range of complementary skills and experience. The Board is chaired by Alan Clegg, a non-executive Director. The Board meets at least four times a year and retains full responsibility for the direction and control of the company.

31. TRACK RECORD OF THE DIRECTORS
The Directors of Shumba Coal have vast experience in mining having been involved on a number of mining projects which have been successful. Amongst, Mr Alan Clegg has been active since 1975 on projects which include: (i) INCO-Fox Mine in Canada- the design and implementation of UG Heating Systems; (ii) Codelco El Teniente Mine in Chili –UG Expansion & Mine Mechanisation; (iii) Rio Turbio Coal Mine – Longwall Mining Exploration; (iv) Lion Ore Phoenix Nickel Mine in Botswana- Bankable Feasibility Study and Report; and (v) Phosphate Mining in Morocco- ECPM design for Mine Expansion, Washing Plant, Slurry Pipeline of 220 km & Downstream, Mr Thapelo Mokhati has also been involved on a number of projects such as Project Impala Platinum in relation to its accounts and business and the Masama Coal Project which related to arranged financing coal project in Botswana. The Auryx Gold Otjikoto Gold Mine is another project on which Mr. Mokhati worked. Some of the projects on which Mr. Mashale Phumaphi has been involved are: (i) Jwaneng Diamond Mine- Operations; (ii) Masama Coal Project; (iii) Lace Diamond Mine – Arranged Financing for Diamond Mine in South Africa; (iv) Turkish Exploration Projects- Arranged Financing; and (v) Copperbelt Minerals Kolwezi Project- Arranged Financing. Details of the various mining projects and their value are set out in Annexure 6 of the document. Against this background, the directors of Shumba Coal can bring value to the Company.

Mr. Mashale along with Mr. Ramnauth has also been involved on Lengau Resources (“Lengau”). Lengau had been set-up for the purpose of exploring coal bed methane in Botswana. Loeb Aron & Co Ltd (“Loeb Aron”) had been appointed in 2007 as Corporate Finance Advisor of Lengau and Mr. Mashale as employee of Loeb Aron was appointed as non-executive director on the board of Lengau to represent Loeb Aron and its investors. Loeb Aron could not raise funds to meet the work programme of the Company due to the global financial crisis and in order to expedite the exploration work of Lengau, a joint venture agreement was entered into with Saber Energy in 2008. Saber Energy could not also fulfill its obligations to fund the exploration of Lengau through and subsequent to that Mr. Ramnauth was recommended to join the board of Lengau as non-executive director because of his experience in the investment and financial services sector. The Minister of Minerals and Energy in Botswana had no choice though but to terminate the licenses in 2009 as Lengau had failed to meet its work programme required under the licence. Lengau is currently under liquidation in the UK.

Further details on Lengau are set out in Annexure 6.
PART D: FINANCIAL INFORMATION

32. PROFIT HISTORY, FORECAST AND DIVIDEND POLICY

Annexure 4 contains the financial statements of the Company.

32.1 Profits

There have been no profits payable to date.

32.2 Indicative Income and Expenditure

Please refer to paragraph 20 of this Admission Document.

The Directors of the Company confirm that such forecast has been made after due and careful enquiry.

32.3 Dividend policy

32.3.1 Current year dividends

There have been no dividends distributed to date.

32.3.2 Future dividends

Dividends will only be payable once the Company is operational. It is proposed that dividends will be paid semi-annually based on the financial performance of the Company for the six months ended 31 December and the 12 months ended 30 June. Unless resolved by the Board, there will be no particulars of arrangement under which future dividends will be waived or agreed to be waived.

33. ANTICIPATED BALANCE SHEET

33.1 Adequacy of capital

33.1.1 The Directors of the Company are of the opinion, after due and careful enquiry, that after the issue of shares post listing:

- the Company’s stated capital is adequate for the purposes of the business of the Company for the foreseeable future; and
- the Company’s working capital resources will be adequate cover for its current and foreseeable requirements for at least twelve months from the date of its listing on DEM.

33.2 Loans and loan capital

33.2.1 At the date of this Admission Document Statement the Company has not issued any form of loan capital.

33.2.2 There are no loans to the Directors of the Company. Utilisation of the funds has and will have no outstanding borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, finance lease obligations, mortgages, charges, guarantees or other contingent liabilities.

33.3 Borrowing powers of Directors

33.3.1 The Directors may raise or borrow for the purposes of the Company’s business, such sum or sums of money as in aggregate at any time do not exceed half of the fair market value of the assets of the Company, or such higher limit as the Company may, by Ordinary Resolution, in General Meeting determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, or by the issue, at such price as they may think fit, of debentures either charged upon the whole or any part of the property and assets of the Company, or not so charged or in such other way as the Directors may think expedient.

33.3.2 Foreign currency borrowings may be raised by way of back to back loan agreements, or any such similar arrangements. In so far as the offsetting deposit is denominated in Botswana Pula, and equals or exceeds the value of the foreign currency loan outstanding at a point in time, it shall not be regarded as a borrowing. Where the foreign currency loan exceeds the deposit, such excess will be regarded as a borrowing.
33.4 Capital commitments, lease payments and contingent liabilities

At the date of this Admission Document, the Company has no material commitments for capital expenditure. At the date of this Admission Document the Company has no contingent liabilities save for those similarly disclosed. There has been no off balance sheet financing of the Company.

33.5 Material changes

The Directors’ report that to their knowledge there have been no material changes in the financial or trading position of Shumba Coal since the date of the accounts in Annexure 4 to this Admission Document, other than in the ordinary course of business.

33.6 Promoter’s fees

There are no Promoter’s fees, however, the costs incurred in the establishment of the Company, any pre-incorporation, and pre-operating costs, and the preparation of the listing document for Botswana Stock Exchange and the costs of listing of the shares as contemplated in this Admission Document, borne by the Company, stand to be repaid by the Company.

33.7 Funding

33.7.1 The Company has a total stated capital of around USD 3,200,000 as of 30 June 2013 and it had over USD 1,200,000 in cash. The Company has raised around USD1.6 million from its listing on the Botswana Stock Exchange. The other USD 1.6 million is as a result of the share exchange whereby shareholders in Shumba Resources Limited became shareholders in the Company in exchange for the Company acquiring their shares in Shumba Resources Limited. Out of the funds raised, around USD500,000 has been loaned to its subsidiary for its expenses. The current market capitalization of Shumba Coal is around USD22,000,000. Refer to Annexure 7 for the market capitalization and the trading volume since being listed along with the price evolution.

33.7.2 The table below shows the current status of activities as required in the first year of the Prospecting License work programme.

<table>
<thead>
<tr>
<th>Task</th>
<th>Task Description</th>
<th>Task Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Carry out review of geological model</td>
<td>Complete</td>
</tr>
<tr>
<td>ii.</td>
<td>Undertake drilling (25 holes) at 500 metre grid and geophysical wire-line logging.</td>
<td>Complete</td>
</tr>
<tr>
<td>iii.</td>
<td>Carry out geological modeling to establish an updated JORC compliant resource</td>
<td>Underway</td>
</tr>
<tr>
<td>iv.</td>
<td>Carry out baseline EIA</td>
<td>Complete</td>
</tr>
</tbody>
</table>

33.7.3 Excess funding to that required at Sechaba will allow for the Company to:

32.7.2.1 Purchase of new projects from distressed sellers
32.7.2.2 Conduct exploration work on new acquisitions
32.7.2.3 Have cash reserves for potential unforeseen situations

33.7.4 As it stands there are currently 222,213 unexercised warrants in Shumba Coal’s subsidiary, Shumba Resources Limited in the hands of private investors as the table below shows. Each warrant gives the warrant holder the right to one share in Shumba Resources at a price as the table below shows. There are currently 16,895,133 shares issued in Shumba Resources and thus should the warrants be exercised the new shares would constitute 1.3 percent of Shumba Resources.
<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Warrants</th>
<th>Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>JiM Nominees Limited</td>
<td>78 Mount Ephraim Tunbridge Wells Kent TN4 8BS, United Kingdom</td>
<td>138,713</td>
<td>0.6 USD</td>
</tr>
<tr>
<td>Marc-Alexandre Masnin</td>
<td>Suite 001, Grand Bay Business Park, GRAND BAY Mauritius</td>
<td>33,500</td>
<td>0.6 USD</td>
</tr>
<tr>
<td>Darryl Levitt</td>
<td>311 Chelwood Dr, Thronhill, Ontario, L4J7Y8, Canada</td>
<td>50,000</td>
<td>0.15 USD</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>222,213</strong></td>
<td></td>
</tr>
</tbody>
</table>

33.7.5 The above mentioned warrants could bring in an additional USD 110,000 should they be exercised, however the private investors that hold them have expressed no intention to do so.
PART E: SHARE CAPITAL

34. SHARE CAPITAL

34.1 All of the issued shares in Shumba Coal are of the same class and rank pari passu in every respect. The rights attached to the shares can be varied in accordance with the Companies Act by way of a special resolution of the holders of such shares or if 75% of the holders of such shares consent to the variation.

34.2 None of the shares are listed on any stock exchange, other than in terms of the listing on the BSE and proposed listing on the DEM.

34.3 Issues or offers of securities of Shumba Coal and its Subsidiaries during the preceding three years

34.3.1 The share capital of the Company currently comprises of 170,886,080 Ordinary Shares of no par value. The Shares have been issued as per the Constitution of the Company in accordance with the Companies Act and the names of the holders of such shares have been recorded in the share register which is maintained by the Company’s corporate secretary. As at the date of its incorporation, the Company had 1 share in issue with a share capital of USD1, 168,225,783 shares have been issued as at 30 June 2013 with a share capital amounting to USD3,189,773. The Shares are entitled to general voting right, rights to dividend and right to participate in the surplus assets of the Company on winding-up as described in the constitution of the Company. The Ordinary Shares may be converted into redeemable preference shares having preferred rights to the shares provided that all the ordinary shares in issue are converted into redeemable preference shares at the same time except if a holder of Ordinary Share expressly disagrees. The redeemable preference shall have the same rights as the Ordinary Shares except that they shall be redeemable. The Ordinary Shares are not redeemable. A Non-Voting Class X Share of par value USD 1.00 each also makes-up the share capital of the Company. The Non-Voting Class X Share are non-redeemable and have no general voting nor any right to receive any distribution nor share in the assets of the Company upon winding-up.

34.3.2 Other than the issues provided above there have been no issues or offers of Shumba Coal nor its subsidiaries in the three years preceding the publication of this Admission Document.

34.4 Summary of any consolidations or sub-divisions

There have been no consolidations or sub-divisions of Shumba Coal nor its subsidiaries in the three years preceding the publication of this Admission Document.

34.5 Voting rights

In accordance with the Constitution, at any shareholder meeting, every shareholder present in person or by authorised representative or proxy shall have one vote on a show of hands and on a poll, every member present in person, by authorised representative or by proxy shall have one vote for every share held.

34.6 Options or preferential rights in respect of shares

There will be no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been given to any person to subscribe to shares of the Company. Further, no deferred shares have been awarded to founders of the Company or management.

34.7 Offers to the public

No offer has been made to the public for the subscription or the sale of shares during any period preceding the date of the issue of this Admission Document.

34.8 Shares held by advisors and promoters

None of the advisors set out in this Admission Document, nor any of the promoters, save as disclosed elsewhere in the Admission Document, hold any shares or have agreed to acquire any shares, as at the date of this Admission Document.

35. LOCK-IN AGREEMENT

The current directors and controlling shareholders (holding 20% or more) pre-listing have agreed in writing to a “lock-up” effective from the Listing date. In terms of this arrangement these persons commit not to sell any of their remaining Shares for 12 months from the Listing date. A copy of the agreement is available for inspection at the registered office of the Company.
36. INFORMATION ON SHAREHOLDING

36.1 Details of the major shareholders

The following are the major shareholders as at 31 October 2013:

<table>
<thead>
<tr>
<th>Name</th>
<th>Total Shares</th>
<th>Country</th>
<th>Industry</th>
<th>Tax</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLACK PHOENIX LIMITED</td>
<td>68,050,356</td>
<td>VG</td>
<td>FC</td>
<td>5</td>
<td>40.45%</td>
</tr>
<tr>
<td>JIM NOMINEES LIMITED</td>
<td>19,210,692</td>
<td>UK</td>
<td>FC</td>
<td>13</td>
<td>11.42%</td>
</tr>
<tr>
<td>RUBY SEN RAMBOCUS</td>
<td>10,813,985</td>
<td>MU</td>
<td>FI</td>
<td>10</td>
<td>6.43%</td>
</tr>
<tr>
<td>MR. MUNESH SHARMA RAMNAUTH</td>
<td>13,295,460</td>
<td>MU</td>
<td>NR</td>
<td>10</td>
<td>7.90%</td>
</tr>
<tr>
<td>AFRASIA MINING &amp; ENERGY AND INVESTMENT HOLDINGS LIMITED</td>
<td>8,769,389</td>
<td>GG</td>
<td>FC</td>
<td>5</td>
<td>5.21%</td>
</tr>
<tr>
<td>SAM MPUCHANE</td>
<td>8,523,164</td>
<td>BW</td>
<td>LR</td>
<td>-</td>
<td>5.07%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>128,663,046</strong></td>
<td>****</td>
<td>****</td>
<td><strong>76.48%</strong></td>
<td></td>
</tr>
</tbody>
</table>

32.2 Shareholder Meetings

Notice of shareholder meeting is required to be sent to every shareholder at least 21 days before the meeting. A meeting may be held either by a number of shareholders who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting or by means of audio, or audio and visual, communication by which all shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting.

The necessary quorum for a meeting of shareholders shall be a person or persons holding at least or representing by proxy one-third of the shares with voting rights. Where a meeting is held physically, voting shall be by way of show of hands or by voice (unless a poll is demanded).

36.3 Transfer of Shares

Except for shares listed on any stock exchanges which shall be freely transferable, the Board may only refuse to register a transfer of shares in the share register of the Company in the following circumstances:

(i) where so required by law;

(ii) registration would impose on the transferee a liability to the Company and the transferee has not signed the transfer;

(iii) the Company has a lien on shares;

(iv) a holder of any such share has failed to pay on the due date any amount payable thereon either in terms of the issue thereof or in accordance with the constitution (including any call made thereon);

(v) the transferee is a minor or a person of unsound mind;

(vi) the transfer is not accompanied by such proof as the Board reasonably requires of the right of the transferor to make the transfer;

(vii) the Board acting in good faith decides in its sole discretion that registration of the transfer would not be in the best interests of the Company and/or any of its shareholders.
37. ISSUED ORDINARY SHARES

37.1 Subject to the provisions of the Companies Act, the Constitution of Shumba Coal and the listing requirements of the Botswana Stock Exchange, to the extent applicable, where the Company in a shareholders meeting has granted a general authority to the directors, the directors may in their discretion allot and issue shares to such persons at such times and on such terms and conditions and for such consideration, as the Directors may think fit.

37.2 At the meeting of shareholders of Shumba Coal held on 19 February 2013 the Shumba Coal ordinary shareholders approved, by ordinary resolution, the placing of the Ordinary Shares under the control of the Directors, who may issue and allot such Ordinary Shares in their discretion, subject to the provisions of the Companies Act and the requirements of the BSE. This ordinary resolution, extracted from the minutes of the annual general meeting, is presented below:

"Resolved as an ordinary resolution that the Directors of the Company be and are hereby authorised as a general authority to allot and issue (as the case may be) ordinary shares in the capital of Shumba Coal which currently comprise no par value ordinary shares, or grant options to subscribe for new Shumba Coal ordinary shares ("options"), or to allot and issue instruments that are convertible to Shumba Coal ordinary shares ("convertible instruments"), for cash on such terms and conditions as the Directors of the Company may, without restriction, from time to time, deem fit, as and when suitable opportunities arise therefore, but subject to:

- the requirements from time to time of the constitution of Shumba Coal;
- the Companies Act 2001 of Mauritius; and
- any stock exchange(s) on which the Shumba Coal ordinary shares may be quoted or listed, it being recorded that the listing requirements of Botswana Stock Exchange currently contain, inter alia, the following requirements:
  
  – the general authority in terms of this resolution shall extend up to and including the date of the next annual meeting of the Company or 15 months from the date on which this resolution is passed, whichever is the earlier date;
  
  – the issue may only be to such person or persons defined as "public", and who are not "related parties" as defined in the BSE listings requirements;
  
  – a paid press announcement giving full details, including the number of Shumba Coal ordinary shares issued, the average discount to the weighted average traded price of Shumba Coal ordinary shares over 30 business days prior to the date that the price of the issue is agreed in writing between Shumba Coal and the subscribing parties, the impact on net asset value and the net tangible asset value per share and the impact on earnings and headline earnings per share of the Company, shall be published at the time of any issue of Shumba Coal ordinary shares pursuant to this general authority representing, on a cumulative basis within one financial year, 5% or more of the number of Shumba Coal ordinary shares in issue prior to the issue;
  
  – that the issues of Shumba Coal ordinary shares may not in any one financial year in the aggregate comply with sub-paragraph 6.18(g) of the BSE listings requirements;
  
  – in determining the price at which an issue of Shumba Coal ordinary shares will be made in terms of this general authority, the maximum discount at which the Shumba Coal ordinary shares will be issued is 10% of the weighted average trading price of Shumba Coal ordinary shares over the 30 trading days prior to the date that the price of an issue is determined or agreed by the Directors of the Company; and
  
  – that issues of options or convertible instruments are subject to the same or similar requirements as those set out above."
PART F: OTHER INFORMATION

38. MATERIAL CONTRACTS
A material contract that has been entered into by the Company during the two years preceding the date of issue of this Admission Document, other than in the ordinary course of business is the Technical Agreement.

39. EXPERT CONSENTS
The Sponsoring Broker, Auditors, Competent Person, Corporate Advisor and Secretary have given and have not, prior to the filing of this Admission Document with SEM, withdrawn their written consent to the inclusion of their names and, where applicable, reports in the form and context in which they appear.

40. GENERAL

40.1 Directors’ responsibility statement
The Directors confirm that the Admission Document includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and of the rights attaching to the securities to which the Admission Document relates.

40.2 Litigation
As at the date of the Admission Document hereof the Company is not subject to/ threatened with any litigation, arbitration or legal proceedings nor has been subject to any such proceedings during the last 12 months.

40.3 Commissions paid or payable in respect of underwriting
There has not been any commissions, discounts, brokerages or other special terms granted during the three years preceding the date of the Admission Document in connection with the issue or sale of any securities, stock or debentures in the capital of the Company.

40.4 [Intentionally left blank].

40.5 Preliminary Expenses
The expenses of the listing of the Company on DEM will be borne by the Company. Such expenses are estimated at approximately USD110,000 (excluding VAT) and comprise payments relating to the services as set out:

<table>
<thead>
<tr>
<th>Service</th>
<th>Fees (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and other Advisors</td>
<td>35,000</td>
</tr>
<tr>
<td>Sponsoring Broker</td>
<td>18,000</td>
</tr>
<tr>
<td>SEM</td>
<td>4,500</td>
</tr>
<tr>
<td>Marketing</td>
<td>6,000</td>
</tr>
<tr>
<td>CDS</td>
<td>1,333</td>
</tr>
<tr>
<td></td>
<td>38,333</td>
</tr>
</tbody>
</table>
40.6 **Information sourced from third-parties**

The source of any information herein obtained from a third-party has been disclosed. It is confirmed that such information has been adequately reproduced and as far as the Company is aware and is able to ascertain from information published by such third-parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

40.7 **Advisors**

International Financial Services Limited and C&A Law have respectively acted as advisor and legal advisor for the purpose of preparing this Admission Document.

40.8 **Employees**

As of the date of this Admission Document, the Company does not have any employees.

40.9 **Warrants**

The Company is in the process of issuing warrants to certain of its directors and consultants in return of the latters making a salary sacrifice or as part of performance and incentive bonus. The total numbers of warrants to be issued are set out below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Total Warrants to be issued in Shumba Coal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mashale Phumaphi</td>
<td>4,611,250</td>
</tr>
<tr>
<td>Thapelo Mokhathi</td>
<td>4,042,917</td>
</tr>
<tr>
<td>Alan Mitchel Clegg</td>
<td>3,681,250</td>
</tr>
<tr>
<td>Grant Munesh Sharma Ramnauth</td>
<td>3,681,250</td>
</tr>
<tr>
<td>Thamang Thabolo</td>
<td>775,000</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
</tr>
</tbody>
</table>

The conditions governing the issue of the warrants shall be as follows:

(i) They would not expire sooner than one year of later than six years after the date of issue;

(ii) They would not generally exceed 10% of the total issued share capital of the Company if the issue is uncovered;

(iii) They would be scrip settled in accordance with the terms of the warrant issue provided that the issuer may provide for cash alternative;

(iv) They would issued in a strike ratio to be determined by the Board which would in no event be lower than 1 warrant : 1 share; and

(v) They would be covered or uncovered

40.10 **Licences**

The details of the current mining licences granted to Shumba Coal are as follows:

<table>
<thead>
<tr>
<th>Licence reference</th>
<th>PL053/2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue date</td>
<td>1 July 2012</td>
</tr>
<tr>
<td>Expiry Date</td>
<td>30 June 2014</td>
</tr>
</tbody>
</table>

For more details on the licences, refer to Annexure 5 of this Admission Document which contains the full licence.

By June 2014, Shumba Coal intends to apply for a mining license, a retention license or an extension of the prospecting license.
Mining Licence

Mining licence is a document that gives the rights to mine mineral(s) listed in the document on the defined area for a particular period mentioned in the document. This licence shall be applied for when Shumba Coal has concluded the feasibility studies and EIA and have secured a coal off take agreement. A mining licence is normally issued for the life of the mine.

Retention licence is a document that is issued on confirmation that the mineral deposit cannot be mined on a profitable basis at the time of application. This document is issued when the applicant is interested in exploiting the mineral discovered during the prospecting licence period but in the present situation cannot be mined economically. In the case of Shumba Coal, this would occur in case an offtake agreement following the completion of feasibility studies and EIA is not secured. A retention licence is issued for 3 years before you have to reapply again.

A Prospecting licence is a document that gives the rights to prospect for mineral(s) listed in the document on the defined area for a particular period mentioned in the document. Shumba Coal would apply for an extension of this licence should there be a delay in the completion of the feasibility studies and EIA. An extension of the Prospecting licence would be issued for 2 years before you would have to reapply again.

40.11 Funding & Expenditure

As of 30 June 2013, the total capital raised by the Company was around USD1,600,000 following its primary listing on the BSE, The Company had a stated capital of around USD3,200,000 and a cash balance of USD1,233,864.

USD1,985,865 has been expended on exploration assets. The exploration activities being carried out and their status are set out in the following table:

<table>
<thead>
<tr>
<th>Task</th>
<th>Task Description</th>
<th>Task Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Carry out review of geological model</td>
<td>Complete</td>
</tr>
<tr>
<td>ii.</td>
<td>Undertake drilling (25 holes) at 500 metre grid</td>
<td>Complete</td>
</tr>
<tr>
<td>iii.</td>
<td>Geophysical wire-line logging.</td>
<td>Complete</td>
</tr>
<tr>
<td>iv.</td>
<td>Carry out geological modeling to establish an updated JORC compliant resource</td>
<td>Complete</td>
</tr>
<tr>
<td>v.</td>
<td>Carry out baseline EIA</td>
<td>Complete</td>
</tr>
<tr>
<td>vi.</td>
<td>Undertake drilling additional 8 core holes</td>
<td>Complete</td>
</tr>
<tr>
<td>vii.</td>
<td>Geophysical wire-line logging.</td>
<td>Complete</td>
</tr>
<tr>
<td>viii.</td>
<td>Carry out Scoping and Prefeasibility Studies</td>
<td>Underway</td>
</tr>
<tr>
<td>ix.</td>
<td>Carry out EIA</td>
<td>Underway</td>
</tr>
</tbody>
</table>
41. DOCUMENTS AVAILABLE FOR INSPECTION

41.1 Copies of the following documents will be available for inspection at the registered office of the Company at any time during business hours on weekdays (excluding public holidays in Mauritius) from the 09 00 to 17 15.

- Admission Document
- Technical Agreement;
- Audited financial statements of the Company
- Scoping Study conducted by TWP;
- Business Plan
- Fair Value Opinion;
- Insurance Policy;
- Agreement with Local Partner;
- Constitution of the Company;
- Competent Persons Report;
- The signed reports of auditors, the texts of which are set out in Annexure 4; and
- The Lock-In Certificate Agreement.

Duly authorised to sign for and on behalf of the Board.

Kapildeo Joory
Director

Munesh (Grant) Ramnauth
Director