Shumba Coal Limited (“Shumba” or the “Company”) is pleased to announce that it has entered into a binding Sale and Purchase Agreement with Daheng Group Botswana (Pty) Ltd (“Daheng”) for the acquisition of the Mabesekwa Prospecting Licence (PL428/2009) in the north eastern part of Botswana some 60km south-west of the town of Francistown and 40km west of Tonota/Shashe. The transaction is subject to all regulatory approvals (see below) being obtained.

In Shumba’s Managing Director, Mashale Phumaphi’s words: “The acquisition of a very low mining cost coal deposit is an excellent outcome for Shumba and is part of our continuing strategy of investing in Botswana based energy projects to supply affordable energy domestically and into the region.”

The estimated in-situ coal resource is 844 Mt in accordance with (Australian) JORC Code, predominately contained in one coal seam, with an average seam thicknesses >18m with a flat and consistent profile with the coal found at average depths of 50-60m, to be accessed by open strip mining. Over 189 boreholes have been drilled and geologically and geophysically logged, with coal analysis undertaken. The JORC compliant resource statement was issued in September 2012. The report was prepared by Mr Alan Golding who satisfies the requirements of a Competent Person as defined under the JORC Code.

Transaction terms:
The acquisition is subject to the approval of the relevant Authorities in Botswana including the Minister of Minerals, Energy and Water Resources approving the transfer of the Prospecting Rights. Should the approvals be obtained, Shumba will:

1. Immediately issue shares to the value of US$2,000,000 to Daheng;
2. Within 18 months pay US$2,000,000 cash to Daheng. Should the Company fail to pay Daheng, it will issue further shares to the value of US$3,300,000 to Daheng; and
3. A final payment of US$2,000,000 cash is payable to Daheng upon commercial production of coal from Mabesekwa.

Applications will be made to list these new shares on the Botswana Stock Exchange (“BSE”) and the Stock Exchange of Mauritius (“SEM”), subject to the approval of BSE and SEM.

The Mabesekwa Prospecting Licence is currently valid and will be up for renewal on the 31st of December 2016. In the period from now till then Shumba Coal intends to complete mine Preliminary Feasibility Studies and associated Environmental Impact Assessments, spending a minimum of BWP3,200,000 (USD 340,000).

International Financial Services Limited
Company Secretary
This 25th February 2015
This Communiqué is issued pursuant to Section 87 of the Securities Act 2005, Rule 5 of the Securities (Disclosure Obligation of Reporting Issuers) Rules 2007 and DEM Rule 21.

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