Joint Development Agreement with Mulilo Thermal Project Developments

The Board of Directors (“Directors”) of Shumba Coal Limited (the “Company”) is pleased to make the following announcements to its shareholders and the public in general:

1. Joint Development Agreement with Mulilo Thermal Project Developments

Following the communique issued by the Company on 6 March 2015 on a Heads of Agreement with Mulilo Thermal Project Developments (“Mulilo”), this announcement serves to confirm that the Company has entered into a Joint Development Agreement (“JDA”) with Mulilo, detailing commercial parameters of their joint development of the coal baseload electrical power projects. The Company will collaborate with Mulilo in the development, construction and operation of coal fuelled power plants with an installed capacity of at least 300 MWe, namely, the Mabesekwa Export Independent Power Plant (“IPP”), in anticipation of submitting bid responses under the South Africa and/or Botswana Coal Baseload IPP Procurement Programme.

Mulilo is an independent power producer in South Africa and has developed a portfolio of approximately 400 MWe of grid-connected power plants under various procurement programmes conducted by the Department of Energy of the Government of South Africa.

2. Incorporation of a new subsidiary - Shumba Coal Trading Ltd

As a result of the demand from future off-takers of the Company’s export coal products, the Company intends to incorporate a trading subsidiary for future use, namely Shumba Coal Trading Ltd (“SCT”). SCT establishment is to manage the trade of coal from projects owned by it and on an initial interim basis from other coal producers in order to build experienced capabilities in this key area of the future business value chain and meet our customers’ short term needs. Any transactions and/or trade contracts will be subject to prevailing international coal prices, commercial viability of shipments and general market conditions.

By order of the Board

International Financial Services Limited
Company Secretary

25 August 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.