



SHUMBA
E N E R G Y
Powering the Future

Shumba Energy Ltd
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Ebene 80817
Republic of Mauritius

(A public company registered in the Republic of Mauritius - Company No. 111905 C1/GBL)

QUARTERLY MARKET UPDATE – 30 JUNE 2019

BACKGROUND

Shumba Energy Ltd (“Shumba” or the “Company”) is an energy development company based in Botswana and listed on the Botswana Stock Exchange (BSE: SHUMBA). Shumba Energy has in recent years progressed from an exploration company to a development company and sits on over 4.5 billion tons of thermal coal. As a major industry player, Shumba Energy’s mission is to satisfy the growing energy demand in the SADC region through various strategies. For Shumba “Powering the Future” means addressing chronic power shortages head-on and supplying energy to affected southern African countries in a sustainable and cost-effective manner. Established in 2011, Shumba now owns a significant portion of advanced energy projects in Botswana and is uniquely positioned with its strategy to develop energy projects that are unaffected by the volatility of global coal prices. The Company’s main activities include project development and mining, coal trading, power generation and energy fuels.

Shumba Energy has 3 assets in development stage. These are as follows:

SECHABA PROJECT

Licenses: Prospecting License 053/2005 & 218/2016

Ownership: 100%

The project is in the Palapye region and has 1.1 billion tonnes gross in-situ. The project is covered by 2 prospecting licenses both of which are up to date and current with the department of mines. The coal is of a quality suitable for both power generation and coal exports. As at 30 June 2019 the Environmental and Social Impact Assessment and the mine feasibility studies for the project have been completed.

MORUPULE SOUTH RESOURCES PROJECT

License: Prospecting License 121/2010

Ownership: 97.5%

The project is also based in the Palapye region, 5km from the railway siding and has 2.45 billion tonnes gross in-situ. The project is covered by 1 license which is up to date and current with the department of mines. The coal is of a quality suitable for use in both the coal exports and for power generation. As at 30 June 2019 the Environmental and Social Impact Assessment and the mine feasibility study for the project were both underway. During the quarter Shumba increased its shareholding in the project to 97.5% from 75%.

This Announcement is issued, in compliance with the Botswana Stock Exchange Equity listing requirements and pursuant to Section 87 of the Securities Act 2005, Rule 5 of the Securities (Disclosure Obligation of Reporting Issuers) Rules 2007.

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

APPENDIX 8A
Mining Company Quarterly Cash flow Update

Name of Company

Shumba Energy Ltd

BSE Code

SHUMBA

Quarter ended ("current quarter")

30-Jun-19

Consolidated statement of cash flows

		Current quarter USD	Year to date (12 months) USD
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	193,765	663,453
1.2	Payments for (a) exploration and evaluation	(37,599)	(113,243)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(69,993)	(1,707,288)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	322	14,913
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	(1,330)
1.7	Trading Costs	(152,698)	(600,693)
Net Operating Cash Flows		(66,203)	(1,744,188)
Cash flow related to investing activities			
1.8	Payment for purchase of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1,552)	(5,189)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	63,985	288,985
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if significant)	-	-
Net investing cash flows		62,433	283,796
1.13	Total operating and investing cash flows brought forward		
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	1,703,600
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayments of borrowings	-	(1,372,808)
1.18	Dividends paid	-	-
1.19	Other (provide details if significant)	-	-
Net financing cash flows		-	330,792
Net increase (decrease) in cash held		(3,770)	(1,129,600)
1.20	Cash at beginning of quarter/year to date	226,772	1,352,602
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	223,002	223,002

Payments to directors of the company and associates of the directors payments to related entities of the company and associates of the related entities

- 1.23 Aggregate amount of payment to the parties included item 1.2
 1.24 Aggregate amount of loans to the parties included in item 1.10
 1.25 Explanation necessary for an understanding of the transactions

Current quarter
USD

96,867

-

Payment to the directors. Payment included as directors are considered related parties.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a significant effect on consolidated assets and liabilities but did not impact cash flow

Shumba holds a financial asset, recognised as held for trading, comprising shares in Kibo Energy plc, an AIM listed entity. The Kibo share price has declined by over 53% in the quarter to 30 June 2019

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

There have been no outlays in the quarter ended 31 March 2019

Financing facilities available

Add notes as necessary for an understanding of the position.

- 3.1 Loan facilities
3.2 Credit standby arrangements

Amount available USD	Amount used USD
-	-
-	-

Estimated cash outflows for next quarter

- 4.1 Exploration and evaluation
4.2 Development
4.3 Production
4.4 Administration
Total

USD
250,000
-
-
375,000
625,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

- 5.1 Cash on hand and at bank
5.2 Deposit at call
5.3 Bank overdraft
5.4 Other (provide details)

Total: Cash at end of quarter (item 1.22)

Current quarter USD	Previous quarter USD
223,002	226,772
-	-
-	-
-	-
223,002	226,772

Changes in interest in mining tenements

Tenement reference	Nature of interest	Interest at the beginning of quarter	Interest at the end of the quarter
6.1 Interest in mining tenements relinquished,	<i>This was a coal prospecting license that the company acquired in 2014. During the quarter the company relinquished the PL to the department of mines as management believes that the coal in the area is uneconomical after the exploration work done by Shumba</i>	51,526	51,526
reduced or lapsed			
6.2 Interests in mining tenements acquired or increased	<i>No change</i>		