



SHUMBA
E N E R G Y
Powering the Future

Shumba Energy Ltd
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Republic of Mauritius

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

QUARTERLY MARKET UPDATE – 30 SEPTEMBER 2020

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. 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. At the beginning of the quarter the group owned 97.5% of the project. Further the company submitted the Environmental and Social Impact Assessment for review by the Department of Environmental Affairs for review and approval.

MABESEKWA PROJECT**License: Prospecting License 428/2009****Ownership: 65%**

The project is based in the Francistown region. The project has a total of 0.9 billion tonnes gross in-situ. In 2018 the company entered into a partnership agreement with Kibo Energy plc, an AIM listed entity whereby Shumba retained 15% of the prospecting license. The project is covered by 1 license which is up to date and current with the department of mines. The Environmental and Social Impact Assessment and mine feasibility have been completed. A mining license application has been submitted to the department of mines.

Previously Shumba signed a heads of agreement with Kibo Energy PLC to reposition and strategically leverage the Mabesekwa project. Under the agreement the parties will jointly manage and oversee the development of a bespoke 300MW power station which will power a PetroChemical plant which provide Botswana and Southern Africa with liquid fuels. The signing of the agreements resulted in an increase of the ownership in the project to 65% from 15%.

The quarterly reporting to the department of mines is as follows:

All figures in USD

	PL053/2005		PL218/2014		PL121/2010
Direct Expenditure		Direct Expenditure		Direct Expenditure	
Drilling	-	Drilling	-	Drilling	-
Geotechnical	-	Geotechnical	-	Geotechnical	-
Environmental	-	Environmental	-	Environmental	-
Consulting	-	Consulting	-	Consulting	-
Total	-	Total	-	Total	-
Indirect Expenditure		Indirect Expenditure		Indirect Expenditure	
Salaries and Wages	51 443	Salaries and Wages	25 721	Salaries and Wages	51 443
Travel & Accommodation	-	Travel & Accommodation	-	Travel & Accommodation	-
Administrative Costs	7 130	Administrative Costs	3 565	Administrative Costs	7 130
Financing Costs	98 425	Financing Costs	49 212	Financing Costs	98 425
Total	156 998	Total	78 498	Total	156 998

Additional Information:

- a) There have been no mining development activities with regard to any of the licenses held by Shumba Energy.
- b) The exploration activities per license and money used per activity is disclosed in the table above.
- c) The quarterly cash flow update is attached herewith.
- d) Determination of mineral resources and/or reserves is achieved through use of recognized standards of reporting of JORC.
- e) The COVID-19 pandemic continued to have an adverse impact on the group during the quarter, as a result of the reduction in activity across the 3 jurisdictions that the entity operates in, due to the lockdowns imposed during the quarter.

By order of the Board

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.