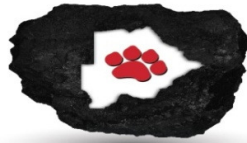


THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY SEEK ADVICE FROM YOUR LEGAL ADVISER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER



SHUMBA COAL

Coal Exploration in Botswana

*Incorporated in accordance with the laws of Mauritius on the 28th of August 2012
Company Number 111905 and registered as an external company on the 4th of February 2013
("Shumba Coal" or "the Company")*

PRE-LISTING STATEMENT

relating to a listing by way of a Placing of the entire issued share capital in Shumba Coal, being 168 846 078 shares, on the Venture Capital Market ("VCM") of the Botswana Stock Exchange ("BSE")

This Pre-listing Statement 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 Listings Requirements of the BSE for the purpose of providing information to the public in regard to the primary listing of the ordinary shares of Shumba Coal on the BSE and to provide information to select investors with regards to the Placing.

This document contains forward-looking financial information on Shumba Coal for the year ending 30 June 2013, 2014 and 2015. 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 Pre-listing Statement. 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.

The issued share capital of the applicant currently comprises of 161 734 978 shares of no par value with 30 existing shareholders. The applicant proposes to allot 7 111 100 shares of P1 per share which shall rank pari passu with all the other shares issued by Shumba Coal to 189 private placees. After the Placing the issued share capital of the Company shall comprise of up to 168 846 078 shares.

The Placing constitutes an offer to select investors as contemplated in term of section 297 of the Companies Act Cap 42:01 of Botswana. As required by that section, the Placing is made in accordance with the requirements of the BSE. It is not necessary for this Pre-listing Statement to be filed or registered with the Registrar of Companies nor is it intended that it will be so filed or registered.

Application has been made to the Listings Committee of the BSE, which has agreed to grant approval for a listing of shares in Shumba Coal on the VCM of the BSE, subject to compliance with the BSE's Listing Requirements. It is expected that such listing will become effective and that dealings in shares in Shumba Coal will commence from Monday 8 April 2013. The listing will be on the VCM of the BSE, under the abbreviated name "SHUMBA" and trading code "SHUMBA COAL LIMITED"

Prospective investors in the equity of Shumba Coal, as with any other listed company 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. The Botswana Stock Exchange's approval of the listing of Shumba Coal should not be taken as an indication of the merits of the Company. The Botswana Stock Exchange has not verified the accuracy and truth of the contents of the documentation submitted to it and, the Botswana Stock Exchange accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from the investment in the equity of Shumba Coal.

WARNING- SHUMBA COAL WILL BE LISTED ON THE VCM OF THE BSE AND THE SHARES SHOULD BE CONSIDERED SPECULATIVE.

Date of issue : 3 April 2013

LISTING DETAILS

Particulars of the securities being listed

Class of security	Ordinary shares
Total number of securities to be listed	168 846 078
Market Capitalisation on Listing	BWP 168 846 078

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

Important dates:

2013

Pre Listing Statement sent to Shareholders	Wednesday 3 April
Allotment of Subscription Shares	Thursday 4 April
Shumba share certificates (if applicable) posted from	Thursday 4 April
Publication of Announcement	Friday 5 April
Shumba listed on the VCM	Monday 8 April
Shares allocated to CSDB accounts (if applicable) from	Monday 8 April
Trading of Shumba Shares on the VCM	Monday 8 April

Details of listing

The BSE has granted Shumba Coal a listing of 168 846 078 ordinary shares on the VCM of the BSE as follows:

Abbreviated name:

Shumba

Share code:

Shumba Coal Limited

ISIN:

BW 000 000 1189

Advisors Consents

The Lead Advisor, Corporate Finance Advisor, Sponsoring Broker, Transfer Secretaries, Competent Person and Reporting Accountant, whose names are included in this Pre-listing Statement, have given and had not, at the date of this Pre-listing Statement, withdrawn their written consents to the inclusion of their names in the capacities as stated.






Lead Advisor	Corporate Finance Advisor	Transfer Secretary
 <p>ARMSTRONGS Attorneys, Notaries & Conveyancers</p>	 <p>IMARA INVESTING IN AFRICA Corporate Finance</p>	 <p>Corpserve Botswana</p>
Reporting Accountants	Sponsoring Brokers	
 <p>Grant Thornton An instinct for growth™</p>	 <p>IMARA INVESTING IN AFRICA Securities</p> <p>Imara Capital Securities (Pty) Limited A Member of the Botswana Stock Exchange</p>	

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CORPORATE INFORMATION, DIRECTORS AND ADVISORS

Registered Office

Shumba Coal Limited
Plot 2780
Manong Close, Extension 9
P.O.Box 70311
Gaborone
Botswana

Company Secretary

International Financial Services Ltd
IFS Court, TwentyEight CyberCity, Ebène,
Republic of Mauritius

Board of Directors

Alan Mitchell Clegg, (Chairman)
Mashale Phumaphi,
Thapelo Mokhathi,
Munesh Sharma Ramnauth
Kapiledo Joory

Reporting Accountants

Grant Thornton
Chartered Accountants
Acumen Park
Plot 50370 Fairgrounds
Gaborone
Botswana

Corporate Finance Advisor

Imara Botswana Ltd
2nd Floor, Morojwa Mews
Unit 6, Plot 74770
Western Commercial Road, CBD
Gaborone

Transfer Secretaries

Transaction Management Services (Pty) Ltd t/a Corpserve
Botswana
Unit 3, First Floor, Kwena House, Plot 117
Gaborone International Finance Park
Gaborone

Lead Advisor to the Issuer

Armstrongs Attorneys
2nd Floor, Acacia House
Plot 74358, Cnr of Khama Crescent Ext
& PG Matante Road, New CBD
Gaborone

Competent Persons Report

Analytika Holdings (Pty) Ltd
Unit 12A, Plot 20743, Broadhurst
Gaborone

Sponsoring Broker

Imara Capital Securities
Member of the Botswana Stock Exchange.
2nd Floor, Morojwa Mews
Unit 6, Plot 74770
Western Commercial Road, CBD
Gaborone

DEFINITIONS AND INTERPRETATION

The following definitions apply throughout this Pre-listing Statement , unless explicitly stated otherwise or the context explicitly requires otherwise. In this Pre-listing Statement, 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 Cap 42:01 of Botswana as amended or replaced from time to time;
“Armstrongs Attorneys or Lead Advisors ”	Armstrongs Attorneys, a partnership practicing as attorneys in terms of the Legal Practitioners Act of Botswana who are the Lead Advisors and attorneys to Shumba Coal for the purpose of the Listing;
“the Board” or “the Directors”	The board of directors of Shumba Coal;
“Botswana”	The Republic of Botswana;
“Bridge House Capital”	Bridgehouse Capital Limited of 55 Baker Street, London W1U 8EW which represents a private offshore fund and has offices in London, Qatar and New York.
“the BSE”	The Botswana Stock Exchange as established by the Botswana Stock Exchange Act Cap 56:08;
“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 the 28 th of August 2012 and registered as an external company in Botswana on the 4 th of 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;
“CSDB”	Central Securities Depository Company of Botswana Limited;
“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”	Means the investors who have agreed to subscribe for Shares by signing the

	Subscription Agreement as set out in Annexure 7;
“Listing”	The listing of the Shares of Shumba Coal on the BSE;
“Listing Date”	The date which Shumba will list on the BSE, on or around 8 April 2013;
“ Local Partner”	Intersperce (Pty) Ltd a company incorporated according to the laws of Botswana with limited liability with company registration number CO2012/3889 which is a company beneficially owned by Mashale Phumaphi, one of the promoters ;
“ Listing Price”	The price of the Shumba Coal shares;
“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;
“Placing”	A Private Placement which is sold not through a public offering, but rather through a private offering, mostly to a number of chosen investors in terms of section 5.11 of the BSE listing requirements.
“Private Placement”	The Private Placement by Shumba Coal of up to 7 111 1000 shares in terms of the Subscription Agreement;
“this Pre-listing Statement”	This Pre-listing statement issued on 3 April 2013 and its annexures and attachments;
“Prospecting Licence”	Means prospecting licence issued in terms of the Mines and Minerals Act Cap 44:06 of the laws of Botswana;
“Pula or P”	The legal tender of the Republic of Botswana in which all monetary amounts in this Pre-listing Statement are expressed;
“Reporting Accountants”	Grant Thornton, Certified Public Accountants, Botswana, who are the Reporting Accountants for the purposes of the Listing;
“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 Pre-listing Statement;
“Sechaba Project Area”	as set out in paragraph 9 of this Pre-listing Statement;
“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”	Imara Capital Securities, a member of the BSE who are the Sponsoring Broker for the purposes of the Listing;
“Subscription Agreement”	The Subscription Agreement in terms of which the investors apply for shares in terms of the Placing. An extract of the Subscription Agreement is set out in Annexure 7
“Transfer Secretary”	Corpserve (Proprietary) Limited (registration number CO 2000/5376), registered according to the laws of Botswana; and
“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;
“VCM”	the Venture Capital Market of the BSE.

PART A: SALIENT FEATURES OF THE LISTING

The salient features presented below are a summary of this Pre-listing Statement. For full appreciation, this Pre-listing Statement should be read in its entirety.

1. RATIONALE OF THE LISTING

- 1.1 The Directors of Shumba Coal have decided to apply for a listing of Shumba Coal's shares on the VCM of the BSE by way of a Placing. There are a number of reasons for the Listing including the following:
- 1.1.1 to establish a platform for the future raising of development capital to realize 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 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 BSE

The BSE has agreed to the Listing of the entire issued ordinary share capital of Shumba Coal on the Venture Capital Board of the BSE under the abbreviated name "Shumba". The Listing will take place with effect from the commencement of trade on the 8th April 2013.

3. OTHER LISTINGS

Shumba Coals' shares are not currently listed on any other stock exchange, however it should be noted that it intends to conduct a secondary listing on the Mauritius Stock Exchange.

4. COPIES OF THE PRE-LISTING STATEMENT

4.1. Copies of this Pre-listing Statement are available from:

1.1.12 Shumba Coal, at its registered office as set out in the “Corporate Information” section

1.1.13 Imara Botswana Limited, at its address as set out in the “Corporate Information” section;

1.1.14 Armstrongs Attorneys, at its registered office as set out in the “Corporate Information” section; and

1.1.15 Imara Capital Securities at its registered office as set out in the “Corporate Information” section.

4.2. An abridged version of this Pre-listing Statement will be published in the press on the 3rd April 2013.

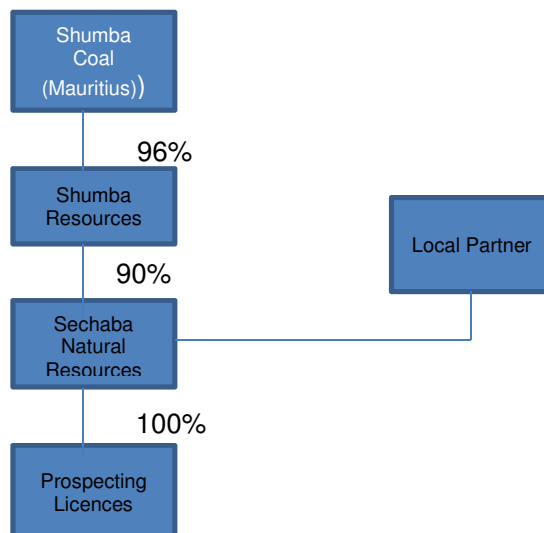
PART B: OVERVIEW OF SHUMBA COAL

5. INTRODUCTION

- 5.1. Shumba Coal is a mineral exploration company, with a diverse range of mining and exploration projects of coal. The Shumba Group's business is primarily focussed on the identification of economically viable mineral prospects, the acquisition of such assets and the development of such prospects into full-scale mining projects.
- 5.2. An investment in Shumba Coal offers shareholders the opportunity to participate in a diversified portfolio of exploration assets which is capable of generating commercially attractive returns and is managed by a team with a track record in extracting maximum returns from this asset class. This Pre-listing Statement provides investors and the market with information on Shumba Coal, its projects, Directors and management and financial history.

6. INCORPORATION, HISTORY AND GROUP STRUCTURE

- 6.1. Shumba Coal is a company registered in Mauritius on the 28th of August 2012 with Company Number 111905 as a public company and registered as an external company in Botswana, in terms of the Companies Act on the 4th February 2013. It will, through its subsidiary Shumba Resources, registered in the British Virgin Islands own a majority stake in the Botswana subsidiary, Sechaba which holds the right to the Prospecting Licence..
- 6.2. Shumba Coal is a corporation with real and serious intentions to develop, within an aggressive yet realistic timeframe, 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 as a local company majority controlled by Batswana it is intent on developing its coal resources in Botswana as far as possible for the benefit of Botswana.
- 6.3. The Company intends to raise a minimum of P10 million in the envisaged months to cover its funding requirements on the Project .The Company has access to more than P10 million which has been raised through management warrant exercises, bridging finance and from the existing funds that the Company currently has.The Company has raised over P 7 111 100 million through subscribed Investors in 2013 and intends to further raise P100 million in 2015 through the capital markets.
- 6.4. The Shumba Group structure described above is set out below:



- 6.5. Currently the Shumba Group has no operations in Mauritius, however it has the intention of conducting a dual listing on the Stock Exchange of Mauritius after it has completed its listing on the BSE. As indicated above, Shumba Coal is incorporated in Mauritius. Shumba Coal owns 96% of Shumba Resources with the remaining 4% being held by a private investor.
- 6.6. Currently the sole director and shareholder of the Local Partner is one of the directors, Mashale Phumaphi. The 10% stake of the Local Partner shall remain undiluted as capital contributions during exploration and development phases of the Project 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.

7. NATURE OF THE BUSINESS

- 7.1. 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. A table below shows the prospecting license held by Sechaba.

Licenses	Issue	Expiry	Commodity
PL053/2005	1 st July 2012	30 th June 2014	Coal

- 7.2. In the last 9 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 2015/2016 to supply a nearby power producer, in addition to exporting coal at a later date
- 7.3. The decision has been taken to complete a full Preliminary Feasibility Study in the coming 18 months over the Sechaba Project Area.
- 7.4. To advance its objective to achieve early production by supplying coal for power generation, Shumba Group is partnered with Bridge House Capital and its subsidiary, Independent Power Corporation PLC ("IPC"), which is one of the United Kingdom's leading power developers and power plant operators. Since 1995 it has developed and operated thermal and hydro plants in North America, Latin America, South Africa, Asia and Europe.
- 7.5. IPC has operated power plants for third parties, such as British Petroleum PLC, and has qualified to operate plants owned by British Gas PLC, Headquartered in Moscow, Lukoil is the second largest public company (next to ExxonMobil) in terms of proven oil and gas reserves ("Lukoil" and Royal Dutch Shell plc Shell as well as qualifying for projects on behalf of multinational lenders including the Asian Development Bank, the European Bank for Reconstruction and Development, the Andean Development Corporation, and the International Finance Corporation arm of the World Bank.
- 7.6. Key highlights of Shumba Coal are as follows:
 - 7.6.1. Focused on Botswana's relatively untapped coal reserves estimated at around 212 billion tonnes.
 - 7.6.2. Owns Sechaba with approximately 1 Billion Tonnes (JORC Compliant) of good quality export thermal coal.
 - 7.6.3. Has a strong and highly experienced management team.
 - 7.6.4. Planning further billion tonne coal acquisitions in the near future.
 - 7.6.5. Raised roughly USD 2.2 million in the last year.
 - 7.6.6. Completed a Positive Scoping Study on the Sechaba Coal Project.

7.6.7. Partnered with Bridge House Capital which is one of the United Kingdom's leading power developers and power plant operators.

7.6.8. New coal discovery on our greenfield exploration licenses.

8. 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 activity 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.

9. 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 m 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.

10. REGIONAL INFRASTRUCTURE

The prospecting licence area is accessible via the A1 tarred all weather roads from Palapye via a 10km dirt road. The A1 road is the main link to Botswana's eastern road/rail corridor. 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.

11. COAL

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

11.2. 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.

11.3. 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.

12. USES OF COAL¹

- 12.1. 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.
- 12.2. 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.
- 12.3. 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.
- 12.4. 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.

13. REGIONAL POWER SHORTAGES

- 13.1. 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 2700 MW between 2005 – 2025 to meet the electricity demand forecast for this period.
- 13.2. In the 2006 review of major world electricity markets released by NUS Consulting, South African power prices remained the lowest of the fourteen 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.
- 13.3. 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 32,000MW by 2030. Eskom has struggled to meet supply and growth and end users are now seeking alternative suppliers outside of Eskom.
- 13.4. 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 4,000MW of capacity by 2030.

¹ SOURCE: <http://www.worldcoal.org>

14. POWER GENERATION AND ASSOCIATED INFRASTRUCTURE

- 14.1. Shumba Group together with Bridgehouse Capital envisage developing a Power Station and becoming an Independent Power Producer by 2015-2016.
- 14.2. The design of the proposed Power Station will be in a 3 x 300MW staged modular approach to supply into the growing power demand of Botswana and sub-Saharan Africa in the years to come. Bridgehouse Capital intends to use its subsidiary; the British based Independent Power Corporation PLC, for the development and operation of the proposed Power Station. ELB Engineering Services (Pty) Ltd is the preferred EPCM contractor to do the Pre-Feasibility and Feasibility study as well as the construction of the Power Station.
- 14.3. To support a 300MW pulverised coal power station for its life of operation there is minimum requirement of 45mt coal supply with the following quantities:
- | | |
|-------------------------|-----------|
| 14.3.1. Calorific Value | >20 MJ/kg |
| 14.3.2. Volatile Matter | >20% |
| 14.3.3. Ash | <30% |
| 14.3.4. Sulphur | <1% |
- 14.4. 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.

15. EXPORTING COAL

- 15.1. Two consortia intend to construct two separate rail way 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.
- 15.2. Transnet Freight and Rail have commenced a feasibility study for 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.
- 15.3. With its close proximity to rail infrastructure, the Sechaba Project is ideally located to export coal should the above rail developments come into fruition.

16. SCOPING STUDY BACKGROUND

- 16.1. TWP Projects (Pty) Ltd 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.

16.2. Scoping Study Assumptions

- 16.2.1. Underground operation producing 4,800 ktonne/annum for 24 years;
- 16.2.2. Mining estimates a unit cost of \$17.64/tonne (RoM);
- 16.2.3. Coal beneficiation estimates a unit cost of \$1.65/tonne (RoM);

16.2.4. Off mine operating costs have been derived from the Wood Mackenzie thermal coal price forecast report; and

16.2.5. Discount Rate of 7.5% used.

16.3. Economic results of Scoping Study

16.3.1. Results show a robust project able to economically produce a variety of products at attractive yields;

16.3.2. Calorific Value (CV) of 19.5 MJ/kg alone, generates a yield of 98.8%;

16.3.3. Calorific Values (CV) of 19.5 and 23.5 MJ/kg generates a yield of 84.4%;

16.3.4. Calorific Values (CV) of 20.5 and 25.5 generates yield of 57.8%; and

16.3.5. Further information can be found in the Scoping Study Report of 3 May, 2012, issued by TWP Projects (Pty) Ltd.

16.4. Shumba Coal Valuation

16.4.1. The Scoping Study conducted by TWP and summarized by the Company shows that the net present value of the Sechaba Project could range between USD 290 million and USD 500 million depending on the type of coal produced.

16.4.2. Shumba Coal is currently raising funds at a pre money valuation of USD 20 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.

17. ENVIRONMENTAL STUDIES

17.1. Shumba Coal has commenced a full Environmental Impact Assessment (“EIA”) at Sechaba through Ecosurv (Pty) Ltd, 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.

17.2. 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. (8-12 months depending on integration of information from specialist studies and duration of the DEA review process). The total duration of the scoping phase is approximately 18 months.

18. RECENT EXPLORATION AT SECHABA BY SHUMBA COAL

18.1. A total of 22 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.

18.2. Objectives

The objectives of the programme was to expand the previous borehole layout east and southwards on a one km to 500m 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.

18.3. Key points

Two horizons were targeted in particular:

18.3.1. Morupule Main Seam (MMS) -Basal seam in the succession.

- 18.3.2. 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. We have totalled all the coal intersections in SR05 (29.15m) and computed the ratio of coal to inter-burden (73.30m) as approximately 1:2.5 and presents an economic opencast ratio.
- 18.3.3. Results to date have confirmed that the MMS is well developed in the area being explored 3-4m in thickness and is likely to be unweathered even as shallow as 20m. Following the positive results from our initial drilling we have reviewed the Asenjo borehole data in more detail. This has indicated that certain boreholes drilled by Asenjo were not taken down to the Morupule Main Seam. Following a review of the options available as presented to Shumba Coal they located selected boreholes next to shallow Asenjo holes, open hole to the base of their cored section and complete the core as a cored hole to the MMS. Of the 24 positions planned 22 boreholes and 1536.98 metres have been drilled during this campaign.
- 18.3.4. In the first three months of 2012 Shumba has spent just over BWP 2,000,000 in drilling 1,537 metres in 22 boreholes (core drilling) over a 1km grid. This exceeds the 1,500 m as submitted in the license exploration work programme.

19. RISK FACTORS AND MITIGATION

- 19.1. 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 .
- 19.2. 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.
- 19.3. 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 fund raising exercises several months before its cash reserves run out.
- 19.4. The Ordinary Shares carry significant risk; the managements' ambitions for the Company are likely to take a considerable time to be realized and therefore may not be suitable as a short-term investment. Investors may therefore not realize 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.
- 19.5. 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 it shareholders.

- 19.6. 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 government to ensure that it is up to date with current and upcoming legislation.
- 19.7. 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.
- 19.8. 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, occupational 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 to insure itself as its operations reach the appropriate stage.
- 19.9. 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 minimize its effect on the environment and exposure to potential pollution.
- 19.10. 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, nationalization, 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.
- 19.11. 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.
- 19.12. By their very nature, early stage investments bear the risk that the Company may have a higher chance of failure.
- 19.13. 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.
- 19.14. 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.
- 19.15. 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. The minimum funds to be raised as part of the private placement and initial public offer will allow the company to be able to meet the minimum license work programme requirements.

- 19.16. 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 minimum funds raised as part of the private placement will allow the Company to be able to meet the minimum license work programme requirements.

20. FUTURE USE OF PROCEEDS

The three year abridget budget plan for the year June 2013 to 2015 is as follows:

	2013 US\$	2014 US\$	2015 US\$
Investments (USD)	2,028,855	-	12,881,618
Office and Administration	485,214	413,837	545,845
Office Expenditure	252,417	255,856	344,995
Directors and Management Fees	75,641	91,511	125,106
Listing Fees	157,156	30,916	35,553
Mauritian Office	-	35,553	40,191
Exploration Expenditure	489,051	407,059	822,362
Geological Consultants	109,043	-	34,007
Environmental Consultants	77,290	57,967	-
Drilling Contractors	206,106	64,408	-
Laboratory	38,645	19,322	-
Geological Studies	38,645	257,632	386,449
Exploring Related	19,322	7,729	15,458
Serowe Project	-	-	386,449
Subtotal Expenditure	974,264	820,896	1,368,208
Contingencies 5%	48,713	41,045	68,410
Total Expenditure	1,022,978	861,940	1,436,618

21. EXPECTED EXPLORATION WORK PROGRAMME ON THE SECHABA PROJECT

21.1 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.

21.2 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.

21.3 Proposed Exploration Activities

- 21.3.1 In the first year Shumba Coal will continue its current 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. We envisage that this will be an area containing approximately 30mt of resources at a Measured level and with an abutting area of a similar tonnage at an Indicated level.

- 21.3.2 Review current geological model and continue current drilling programme setting out borehole locations at 500m grid to define the Measured Resource.
- 21.3.3 Undertake cored borehole drilling at 25 locations on a 500m grid over defined area of interest to delineated the required resource area of the current Sechaba Natural Resources geological model.
- 21.3.4 Geophysical hole logging where ever coal seams in the Lower Karoo sediments are intersected in the drill programme.
- 21.3.5 Geological logging and sampling of the coal horizons for analysis.
- 21.3.6 Geological modeling to establish JORC compliant resource at a Measured and Indicated level.
- 21.3.7 Commence Base line EIA studies and submit to DEA for approval to commence full EIA.
- 21.3.8 Continuation of EIA after receipt of comments from DEA.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 Mining Licence.
- 21.3.9 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 8 cored boreholes drilled at locations as defined by the results of the first years work.
- 21.3.10 Geophysical hole logging where ever coal seams in the Lower Karoo sediments are intersected in the drill programme.
- 21.3.11 Geological logging and sampling of the coal horizons for analysis.
- 21.3.12 Prefeasibility Study for a mining operation in line with the potential market as defined by the Scoping Study.
- 21.3.13 Continuation and completion of full EIA.

22. TECHNICAL AGREEMENT

- 22.1. Alan Golding (FGS, Pr.Sci.Nat, BSc (Hons) Geology) of Analytika Holdings has entered into a retainer agreement dated 3rd March 2011 with the Company. He will act as Consultant Geologist to the Company 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.
- 22.2. Alan has over 35 years in all sections of exploration, specializing 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 6 to this Pre-listing statement contains a Competent Person's Report in terms of section 12 of the BSE Listing Requirements. Within the two years preceding the date of this Pre-listing statement, the Competent Person has had no direct or indirect interest, beneficial or non-beneficial interest in:
 - 21.3.14 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;

21.3.15 in the share capital of the Company; and

21.3.16 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:

Name	Address	Other Directorship and nature of business
*Alan Clegg (British)	Istanbul Park Yolu, Millennium Park Evleri, B88, Akfirat, Tuzla, 34959, Istanbul, Turkey	Shumba Resources (BVI) Limited (mining) AME Consulting A.S (Turkey) (mining) SAT Enerji A.S (Turkey) (mining) SA Turkey Business Development & Investment Co Limited (South Africa) (mining) Red Crescent Resources Limited (TSX-RCB) Canada (mining) Alexander Mining PLC (LSE, AIM-AXM) (UK) (mining)
Mashale Phumaphi (Motswana)	P.O. Box 2266 Francistown Botswana	Shumba Resources Limited. (mining) Sechaba Natural Resources (Pty) Limited (mining) Hangali Pottery (Pty) Limited (investment) Mass Deliveries (Pty) Limited (advertising)
*Thapelo Mokhati (South African)	5 Bryan Brook Estate, Witkoppen Road, Paulshof, 2191, South Africa	Almenta 210 (Pty) Limited (mining) Sechaba Natural Resources Limited (mining) Shumba Resources Limited (mining)
Kapildeo Joory Mauritian)	Ancienne Route Publique De Moka, Montagne Ory, Moka, Mauritius	Aditya Birla India Real Estate Vision Fund (real estate) Aquarius Investments Ltd (investments) Arisaig Africa Consumer Fund Limited (investments) Banyan Real Estate Fund (real estate) Capital Alliance Private Equity II, Limited (investments) Dynamic India Fund IV (investments) ECP Mena Growth Fund LLC (investments) Everstone Capital Partners II LLC (investments) Evolence India Fund PCC (investments) FT India Offshore Funds (investments)

		Horizon Realty Fund, LLC (investments) HWIC Asia Fund (investments) IDFC Private Equity (Mauritius) Fund II (investments) India Capital Fund Limited (investments) Tata Indian Opportunities Fund (investments)
Munesh Sharma Ramnauth (Mauritian)	Block C2 Apartment 601, Pearl Court –Cybervillage, Ebene, Mauritius	No other directorships

*to be appointed

24.2. The following is the Board of Directors of Shumba Coal:

ALAN CLEGG (PR.Eng, PMP, FSAIMM) (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 6 directorships in the mining and energy related sector.

MASHALE PHUMAPHI (MEng, IMC) (31) – 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 on 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

Thapelo 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 is spent 5 years in various financial positions. In 2004 he co-founded BSC Resources Ltd 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.

KAPILDEO JOORY (BA, Chartered Accountant) (61) – Non Exec 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 specialization 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..

GRANT RAMNAUTH (Dip. PFS, BSc, MBA) (53) - Non Exec Director

Grant holds a B.Sc. (Hons) from London University and a Joint M.B.A. from Hartford University (USA and France) where he specialised in investments. He holds an Investment Advisor license 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.

25. QUALIFICATION, APPOINTMENT AND REMUNERATION OF DIRECTORS

- 25.1. The relevant provisions of the Constitution concerning the qualification, appointment and remuneration and the Directors are set out in Annexure 10 Of this Pre-listing statement.
- 25.2. The proposed and forecast aggregate remuneration and benefits to be paid to the Directors of the Company is P2 000 000 per annum. Each of the Directors will be paid a sitting allowance of P 7500 for each Board Meeting attended.

26. INTERESTS OF DIRECTORS IN THE COMPANY

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

Name	Shares in Shumba Coal	Direct Interest %	Indirect Interest %
Alan Mitchell Clegg	8,769,389	Nil	5.4%
Mashale Phumaphi	69,097,374	0.0%	42.7%
Grant Munesh S. Ramnauth	13,295,460	8.2%	Nil
Thapelo Mokhathi	4,890,762	Nil	3.0%

- 26.2. There has not been any sums paid or agreed to be paid within the three years preceding the date of the Pre-listing Statement 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 2012 are set out below:

Director	Salaries and Bonus	Benefits and bonuses	Total
BWP '000			
Executive Directors	1,680,000	0	1,680,000
Non-Executive Directors	720,000	0	720,000

27.2. None of the new Directors appointed on Listing have received any salaries, fees, bonuses, benefits or other remuneration from Shumba Coal for the year ended 30 June 2012.

27.3. Save for the fees disclosed in this Pre-listing statement, 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.

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

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

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

28. CONSENT OF DIRECTORS

The Directors have consented to act as such and have undertaken to comply with the BSE Listing Requirements.

29. CORPORATE GOVERNANCE

29.1. 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 embodied in the BSE Code of Corporate Governance and King 2 Report and the recent King 3 Report. Board training will be conducted from time to time to ensure compliance with the above Codes.

29.2. Insofar as practicable and applicable, the Company will comply with the principles of the King Reports on corporate governance. By virtue of the fact that the Company will have few employees (on the basis that asset management services and financial administrative secretarial and property management services are outsourced) there is no need for a remuneration committee.

30. BOARD OF DIRECTORS

The Board comprises of three 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.

PART D: FINANCIAL INFORMATION

31. PROFIT HISTORY, FORECAST AND DIVIDEND POLICY

31.1. Profits

There have been no profits payable to date.

31.2. Indicative Income and Expenditure

Please refer to paragraph 20 of this Pre-listing Statement.

31.3. Dividend policy

31.3.1. Current year dividends

There has been no dividends distributed to date.

31.3.2. 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 6 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.

32. ANTICIPATED BALANCE SHEET

32.1. Adequacy of capital

The Directors of the Company are of the opinion that after the issue of shares post listing :

32.1.1. the Company's stated capital is adequate for the purposes of the business of the Company for the foreseeable future; and

32.1.2. the Company's working capital resources will be adequate cover for its current and foreseeable requirements.

32.2. Loans and loan capital

32.2.1. At the date of this Pre-listing Statement and, no loans have been made to the Company and the Company has not issued any other form of loan capital.

32.2.2. 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.

32.3. Borrowing powers of Directors

32.3.1. 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.

32.3.2. 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 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.

32.4. Capital, commitments, lease payments and contingent liabilities

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

32.5. Material changes

The Directors report that to their knowledge there have been no material changes in the financial or trading position of the Company since the date of the Accountants' Reports on the Pro Forma Financial Information of the Company in Annexure 1 to this Pre-listing statement, other than in the ordinary course of business or as set out in the Pre-listing statement.

32.6. 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 this Pre-listing Statement and the private placement, with the costs of listing of the shares as contemplated in this Pre-listing Statement, borne by the Company, stand to be repaid by the Company out of the proceeds of the Private Placement .

32.7. Funding

32.7.1. In the last 4 months management have secured additional funding for the Group by conducting an equity bridging finance in the form of a private placement and by the management exercising their warrants in Shumba Resources. These two activities have raised in excess of BWP7,000,000. Together with funds held in its Botswana bank account and new investors to come in after listing has been approved by the Botswana Stock Exchange, the Group is funded to a level above BWP 15,000,000.

32.7.2. The minimum funding requirement was set as the amount of capital that would be required to satisfy the Sechaba License work programme. Once the required license work programme is satisfied then the license will be automatically renewed in July 2014. As shown on the Prospecting License BWP10,000,000 will allow Shumba Coal to meet its License work programme obligation of completing a Preliminary Feasibility Study and Environmental Impact Assessment (EIA) at Sechaba. Having completed a Preliminary Feasibility Study the company will be in a position to enter into off take agreements with end users of coal in the preparation for the construction of a mine.

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

Task	Task Description	Task Status
i.	Carry out review of geological model	Complete
ii.	Undertake drilling (25 holes) at 500m grid and geophysical wire-line logging	Complete
iii.	Carry out geological modeling to establish an undated JORC compliant resource	Underway
iv.	Carry out baseline EIA	Almost Complete

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

32.7.4.1. Purchase of new projects from distressed sellers

32.7.4.2. Conduct exploration work on new acquisitions

32.7.4.3. Have cash reserves for potential unforeseen situations

32.7.5. As it stands there are currently 222,213 unexercised warrants in Shumba Coal's subsidiary, Shumba Resources Ltd 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.

Name	Address	Warrants	Exercise Period
JIM Nominees Limited	78 Mount Ephraim Tunbridge Wells Kent TN4 8BS, United Kingdom	138,713	0.6 USD
Marc-Alexandre Masnin	Suite 001, Grand Bay Business Park, GRAND BAY Mauritius	33,500	0.6 USD
Darryl Levitt	311 Chelwood Dr, Thronhill, Ontario, L4J7Y8, Canada	50,000	0.15 USD
Total		222,213	

32.7.6. 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

33. SHARE CAPITAL

- 33.1. All of the issued shares in Shumba Coal are of the same class and rank pari passu in every respect.
- 33.2. None of the shares are listed on any stock exchange, other than in terms of the proposed listing on the BSE and Mauritius Stock Exchange.

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

- 33.3.1. The issued share capital of the Company currently comprises of 161 734 978 shares of no par value. After the Placing the issued share capital of the Company shall comprise of up to 168 846 078 shares of no par value. The shares are to be issued at a price of BWP 1 based on the current net asset value of the Company .
- 33.3.2. 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 Pre-listing Statement.

33.4. 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 Pre-listing Statement.

33.5. Voting rights

In accordance with the Constitution, at any general 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.

33.6. 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.

33.7. 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 Pre-listing Statement.

33.8. Shares held by advisors and promoters

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

34. PRIVATE PLACING

- 34.1. The investors have committed in terms of the Subscription Agreement to subscribe for or purchase as the case may be Shares. An extract of the Subscription Agreement appears in Annexure 7. Copies of the Subscription Agreements are available for inspection at the registered office of the Company and the Sponsoring Broker.

34.2. As provided for in the Subscription Agreement, the allotment of shares to the investors invited to apply for the Shares is conditional upon the raising of BWP 10 million to cover for its funding requirements on the Project and the granting of informal approval by the BSE to list Shumba Coal Shares A list of the Investors who have executed the Subscription Agreement and will be shares of the company at the date of listing is provided in Annexure 8.

35. LOCK-IN AGREEMENT

The current promoters pre-listing have agreed in writing to a "lock-up" effective from the Listing date. In terms of this arrangement these Promoters commit not to sell any of their remaining Shares for two years from the Listing date. A copy of the agreement is available for inspection at the offices of the Lead Advisors.

36. INFORMATION ON SHAREHOLDING

36.1. Details of the Controlling shareholder

Preceding the last three years, the following has been controlling the issue and authorised share capital;

SHUMBA COAL LIMITED AS AT 31-Jan-13

Name	country	industry	tax	tot_shares	Percentage
BLACK PHOENIX LTD	VG	ITC	5	68,050,356	42.08%
JIM NOMINEES LIMITED	UK	NOF	13	19,210,692	11.88%
RUBY SEN RAMBOCUS	MU	NR	10	14,142,136	8.74%
GRANT MUNESH S RAMNAUTH AFRASIA MINING & ENERGY INVESTMENT HOLDINGS LTD	MU	NR	10	13,295,460	8.22%
SAM MPUCHANE	GG	ITC	5	8,769,389	5.42%
MOKHATHI FAMILY TRUST	BW	LR	2	8,523,165	5.27%
LILLADHUR GUNNESS	ZA	NR	14	4,890,762	3.02%
LEONARD T. SIWAWA	MU	NR	10	4,735,091	2.93%
KENELM LIMITED	BW	LR	2	2,878,936	1.78%
PATERNOSTER RESOURCES PLC	IM	ITC	5	2,500,000	1.55%
	UK	ITC	13	2,500,000	1.55%
				149,495,987	92.43%
Total shares in issue				161,734,978	

36.2. Change of controlling shareholders

There has not been any change of in the controlling shareholders as a result of the Placing.

36.3. Major Shareholders

Other than the major shareholders provided in 36.1, there are no shareholders who are beneficially interested in 5% or more of any class of the Company's capital .

37. ISSUED ORDINARY SHARES

37.1. Subject to the provisions of the Companies Act, the Constitution of Shumba Coal and the BSE Listings Requirements, to the extent applicable, where the Company in a general 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 annual general meeting of Shumba Coal held on 19th of February 2013 the Shumba Coal ordinary shareholders approved, by ordinary resolution, the placing of the issued ordinary shares under the control of the directors of the Company, 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; and
- any stock exchange(s) on which the Shumba Coal ordinary shares may be quoted or listed, it being recorded that the BSE Listings Requirements 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 general 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 contracts that has been entered into by the Company during the two years preceding the date of issue of this Pre-listing statement, other than in the ordinary course of business is the Technical Agreement.

39. EXPERT CONSENTS

The Lead Advisors, Sponsoring Broker, Reporting Accountants, Competent Person and Transfer Secretaries have given and have not , prior to the registration of this Pre-listing Statement by the Registrar of Companies in Botswana, 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

40.1.1. The Directors, whose names are given in Paragraph 20 of this Pre-listing Statement collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts, and that the Pre-listing Statement contains all information required by law.

40.1.2. The Directors confirm that the Pre-listing Statement 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 Pre-listing Statement relates.

40.2. Litigation

As at the date of the Pre-Listing Statement hereof the Company is not subject to any litigation, arbitration or legal proceedings.

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 Pre-listing Statement in connection with the issue or sale of any securities , stock or debentures in the capital of the Company.

40.4. Preliminary Expenses

The preliminary expenses of the formation and listing of the Company will be borne by the Company. Such preliminary expenses are estimated at approximately 1 455 000 (excl VAT) and comprise payments relating to the services as set out:

	Fees (P)	VAT (P)	Total (P)
Lead Advisors	260 000	31 200	291 200
Sponsoring broker	250 000	30 000	280 000
Reporting accountants	40 000	4 800	44 800
Financial advisor	675 000	81 000	756 000
BSE	90 000	10 800	100 800
Marketing and Pre-listing statement	120 000	14 400	134 400
Transfer Secretaries	20 000	2 400	22 400
TOTAL	1 455 000	174 600	1 629 600

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 Botswana public holidays) from the 3 April 2013 to 8 April 2013.

- Technical Agreement;
- Scoping Study conducted by TWP;
- Fair Value Opinion;
- Insurance Policy;
- Agreement with Local Partner;
- Constitution of the Company;
- Competent Persons Report;
- The written consents of the legal advisor, corporate financial advisor, sponsoring broker, transfer secretaries, underwriters and receiving bank named in this Pre-listing Statement to act in those capacities, which consents have not been withdrawn;
- The signed reports of reporting accountants, the texts of which are set out in Annexure 1, 2 3 and 4;
- The Subscription Agreement; and
- The Lock-In Certificate Agreement.



Duly authorised to sign for and on behalf of the Board
Mashale Phumaphi
Managing Director of Shumba Coal Limited

INDEPENDENT REPORTING ACCOUNTANTS REPORT ON SHUMBA COAL'S FINANCIAL INFORMATION



**The Board of Directors
Shumba Coal Limited
Plot 2780
Manong Close Extension 9
P.O Box 70311
Gaborone**

Dear Sirs

28 March 2013

To the directors of Shumba Coal Limited

We have audited the historical financial information of Shumba Coal, Shumba Resources and Sechaba Natural Resources "the Shumba Group" for the period ended 30 June 2012 attached as Annexure 2 to the Pre-listing Statement prepared in accordance with the International Financial Reporting Standards in the manner required by the Companies Act, 2003 of Botswana.

Management's responsibility for combined financial statements

Management of the Shumba Group is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and presentation of combined financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the combined financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the historical financial information for the period ended 30 June 2012 included in the Pre-listing Statement presents fairly, in all material respects, the financial position of the Shumba Group and of its financial performance and cash flows for the period ended 30 June 2012 in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2003 of Botswana and the BSE Listings Requirements.

**Grant Thornton
Certified Public Accountants
Practising Member: Dinesh Mallan**

**GABORONE
28 March 2013**

FINANCIAL INFORMATION ON SHUMBA COAL

CONSOLIDATED FINANCIAL STATEMENTS

Dear Fellow Shareholders,

We are pleased to present you our first report together with the consolidated financial statements of Shumba Resources Ltd (“Shumba”) and its subsidiary (Sechaba Natural Resources (Proprietary) Limited), collectively referred to as the “Group”, for the period ended 30 June 2012. The Company was incorporated in the British Virgin Islands on 11 March 2011 and we believe that we have made some significant progress in the last 15 months. As has been the experience of all of the market, these times of uncertainty, volatility and general economic downturn have been challenging, however they have also availed us the opportunity to acquire good assets at highly discounted valuations. In the paragraphs that follow we shall provide an overview of developments in the last year.

Following a successful first round financing of USD 400,000 in the second quarter of 2011, the Board set about achieving its mandate of acquiring highly prospective coal deposits. Botswana was chosen as a destination for investment by the Company as it had substantial known under developed coal resources which Shumba could acquire and create significant value for shareholders with relatively modest investment. When Shumba entered Botswana in early 2011 we were faced with a coal industry environment whereby The Government of Botswana had set a moratorium on the issuance of new exploration licences for coal. The reason for this was so that they could put in place legislation for the accelerated development of national coal industry.

As a consequence of this moratorium we could not apply for licences and decided to acquire Licence from existing licence holders. What followed was a rigorous due diligence exercise involving the review of over 25 licences with known resources, at the end of which we identified the Sechaba Thermal Coal Project as the best available acquisition target. Located in the only coal producing region of Botswana, the most attractive attributes of the project were its good quality coal, strategic location in terms of road, rail and power infrastructure; and its potential for early production.

Discussions were soon initiated with the owners of the asset and by September 2011 an agreement had been executed giving Shumba the option to purchase the license for USD 1,000,000 before the end of that year. By December 2011 the Group had raised a further USD 1,350,000 in order to secure the Sechaba Thermal Coal Project, in the Morupule Coalfield, with its existing JORC compliant resources of approximately 1 Billion tonne of thermal coal.

Following the acquisition, in the first half of quarter of 2012, Shumba completed a 1500m infill and resource extension drill program on the south eastern portion of the Sechaba license area and in addition completed a positive Scoping Study. The Scoping Study was carried out by TWP over the Sechaba Project area. It confirmed the potential of the Sechaba Project to supply coal to a nearby as early as 2016, in addition to exporting coal at a later date. The results of the Scoping Study have confirmed the robust economics of the project whether it is to supply coal for local consumption only, or for both local consumption and export. During this same period the Group raised a further USD 600,000 of equity which has kept us well funded and able to continue with our exploration activities.

We go in to the financial year 2012/2013 with the good news that further to our recent exploration activities, we have met all our licence obligations at Sechaba and the licence has been renewed for a further two years commencing on July 1 2012. Following our great progress and exploration results last year the Board has taken the decision to complete a full Preliminary Feasibility Study including a full Environmental Impact Assessment at Sechaba in the coming 18 months. The next phase of drilling should commence in the next few months and we have already engaged consultants to work with us on the Environmental Impact Assessment.

On a corporate level the Group intends to pursue a dual listing on the Botswana and Mauritius Stock Exchanges. An earlier initiative for an Australian Stock Exchange Listing via a reverse takeover with DiamonEX Limited was terminated by the Group on the 5th of June 2012 due to extremely difficult and turbulent global market conditions which made it challenging for DiamonEX to secure the required funding to finance the reverse takeover transaction.

In closing we would like to say that the Group remains well capitalized to progress with planned developments into 2013. In addition to moving Sechaba towards production, management continues also to actively pursue several other promising opportunities of significant magnitude. Botswana remains the most preferred mining and minerals investment destination in Africa and we look forward to continuing growing our coal business in 2013 and beyond.



Yours Sincerely,

Duly authorised to sign for and on behalf of Shumba Coal Limited

Mashale Phumaphi

Managing Director of Shumba Coal Limited

FINANCIAL INFORMATION ON SHUMBA COAL

CONSOLIDATED FINANCIAL STATEMENTS

Commentary of the directors

The directors of Shumba Resources Limited, are pleased to present their report together with the consolidated financial statements for the Company and its subsidiary, collectively referred to as the “Group”, for the period ended 30 June 2012.

Incorporation

The Company was incorporated in the British Virgin Islands on 11 March 2011 as a private company with liability limited by shares.

Principal activities

The principal activity of the Group is the acquisition and development of highly prospective coal exploration licences in Botswana.

Results and dividends

The results for the period are as shown below.

The directors do not recommend the payment of any dividend for the period under review.

Directors

The present membership of the Board is set out in the Pre-listing Statement.

Report on the Consolidated Financial Statements

We have carried out an audit of the accompanying consolidated financial statements of **Shumba Resources Ltd**, the “Company”, and its subsidiary together referred to as the “Group” which comprise the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Directors’ Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to carry out a non-statutory audit and to express an opinion on these consolidated financial statements thereon. We conducted our audit in accordance with International Standard on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

The Company was incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 on 11 March 2011 as a BVI Business Company. By virtue of this status, the Company is not required to appoint an auditor for carrying out an audit of the consolidated financial statements. However, the directors have voluntarily appointed Grant Thornton to carry out an audit of the consolidated financial statements for the period from 11 March 2011 (date of incorporation) to 30 June 2012 for internal purpose.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements as set out in this Annexure below give a true and fair view of the financial position of the Group as at 30 June 2012 and of their financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention on the basis of preparing the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis and the validity of this assumption depends on the continued financial support from the shareholders. The consolidated financial statements do not include any adjustments that may be deemed necessary if the going concern assumption is proved invalid.

Other matters

This report is made solely to the member of the Group as a body. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group members as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

Y.NUBEE, FCCA
Licensed by FRC

3 April 2013

Ebene, Republic of Mauritius

Non-statutory independent auditors' report

To the members of Shumba Resources Ltd

Shumba Resources Ltd

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	The Group 2012 USD	The Company 2012 USD
Assets			
Non-current			
Investment in subsidiary	6	-	359
Loan to subsidiary	7	-	2,232,522
Property, plant and equipment	8	6,440	-
Exploration assets	9	1,382,463	-
Non-current assets		1,388,903	2,232,881
Current			
Other receivables and prepayments	10	119,381	-
Cash and cash equivalents	11	486,649	-
Current assets		606,030	-
Total assets		1,994,933	2,232,881
Equity and liabilities			
Equity			
Stated capital	12	2,337,987	2,337,987
Translation reserve		(53,163)	-
Loss for the period		(289,754)	(105,106)
Equity attributable to owners of the parent		1,995,070	2,232,881
Non- controlling interest	13	(26,383)	-
Total equity		1,968,687	2,232,881
Liabilities			
Current			
Other payables and accruals	14	26,246	-
Current liabilities		26,246	-
Total equity and liabilities		1,994,933	2,232,881

Shumba Resources Ltd

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 11 MARCH 2011
(DATE OF INCORPORATION) TO 30 JUNE 2012

	Notes	The Group 2012 USD	The Company 2012 USD
INCOME		-	-
EXPENSES			
Professional fees		113,028	113,028
Operating expenses		196,958	-
Foreign exchange loss		284	284
		310,270	113,312
OPERATING LOSS		(310,270)	(113,312)
Finance income		-	8,206
LOSS BEFORE TAX		(310,270)	(105,106)
Tax expense	15	-	-
LOSS FOR THE PERIOD		(310,270)	(105,106)
OTHER COMPREHENSIVE INCOME			
Exchange differences on retranslation of foreign operations		(59,070)	-
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(59,070)	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(369,340)	(105,106)
Loss for the period attributable to:			
Owners of the parent		(289,754)	(105,106)
Non-controlling interest	13	(20,516)	-
		(310,270)	(105,106)
Total comprehensive loss to attributable:			
Owners of the parent		(342,917)	-

Non-controlling interest	13	(26,423)	-
		(369,340)	-

Shumba Resources Ltd

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 11 MARCH 2011 (DATE OF INCORPORATION) TO 30 JUNE 2012

The Group	Stated capital	Translation reserve	Loss for the period	Equity attributable to owners of the parent	Non-controlling interest	Total
	USD	USD	USD	USD	USD	USD
Issue of shares	2,337,987	-	-	2,337,987	-	2,337,987
Transactions with the owners	2,337,987	-	-	2,337,987	-	2,337,987
Loss for the period	-	-	(289,754)	(289,754)	(20,516)	(310,270)
Other comprehensive income	-	(53,163)	-	(53,163)	(5,907)	(59,070)
Transfer to NCI on acquisition of subsidiary	-	-	-	-	40	40
Total comprehensive income for the period	-	(53,163)	(289,754)	(342,917)	(26,383)	(369,300)
At 30 June 2012	2,337,987	(53,163)	(289,754)	1,995,070	(26,383)	1,968,687

Shumba Resources Ltd

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 11 MARCH 2011 (DATE OF INCORPORATION) TO 30 JUNE 2012 (CONTD)

The Company	Stated	Loss for the	Total
	capital	period	
	USD	USD	USD
Issue of shares	2,337,987	-	2,337,987
Transactions with the owners	2,337,987	-	2,337,987
Loss for the period	-	(105,106)	(105,106)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(105,106)	(105,106)
At 30 June 2012	2,337,987	(105,106)	2,232,881

Shumba Resources Ltd

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 11 MARCH 2011 (DATE OF INCORPORATION) TO 30 JUNE 2012

	The Group USD	The Company USD
Cash flows from operating activities		
Loss before tax	(309,986)	(105,066)
<i>Adjustments for:</i>		
Interest income	-	(8,206)
Depreciation and amortisation	1,188	-
Operating loss before working capital changes	(308,798)	(113,272)
Increase in trade and other receivables	(119,381)	-
Increase in trade and other payables	26,246	-
Net cash used in operating activities	(401,933)	(113,272)
Cash flows from investing activities		
Interest received	-	8,206
Purchase of property, plant and equipment	(7,628)	-
Purchase of licence	(966,000)	-
Expenditure on exploration assets	(416,463)	-
Investment in subsidiary	-	(399)
Loan	-	(2,232,522)
Net cash used in investing activities	(1,390,091)	(2,224,715)
Cash flows from financing activities		
Proceeds from share capital	2,337,987	2,337,987
Net cash generated from financing activities	2,337,987	2,337,987
Net change in cash and cash equivalents	545,963	-
Cash and cash equivalents, beginning of period	-	-
Exchange differences on cash and cash equivalents	(59,314)	-
Cash and cash equivalents, end of period	486,649	-
Cash and cash equivalents made up of:		
Cash at bank	486,649	-

Shumba Resources Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 11 March 2011 (date of incorporation) to 30 June 2012

1. General information and statement of compliance with International Financial Reporting Standards (“IFRS”)

1.1. Shumba Resources Ltd, the “Company”, was incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 as a BVI Business Company. The Company’s registered office is Intershore Chambers, Road Town, Tortola, British Virgin Islands.

1.2. The Company and its subsidiary, Sechaba Natural Resources (Proprietary) Limited, are together referred to as “the Group”.

1.3. The principal activity of the Group is the acquisition and development of highly prospective coal exploration licences in Botswana.

1.4. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

2. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the going concern basis which assumes that the Group will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of the shareholders. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the consolidated financial statements to be prepared on the going concern basis.

3. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

3.1. At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

3.2. Management anticipates that all of the relevant pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below.

IFRS 9 Financial Instruments

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

IFRS 1 Government Loans – Amendments to IFRS 1

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRS 13 Fair Value Measurement

IFRS 12	Disclosure of Interests in Other Entities
IFRS 11	Joint Arrangements
IFRS 10	Consolidated Financial Statements
IAS 28	Investments in Associates and Joint Ventures
IAS 27	Separate Financial Statements
IAS 19	Employee Benefits (Revised 2011)
IAS 1	Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
IAS 12	Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

4. Summary of accounting policies

4.1. Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2. Basis of consolidation

The Group financial statements consolidate those of the holding company and of its subsidiary as of 30 June 2012. A subsidiary is an entity over which the Group has the power to control its financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. Its subsidiary has a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiary acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interest, presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiary between the owners of the parent and the non-controlling interest based on their respective ownership interests.

4.3. Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, where appropriate.

Subsequent measurement of financial assets and liabilities are described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Group's financial assets are classified as loans and receivables.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities consist of trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.4. Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	10 years
IT equipment	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

4.5. Exploration assets

Exploration and evaluation expenditure include costs associated with exploration and evaluation activity. Exploration and evaluation expenditure is capitalised on an area of interest basis. An intangible asset in form of exploration asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Exploration assets are initially recognised at cost.

Expenditure on exploration on the prospecting stage on tenements are capitalised, and are recognised as an expense when the tenement is abandoned. Exploration assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these exploration assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other exploration assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Item	Useful life
Exploration assets	Indefinite

4.6. **Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.7. **Equity and reserves**

Stated capital represents the nominal value of shares that have been issued.

Foreign currency translation differences arising on translation of the Group's foreign entity are included in the translation reserve.

Loss for the period comprises of current period result as disclosed in the consolidated statement of comprehensive income.

4.8. **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation has been made. At the time of the effective payment, the provision is deducted from the corresponding expenses.

All known risks at reporting date are reviewed in detail and provision is made when necessary.

4.9. **Foreign currency translation**

Functional and presentation currency

The consolidated financial statements are presented in United States Dollars (USD), which is also the functional currency of the holding company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the USD are translated into USD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into USD at the closing rate at the reporting date. Income and expenses have been translated into USD at the average rate over the reporting period.

4.10. Operating expense

Operating expenses are recognised in the consolidated statement of comprehensive income upon utilisation of the service or at the date of their origin.

4.11. Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land and building) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.12. Related parties

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control the other or exercise significant influence over the other party in making financial and operating policy decisions.

4.13. Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of an impairment loss exists, the carrying amount of the asset is assessed and is written down to its recoverable amount. The impairment loss is recognised in the consolidated statement of comprehensive income.

4.14. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

4.15. Comparatives

No comparative figures are presented as it is the first consolidated financial statements since the incorporation date.

4.16. **Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the consolidated financial statements, the directors undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statement.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Contingent liabilities

Management applies its judgement to facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

The estimates of useful lives as translated into depreciation rates are detailed in property, plant and equipment policy on the annual financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the industry.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption by management may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are

grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand, together with economic factors such as exchange rates, inflation and interest.

5. Financial instrument risk

The Group and the Company

5.1. Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group's financial assets and liabilities by category are summarised below:

	The Group 2012	The Company 2012
	USD	USD
Financial assets		
<i>Loans and receivables:</i>		
Non-current		
Loan to subsidiary	-	2,232,522
Current		
Cash and cash equivalents	486,649	-
Total financial assets	486,649	2,232,522
<i>Financial liabilities measured at amortised cost:</i>		
Other payables	7,113	-
Total financial liabilities	7,113	-

The Group's risk management is carried out under policies approved by the Board of Directors and focuses on securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets and derivatives for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from its currency exposures, primarily with respect to the Botswana Pula (BWP). Consequently, the Group is exposed to the risk that the exchange rates of the USD relative to the BWP may change in a manner which has a material effect on the reported value of the Group's assets and liabilities which are in BWP. The Group does not use any financial instruments to hedge its foreign exchange risk.

The currency profile of the financial assets and financial liabilities are as follows:

	The Group	
	Financial assets	Financial liabilities
	2012	2012
	USD	USD
Botswana Pula (BWP)	486,649	7,113

Foreign currency sensitivity

The following table illustrates the sensitivity of profit/loss and equity in regards to the Group's financial assets and financial liabilities and the USD/BWP exchange rate "all other things being equal".

It assumes a 14% change of the USD/BWP exchange rate for the period ended 30 June 2012. This percentage has been determined based on the average market volatility in exchange rates in the previous 15 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the reporting date.

	The Group Loss for the year 2012 USD
At 30 June 2012	(66,060)

If the BWP had weakened against the USD by 14%, then this would have the following impact:

	The Group Loss for the year 2012 USD
At 30 June 2012	66,060

Interest rate risk

The Group

The Group's policy is to minimise interest rate risk exposures on long term financing and consequently, the Group finances its investing activities through equity (issue of shares and capital contribution) rather than borrowings.

The Group is exposed to changes in market interest rates on its financial assets through bank deposits at variable interest rates. A change in the market interest rate would have no material impact on the Group's operating cash flows.

The Company

The Company is exposed to the risks associated with the effects of fluctuation in interest rates. The Company has interest bearing financial asset in the form of loan to subsidiary. A 0.25% increase/(decrease) of interest rate would (decrease)/increase loss for the period by some USD 5,580.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group and the Company.

The Group's and the Company's exposures to credit risk are limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	The Group	The Company
	2012	2012
	USD	USD
Assets		
Non-current		
Loan to subsidiary	-	2,232,522
Current		
Other receivables	119,381	-
Cash and cash equivalents	486,649	-
Total	606,030	2,232,522

Loan to subsidiary carries interest at the USD Libor Rate +50 Basis points and is repayable anytime after a period of 5 years from 30 June 2012.

The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

Liquidity risk

Liquidity risk is the risk arising from the Group not being able to meet its financial obligations as and when they fall due.

The Group manages liquidity risk by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

The Group maintains sufficient cash at the bank to meet short term liquidity requirements. Funding for long term liquidity needs is additionally secured by an adequate amount of loan from related party.

At 30 June 2012, the Group's liabilities had contractual maturities as summarised below:

	2012 The Group Within 1 year USD
Other payables	7,113

5.2. Capital risk management policies and procedures

The Group's capital objectives when managing capital are to safeguard its ability to continue concern in order to provide returns to its members.

The Group aims to maintain a reasonable gearing ratio, which would allow it to achieve its objectives mentioned above.

At 30 June 2012, the Group and the Company were not geared.

6. Investment in subsidiary

The Company

Unquoted and at cost

	2012 USD
At beginning and end of period	359

Details of the investment are as follows:

Investee company	Country of incorporation	Type of .shares	% held	Cost 2012 USD
Sechaba Natural Resources (Proprietary) Limited	Botswana	Ordinary shares	90%	359

As described in Note 6 (ii) above, the Company has a 90% shareholding in this unquoted company and the latter is considered a subsidiary since the Company has the power to govern its financial and operating policy decisions. Consolidated financial statements are therefore presented to comply with International Accounting Standards (IAS) 27, *Consolidated and Separate Financial Statements*. The shares held in Sechaba Natural Resources (Proprietary) Limited have been pledged as securities for a loan taken by the Company

7. Loan

The loan of USD 2,232,522 to the subsidiary carries interest at the USD Libor Rate +50 Basis points and is repayable anytime after a period of 5 years from 30 June 2012.

8. Plant and equipment

The Group`	Furniture & fittings USD	IT equipment USD	Total USD
Cost			
Additions	5,566	2,062	7,628
At 30 June 2012	5,566	2,062	7,628
Depreciation			
Charge for the period	728	460	1,188
At 30 June 2012	728	460	1,188
Net book values			
At 30 June 2012	4,838	1,602	6,440

9. Exploration assets

	2012 USD
Cost	
Additions	966,000
Internally generated	416,463
At 30 June 2012	1,382,463

Exploration assets represents accumulated costs in connection with undertaking of various activities involving carrying- out and assessment of of technical feasibility commercial viability of the extraction of mineral resources, available as mining reserves in the area of interest for which the company has acquired the tenement rights. When production commences, the accumulated costs for the relevant area of interest are going to be amortised according to the rate of depletion of the economically recoverable reserve.

10. Receivables and prepayments

	2012 USD
Deposits	6,010
Other receivable	1,159
Employee costs in advance	16,591
Advance towards acquisition of tenement Licence	55,626
Tax recoverable	39,995
	119,381

The carrying amounts of trade and other receivables approximate their fair values.

11. Cash and cash equivalents

	2012 USD
Cash at bank in Botswana Pula (BWP)	486,649

12. Stated capital

	2012 USD
Issued and fully paid:	
Common shares of USD 0.60 each	2,337,987

Pursuant to the Company's Constitution, shares can be issued in five classes namely Class A Shares, Class B Shares, Class C Shares, Class D Shares and Class E Shares. The main rights and obligations attached to each type of Shares are as follows:

Number and classes of shares

The Company is authorised to issue a maximum of 30,000,000 shares at no par value. The Company may issue fractional shares and a fractional share which will have corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares.

The shares shall be issued in United States Dollar and shall comprise a single class.

Each share confers upon the shareholder:

the right to one vote at a meeting of the Shareholders or any resolution of shareholders
the right to an equal share in any dividend paid by the Company
the right to an equal share in the distribution of the surplus assets of the Company on its liquidation

Variation of rights:

The rights attached to Shares as specified in Clause 7 may only, whether or not the Company is being wound up, be varied with the consent in writing of or by a resolution passed at a meeting by the holders of not less than 50 % of the issued shares of that class.

13. Non-controlling interest

	2012 USD
Share of loss for the period	(20,516)
Share of translation reserve	(5,907)
Transfer to NCI on acquisition of subsidiary	40
	(26,383)

14. Borrowings

	The Group and the Company 2012 USD
Loan received	250 000

15. Payables and accruals

The Group	2012
	USD
Interest payable	7,113
Withholding tax payable	19,133
	26,246

The carrying values of trade and other payables closely approximate the fair value.

16. Taxation

The Company

The Company is incorporated in the British Virgin Islands and it is not liable to any tax on its chargeable income.

The Subsidiary

No provision has been made for the period under review as it has no taxable income. The estimated carried forward losses are USD 1,688,521.

17. Consolidation

Details regarding the Company's subsidiary, its activities, its total assets and liabilities at 30 June 2012, and revenue and loss for the period then ended are as follows:

	Sechaba Natural Resources (Proprietary) Limited
Country of incorporation	Botswana
Proportion of ownership interest	90%
Activity of subsidiary	Exploration
	USD – Consolidated amount
Total assets	1,994,933
Total liabilities	2,258,768
Revenues	-
Loss for the period	205,164

18. Related party transaction

During the period ended 30 June 2012, the Group and the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Nature of relationship	Nature of transaction	Volume of transaction	Credit balances at 30
			June 2012
		USD	USD
Subsidiary	Financing	2,232,522	2,232,522

Subsidiary	Interest income	8,206	8,206
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The amount due by the Subsidiary carries interest at 12 month LIBOR + 50 Basis points and is repayable any time after a period 5 years from 30 June 2012.

19. Events after the reporting date

The Company has resolved through a written resolution dated 15 December 2012 to redomicile from British Virgin Islands and be registered under the laws of the Republic of Mauritius

**ANNEXURE 3: INDEPENDENT REPORTING ACCOUNTANTS REPORT ON SHUMBA COAL
PROFIT ESTIMATE**



**The Board of Directors
Shumba Coal Limited
Plot 2780
Manong Close Extension 9
P.O Box 70311
Gaborone**

Dear Sirs

28 March 2013

To the directors of Shumba Coal Limited

Independent assurance report to the directors of Shumba Coal Limited

We have examined the accompanying profit forecast of Shumba Coal Limited (the “company”) for the years ending as at 30 June 2013, 2014 and 2015 in accordance with the International Standard on Assurance Engagements. Management is responsible for the preparation and presentation of the forecast including the assumptions set out in the notes to the profit forecast on which it is based.

It is our responsibility to provide the opinion required by the Botswana Stock Exchange Listings Requirements.

In our opinion the profit forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies and assumptions of the company as disclosed in Annexure 4.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. Further, we emphasise that the forecast information is not intended to, and does not, provide all the information and disclosures necessary to give a fair presentation of the results of the forecast financial performance of the company in accordance with International Financial Reporting Standards.

**Grant Thornton
Certified Public Accountants
Practicing Member: Dinesh Mallan**

**GABORONE
28 March 2013**

ANNEXURE 4: PROFIT ESTIMATE FOR SHUMBA COAL FOR THE YEAR ENDING JUNE 2013, 2014, 2015

SHUMBA COAL GROUP

Statement of Projected Financial Position as at 30 June, 2013, 2014, 2015

Figures in USD	2015	2014	2013
Assets			
Non-Current Assets			
Property, plant and equipment	7,947	6,099	4,834
Exploration assets	3,539,496	2,529,474	1,985,148
	3,547,443	2,535,573	1,989,982
Current Assets			
Trade and other receivables	305,889	84,997	52,476
Cash and cash equivalents	11,581,665	478,656	1,470,607
	11,887,554	563,653	1,523,083
Total Assets	15,434,997	3,099,226	3,513,065
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	17,071,130	4,189,512	4,189,512
Reserves	(53,447)	(53,447)	(53,447)
Accumulated loss	(1,659,798)	(1,100,750)	(694,048)
	15,357,885	3,035,315	3,442,017
Non-controlling interest	77,112	63,911	71,048
Total Equity and Liabilities	15,434,997	3,099,226	3,513,065

Statement of Projected Comprehensive Income for the years ended 30 June, 2013, 2014,

2015

Figures in USD	2015	2014	2013
Operating expenses	(545 847)	(413 839)	(485 212)
Operating loss	(545 847)	(413 839)	(485 212)
Loss for the year	(545 847)	(413 839)	(485 212)
Other comprehensive income	-	-	-
Total comprehensive loss	(545 847)	(413 839)	(485 212)
Total comprehensive loss attributable to:			
Owners' of the Parent	(491,262)	(372,455)	(436,691)
Non-controlling interest	(54,585)	(41,384)	(48,521)

(545,847) (413,839) (485,212)

Statement of Projected Cash Flows for the years ended 30 June, 2013, 2014, 2015

Figures in USD	2015	2014	2013
Cash flows from operating activities			
Cash used in operations	(765 503)	(444 838)	(260 088)
Cash flows from investing activities			
Purchase of property, plant and equipment	(3 084)	(2 787)	(4 834)
Purchase of other intangible assets	(1 010 022)	(544 326)	(602 675)
Net cash from investing activities	(1 013 106)	(547 113)	(607 509)
Cash flows from financing activities			
Proceeds on share issue	12 881 618	-	1 851 525
Total cash movement for the year	11 103 009	(991 951)	983 928
Cash at the beginning of the year	478 656	1 470 607	486 679
Total cash at end of the year	11 581 665	478 656	1 470 607

Note: Assumptions

The aforesaid projected information has been based on the following assumptions:

Total cost of Exploration assets have been projected based on the various prospecting activities as per operational budgets drawn-up as of date. Plus the costs of acquisition of license incurred so far. In practice, the current level of prospecting activities may vary in the forthcoming years depending upon various factors like

The Group's present cash flow is estimated based on raising of fund from the market (in form of equity) to the extent of BWP 15 750 000 (equivalent to approximately USD 2.00 million) in 2013 and BWP 100 000 000 (Equivalent to USD 13 mil. approximately) in 2015 respectively. Such requirement of fund is anticipated in view of the level of prospecting activities currently budgeted for future years.

Except where the Group enters contracts for future years, the rates of procurement of goods and services have been estimated at the rate prevailed in 2012, duly adjusted with current rate of inflation.

Conversion rate between two currencies e.g. Botswana Pula (BWP) and United States Dollar (USD) is applied as 1:7.76 for the purpose of entire three years projection. This assumption results at no movement in Foreign Currency Translation Reserve in 2013, 2014 and 2015 respectively.

No taxation has been provided in view of anticipated tax losses. No deferred tax assets on such loss has not been created by the management for the purpose of this projections.

ANNEXURE 5: COPY OF THE PROSPECTING LICENCE PL 53/2005



Republic of Botswana

PROSPECTING LICENCE

in favour of

SECHABA NATURAL RESOURCES (PTY) LTD.

RENEWAL EXTENSION OF PROSPECTING LICENCE NO. 053/2005

ANNEXURE 6: COMPETENT PERSONS REPORT

**Competent Persons Report (BSE) on Shumba Coal Sechaba
Exploration Property PL53/2005**

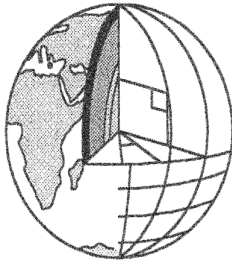


Document Prepared for

Shumba Coal Ltd

Incorporated in Mauritius under Section 24 of the Companies Act 2001,
Company Number 111905

Prepared by:



Analytika Holdings (Pty) Ltd

Report No An_1257

Author:

Alan Golding FGS, Pr.Sci.Nat, BSc. Hons. Geology, MSAIEG

Issued: 19th December 2012

Analytika Holdings (Pty) Ltd.
Unit 12A, Plot 20743, Broadhurst,
Gaborone
P.O Box 401898, Gaborone

Tel: +267 3918323; Fax: +267 3918378

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Principal Author:	Alan Golding FGS, Pr.Sci.Nat, BSc	Signature:	
		Date:	19 th December 2012
Contributors:	Tshiamon Mangole BSc.		
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Executive Summary

Introduction

Analytika Holding ("AH") was requested to prepare a Competent Persons Report ("CPR") for Shumba Coal Limited ("SC"). Shumba Coal Ltd is a company registered in Mauritius on the 28th of August 2012 with Company Number 111905 as a public company. Through its subsidiary Shumba Resources Limited, registered in the British Virgin Islands, it controls the Botswana subsidiary Sechaba Natural Resources (Pty) Limited which owns the right to one prospecting licence in Botswana, namely:

PL 53/2005 Sechaba

This CPR pertains exclusively to Prospecting Licence PL 53/2005 (Sechaba Prospecting Assets).

The CPR was prepared in accordance with the requirements of the Botswana Stock Exchange Standards of Disclosure for Mineral Projects.

The effective date for this CPR is 17th October 2012. The Coal Resources were defined in accordance with the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves and the JORC Code (Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves).

This CPR has been prepared for the purpose of informing potential investors and/or in preparation of a possible listing on the Botswana Stock Exchange in Gaborone, Botswana.

Property Description

The Sechaba Prospecting Asset covers some 247 km² in the Central District of Botswana with the Prospecting licence expiring 30 June 2014.

Property Location

The project area is located at Latitude 22°09'24" South, 26°58'48" East, some 31 km north- northwest of the town of Palapye. The elevation of the project area is some 1,000 m above mean sea level.

Ownership

Sechaba PL 53/2005 Prospecting Assets fall within the Central District. The Lechana area has the Palapye Land Board as its local authority.

Geology and Mineralisation

The coal-bearing carbonaceous sequence comprises up to 100 m of interbedded carbonaceous mudstones and mudstones with lesser amounts of siltstone and lenticular sandstone bands interbedded with the coal seams. The Karoo strata do not outcrop but rather sub-outcrop below (\pm 20-30 m) the Kalahari Sands, consisting predominantly of sand and calcified sand. The Morupule Formation, as defined in the Lechana Basin, extends from the base of the Morupule Main Seam to the base of the Middle Coal zone (Taukome Bright Seam). Sediments consist

mainly of mudstones and coals with some sandstones and rare mudstone conglomerates above and within the Morupule Main Seam.

Three main coal horizons have been recognized in the Lechana Basin.

The Upper Coal Zone (UCZ1-3 and equivalent to the Serowe Bright Seam in the Morupule Basin) has generally been discounted as an economic mining target because of its complex nature. However, in the extreme east section it occurs in thickness greater than 1.0m and limited quality parameters indicate a reasonable quality coal.

The Middle Coal Zone a.k.a Taukome Bright Seam (MCZ and equivalent to the Lotsana Seam in the Morupule Basin) forms an extensive continuous occurrence of coal in the Lechana Basin extending from sub-crop in the east to some depth in the west.

The Lower Coal Zone (LCZ1-2 and equivalent to the Morupule Main Seam in the Morupule Basin) forms an extensive continuous occurrence of coal in the Lechana Basin extending from sub-crop in the east to some depth in the west.

The mineral deposit being investigated and reported on is coal. The coal deposit type is described as a multiple seam deposit type comprising discrete coal seams of decreasing age progressing upwards through the sedimentary sequence. The economic coal seams occur at an average depth of 129 m below surface for Taukonne Seam and 173 m for Morupule Seam in Lechana Basin.

Exploration Concept

SC have planned and executed a coal exploration drilling programme. The drilling grid was planned after consideration of historical work undertaken by Total Coal Botswana, Aquila Coal and African Energy Botswana. The drilling grid was designed on the original 60° diagonal grid used by Total with borehole spacing of between one and two kilometers. Drilling was aimed on extending the borehole grid to the South and East targeting the shallow part of the Lechana Basin and specifically the Morupule Main and Taukonne Bright Seam.

Status of Exploration

A total of 22 boreholes were drilled by SC on in the Sechaba area in in the first quarter of 2012 totaling meters of 1,543 m.

All coal intersections were sampled and will be submitted to an SANAS 17025 accredited analytical laboratory for physical and chemical test work.

Status of Development

The Sechaba Prospecting Assets are currently classified as prospecting properties and as such only a Scoping Study by TVVP 2012 (Consulting Report to Shumba Resources for the Scoping Study for the Sechaba Project: Project Number: 110413) such no further investigations have been carried out beyond the drilling phase. The properties were drilled to achieve an Indicated and an Inferred resource category based on the JORC code.

Status of Operations

No other operations have been carried out on the Sechaba Prospecting Asset beyond the exploration phase.

Conclusions

The work carried out on the Sechaba Prospecting Asset indicates with confidence that there exists a coal deposit worthy of additional exploration and further development. AH considers that the objectives of SC's initial exploration programmes have been met. AH is satisfied with the quantity and quality of historical and current data reviewed which is being used to develop a 3D geological model and for the Coal Resource Estimation.

Recommendations

AH understands that SC will be planning and executing further exploration programmes in the future on a grid which is deemed appropriate for declaring a Measured Resource.

AH recommends additional work to include further exploration drilling, geophysical wireline logging, structural interpretations (based on geological, geotechnical and geophysical data), geotechnical investigations, chemical and physical test work on core samples (coal and rock), geological modeling and coal resource estimation, environmental impact assessments and groundwater investigations.

Competent Persons Report (BSE) on Shumba Coal Sechaba Exploration Property PL53/2005

1.0 Introduction

1.1 For whom the Technical Report has been prepared

Analytika Holdings ("AH") was requested to prepare a Competent Persons Report ("CPR") for Shumba Coal Ltd ("SC").

Shumba Coal Ltd is a company registered in Mauritius on the 28th of August 2012 with Company Number 111905 as a public company. Through its subsidiary Shumba Resources Limited, registered in the British Virgin Islands, it controls the Botswana subsidiary Sechaba Natural Resources (Pty) Limited which owns the right to one prospecting licence in Botswana, namely:

PL 53/2005 Sechaba

Figure 1 illustrates the partnership and shareholding making up SC.

SC currently has material assets in one Prospecting Licence in Botswana namely:

PL 53/2005

This CPR pertains exclusively to Prospecting Licence PL 53/2005 (Sechaba Prospecting Asset).

SC is headquartered in Gaborone, Botswana, and is run by an experienced and competent management team whom in addition to internal resources utilise the services of professionals with a proven track record in the coal exploration, mining and development industry to manage exploration activities. The details of SC are indicated below:

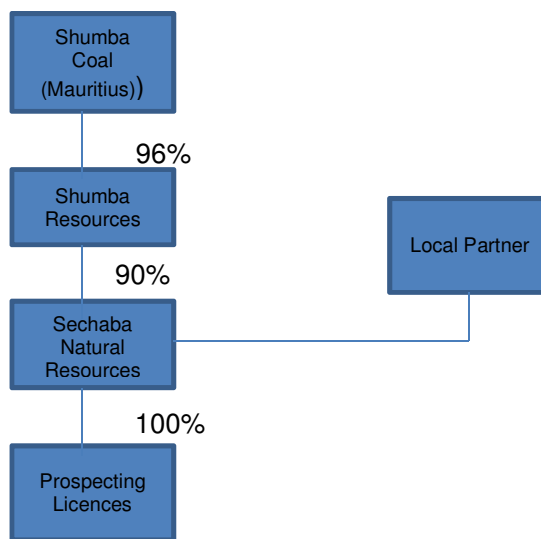
Shumba Coal Ltd.

Plot 2780 Manong Crescent, Gaborone, Botswana

P. O. Box 70311

Gaborone, Botswana

Figure 1 Shareholding Structure



1.1 By whom this Competent Persons Report has been prepared

This independent Competent Persons Report has been prepared by Analytika Holdings, a Botswana based geological consultancy that specialises in coal and geotechnical projects.

Analytika Holdings holds no equity in this or any other similar project and can therefore provide its Clients with a conflict free and objective recommendation.

The principal of Analytika Holdings, Mr. Alan Golding, has undertaken coal projects in Botswana and other southern African countries and has a 30 year track record of coal exploration in the region.

Neither AH nor any of its employees and associates employed in the preparation of this report has any significant beneficial interest in Shumba Coal Ltd ("SC") or in the assets of Sechaba Natural Resources (Proprietary) Ltd.

The individual responsible for this report, listed below, have extensive experience in the exploration industry and are members in good standing of appropriate professional institutions:

Alan Golding, Pr.Sci.Nat., BSc (Hons), F.G.S; MSAIEG

The Competent Person with responsibility for reporting of Coal Resources is Mr.. Alan Golding, Pr.Sci.Nat. Mr. Golding is a coal exploration and engineering geologist with over 30 years exploration experience and is a Director of Analytika Holdings

2.0 Terms of Reference

The CPR was prepared in accordance with the requirements of the Botswana Stock Exchange,

Section 12, Standards of Disclosure for Mineral Projects. The effective date for this CPR is 17th October 2012.

Coal Resources were calculated in 2010 by Mr. D Mosuwe and Mr. A Birtles of SRK Consulting "SRK" and are defined in accordance with the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves and the JORC Code (Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves).

In compiling the CPR, AH reviewed and made use of the following documentation:

Historical exploration data made available by SC;

Various reports on the historical exploration from AH own archives (some of these reports were originally prepared by Mr. Alan Golding of AH) and others prepared by those undertaking the exploration;

An Independent Technical Report (ITR NI 43-101) on African Energy Botswana's Lechana and Tshimoyapula Exploration Property for African Energy (Botswana) (Proprietary) Ltd (2010) by Mosuwe and Birtles of SRK Consulting

Exploration data and reports relating to SC's recently completed exploration drilling programme (Undertaken and supervised by AH); and

Exploration potential and recommendations for additional work.

2.1 The Purpose for which the Technical Report has been prepared

This CPR has been prepared for the purpose of informing potential investors and/or in preparation of a possible listing on the Botswana Stock Exchange.

2.2 sources of Data and Information contained in the CPR

The primary source of information used in the preparation of this CPR has been AH and SC, who has provided various reports related to the historical and recently completed exploration of the Prospecting Licences under review. The ITR prepared by SRK (Mosuwe and Birtles 2010) in June 2009 and October 2010 was also used as a reference and the resources stated in this report are quoted in this report.

Details of data/information used to prepare this CPR are listed in the following sub-sections

2.3 Tenure

SC information relating to tenure (minerals only) has been forwarded to and accepted in good faith by AH. AH have had sight of issued licence documentation including copies of plans indicating the areas of issued licence holdings. No information related to surface tenure has been received by AH although it is understood that the surface rights are held by the state with limited tribal and private ownership.

2.4 Legal

AH have not had contact with the appointed legal advisors to SC.

2.5 Geology

The original geological field logs together with the original laboratory reports were not supplied to AH for review although AH by the fact of having undertaken the field work is familiar with the information.

Historical and recent exploration data converted into GB1S format and reports were supplied to AH for the purposes of preparing this CPR.

2.6 The Scope of Personal Inspections

2.6.1 Personal inspections carried out

Multiple site visits to Sechaba have been conducted by representatives from AH (Mr. Alan Golding and AH exploration geologists; Obakeng Kabelo and Keketso Ludvik)

2.7 Reliance on other experts

AH's opinion, which is effective as at 17th October 2012, is premised on historical and current information supplied to AH by SC and AH's own knowledge of the licence area. AH places reliance on the experts and professionals responsible for some of the historical and current data and reports particularly in respect to the Ore Resource statement. AH has not undertaken independent verification of the Ore Resources statement but following discussions with SC personnel and our knowledge of the area, are satisfied that the historical and current data and interpretations are suitable for inclusion in this report.

This CPR includes technical information, which has required calculations to derive sub-totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, AH does not consider them to be material. AH is satisfied that all information is both appropriate and valid as reported herein. AH considers that with respect to all material technical matters, it has undertaken sufficient investigations to ensure compliance, both in terms of levels of investigation and levels of disclosure. For the purposes of review, AH has confidence on the Coal Resources as reported herein by virtue of the fact of their intimate historical knowledge of the deposit and the works undertaken by SRK.

3.0 Property Description and Location

3.1 Extent of Property

The Sechaba Prospecting Asset covers some 247.4 km² in the eastern Central District of Botswana. Figure 2, overleaf, shows the location of the Districts of Botswana.

3.2 Location of Property

The project area is located at Latitude S22 16.414, Longitude E27 07.872, some 31 km northwest of the town of Palapye. Figure 3, overleaf, depicts the locality and extent of the Sechaba Prospecting Asset.

The elevation of the project area is some 1,000 m above mean sea level. The boundaries of the respective prospecting licence area as well as the limits of the estimated Coal Resources have been supplied by SC and have been transferred into a computer-based Geographic Information System ("GIS"). The coordinate system used by AH in the presentation of coordinates, maps, and plans is the geographic projection (WGS84 Spheroid) using the

WGS84 Datum (unless otherwise indicated on plans).

Figure 2 Geographical Map of Botswana

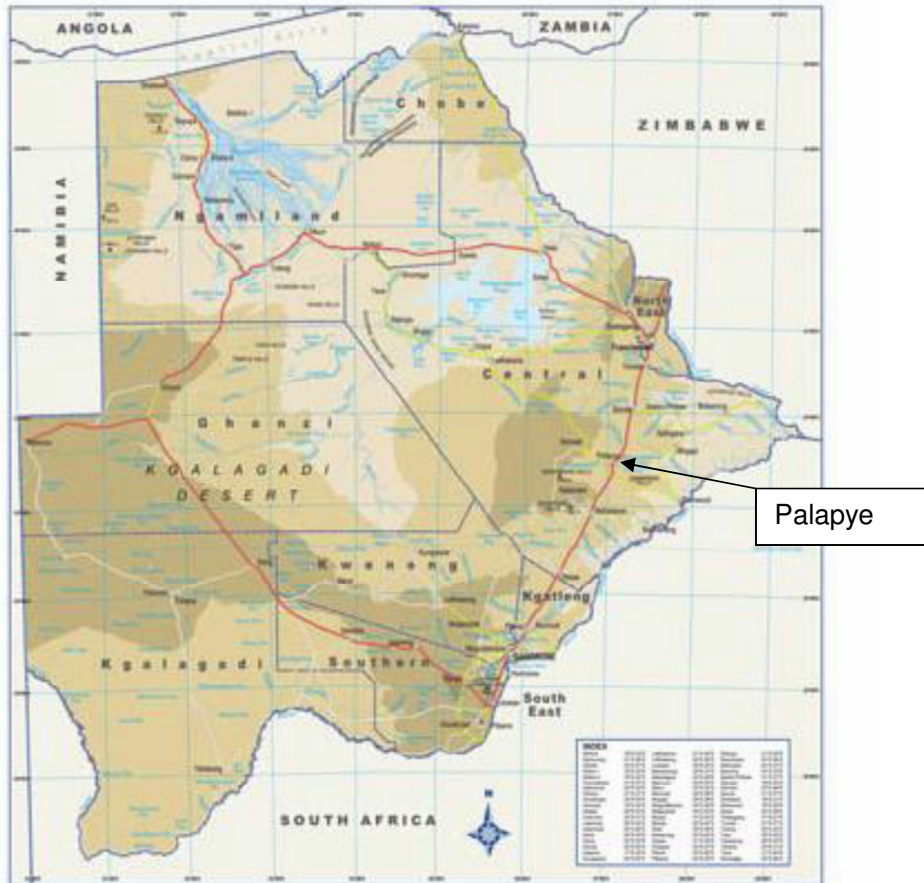
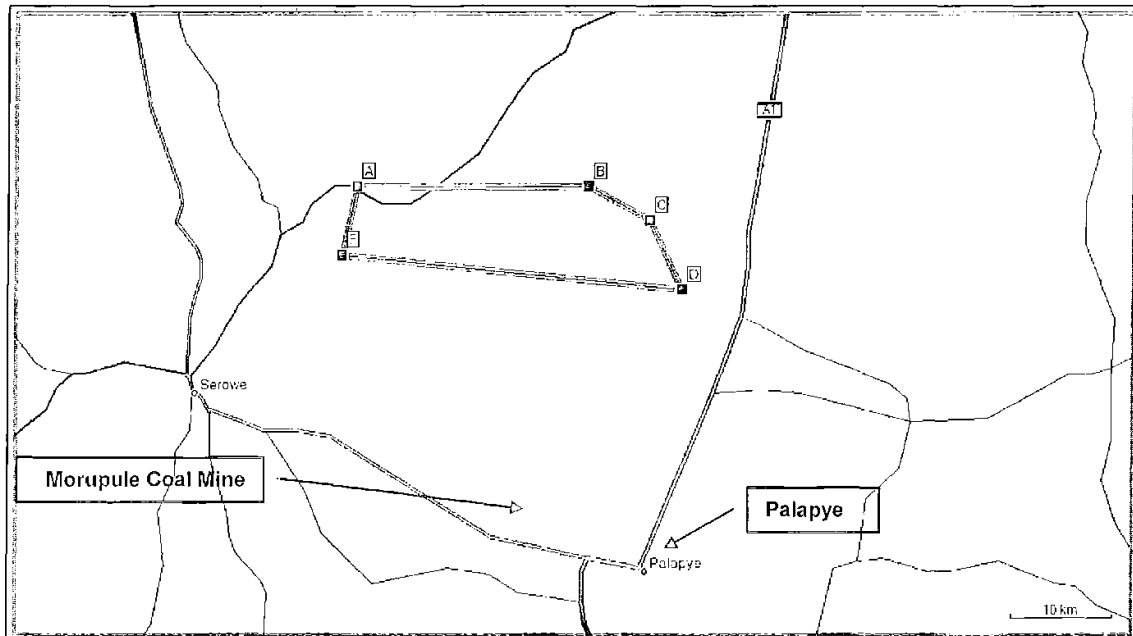


Figure 3 Locality and extent of the Sechaba Prospecting Asset



3.3 Type of Mineral Tenure

The mineral tenure for the Sechaba Prospecting Asset is prospecting licence (PL 53/2005) for Coal which is valid until 30 June 2014.

3.4 Tenure

This section details all aspects related to permits, rights and licences. 3.4.1 Prospecting Licences

The Prospecting Licence is held by Shumba Coal Limited. The Prospecting Licence (PL 53/2005) is valid until 30 June 2014. Table 1 tabulates the prospecting licence history of the Sechaba Prospecting Asset.

Table Prospecting Licence History

PL5312005	Area km2	Date granted	Expiry	Duration
Original Licence (2005)	1000	19/04/2005	01/04/2010	3
First Renewal (2008)	486	01/04/2008	31/03/2010	2
Second Renewal (2010)	247.4	01/04/2010	31/03/2012	2
Extension (2012)	247.4	01/07/2012	30/06/2014	2

3.4.2 Mining License

SC has currently not applied for a mining licence.

3.4.3 Surface Rights Ownership

Sechaba PL 53/2005 Prospecting Asset falls within the Central District. The Lechana area has the Palapye Land Board as its local authority and is tribal land.

3.4.4 Location of property boundaries

Prospecting licence boundaries are determined by the Botswana Geological Survey ("BGS") and incorporated in a computer-based GIS.

3.4.5 Location of infrastructure

Infrastructure and other surface features are as per topocadastral maps and plans available at AH.

3.4.5.1 Airports

Botswana has two international airports located in the cities of Gaborone and Francistown, and within Botswana there are airfields that can be used to fly to other districts or towns or cities within Botswana.

3.4.5.2 Roads

There are paved highways that connect Botswana to other southern African regions. Figure 2 shows the Botswana road networks for major routes and secondary routes.

3.4.5.3 Railway

The railway is restricted to the eastern part of Botswana but it connects Botswana to South Africa and Zimbabwe. Transportation of coal from other parts of Botswana can be done using roads. Figure 2 shows the existing railway line network of Botswana.

3.4.5.4 Power

Botswana currently has one power station which supplies the country's domestic power generation. The main source of supply for this power station is Morupule Colliery which produces about 1 million tonnes of coal but this is being expanded to approximately 3 million tonnes to accommodate a second power station. Figure 3 shows the Botswana thermal power station.

3.4.5.5 Water

Botswana's major perennial rivers and wetlands are located in the north and the over-utilised Limpopo and its tributaries in the east. Although the aggregate population density is low, the population is concentrated in the eastern part of the country where most people live in towns and urban villages. Concentration of population in certain areas results in an increase in the local demand for water and, therefore, development in these areas relies heavily on groundwater. Figure 2 shows the rivers, swamps and dams in Botswana.

The river that runs down the eastern part of Sechaba is problematic in the rainy season as it makes access and exploration difficult when the floodplain is wet.

3.5 Royalty

There are currently no royalties paid to the State or any other parties by SC.

3.6 Existing Environmental Liabilities

Environmental issues are handled by SC and are excluded from this current assessment. They have been in contact with the Department of Environmental Affairs several times and have received guidance as to what is required and have submitted a Scoping Study for an EIA. In addition a detailed assessment of the requirements was covered in Appendix A of the Scoping Report prepared by TWP in 2012.

3.7 Permits

AH have had sight of all the necessary permissions to access the areas in order to conduct exploration activities in the areas covered by the licences that have been granted,

3.8 Land Claims

AH has not been appraised by SC of any land claims registered against SC in respect of the Prospecting Asset.

4.0 Infrastructure and PhysicgraphV

4.1 Topography, Elevation and Vegetation

The Sechaba Prospecting Asset is located at Latitude S22 16.414, Longitude E27 07.872, approximately 31 km northwest of the town of Palapye. The elevation of the project area is some 1,000 m above mean sea level. The project area is located in an area that is characterised by a gently undulating topography with moderately incised river channels running through at various locations as per the topocadastral plans held by AH. The vegetation and topography of Botswana are depicted in Figures 4 and 2 respectively.

4.2 Means of Access

The project area is easily accessible by tarred roads, both regional and local. The main north- south road and railway from Francistown to Gaborone are situated about 25 km east from the prospecting asset. Figure 2 shows the Botswana road networks.

4.3 Proximity to a Population Centre and the Nature of Transport

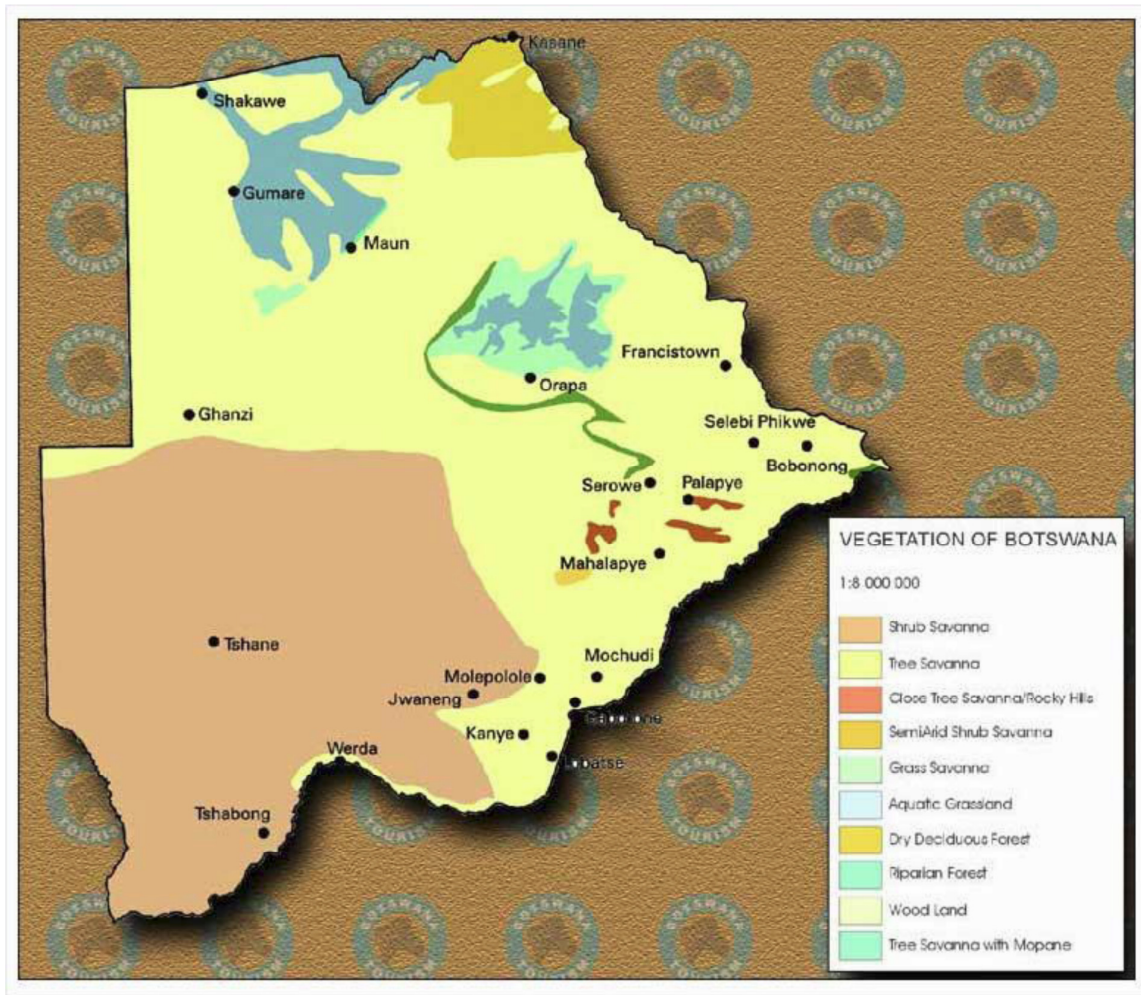
The project area is close to several population centres with the main transport between these centres being road transport (tarred roads). Major centres include Serowe (36 km southwest), Palapye (31 km south east) and Francistown (125 km north-north east). Figure 3 illustrates the towns that are in close proximity to Sechaba Prospecting Asset.

4.4 Climate and Operating Season

4.4.1 Seasons

The summer season begins in November and ends in March. High temperatures (>40°C) are common during this period. The winter season begins in May and ends in August. Winter days are invariably sunny and cool to warm; however, evening and night temperatures can drop below freezing point in some areas.

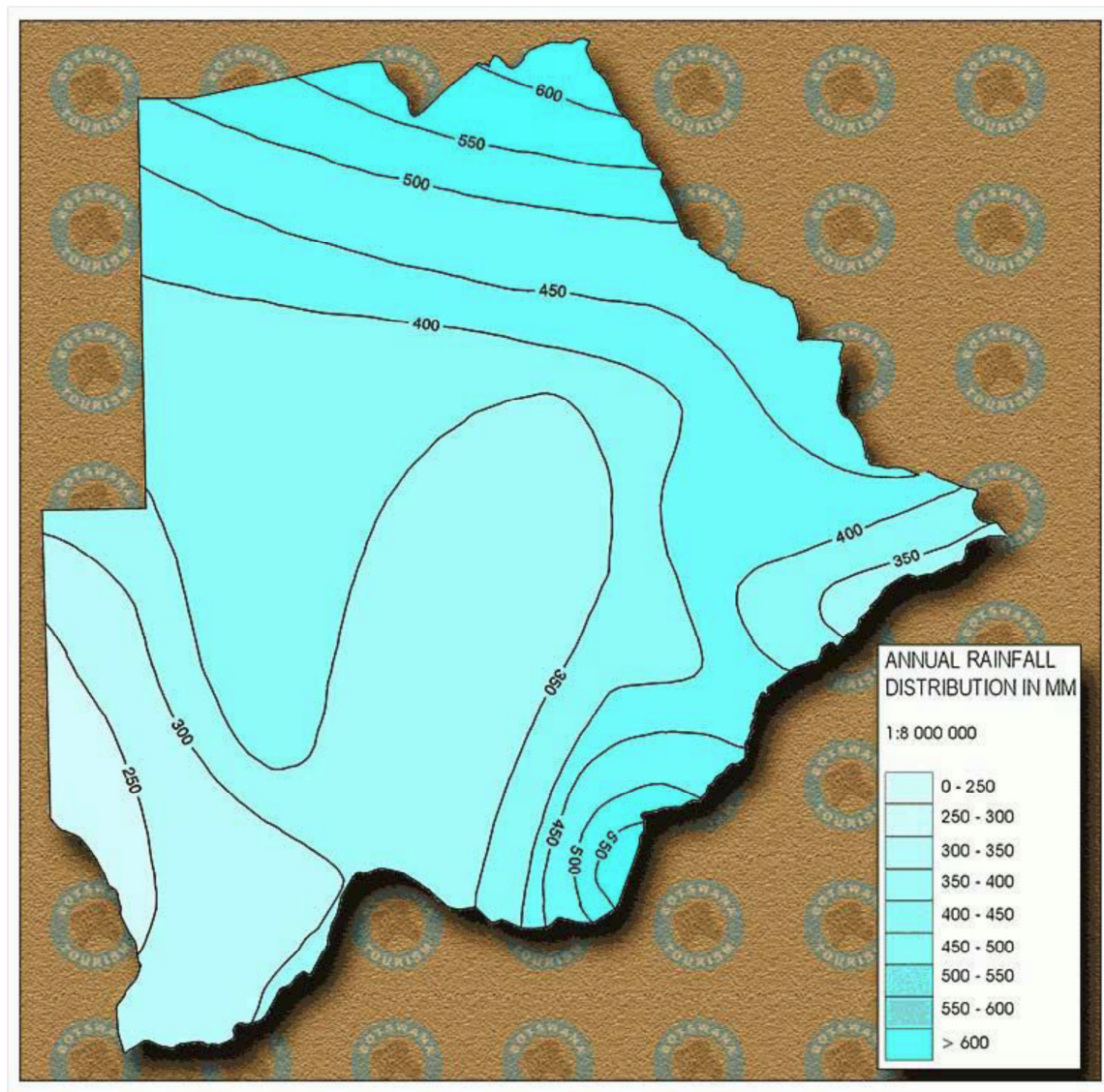
Figure 4 Vegetation of Botswana



4.4.2 Rainfall

The mean annual precipitation varies gradually from approximately 250 mm in the south-east to 690 mm in the north-east. Rainfall is highly seasonal with 95% of the rain volume occurring from October to April. From data analysed from meteorological stations close to the Dukwe Prospecting Asset, the mean annual precipitation ranged from 400 mm to 550 mm. Figure 5, overleaf, illustrates the mean annual precipitation for Botswana.

Figure 5 Mean annual precipitation for Botswana



4.4.3 Temperatures

Winter temperatures can dip below 0°C while the summer temperatures typically exceed 40°C. The hottest months are December and January, while the coldest months are June and July.

4.4.4 Humidity

In summer during the morning period humidity ranges from 60% to 80% and drops to between 30% and 40% in the afternoon. In winter humidity is considerably less and can vary between 40% and 70% during the morning and fall to between 20% and 30% in the afternoon.

4.5 Surface Rights and available Infrastructure

Sechaba PL 53/2005 Prospecting Asset falls within the Central District. The Lechana area has the Palapye Land Board as its local authority.

Primary infrastructure in the area comprises the AI Highway, running roughly north-south on the eastern side of the Sechaba Prospecting Asset, the main railway line, running alongside the AI Highway, and a network of secondary (tarred) and tertiary (gravel) roads linking the numerous villages and larger

population centres. The main power line also runs along the AI Highway. Figures 2 and 3 depict the road networks and other infrastructure linking the numerous villages close to the Sechaba Prospecting Asset.

5.0 History

5.1 Prior Ownership

Information and data received by AH from SC indicate that the Lechana Basin has been explored by at least four previous licence holders, namely:

Anglo Botswana Coal Prospecting (1970s) PL 5174;

Total Coal Botswana (1980s) PL 4/1982 and PL 10/1984; Aquila Coal (2005-2007) PL 53/2005;

Asenjo (2008-2011) PL53/2005

During the initial three year period of the current prospecting licence, Aquila Coal (Africa) Pty Ltd ("Aquila") undertook a technical review of the prospecting areas which included a limited amount of drilling to confirm coal occurrence, thickness and qualities. The conclusion of the initial programme indicated the presence of sufficient reconnaissance level resources to justify the ongoing exploration programme with a view to delineating sufficient resources for the supply of coal to a large coal fired power generating facility of sufficient capacity to provide commercially marketable power and optimal utilization of the resource base.

A technical review of the prospecting licences led to the development of an exploration and technical evaluation programme. This programme was designed to further test the potential of all five of the prospecting licences. The work programme was focused on increasing the knowledge of and confidence in the resource areas with a view to ultimately completing a pre- feasibility study on the preferred development option as decided by the Board. Aquila therefore decided to obtain local expertise to carry out the exploration programme and as a result partnered with Sentula Coal and Jonah Capital to form AEB which is a Botswana registered Exploration Company, based in Gaborone. AEB subsequently applied for the transfer of the above Prospecting Licences from Aquila to AEB. This application for transfer was approved by the Department of Geological Survey on 28 January 2008.

Subsequent to reaching a commercial agreement with AEB, Shunnba Coal Ltd through its Botswana subsidiary Sechaba Natural Resources, obtained Ministerial approval to transfer the licence to them which was granted in December 2011.

5.2 Details of previous Exploration

Exploration for coal has been undertaken in this basin since the mid-1970's initially by Anglo Coal and from 1982 by Total Coal Botswana ("TCB") (ending mid-1980s), and more recently in 2006/7 by Aquila. In excess of 15,000 m have been drilled in this basin, although not all drilling has been conducted in the presently defined licence area.

The most recent licence holder was Asenjo, whose Prospecting Licence, PL 53/2005 initially covered some 1,000km². Aquila drilled three boreholes in the licence area and Asenjo 28 boreholes. The primary purpose of these drilling campaigns was to verify and extend the existing Anglo and TCB exploration data such that this data could be used by Asenjo to model and estimate Coal Resources.

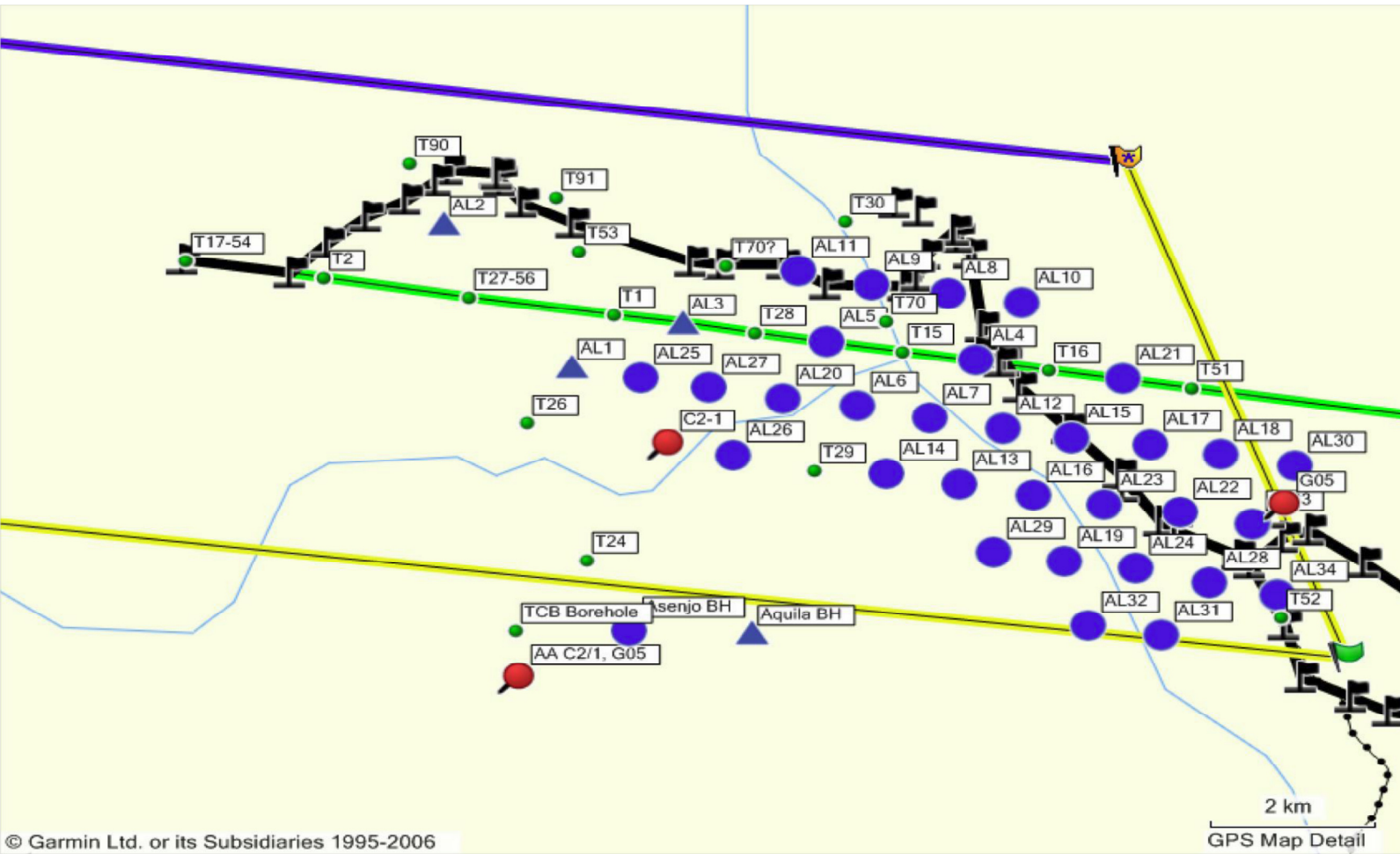
Figure 6, overleaf, presents historical boreholes within the current Sechaba Prospecting Rights Area. The TCB, Aquila and Asenjo explorations were carried out by drilling vertical percussion and HQ VVireline boreholes. All boreholes are reported to have been geophysically logged. Chip and core logging was undertaken by suitably qualified field geologists. The Competent Person responsible for the all of this work was Mr. A Golding, BSc.

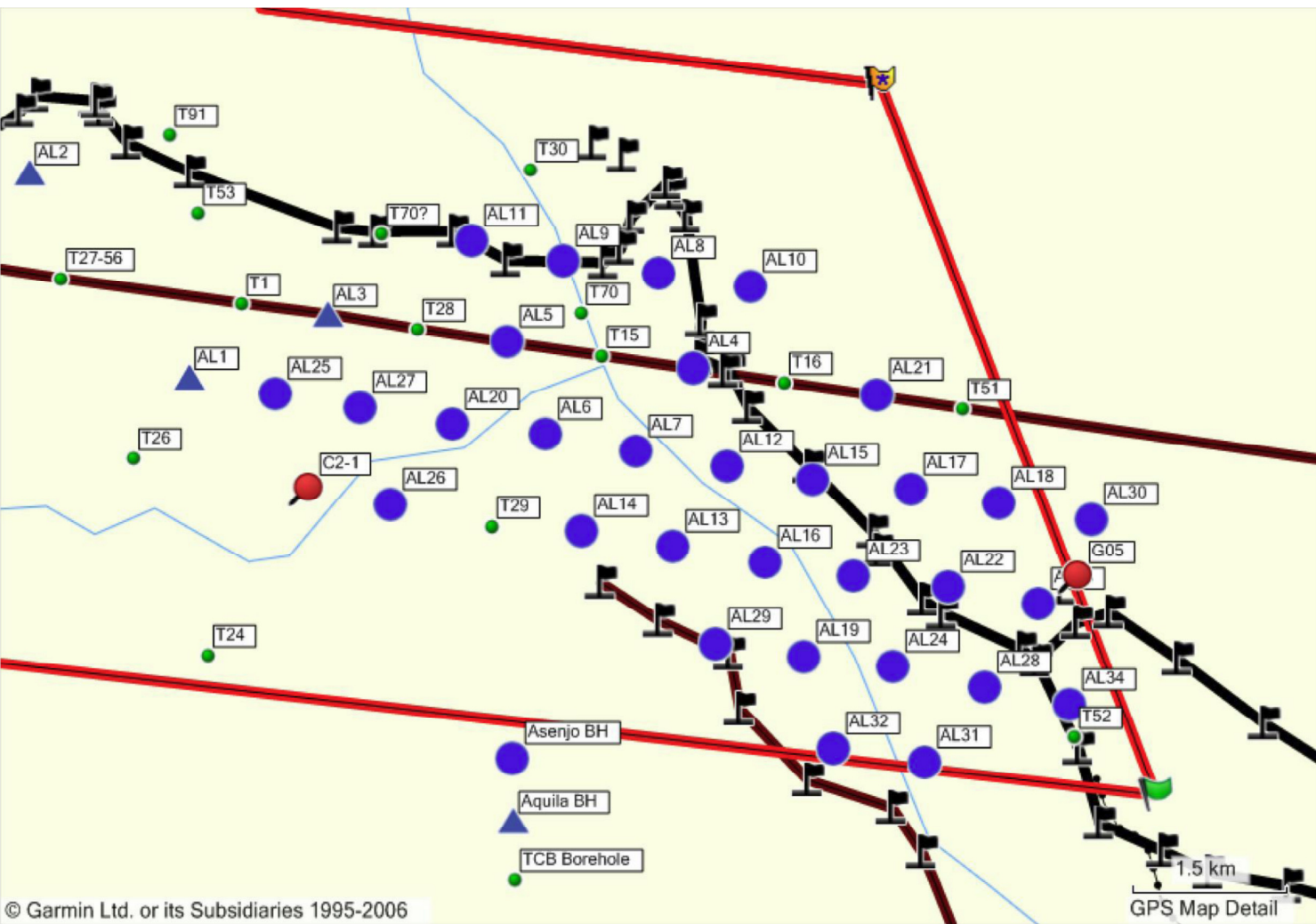
Recent drilling undertaken by Shumba Coal Ltd is shown on Figure 7 overleaf. This has focused on better defining and extending the area of shallow coal resources identified by AEB.

5.3 Prior Resource and Reserve Estimates

The Coal Resource Estimates presented by SRK in 2009 are the relevant historical estimates as they are contained within the presently defined Prospecting Licence (PL 53/2005) then held by AEB. These are summarised in Table 2 overleaf. Detailed mine planning was not carried out therefore Coal Reserves were not calculated.

Figure 7 Boreholes drilled by Asenjo/Aquilla within the current Sechaba Prospecting Rights Area





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1.5 km
GPS Map Detail

Figure 8 – Boreholes drilled by Shumba Coal in the Sechaba Prospecting Asset

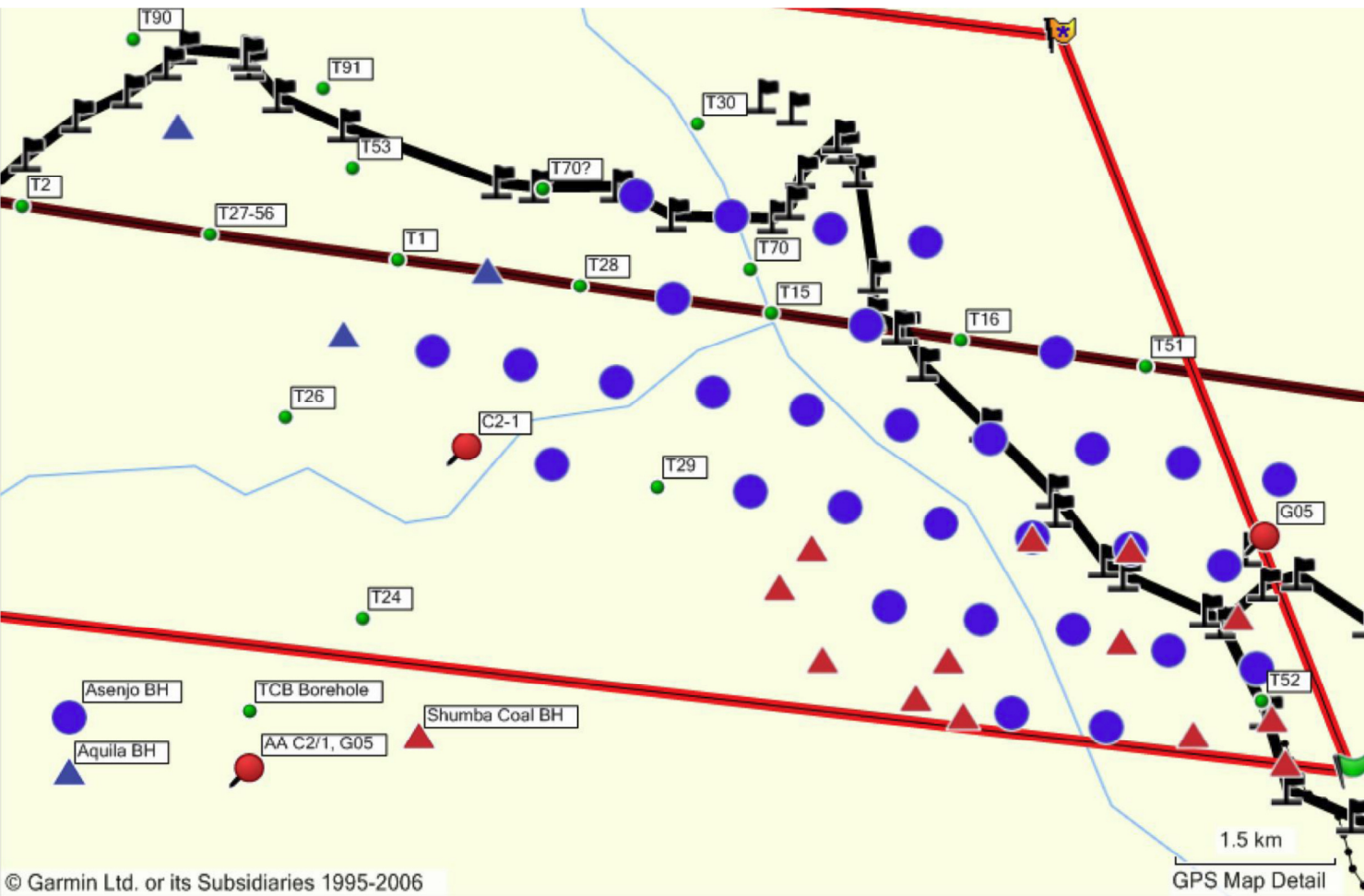


Table 2 Historical Coal Resource Estimates presented by SRK (June 2009)

Seam/Zone Name	Average Thickness (^m)	Gross <i>In-situ</i> tonnes (Mt)	Category
Upper Coal Zone	1.07	50	Inferred
Middle Coal Zone/Taukome Bright	1.63	307	Inferred
Lower Coal Zone/Morupule Main	2.06	558	Inferred
Total		895	

5.4 Historical Production

The Sechaba Prospecting Asset has not been actively mined and therefore no production records are available.

Geological Setting

6.1 Regional Geology

The coal deposits occupy separate basins developed in the Middle Ecca period of the Karoo. Alan Golding, in the Total Report (1984) puts forward the concept that the pre-Karoo basement topography was determined by basement faulting giving rise to basement highs and lows. These were subsequently weathered into palaeohills and valleys prior to the deposition of the Karoo. Karoo sediments were deposited into the palaeo valleys, with maximum deposition occurring in the deeper depressions. As the valleys filled with sediment, deposition extended into the shallower adjacent valleys, with the upper sequences overlapping onto basement highs as the basin filled up.

Geophysical methods such as gravity can be used to predict the likely absence of lower coal zones over basement highs. The effect of post-Karoo faulting must be recognised and factored into any reconstruction of pre-Karoo topography. The regional geological setting is not markedly different from the local basinal geological setting and only the local geological setting is described in detail. The lithostratigraphy is presented in Figure 8 overleaf.

6.2 Local and Property Geology

The coal-bearing carbonaceous sequence comprises up to 100m of interbedded carbonaceous mudstones and mudstones with lesser amounts of siltstone and lenticular sandstone bands interbedded with the coal seams. The Karoo strata do not outcrop but rather sub-outcrop below (± 20 -30m) the Kalahari Sands, consisting predominantly of sand and calcified sand.

6.2.1 Basement Rocks

These are frequently encountered in the north in the Tshimoyapula Basin, two boreholes in the western and one in the extreme eastern Lechana Basin.

6.2.2 Ecca Group

Lower Ecca (Dwyka Group: Dukwe Formation):

These rocks, of glacial origin, rocks have never been encountered in these basins.

Middle Ecca (Kamotaka Sandstone and Morupule Formations):

Kamotaka Sandstone Formation

This formation has rarely been fully intersected with most boreholes terminating once it is encountered. It consists of white-cream coarse grained feldspathic sandstone with thin argillaceous cross bedding.

The definition of the boundary between the Kamotaka Sandstone and Morupule Formations e.g. the floor of the (lowest coal seam) Morupule Main was originally derived in the Lechana Basin. Whilst being workable over a greater part of the area to the north in the Tshimoyapula Basin it gives rise to the presence of substantial thickness of coals occurring in the in the Kamotaka Sandstone Formation.

Morupule Formation

This formation, as defined in the Lechana Basin, extends from the base of the Morupule Main Seam to the base of the Middle Coal Zone (Taukome Bright Seam). There was, in earlier exploration, only a limited number of intersections of the Morupule Main as the seam was not considered a target and boreholes were rarely extended beyond the Taukome Bright Seam. However more recent exploration in the south-eastern part of the prospecting licence has confirmed the Morupule Main is well developed in this area and exploration boreholes are taken down to this seam. Sediments consist mainly of mudstones and coals with some sandstones and rare mudstone conglomerates above and within the Morupule Main Seam.

Serowe Formation

The boundary between this and the underlying Morupule Formation was defined in the Kgaswe Basin where there is a well-defined "Siltstone Marker" above the Taukome Bright Seam. This horizon is not well defined in the Lechana Basin with only the local development of a channel sandstone being present in the eastern portion of the Lechana Basin.

The top of the unit is taken as the appearance of the first coal (Upper coal zone top leaf).

The formation was sub-divided into seven units, with some variations across the Lechana Basin as indicated below in Table 3 and Figure 8

Table 3 Serowe Formation Lechana Basin

Unit	Thickness range (m)	Average (m)	Strata	Thickness range (m)	Average (m)	Strata
Lechana Basin East of TC014-35			Lechana Basin West of TC014-35			
Upper Coal Zone						
A	1.5-2.5	2.0	Mudstones some coals	3.85-7.97	6.0	Mudstones some coals at base
B	0-1.0	0.50	Coal	0-1.42	0.83	Coal
C	4.0	4.0	Mudstones and coal	1.80-3.75	3.18	Mudstones with coal bands
D	0-0.78		Coal	0-30.09	variable	Mudstones with sandstones

Unit	Thickness range (m)	Average (m)	Strata	Thickness range (m)	Average (m)	Strata
Lechana Basin East of 10014-35			Lechana Basin West of TC014-35			
E	31.0-41.5	36.0	Mudstones with common thin coals +/-250mm	38.24-51.10	43.66	Mudstones with coal bands. Channel sandstones in lower half
F	0-12.5	10.0	Sandstones and siltstones			
G	0-10.0	8.0	Mudstone with subordinate coals			
Middle Coal Zone Taukome Bright Seam						

Thlabala Formation

This formation consists almost entirely of grey mudstones, often with a purple tinge at the upper contact. Towards their base they have carbonaceous zones with thin coal partings. The thickness of this formation varies considerably across the Lechana Basin from 8.15-55.10 m. Thickness variations were noted from contouring the full intersections the formation being thickest in the centre of the basin and thinnest towards the southern and western extremities.

6.2.3 Lebunq Group

Mosolotsane Formation

The basal section of the formation often consists of coarse-grained sandstone with minor conglomerates. There after it consists of a varying sequence of red-brown (sometimes with green blotching) mudstone, siltstone and fine sandstone. Within the main section of the basin this varies from 46.5-57.0 m in thickness averaging 51.8 m.

Ntane Formation

These sediments consist of a uniform sequence of fine light red-brown sandstone of aeolian origin. Thicknesses of between 44 and 75m have been intersected.

6.2.4 Stormberg Lava Group

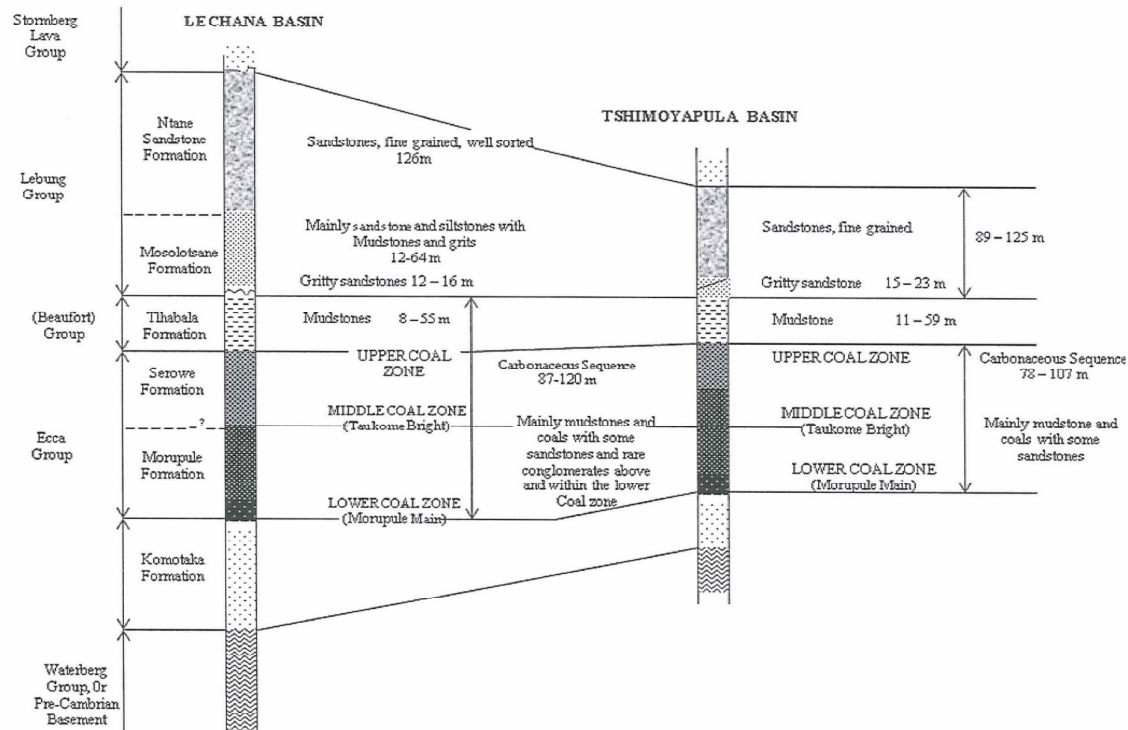
This group only occurs on the western sections of the licences. It consists of a dark purple-grey amygdaloidal basalt.

6.2.5 Structure

The Karoo rocks have a low dip 2-3 degrees dipping into the Lechana Basin from the south and east, the northern boundary being fault controlled.

Figure 9 Stratigraphic Section in PL 53/2005

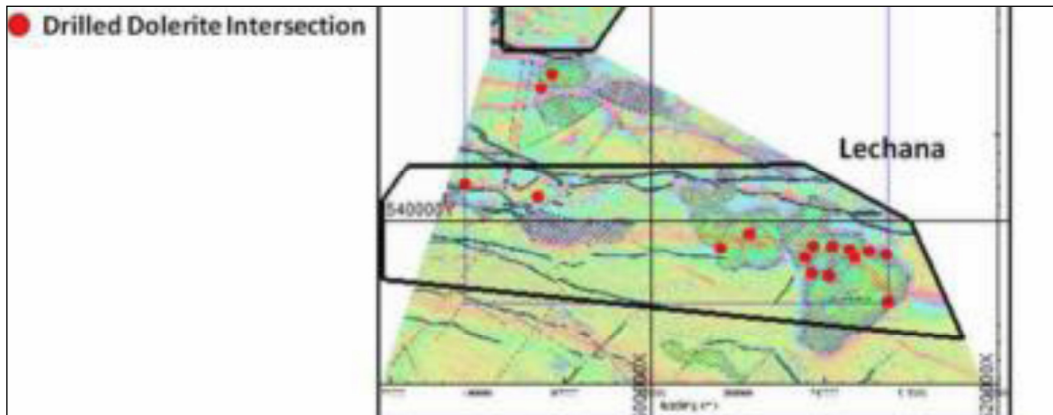
Figure 9 Stratigraphic Section in PL53/2005



Competent Persons Report (BSE) on Shumba Coal Ltd. Sechaba Exploration Property PL53/2005

6.2.6 Igneous Rocks

High resolution aerial magnetic interpretation was undertaken by Asenjo. Historical drilling indicated the presence of a dolerite sill intruding southwards from the northern boundary fault into the coal measures but it was never, according to TCB Reports, found to intrude the coal seams or affect their quality. Asenjo geophysical work and recent drilling indicates that this is an over-simplification and the nature of the intrusion needs to be re-interpreted in more detail. See Figure 9 below.



7.0 Deposit Types

7.1 Mineral Deposit Type

The mineral deposit being investigated and reported on is coal. The coal deposit type is described as a multiple seam deposit type comprising discrete coal seams of decreasing age progressing upwards through the sedimentary sequence. The economic coal seams occur at an average depth of 129 m below surface for the Taukome Seam and 173 m for the Morupule Seam in Lechana Basin. The Taukome Bright Seam has an average thickness of 1.63 m while the Morupule Main Seam is 2.06 m.

7.2 Geological Modeling

In 2009 and 2010 SRK developed Asenjo's Lechana Prospecting Asset geological model using the Micromine software 2010 suite, a grid size of 250 x 250 m and a basic Inverse Distance Squared algorithm was used for both physical and coal quality interpolation. Historical and current data were compiled into a suitable electronic database (GBIS) for purposes of geological modelling.

7.3 Exploration Programme

AEB planned and executed a coal exploration drilling programme. The drilling grid was planned after consideration of historical work undertaken by Total and Aquila. The drilling grid was designed on a square basis with borehole spacings between one and two kilometres. A total of 30 boreholes were drilled in 2008/9 covering 3,258 m and were targeting the Taukome Bright Seam in the shallower eastern part of the Lechana Basin.

All coal intersections were sampled and submitted to M&L Inspectorate, a South African coal analytical laboratory for physical and chemical testwork.

Subsequent to this Shumba Coal Ltd. has also planned and executed a coal exploration drilling programme. The drilling grid was planned after consideration of historical work undertaken by Total, Aquila and Asenjo. The drilling grid was designed on an equilateral triangle basis as per the Total grid with borehole spacing of approximately one kilometre and was targeting the Morupule Main and Taukome Bright Seams in the shallower south-eastern part of the Lechana Basin.

8.0 Mineralisation

8.1 Mineralised Zones

The coal seams (Taukome Bright and Morupule Main Coal Seams) identified during the historical exploration campaigns are considered to be the mineralised zone.

8.2 Surrounding Rock Types

Karoo-aged sedimentary rocks ranging from coarse-grained (arenaceous) sandstones to very fine-grained (argillaceous) mudstones occur both interlaminated and inter bedded above and below the coal seams. The basement rocks are variable but consist mostly of varieties of granitic gneisses.

Igneous intrusions in the form of dolerite dykes and sills (late- to post-Karoo age) also occur in parts of the Sechaba Prospecting Asset.

8.3 Description of Mineralization

The target coal seams are discrete seams bounded by clastic sedimentary rocks. Within the coal seams, however, they are almost always present a number of intra-seam partings comprised predominantly of mudstones and minor siltstones. Several of these intra-seam partings are persistent and can be correlated over fairly large areas within the basins. These partings often represent minor changes in the palaeo-depositional environments of peat accumulation and coal formation.

8.4 Coal Qualities

The cored seams from the Asenjo (and Total) exploration programmes were analysed and the samples wash tested over a range of RDs. The focus was on the thermal properties but the coking property was measured when the 1.35 RD fraction was >5%. The SI (swelling index) was measured and if greater than 2 the Roga Index was then measured. Of the 22 samples (from the Asenjo programme) of the Taukome Bright seam on Lechana Basin, 7 had swells greater than 2 and the Roga Index was low. It was concluded that any coking potential was unlikely. Because the focus was on thermal coal properties only, key elements for metallurgical/industrial coal, such as the P content, were not analysed.

The coal quality is a key issue. To be economically viable the coals would need to contain a component of metallurgical/industrial product that could be recovered in a wash plant, with the remainder going to a domestic power station. Regional *in-situ* coal qualities are considered to be relatively low i.e. the coals are of a grade more suitable for the power generating industry (steam coal). However some instances and parts of the deposit, individual coal seams are amenable to beneficiation and can produce higher grade (export) steam coal.

9.0 Exploration

This section focuses exclusively on geophysical surveys and investigations and investigations not including exploration drilling. Exploration drilling is discussed in Section 10.

9.1 Details of Current Surveys and Investigations

AEB conducted a medium resolution aeromagnetic survey in 2008 over the Sechaba Prospecting Asset.

The geophysical survey parameters used were:

Line Spacing of 100 m;
Ground Clearance of 25 m;
Line Directions of North-South;
Projection is UTM Zone 35 South;
Datum VVGS84.

The equipment used for the survey consisted of:

Platform: Air Tractor;

Magnetic Sensors: 2 wing-tip G823A:
Compensator: RMS AARC500, 20Hz.

9.2 Interpretation of Exploration Data

Exploration data has been interpreted and the results thereof were incorporated into the geological model constructed by SRK.

9.3 Details of who carried out the Surveys and Investigations

The survey as well as the interpretations have been carried out by Xcalibur Airborne Geophysics (Pty) Limited, a South African company based in Pretoria.

10.0 Drilling

AEB concluded a drilling programme in 2009 and Shumba Coa Ltd. I concluded a drilling programme in 2012. The following relates to the completed drilling.

10.1 Type and Extent of Drilling

A local exploration drilling company, Discovery Drilling, conducted all exploration drilling activities on behalf of AEB and Longstaff for Shumba Coa Ltd. These drilling operations were monitored by Analytika Holdings (Pty) Ltd under the supervision of Mr. Alan Golding and staff from Analytika Holdings.

The drilling method was vertical diamond core water flush of the TNW diameter. The total number of boreholes drilled by AEB on the Sechaba Prospecting Asset was 30; totaling 3,258 m.

10.2 Drilling Procedures

Generally conventional water flush drilling of TNIN size was used or rarely wireline drilling techniques giving a HQ ($\pm 63\text{mm}$) diameter core.

10.3 Drilling Intersection Length

The drilled coal intersection length (apparent thickness) is deemed to be the true coal seam thickness since the holes are drilled vertically through relatively flat-lying (horizontal) coal seams. The maximum recorded drilled depth observed by AH in this phase of work is 150 m in Sechaba.

10.4 Orientation of Mineralisation

The coal seams are relatively flat-lying so the coal bearing units are intersected at right angles and therefore the orientation of the mineralisation has minimal effect on the geological modeling and Coal Resource Estimation.

10.5 Geophysical Logging

Geophysical logging was attempted at all drill holes that intersected coal. The logging was done by a variety of contractors over the years.

11.0 Sampling Method and Approach

AH is familiar with all the phases of sampling method and approach. SRK in a previous report to AEB also reviewed the sampling method and approach, specifically the AEB exploration drilling of 30 boreholes.

Analytika Holdings (Pty) Ltd was employed as Geological Consultants to oversee the drilling, logging and sampling functions of both the AEB and Shumba Coal Ltd. exploration programmes.

11.1 Description of Sampling Methods

The following is a description of the sampling procedures employed by AEB and Shumba Coal Ltd:

Sampling of coal was done according to visually identifiable zones (visual interpretation of coal quality) and other consistent marker horizons (geophysical logs were also used);

Floor and roof samples were also taken;

Clastic partings greater than 10 cm were sampled separately;
All core was split using a hammer and chisel inside the core trays (hardboard was placed on either side of the core to prevent contamination);
Samples were bagged using PVC bags and tagged using cable ties prior to shipment to the laboratory.

11.2 Core Recovery

In certain boreholes, core recoveries were poor in certain zones, but these zones mostly occurred in the upper sections of the borehole in the weathered zone. AH is satisfied that core recoveries in the coal zones are high (>95%) and that reported coal thicknesses reflect *in situ* thicknesses.

11.3 Sample Quality

In SRK's opinion sample preparation and analysis was performed adequately and sufficient quantity of core samples have been acquired to adequately characterize the most important quality characteristics.

11.4 Sampling Intervals

Where geophysical logs, where available, and visual interpretation were combined to determine sampling intervals. In the absence of obvious markers, 2 to 3 m samples were taken.

11.5 Distribution of Grade

Historical and current data indicates that there is little vertical and lateral quality variability, although the coals near the sub-crop are of poorer quality due to weathering, and regionally the quality decreases northward. Where devolatilisation has occurred, the coal quality has been altered

In Lechana Basin, generally, the quality of the Morupule Main Coal Seam improves northward and in the south eastern margin while the Taukome Coal Seam deteriorates northward and in the south eastern margin.

11.6 Estimated True Widths

Since the boreholes are deemed to be vertical and the coal seams horizontal, the logged (apparent) seam thickness is equivalent to the true seam thickness.

11.7 Sample Compositing

Where multiple samples have been generated and analysed for a single seam intersection, weighted-average results are determined mathematically.

11.8 Sample Analysis Database

All AEB boreholes were sampled and analysed, and this data currently resides in the Micromine GBIS Database. SC borehole samples are yet to be analysed.

MO Sample Preparation Analyses and Security

12.1 Sample Preparation Methods

No information regarding the sample preparation methods for AEB was made available to SRK when they prepared the ITR in 2010. SRK did, however, reviewed the Sample Advice Sheet submitted with samples to the laboratory. The following are the instructions issued:

Determine and record the mass of each sample received;

Determine the RD of the sample;

Crush the sample to -25 mm;

Screen out the -0.5 mm fraction;

Wash the 0.5x25 mm material at (where "F" represents the floats and "S" represents the sinks) F1.40, F1.50, F1.60, F1.70, F1.80, F1.90, F2.00 and S2.00.

On each float and the final sink do the following chemical analyses:

Proximate Analyses (Moisture, Ash, Volatiles, Fixed Carbon),

Calorific Value,

Total Sulphur

On the -0.5mm material do the following chemical analyses:

Proximate Analyses (Moisture, Ash, Volatiles, Fixed Carbon),

Calorific Value,

Total Sulphur.

Swelling Index, and

Raga.

It is expected that SC will utilize a similar testing regime to that used by AEB.

12.2 Quality Control

No information regarding the laboratory quality control methods was made available to SRK for the AEB samples. However, M&L Inspectorate (Pty) Limited ("M&L") are a reputable and South African National Accreditation System ("SANAS") registered laboratory (Facility Accreditation Number: T0313) and thus suitable and appropriate quality assurance and quality control ("QA/QC") measures are in place at the laboratory.

12.3 Integrity of Sampling Process

M&L is accredited by the SANAS (www.sanas.co.za) and regularly takes part in structured "Round Robin" exercises with other coal analytical laboratories in the region. Therefore the sampling processes employed in generating coal samples by M&L is deemed suitable and appropriate.

12.4 Independence of Laboratory

The laboratory used for all sample testwork has been M&L, a coal analytical laboratory based in Middelburg, South Africa. To SRK's knowledge, when they prepared the ITR in 2010, this laboratory is completely independent of AEB or SC.

12.5 Sampling and Assaying Procedures

The laboratory applies appropriate procedures relevant to coal analyses.

12.6 Location and Type of Laboratory

The laboratory, M&L, is located at 13 Slegtkamp Street, Middelburg, South Africa. The facility is an accredited coal analytical laboratory — accreditation number T031 3.

12.7 Adequacy of Sample Preparation, Security and Analytical Procedures

It was SRK's opinion the sample methodology, preparation, security and analytical procedures employed were of sufficient quality to confidently support the conclusions of their ITR.

13.0 Data Verification

In the ITR of 2010 (Mosuwe and Birtles) prepared by SKR the following comments regarding data verification were made.

13.1 Quality Control Measures and Data Verification Procedure

Electronic data (borehole logs, sampling results, geophysical and geotechnical) was received. Micromine ("GBIS") Database management software was used to validate the borehole and sampling data.

The validation process includes the following:

Seam correlations; and
Sample compositing.

13.2 Qualified Person that verified the Data for SRK

David Mosuwe was the qualified person that verified the data. Mr. David Mosuwe, Pr.Sci.Nat. Mr. Mosuwe is a coal exploration and mining geologist with 18 years mining experience and was, at that time, the Senior Coal Geologist in the Mining Strategic Business Unit of SRK.

13.3 Nature of and Limitations on Verification

SRK did not verify the original geological field logs and laboratory results, however translated electronic versions of the geological logs and the laboratory results, in a GBIS format were handed over to SRK by AEB for verification.

13.4 Reasons for any failure to verify the data

SRK did not have sight of the original geological field logs (but AH has copies of these) and laboratory results but have verified the electronic versions converted into GBIS format.

14.0 Adjacent Properties

14.1 Location and Extent of Adjacent Properties

AH understands that all available licensed areas surrounding the Sechaba Prospecting Asset are currently held by various exploration and mining companies. With certainty, AH is aware of the Morupule Colliery and its associated Prospecting Licence area to the south of the Sechaba Prospecting Asset.

14.2 Public Information Related to Adjacent Properties

AH does not expect to identify information that will materially influence or impact on the conclusions drawn from this review.

15.0 Mineral Processing and Metallurgical Testing

Current coal processing has been limited to washability (float and sink) testing and analysis of coal samples.

15.1 Metallurgical Testing and Analyses

Metallurgical testing on the AEB samples was restricted to washability (float and sink) testing. All coal samples were washed at float RD's of F1.40, F1.50, F1.60, F1.70, F1.80, F2.0 and a sink RD of 82.0. Other analyses included the following:

Determination of relative density;
Determination of Proximates:
Ash Content,
Volatile Content,
Inherent Moisture Content,
Fixed Carbon Content.
Determination of Calorific Value; and
Determination of Total Sulphur Content.

Special coal analyses included the following:
Hard grove and abrasive index;
Swelling Index;
Roga;
Ash Fusion temperature;
Forms of silica;
Forms of sulphur;
Ash constituents (major element oxides);
Absolute analysis (C,H, N, O, Total Sulphur, Total Moisture);
Chlorine in coal; and
Trace elements.

15.2 Results of Metallurgical Testing and Analyses

Current results have concluded that the coal seams associated with the Sechaba Prospecting Asset are best suited to the domestic steam coal market with limited potential for the export steam coal market (Taukome Bright Seam). None of the coal seams display coking properties.

15.3 Representivity of the Samples

The data reviewed by SRK indicated that the samples generated and analysed were representative of the coal seams intersected.

16.0 Mineral Resource and Mineral Reserve Estimates

16.1 Coal Resource Reporting Code and Categorisation

Only Coal Resources were stated in SRK's 2010 ITR. All Coal Resources were derived from the 3D geological model developed by SRK. The Sechaba Prospecting Asset Coal Resources presented in there ITR fall into the Indicated and Inferred categories. The Coal Resources are defined in accordance with the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves and the JORC Code.

16.2 Key Estimation Assumptions and Parameters

The Coal Resources presented in SRK's ITR of 2010 were estimated by SRK with the following assumptions and parameters.

Indicated Resources based on 1000 m borehole spacing;
Inferred Resources based on 4000 m borehole spacing;
A 1.0 m seam thickness cut-off,
Ash cut-off of 50%,
Volatile matter cut-off of 16%, and
Dry Ash Free Volatile Matter cut-off of 26% has been applied in estimating the Coal Resource.

16.3 Details of Coal Resource Estimators

The Competent Person who prepared the SRK estimates was Mr. David Mosuwe, Pr.Sci.Nat. Mr. Mosuwe is a coal exploration and mining geologist with 18 years mining experience and was at that time the Senior Geologist in the Mining Business Unit of SRK. He had sufficient experience in coal related 3D geological modelling to develop the geological model for the Sechaba Prospecting Asset and to estimate Coal Resources based on the model.

16.4 Quantity and Quality of Coal Resources

Historical and current exploration has indicated that the Morupule Main and Taukome Bright Seams are of

future economic importance and these seams have been modelled and their resources estimated. The coal resources estimated are Gross Tons In Situ (GTIS) and Total Tons In Situ (TTIS).

The exploration programme carried out by AEB comprised 30 boreholes (3,258 m). The Coal Resource Estimates presented in this CPR are from SRK's ITR of 2010 and have not, as yet, been updated using the results from SC recent drilling programme.

Figures 10 to 13 and Tables 4 to 5 (Reproduced from the SRK 1TR of 2010) illustrate the Sechaba Prospecting Assets Coal Resource categories and seam thickness (Morupule Main and Taukome Bright Seams) and tabulate the Coal Resource estimates and the in-situ raw coal qualities respectively.

Table 4 Coal Resource Estimates Sechaba Prospecting Asset from SRK (October 2010)

Resource Category	Volume <i>Mm^s</i>	Area <i>Mm²</i>	Thickness (-11)	Gross Tonnes <i>In-situ</i> GTIS (Mt)	Total Tonnes <i>In-situ</i> TTIS (Mt)
<i>Indicated Resources</i>					
Morupule Main	26	11	2.43	44	40
Taukome Bright	39	18	2.12	69	63
<i>Total Indicated</i>	<i>65</i>	<i>29</i>		<i>113</i>	<i>103</i>
<i>Inferred Resources</i>					
Morupule Main	183	62	2.96	302	257
Taukome Bright	339	176	1.96	553	470
<i>Total Inferred</i>	<i>552</i>	<i>238</i>		<i>855</i>	<i>727</i>

Note 1 The Total *In-Situ* Tonnes are derived by applying a geological loss factor of 10% to the Gross *In-situ* Tonnes (5% Indicated, 10% Inferred and 5% Modeling Estimation Error)

Figure 11 Sechaba Prospecting Asset Morupule Main Seam Coal Thickness (Reproduced from SRK ITR 2010)

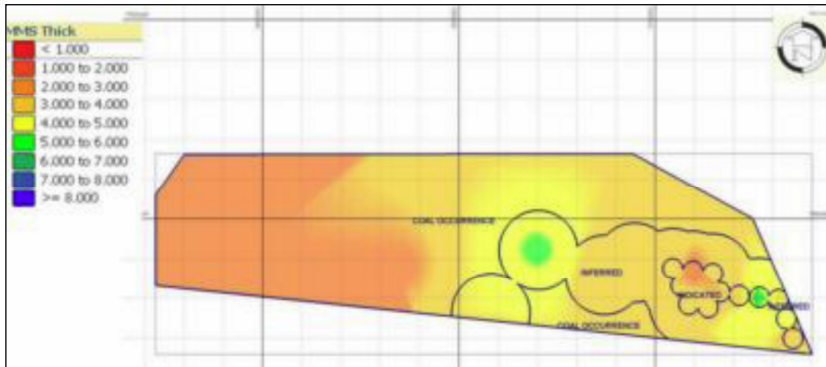


Figure 12 Sechaba Prospecting Asset Morupule Main Seam Coal Resources (Reproduced from SRK ITR 2010)

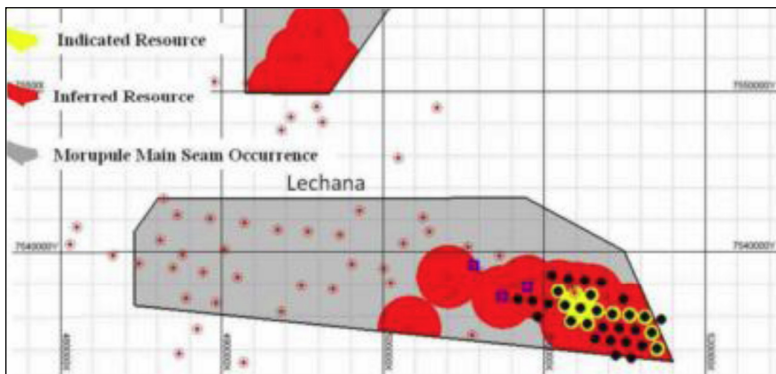


Figure 13 Sechaba Prospecting Asset Taukome Bright Seam Coal Thickness (Reproduced from SRK ITR 2010)

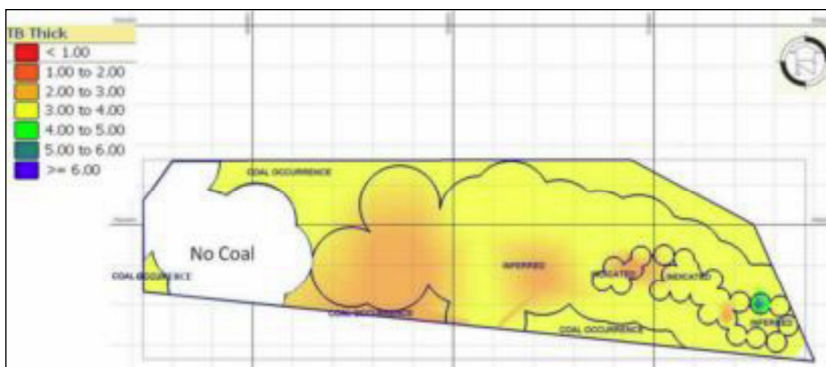


Figure 14 Sechaba Prospecting Asset Taukome Bright Seam Coal Resources (Reproduced from SRK ITR 2010)

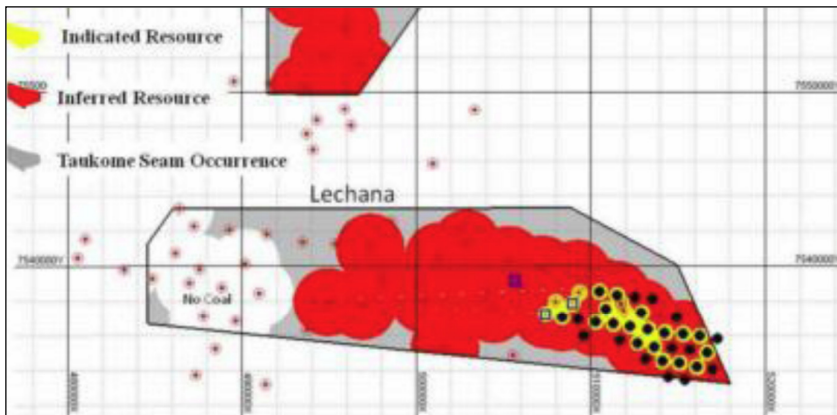


Table 5 In-Situ (Raw) Coal Qualities (Air Dried) for Sechaba Prospecting Asset from SRK (October 2010)

Resource Category	Ash %	CV (MJ/kg)	DAFT %	FC %	IM %	TS %	Vols %
<i>Indicated Resources</i>							
Morupule Main	27.85	18.59	32.38	39.47	4.73	1.84	21.66
Taukome Bright	30.64	19.73	43.07	36.94	4.65	2.65	27.77
<i>Inferred Resources</i>							
Morupule Main	31.33	17.34	32.44	43.73	4.33	1.72	20.61
Taukome Bright	34.95	18.16	43.42	34.41	4.40	2.50	26.24

Tables 6 to 9 and Figures 15 to 18 tabulate and illustrate the in-situ washed coal qualities and washability curves for the Sechaba Prospecting Asset.

Table 6 Wash Qualities for Sechaba Morupule Main Seam Indicated Resource (from SRK October 2010)

Wash RD	Yield %	CV (MJ/kg)	Ash %	VM %	IM %	FC %	TS %
1.40	7.16	25.99	11.45	30.28	7.05	51.23	1.41
1.50	30.04	25.20	14.26	28.55	6.70	50.49	1.19
1.60	46.36	23.98	17.60	26.90	6.30	49.19	1.01
1.70	59.63	22.92	20.67	25.52	5.97	47.84	1.01
1.80	72.41	22.02	23.26	24.38	5.69	46.67	0.92
1.90	86.79	19.45	24.13	21.86	5.04	41.40	1.24
2.00	96.29	19.64	30.24	22.55	5.04	42.10	1.71

Figure 15 Wash Curve for Sechaba Morupule Main Seam Indicated Resource (from SRK October 2010)

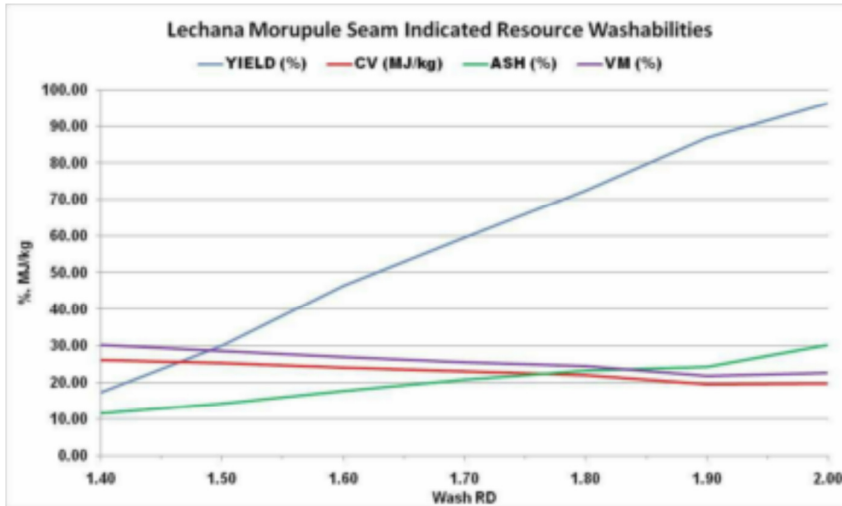


Table 7 Wash Qualities for Sechaba Morupule Main Seam Inferred Resource (From SRK October 2010)

Wash RD	Yield %	CV (MJ/kg)	Ash %	VM %	IM %	FC %	TS %
1.40	13.78	26.88	9.6	30.88	6.32	53.07	0.73
1.50	31.21	25.19	13.85	28.08	5.75	52.19	0.67
1.60	57.14	23.86	17.50	25.90	5.26	51.34	0.59
1.70	73.26	22.84	20.30	24.80	5.12	49.77	0.58
1.80	84.14	22.10	22.39	24.12	5.03	48.46	0.66
1.90	90.04	21.49	23.57	23.66	4.9	47.24	0.83
2.00	3.64	21.24	24.81	23.61	4.87	46.71	0.99

Figure 16 Wash Curve for Sechaba Morupule Main Seam Inferred Resource (From SRK October 2010)

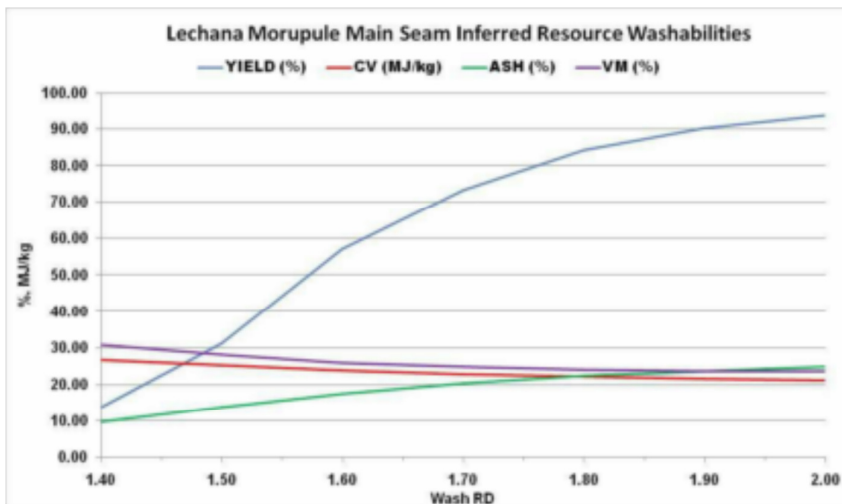


Table 8 Wash Qualities for Sechaba Taukome Bright Seam Indicated Resource (from SRK October 2010)

Wash RD	Yield %	CV (MJ/kg)	Ash %	VM %	IM %	FC %	TS %
1.40	31.03	27.22	9.75	33.37	6.63	50.05	1.11
1.50	51.37	26.45	11.84	33.05	6.48	48.63	1.20
1.60	60.83	25.78	13.64	32.43	6.32	47.61	1.20
1.70	68.08	25.06	15.63	31.80	6.15	4.42	1.28
1.80	73.55	24.41	17.45	31.27	5.99	45.29	1.42
1.90	83.55	22.93	21.61	29.96	5.68	42.76	1.59
2.00	91.81	21.46	25.78	28.67	5.36	40.19	1.88

Figure 17 Wash Curve for Sechaba Taukome Bright Seam Indicated Resource (from SRK October 2010)

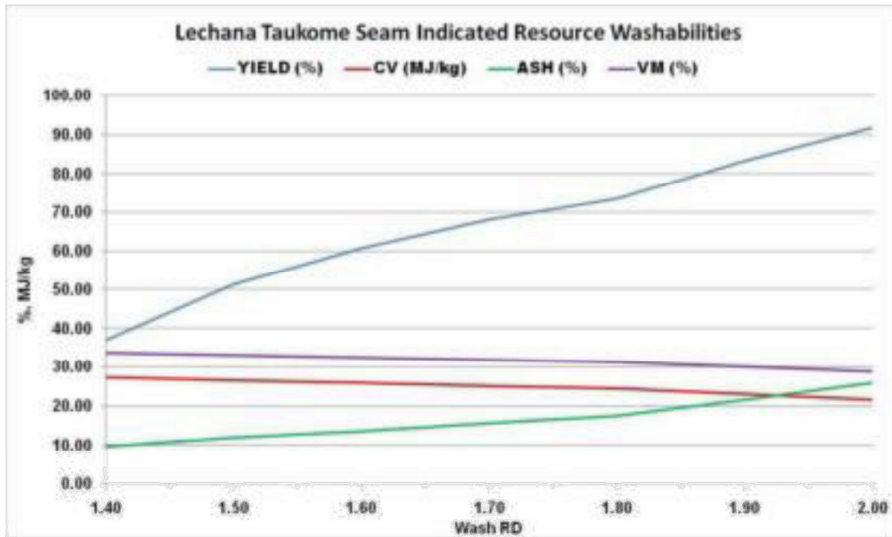
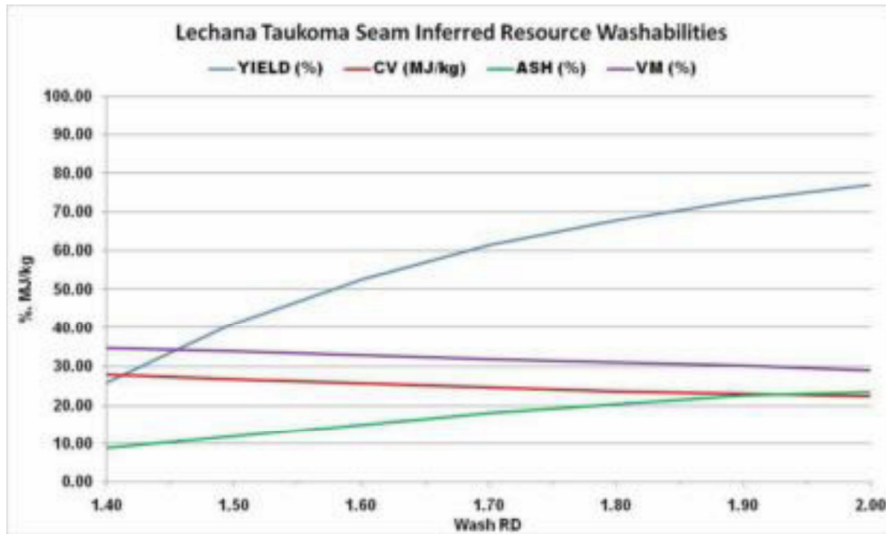


Table 9 Wash Qualities for Sechaba Taukome Bright Seam Inferred Resource (from SRK October 2010)

Wash RD	Yield %	CV (MJ/kg)	Ash %	VM %	IM %	FC %	TS %
1.40	25.77	27.86	8.88	34.78	5.01	51.34	0.94
1.50	41.11	26.76	11.86	33.86	4.82	49.45	0.98
1.60	52.52	25.59	15.07	32.90	4.64	47.39	0.97
1.70	61.28	24.58	18.01	31.84	4.47	45.68	0.96
1.80	67.73	23.70	20.2	30.90	4.36	44.45	0.98
1.90	73.00	22.95	22.56	30.26	4.25	42.93	1.00
2.00	76.95	22.32	23.47	28.95	4.01	43.57	0.98

Figure 18 Wash Curve for Sechaba Taukome Bright Seam Inferred Resource (from SRK October 2010)



16.5 External influences on Coal Resources

Sechaba Prospecting Asset falls within the jurisdiction of the broader Serowe Town Council. All the surface rights are tribal land therefore AH is not aware of any external influences that could impact on the future development of the Sechaba Prospecting Asset.

16.6 Operational influences on Coal Resources

AH has not been appraised of any external influences that could impact on the future development of the Sechaba Prospecting Asset.

16.7 Coal Reserves

Detailed mine planning has not yet been carried out and therefore Coal Reserves have not been calculated. There have been intersections of coal seams in the Sechaba Exploration Property, at less than 30 m below surface, therefore there exists potential for opencast mining. This option needs further investigation.

17.0 Other Relevant Data and Information

The exploration work undertaken by Shumba Coal Ltd. is in the process of being incorporated into the existing data base. AH believes that this will upgrade the level of the currently stated resources and, to a limited extent, increase the tonnage of the Morupule Main Seam.

18.0 Interpretation and Conclusions.

18.1 Summaries of Field Surveys and Exploration

Results of the airborne geophysical magnetic surveys and the interpretations conducted by AEB were reviewed and found appropriate by SRK.

18.2 Summaries of Analytical and Testing Data

The analytical tests carried out on the Sechaba Prospecting Asset coal samples, submitted by AEB to M&L Inspectorate Laboratories, were found to be suitable and appropriate.

18.3 Adequacy and Reliability of Data

AH is satisfied with the quantity and quality of historical and current data reviewed and used by SRK develop the 3D geological model and for the Coal Resource Estimation.

18.4 Meeting of Objectives

The work carried out on the Sechaba Prospecting Asset indicates with confidence that there exists a coal deposit worthy of additional exploration and further development.

19.0 Recommendations

AH understands that SC will be planning and executing further exploration programmes, on a 500 m grid which is deemed appropriate for declaring a Measured Resource. Further exploration may include incline drilling to determine structure and thickness of dolerite dykes.

The additional work recommended by AH involves:

Integration of the new exploration data into the existing data base and re-calculation of the resources

Analysis of the samples from this work.

Further Exploration drilling;

Geophysical wireline logging;

Structural interpretations (based on geological, geotechnical and geophysical data);

Geotechnical investigations;

Chemical and physical test work on core samples (coal and rock);

Geological modeling and coal resource estimation.

Environmental Impact Assessments;

Groundwater investigations;

20.0 References

Analytika Holdings, (2007) Aquila Coal (Africa) Pty Ltd., Progress of coal exploration programme at Lechana and Tshimoyapula. PL'S 53/54 2005 Botswana

Chatupa, J.C. (1991). *Notes Accompanying the Revised Inventory of the Coal Resources of Botswana*. Geological Survey of Botswana. 16pp.

Clark, G. C. (1983). *The Coal Resources of Botswana*. Geological Survey of Botswana.

Green (1966). *The Karoo System of Bechuanaland*, Geological Survey of Botswana.

MacGregor, A.N. (1947). *An outline of the geology of Southern Rhodesia*. Rhodesian Geological Survey Bulletin No. 38.

Robertson Research International Reports 1984 and 1985 for Total Coal Botswana on the Prospecting licences PL4/82.

Smith, A. (1984). *The Lithostratigraphy of the Karoo Supergroup in Botswana* . Bulletin 26, Geological Survey Department.

SRK Consulting, (2010). *An Independent Technical Report (ITR NI 43-101) on African Energy Botswana's Lechana & Tshimoyapula Exploration Property*, Report No 417673

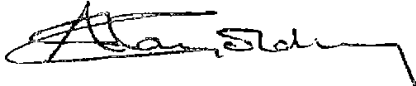
TWP Consulting (2012) *Consulting Report to Shumba Resources for the Scoping Study for the Sechaba Project*: Project Number: 110413

21.0 DATE AND SIGNATURE PAGE.

This Competent Persons Report has been prepared by Mr. Alan Golding. Mr. Golding is a qualified person as defined by the JORC Code. No other qualified person was responsible for preparing or supervising the preparation of any part of this report.

The effective date of this technical report is 19th December 2012.

Signed this 19th December 2012.

A handwritten signature in black ink, appearing to read 'Alan Golding', with a long horizontal stroke extending to the right.

A. Golding
B.Sc. Hons Geology
Pr. Nat, Sci.
M.S.A.I.E.G., F.G.S., M.G.S.SA

22.0 CERTIFICATE OF QUALIFIED PERSON

I, Alan Golding, BSc (Geology) (Hons.) of Plot 20743, Unit 12, Broadhurst, Gaborone, Botswana Do hereby certify that:

I graduated with a BSc Hons. (Geology) from the University College of Wales, Aberystwyth, Great Britain in 1971.

I am a registered Professional Natural Scientist (Registration number: 400036/96) with the South African Council for Natural Scientific Professions, a Member of the Geological Society of South Africa (Membership number: 57063), a Member of the South African Institute of Engineering Geologists (Membership number: 95/171), a Fellow of the Geological Society of London (Membership number: 1015188) and a Member of the Fossil Fuel Foundation of Africa.

I have worked as a geologist for over thirty seven years since graduation, of which 15 have been in coal specializing in exploration, geological modelling and resource estimation.

I am an employee of Analytika Holdings, with the designation of Director/Principal Exploration Geologist. I have been involved in every phase of the exploration of the property that is the subject of the technical report since 1982.

I have read the JORC guidelines, including the definition of "qualified person" set out therein and certify that by reason of my qualifications, professional affiliations and past relevant work experience; I fulfil the requirements of a qualified person for the purposes of the Code.

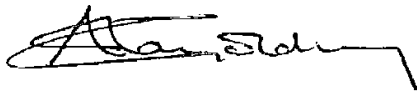
I am responsible for the preparation of the Competent Persons Report titled "Competent Persons Report (BSE) on Shumba Coal Ltd. Sechaba Exploration Property PL53/2005" dated 17th October 2012 relating to the Sechaba Coal Deposit.

I have personally visited the Sechaba site on multiple occasions in the past including the past twelve months, the most recent being 14th February and 26th April 2012 (1 day each).

As of the date of this certificate, to the best of my knowledge, information and belief, the report contains all scientific and technical information that is required to be disclosed to make the report not misleading. The technical report has been prepared in compliance with the JORC Code 2004 amended 2009.

I consent to the filing of the technical report with any stock exchange and any other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public.

Signed at Gaborone this 19th day of December 2012.



Alan Golding

23.0 CONSENT OF QUALIFIED PERSON

Alan Golding, BSc Hons. (Geology) of

Unit 12, Plot 20743,

Broadhurst

Gaborone

Botswana

To whom it may concern:

I, Alan Golding, BSc (Hons) (Geology) hereby consent to the public filing of the: "Competent Persons Report (BSE) on Shumba Coal Ltd. Sechaba Exploration Property PL53/2005" dated 17th October 2012.

A handwritten signature in black ink, appearing to read "Alan Golding". The signature is written in a cursive style with a large initial "A" and a long horizontal stroke extending to the right.

24.0 GLOSSARY OF TECHNICAL TERMS

Ash	The altered remains after combustion of the mineral matter present in the coal.
Basement	Rocks of Pre-Karoo age that lie unconformably below the coal bearing Karoo age sediments.
Clastic	Rock or rocks composed of fragments or particles of older rocks or previously existing solid matter.
Coal	Carbonaceous sedimentary rock largely derived from plant remains with an associated mineral content corresponding to an ash yield less than or equal to 50 per cent.
Craton	The stable interior of a continental plate.
Cut point density	The specific gravity of the dense medium, usually magnetite and water, used to separate the product coal from the raw coal by means of floatation in a dense medium circuit.
Dolerite	A medium grained basic intrusive rock composed mostly of pyroxenes and sodium calcium feldspar.
Dyke	A body of intruding igneous rock that cross cuts the host strata at a high angle.
Fault	A fracture in rocks along which rocks on one side have been moved relative to the rocks on the other.
Intracratonic	Within the boundaries of the craton.
Intrusion/Intrusive	A body of igneous rock that invades older rock.
Karoo Supergroup	Succession of sedimentary and volcanic rocks which span a time period from 300 to 140 million years ago covering much of southern Africa.
Lithology	A term pertaining to the general characteristics of a rock based on hand sized specimens and outcrops rather than microscopic or chemical features.
Palaeohigh	A geographic area of raised topography that was present during sediment deposition.
Polymictic	A clastic sedimentary rock type composed of more than one clast type.
Raw Coal	<i>In situ</i> coal.
Washed Coal	Coal that has been beneficiated by means of removing the low quality high density constituents by means of a dense medium separation plant.
Yield	The mass percentage of the coal product compared with the raw coal mass after beneficiation.

25.0 LIST of ABBREVIATIONS

Abbreviation	Description	Unit
A	AshContent	%
AFT	Ash Fusion Temperatures	C
Cl	Chlorine	%
CTL	Coal to LiquidsHydrocarbons	
CV	CalorificValue	MJ/kg
IM	Inherent MoistureContent	%
LD	Large Diameter	
MT	Million tonnes	
Ph	Phosphorus in Coal	%
RD	RelativeDensity	
S	Sulphur	%
VM	Volatile Matter Content	%

Other Abbreviations

C	Carbon
N	Nitrogen Hydrogen
O	Oxygen
cm	Centimeter
mm	Millimeter Meter
Km	Kilometer
Km ²	kilometer squared
MJ/kg	Million Joules per kilogram
°	Degrees
'	Minutes
"	Seconds
TCB	Total Coal Botswana
GTIS	Gross Tons In Situ
TTIS	Total Tons In Situ
AEB	African Energy Botswana
GIS	Geographical Information System
ITR	Independent Technical Report
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
CPR	Competent Person's Report
LCZ	Lower Coal Zone
LZO	Lower Zone

MCZ	Middle Coal Zone
PL	Prospecting License
QA/QC	Quality Assurance/Quality Control
SANAS	South African National Accreditation System
SRK	SRK Consulting (South Africa) (Pty) Limited
SC	Shumba Coal Limited
AH	Analytika Holdings Pty Ltd
M & L	M & L Inspectorate Pty Ltd
GB1S	Geological Borehole Information System (Micromine Pty Ltd)
UTM	Universal Transverse Mercator
WGS	World Geodetic System

ANNEXURE 7: EXTRACTS OF THE SUBSCRIPTION AGREEMENT

TERMS AND CONDITIONS OF SUBSCRIPTION FOR SHARES OF SHUMBA COAL LTD

1. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that this subscription is subject to rejection, acceptance or allotment by the Company in whole or in part.
2. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that the Shares subscribed for by it hereunder (the **"Purchased Shares"**) form part of a larger issuance and sale by the Company of up to 40,000,000 Shares at a subscription price of BWP 1 per Share (the **"Offering"**) but that completion of the Offering is subject to the following conditions:
 - 2.1. having access to an amount of BWP 10 000 000; and
 - 2.2. obtaining informal approval to list on the Botswana Stock Exchange market through an introduction by the Botswana Stock Exchange Committee.

Representations, Warranties and Covenants of the Subscriber

3. The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents warrants and covenants to the Company (and acknowledges that the Company and its counsel, are relying thereon) that both at the date hereof and at the Closing Time (as defined below):

it has been independently advised as to restrictions with respect to trading in the Shares and comprising the Purchased Shares (the **"Offered Shares"**) imposed by applicable laws, confirms that no representation (written or oral) has been made to it by or on behalf of the Company with respect thereto, acknowledges that it is aware of the characteristics of the Offered Securities, the risks relating to an investment therein and of the fact that it may not be able to resell the Offered Shares except in accordance with limited exemptions under applicable laws and regulatory policy until expiry of the applicable restricted period and compliance with the other requirements of applicable law and the Subscriber further acknowledges that it has been advised to consult its own advisor for full particulars of any resale restrictions applicable to it; and

 - 3.1. it has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, any prospectus, sales or advertising literature, or any other document (other than an annual report, annual information form, interim report, information circular or any other continuous disclosure document, the content of which is prescribed by statute or regulation) describing or purporting to describe the business and affairs of the Company which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Purchased Shares; and
 - 3.2. it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display and the internet) with respect to the distribution of the Purchased Shares; and

- 3.3. it understands that the Purchased Shares are being offered for sale only on a “private placement” basis and that the sale and delivery of the Purchased Shares is conditional upon such sale being exempt from the requirements as to the filing of a prospectus or delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or delivering an offering memorandum and, as a consequence (i) the Subscriber is restricted from using any remedies available under the Companies Act Cap 42:01 and/or the Botswana Stock Exchange Listing Requirements or any other applicable laws, (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under the Companies Act Cap 42:01 and/or the Botswana Stock Exchange Listing Requirements or any other applicable laws and (iii) the Company is relieved from certain obligations that would otherwise apply under the Companies Act Cap 42:01 and/or the Botswana Stock Exchange Listing Requirements or any other applicable laws; and
- 3.4. it acknowledges that:
 - 3.4.1.the Registrar of Companies nor the Botswana Stock Exchange Committee or similar regulatory authority has reviewed or passed on the merits of the Offered Shares; and
 - 3.4.2.there is no government or other insurance covering the Offered Shares; and
 - 3.4.3.there are risks associated with the purchase of the Offered Shares; and
 - 3.4.4.there maybe restrictions on the Subscriber’s ability to resell the Offered Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Offered Shares; and
 - 3.4.5.the Company has advised the Subscriber that the Company may not be required to provide the Subscriber with a prospectus and to sell Shares through a person or company registered to sell Shares under applicable laws and, as a consequence of acquiring Shares pursuant to this, certain protections, rights and remedies provided by applicable laws, including statutory rights of rescission or damages, will not be available to the Subscriber; and
 - 3.4.6.if applicable, the certificates representing the Offered Shares maybe be endorsed with a legend stating that such Shares will be subject to restrictions on resale in accordance with applicable legislation; and
- 3.5. if it is not an individual, it pre-existed the offering of the Purchased Shares and has a bona fide business purpose other than the investment in the Purchased Shares and was not created, formed or established solely or primarily to acquire securities, or to permit purchases of Shares without a prospectus, in reliance on an exemption from the prospectus requirements of applicable legislation; and
- 3.6. if it is a Company, partnership, trust, unincorporated association or other entity, it has the legal capacity to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, trustees, fiduciaries, shareholders, partners, stakeholders, holders of voting Shares or otherwise have been given and obtained; and
- 3.7. if it is an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto; and
- 3.8. the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber (or any person on whose behalf the Subscriber is contracting), or if the Subscriber (or any person on whose behalf the Subscriber is contracting) is not a natural person, any of such person’s contracting documents, or any agreement to which such person is a party or by which it is bound; and
- 3.9. this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber; and

- 3.10. in the case of a subscription by it for Purchased Shares acting as agent for a principal, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such principal and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid and binding agreement of, such principal; and
- 3.11. it has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Purchased Shares and is able to, and agrees to, bear the economic risk of loss of its investment or, where it is not purchasing as principal, each beneficial purchaser is able to, and agrees to, bear the economic risk of loss of its investment; and
- 3.12. it has relied solely upon publicly available information relating to the Company and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Company; and
- 3.13. it acknowledges that the Company's advisors is acting as advisors to the Company and not as advisors to the Subscriber (or any person on whose behalf the Subscriber is contracting); and
- 3.14. if required by applicable legislation, regulations, rules, policies or orders or by any, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Company in filing, such reports, undertakings and other documents with respect to the issue of the Shares comprising the Purchased Shares including, without limitation this Subscription Agreement;
- 3.15. the acquisition of the Purchased Shares hereunder by the Subscriber (and each person on whose behalf the Subscriber is contracting) will not result in the Subscriber (or any such person) becoming a "control person" in respect of the Company, as defined under applicable laws; and
- 3.16. no person has made to the Subscriber (or any person on whose behalf the Subscriber is contracting) any written or oral representations (i) that any person will resell or repurchase the Offered Shares (except in accordance with the Constitution of the Company), or (ii) that any person will refund the purchase price of the Offered Shares, or (iii) as to the future price or value of the Offered Shares; and
- 3.17. the Aggregate Subscription Price which will be advanced by the Subscriber to the Company hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Serious Crime Act Cap 08:03* (Botswana) (the "PSCA") and the Subscriber acknowledges that the Company may in the future be required by law to disclose the Subscriber's name and other information relating to this Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PSCA; and to the best of its knowledge (i) none of the subscription funds to be provided by the Subscriber (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Botswana, or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (ii) it shall promptly notify the Company if the Subscriber discovers that any of such representations ceases to be true, and to provide the Company with appropriate information in connection therewith; and
- 3.18. the Subscriber (including any person on whose behalf the Subscriber is contracting) has been encouraged to obtain independent legal, income tax and investment advice with respect to this subscription for the Purchased Shares and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber (and each person on whose behalf the Subscriber is contracting) for purposes of giving representations, warranties and covenants under this Subscription Agreement.

Closing

4. The Subscriber agrees to deliver to Shumba Coal Ltd at Plot 2780, Manong Close, Extension 9, Gaborone, Republic of Botswana, Attention: Mashale Phumaphi, not later than 4:00 p.m. (Gaborone time) or to Imara Capital Securities at 2nd Floor, Moroja House, Unit 6, Building 1, Plot 54365, CBD, Gaborone Republic of Botswana, Attention: Gregory Matsake and email a copy to Gregory.Matsake@imara.co on the 17th of January 2012 ("**Closing Time**") or such other date as is established by the Company this duly completed and executed Subscription Agreement.

5. Upon the fulfillment of the conditions as set out in paragraph 2.1 and 2.2, the Company shall notify the Subscriber in writing of their satisfaction that the conditions precedent has been fulfilled and that date shall be deemed to be the effective date (“**Effective Date**”). On the Effective Date the Subscriber shall deliver to the Company a certified cheque or bank draft payable to “Shumba Coal Ltd” for the Aggregate Subscription Price or payment of the same amount in such other manner as is acceptable to the Company as outlined in wire details annexed hereto. If this Subscription Agreement is rejected in whole or in part, the Subscriber acknowledges that the unused portion of the Aggregate Subscription Price will be promptly returned to it without interest. For the purposes hereof, “business day” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks in Gaborone, Botswana are not open for business.
6. The Company will after receiving the payment of the Offered Shares subscribed by the Subscriber, post the share certificate within 7 days of receiving the payment of the Offered Shares they have been allocated in terms of the Offering. Upon the successful listing of the Company,, the Subscriber will have the option to elect to receive the Company shares in dematerialised form and notify the Company of such intention in order to have their CSDB accounts credited with the Offered Shares they have been allocated in terms of the Offering.
7. In the event that the Company does not list on the BSE within six months of obtaining informal approval or such later date as the Subscriber and the Issuer may agree thereof then this Agreement will be deemed terminated by mutual consent and the share certificates will be cancelled which had been allotted to the Subscriber and the Subscriber will be returned their funds in consideration of the shares cancelled.
8. The Company shall be entitled to rely on an executed copy of this Subscription Agreement delivered via facsimile or electronically (including e-mail), and acceptance by the Company of such executed copy of this Subscription Agreement shall be legally effective to create a valid and binding agreement between the Subscriber and the Company in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. If less than a complete copy of this Subscription Agreement is delivered to the Company at the Closing Time, the Company shall be entitled to assume that the Subscriber accepts and agrees with all of the terms and conditions of this Subscription Agreement on the pages not delivered at the Closing Time unaltered.

General

9. The Subscriber, on its own behalf and (if applicable) on behalf of others for whom it is contracting hereunder, agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the Subscriber’s execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Shares comprising the Purchased Shares. The representations, warranties and covenants of the Subscriber herein are made with the intent that they be relied upon by the Company and its counsel in determining the eligibility of a purchaser of the Purchased Shares and the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) agrees to indemnify and save harmless the Company and its affiliates, shareholders, directors, officers, employees, counsel and agents against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur which are caused or arise from a breach thereof. The Subscriber undertakes to immediately notify the Company at Shumba Coal Ltd, Attention: Mashale Phumaphi, Telephone: +267 318 6072 of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time.
10. The obligations of the parties hereunder are subject to acceptance of the terms of the Offering by any required regulatory approvals.
11. The Subscriber acknowledges that this Subscription Agreement and the Exhibit hereto require the Subscriber to provide certain personal information to the Company. Such information is being collected by the Company for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber’s eligibility (or that of any Disclosed Beneficial Purchaser) to purchase the Purchased Shares under applicable laws, preparing and registering certificates representing the Shares comprising the Purchased Shares to be issued to the Subscriber and completing filings required by any stock exchange or regulatory authority. The Subscriber’s personal information (and that of any Disclosed Beneficial Purchaser) may be disclosed by the Company to (a) stock exchanges or regulatory authorities (including the BSE as defined below), (b) the Company’s registrar and transfer

agent, (c) Botswana tax authorities, and (d) any of the other parties involved in the Offering, including legal counsel, and may be included in closing books in connection with the Offering. By executing this Subscription Agreement, the Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) consents to the foregoing collection, use and disclosure of the Subscriber's (and any Disclosed Beneficial Purchaser's) personal information. The Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) also consents to the filing of copies or originals of any of the Subscriber's documents delivered in connection with this Subscription Agreement as may be required to be filed with any stock exchange or regulatory authority in connection with the transactions contemplated hereby and expressly consents to the collection, use and disclosure of the Subscriber's (and any Disclosed Beneficial Purchaser's) personal information by the Botswana Stock Exchange for the purposes identified by such exchange, from time to time.

12. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Purchased Shares to the Subscriber shall be borne by the Subscriber.
13. The Subscriber acknowledges that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Purchased Shares be drawn up in the English language only.
14. The contract arising out of this Subscription Agreement and all documents relating thereto is governed by and construed in accordance with the laws of Botswana applicable therein. The parties irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Botswana.
15. Time is of the essence hereof.
16. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.
17. The terms and provisions of this Subscription Agreement are binding upon and inure to the benefit of the Subscriber and the Company and their respective heirs, executors, administrators, successors and assigns; provided that, except for as otherwise herein provided, this Subscription Agreement is not assignable by any party hereto without prior written consent of the other parties.
18. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.
19. Neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.
20. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement does not affect the validity, legality or enforceability of any other provision hereof.
21. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof.
22. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.
23. In this Subscription Agreement, references to "BWP" are to Botswana Pula.

ANNEXURE 8: LIST OF PLACES

No.	Name	Shares	Paid
	A R HOLDINGS (PTY) LTD	50,000	P 50,000.00
	ANGLICAN DIOCESE OF BOTSWANA	8,105	P 8,105.00
	ANGLICAN DIOCESE OF BOTSWANA BEF	7,298	P 7,298.00
	BAITSEGI ONALETHATA	1,000	P 1,000.00
	BALE KEBOIFE BOBO GREGORIA	5,000	P 5,000.00
	BASIAMANG SEGOMOTSO	9,126	P 9,126.00
	BATSHOGILE DOREEN DUDUZILE	6,051	P 6,051.00
	BINNS KABELO NICHOLAS	14,411	P 14,411.00
	BODILENYANE INNOCENT	1,000	P 1,000.00
	BOTSWANA CIVIL SERVANTS PENSIONERS ASSOCIATION	10,000	P 10,000.00
	CHIEPE GAOSITWE	37,431	P 37,431.00
	DABUTHA ETHNA KEABETSWE	9,292	P 9,292.00
	DANIEL VENSON HOLDINGS (PTY) LTD	5,571	P 5,571.00
	DAVIES ROY WILLIAM	50,000	P 50,000.00
	DITSELE DEBBIE	2,000	P 2,000.00
	DOREY JANE MARIE	5,000	P 5,000.00
	EKENYANE DANE DANNY	5,000	P 5,000.00
	FANTAN TSETSELE C	31,458	P 31,458.00
	FINCRAFT (PTY) LTD RE: FIM A/C 012/0317-DMS	700	P 700.00
	FINCRAFT (PTY) LTD RE: FIM A/C 007/0097-SDD	9,000	P 9,000.00
	FINCRAFT (PTY) LTD RE: FIM A/C 010/0184-ER	8,800	P 8,800.00
	FINCRAFT (PTY) LTD RE: FIM A/C 010/0200-OK	8,600	P 8,600.00
	FINCRAFT (PTY) LTD RE: FIM A/C 010/0265-MGS	5,700	P 5,700.00
	FINCRAFT (PTY) LTD RE: FIM A/C 012/0330-AM	2,700	P 2,700.00
	FINCRAFT (PTY) LTD RE: FIM A/C 012/0342-LL	2,600	P 2,600.00
	FINCRAFT (PTY) LTD RE:FIM A/C 007/0096-TS	300	P 300.00
	FINCRAFT (PTY) LTD RE:FIM A/C 007/0099-CSBM	3,000	P 3,000.00

FINCRAFT (PTY) LTD RE:FIM A/C 008/0105-BG	2,600	P 2,600.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/ 0276-BGM	2,500	P 2,500.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0117-MS	10,100	P 10,100.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0132-GASS	1,000	P 1,000.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0132-GASS	800	P 800.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0133-NNS	900	P 900.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0143-MSN	3,800	P 3,800.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0152-MSK	300	P 300.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0153-EGS	12,700	P 12,700.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0162-MBG	2,100	P 2,100.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0164-RJM	800	P 800.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0169-ANM	1,000	P 1,000.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0176-GAG	4,300	P 4,300.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0178-TJK	1,800	P 1,800.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0187-RF	4,100	P 4,100.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0194-DSP	3,000	P 3,000.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0196-TGM	1,300	P 1,300.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0199-EBM	13,400	P 13,400.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0205-OT	3,700	P 3,700.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0211-RORK	1,600	P 1,600.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0212-HR	1,300	P 1,300.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0224-LTT	4,000	P 4,000.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0229-MMZ	2,400	P 2,400.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0245-JAM	6,600	P 6,600.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0248-EMP	3,400	P 3,400.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0249-FTL	1,700	P 1,700.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0261-MK	700	P 700.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0263-MDK	1,300	P 1,300.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0271-ASM	700	P 700.00
FINCRAFT (PTY) LTD RE:FIM A/C 010/0275-AR	17,300	P 17,300.00

FINCRAFT (PTY) LTD RE:FIM A/C 011/0296-TES	65,100	P 65,100.00
FINCRAFT (PTY) LTD RE:FIM A/C 011/0297-SBT	1,800	P 1,800.00
FINCRAFT (PTY) LTD RE:FIM A/C 011/0298-STM	3,800	P 3,800.00
FINCRAFT (PTY) LTD RE:FIM A/C 011/0300-RMS	5,800	P 5,800.00
FINCRAFT (PTY) LTD RE:FIM A/C 011/0304-SOS	2,200	P 2,200.00
FINCRAFT (PTY) LTD RE:FIM A/C 011/0306-GOK	900	P 900.00
FINCRAFT (PTY) LTD RE:FIM A/C 012/0322-MKM	9,900	P 9,900.00
FNBBN (PTY) LTD RE:FAM BPOPF1 10001028	2,025,000	P 2,025,000.00
FNBBN (PTY) LTD RE:FAM BPOPF3 10001030	694,500	P 694,500.00
GULUBANE BAIPUSI SAMUEL	22,484	P 22,484.00
IMARA CAPITAL SECURITIES (PTY) LIMITED	100,000	P 100,000.00
JOSEPH ABDULL	257,233	P 257,233.00
JOSEPH DEON	28,337	P 28,337.00
KETHUSEGILE BOOKIE M.	20,000	P 20,000.00
KETHUSEGILE WAME SEELE	10,000	P 10,000.00
KGAODI GOITSEONE TUNKU	3,000	P 3,000.00
KGWEFANE RUTH TINNY	1,000	P 1,000.00
LEBATHA DIJENG PEARL	164,424	P 164,424.00
LEGALA (PTY) LTD	11,967	P 11,967.00
LEKALAKE LAWRENCE	313,238	P 313,238.00
LESETEDI KIDDO	2,000	P 2,000.00
LETSHOLO GABANAPELO	1,000	P 1,000.00
LETSHOLO PRISCILLAH	5,000	P 5,000.00
LETSUNYANE TSELISO JOHN SEKHONYANE	141,013	P 141,013.00
MABUA GAORELATLHE NAMETSEGANG	16,251	P 16,251.00
MAGIMBA TEEDZANI	2,000	P 2,000.00
MAHUNONYANE MAITSEO	2,000	P 2,000.00
MAINE EZEKIEL D.	20,000	P 20,000.00
MAKEPE PHINEAS PHOKOJE	61,612	P 61,612.00
MAKGALEMELE KABELO	1,000	P 1,000.00

MAKHURA CHRISTINAH	1,046	P 1,046.00
MAKHURA SOLOMON SAMPSON	9,207	P 9,207.00
MANYALA CATHERINE	2,000	P 2,000.00
MARUATONA JUDITH KOPANO	1,000	P 1,000.00
MARUATONA TSHEPO	1,000	P 1,000.00
MASAKE MOTHUSI	2,000	P 2,000.00
MASALA KGATO THOKGAMO	5,322	P 5,322.00
MASALA SALOME	21,085	P 21,085.00
MASIRE MATSHIDISO	25,000	P 25,000.00
MATENGE EDWIN T	11,819	P 11,819.00
MATHE EMELDAH M.B.	10,000	P 10,000.00
MATLHO BENJAMIN SIMON	12,861	P 12,861.00
MATSAKE AMOGELANG PAUL	15,000	P 15,000.00
MATSAKE GREGORY	100,000	P 100,000.00
MATSAKE MOLEMO MARCUS	10,000	P 10,000.00
MAXLINE (PTY) LTD	11,967	P 11,967.00
MAZIDI SHIRIN	10,000	P 10,000.00
MAZIDI SHIVA	10,000	P 10,000.00
METSWEDI PROPERTY DEVELOPMENT (PTY) LTD	6,698	P 6,698.00
MOAGI SESAME	5,000	P 5,000.00
MOATE SOLOMON	3,000	P 3,000.00
MOATE TSHEPO O.A.	2,000	P 2,000.00
MODIKWA THEBE	10,000	P 10,000.00
MOETI THABO TSHOLOFELO	9,772	P 9,772.00
MOKGATLHE TUDUETSO	100,000	P 100,000.00
MOKGWATHI MARTIN MONTSHO	10,000	P 10,000.00
MOKOKONYANE AMOGELANG SAIME	1,000	P 1,000.00
MOKOKONYANE CHRISTOPHER THEO	1,000	P 1,000.00
MOKOTO ANDREW PUSETSO	16,018	P 16,018.00
MOLEFHE TUMELO BARBARA	5,000	P 5,000.00

MONAHENG LEROY	2,000	P 2,000.00
MOORAD BILKISS B.	100,000	P 100,000.00
MOSAKA NALEDI	17,391	P 17,391.00
MOTHEI TEBOGO NANNIE	5,000	P 5,000.00
MOTHIBATSELA LUNGILE RACHEL	8,339	P 8,339.00
MOTHIBATSELA TSHIPA	37,030	P 37,030.00
MOTHUSI ESTHER BATHOBOILE	6,649	P 6,649.00
MOTSEPE ALBAN	189,399	P 189,399.00
MOTSEPE TLHOPANE NEWMAN	171,929	P 171,929.00
MOZOLA RATANANG	5,000	P 5,000.00
MUZILA ERIC MOTLALEKHUMO	2,000	P 2,000.00
NATO MPHO	35,000	P 35,000.00
NDODOLE CALVIN MOHAU	1,000	P 1,000.00
NDODOLE KARABO	1,500	P 1,500.00
NDZINGE KELETSO OMPATILE	2,000	P 2,000.00
NGAKAETSILE MOTHUSINYANA	1,000	P 1,000.00
NGCONGCO VUYELWA NDIKI	34,105	P 34,105.00
NGWAKO MORERI KINGSLEY	1,379	P 1,379.00
NOGE TSHOLOFELO HENRY	4,000	P 4,000.00
NTHEBOLAN GAGOLEPE MOGATSAMALOPE	13,168	P 13,168.00
NTHUTHU BOTSHELO J.	2,500	P 2,500.00
NTSEANE THERESA KAPOKO	42,229	P 42,229.00
OITSILE SETHUNYIWE	10,000	P 10,000.00
OPIYO JOLLY ADEREDA	5,000	P 5,000.00
PANDOR SHEILA SHEREEN	29,201	P 29,201.00
PATEL ALAAD N	10,000	P 10,000.00
PATEL HINA N	10,000	P 10,000.00
PATEL NEELESH H.	10,000	P 10,000.00
PAUL TEBATSO	3,000	P 3,000.00
PHETO KABELO	20,000	P 20,000.00

PHILLIPS-LEJOWA YOLISA	1,000	P 1,000.00
PUSO SCHOLAR KAUNDA	20,000	P 20,000.00
RADIKORO LESEGO CLIFF	50,000	P 50,000.00
RAKGANTSWANA TIDIMALO BEAUTY	5,000	P 5,000.00
RAMADUBU NICHOLAS	5,000	P 5,000.00
RAMALOKO JULIA LESEGO	11,583	P 11,583.00
RAMOTITI THABO W.	2,000	P 2,000.00
RAMOTSHABI GAONE LORATO	1,000	P 1,000.00
RASEROKA BENJAMIN	478,573	P 478,573.00
RASEROKA HELEN KAY THANDIWE	31,683	P 31,683.00
ROCHA LUIZ DE ABREU	58,761	P 58,761.00
ROCHA RONALD	3,886	P 3,886.00
SCBN (PTY) LTD RE:FAM 201/004	22,500	P 22,500.00
SCBN (PTY) LTD RE:FAM 201/008	58,500	P 58,500.00
SCBN (PTY) LTD RE:FAM 201/009	46,500	P 46,500.00
SCBN (PTY) LTD RE:FAM 3582252	63,750	P 63,750.00
SCBN (PTY) LTD RE:FAM 3582260	33,000	P 33,000.00
SCBN (PTY) LTD RE:FAM BW0000011702	51,000	P 51,000.00
SEBINA LILLIAN LENTLOGILE	13,791	P 13,791.00
SEBOLA KEWAGAMANG MAREA	1,000	P 1,000.00
SEBONEGO SEITEBO	64,673	P 64,673.00
SECHELE GOFAMODIMO	2,000	P 2,000.00
SEILE LEKANG	14,762	P 14,762.00
SELEBOGO DODS ISHMAEL	5,000	P 5,000.00
SELEBOGO DODS ISHMAEL	5,000	P 5,000.00
SELEBOGO EDITH	5,000	P 5,000.00
SELEBOGO EDITH	2,000	P 2,000.00
SELLO SHAUN	5,000	P 5,000.00
SETHEBE MAFEELELA MAGDALINE	20,372	P 20,372.00
SETIME MPHO	10,000	P 10,000.00

SIKWANE FRANCINAH SALOME	1,000	P 1,000.00
SIYA SAMSON	49,000	P 49,000.00
STANBIC NOMINEES BOTSWANA RE:FAM BPOMAS	5,250	P 5,250.00
SWIFT ROBERT DESMOND	200,000	P 200,000.00
TLHALERWA LESLIE AMON	5,000	P 5,000.00
TOTANANG MALEBOGO	1,000	P 1,000.00
TSHOGANETSO OLEFHILE MARCIUS	120,000	P 120,000.00
WAMUNDILA LAONE A.	1,500	P 1,500.00
WAMUNDILA LENO AGAPE	1,500	P 1,500.00
WAMUNDILA NEO	3,000	P 3,000.00
ZAVAHIR SHABNAM	10,000	P 10,000.00
ZAVAHIR TARIQUE	10,000	P 10,000.00
	<hr/> 7,111,100	<hr/> P 7,111,100.00 <hr/>

ANNEXURE 9: FAIR VALUE OPINION

Friday, October 12, 2012

The Botswana Stock Exchange
Listings Committee
Exchange House
Office Block 6
Plot 64511, Fairgrounds
Gaborone
BOTSWANA

Dear Sirs,

RE: Fair Value Opinion of Shumba Coal Limited

1. Introduction

In accordance with the Botswana Stock Exchange (“BSE”) directive to the management of Shumba Coal Limited (“Shumba”), Imara Botswana Limited (“Imara”) has been engaged to prepare a Fair Value Opinion on Shumba ahead of the proposed listing of Shumba on the BSE. To that end, Imara engaged the services of a group of coal experts, namely RSV ENCO Consulting (Pty) Ltd (“RSV ENCO”), to assist in the analysis of Shumba and specifically the prospects of Shumba’s Sechaba Thermal Coal Project (“Sechaba Project”).

RSV ENCO forms part of the larger RSV Group of Companies and focuses on providing consulting services, including independent technical and due diligence reviews, scoping, pre-feasibility and feasibility studies and engineering, procurement and construction management services to the coal mining sector in South Africa and surrounding countries. The results of the analysis work undertaken by RSV ENCO were incorporated into a Fair Opinion Report on the Sechaba Project. This report was carefully considered by Imara in the preparation of this Fair Value Opinion.

2. RSV ENCO analysis

2.1. Documentation relied on

RSV ENCO was given access to a comprehensive set of documents produced on the Sechaba Project. The following is a list of the key documents that were relied on by RSV ENCO:

- a) Scoping Study for the Sechaba Project, dated 3 May 2012 - produced by TWP Projects (Pty) Ltd; and
- b) Botswana Export Thermal Coal Price Forecast, Prepared for: Shumba Resources, dated 26 March 2012 – produced by Wood Mackenzie Coal Consulting

RSV ENCO is of the opinion that the reports presented to them contained sufficient information, as expected by reports of this nature. The documents were deemed sufficient to enable RSV ENCO to form their opinion on the viability of the project.

2.2. Findings

The key findings of RSV ENCO are included below:

- 2.2.1. *Coal Reserves* – RSV ENCO confirmed that the prospecting area of the Sechaba Project consists of a substantial resource base, which has the potential to support a large scale

mining operation over a significant period of time at the current planned production rates. The two seams that are being targeted are deep, although access to these seams can take place at shallow seam sub-outcrops which results in relatively low upfront development capital expenditure.

2.2.2. *Coal Metallurgy* – The resource has the potential to support a medium quality thermal coal for export and a lower quality domestic power station product. The product Calorific Values of 25.5 MJ/kg and 20.5 MJ/kg respectively are achievable and would be acceptable to their respective markets.

2.2.3. *Mining* – The positioning of the seams in the prospecting area necessitates the utilisation of underground mining techniques to extract the coal. However, it is assumed that the coal seams will be accessed from the shallow sub-outcrops which lie approximately 50m below surface. If the seam thicknesses as reported in the geological section of the TWP report are accurate, then the productivity of the mining operation could be improved, enabling unit mining costs to be reduced.

3. Fair Value Opinion

3.1. Reviewing the information on Shumba and the Sechaba Project and informed by the report produced by RSV ENCO, Imara has concluded that Shumba represents a respectable prospect for investors on the BSE. This opinion, however, is given with a number of caveats:

3.1.1. *Risky Investment* – Given the fact that Shumba is an early stage coal exploration company, the investment contains a substantial element of risk to the equity investor. The risk levels will reduce at each stage of the project’s development, however the Lead Advisor for the Shumba listing will incorporate the appropriate risk statements in the prospectus to be produced in accordance with the BSE Listing Requirements.

3.1.2. *Resource compliance* – The next stage of development of the Sechaba Project is the securing of a bankable feasibility. In order to comply with the requirements of either the South African Mineral Code (“SAMREC”), Joint Ore Reserves Committee (“JORC”) or NI 43-101, a minimum drilling density of 500m between boreholes for multiple seams is required in order to be sufficient for this type of ore-body for a bankable feasibility level study. Once the bankable feasibility study has been completed, the estimates of ore reserves and the quality of the coal will be better understood.

3.2. Despite these caveats, Imara is able to establish that, at this stage of the development of the project, the proposed listing value of the company, being USD25 million is determined to be fair and within the bounds of reasonableness.

Should you require further clarification of any of the above, please do not hesitate to contact the writers.

Yours sincerely



Rod MacLeod
For and on behalf of Imara Botswana
Limited



Grant Molyneaux
For and on behalf of Imara Botswana
Limited

ANNEXURE 10:EXTRACTS OF THE CONSTITUTION IN RESPECT OF THE DIRECTORS

1. APPOINTMENT OF DIRECTORS

- 1.1. The current directors shall be the persons whose names appear in the First Schedule.
- 1.2. Subject to 16.3 below, all directors of the Company shall subsequently be appointed by the Board either to fill any vacancy or as additional directors and shall hold office until they or any of them are removed by the Board or by an ordinary resolution of the Company in meeting of shareholders or until they vacate the office. Any director appointed by the Board either to fill any vacancy or as an addition to the Board shall be confirmed at the next annual meeting.
- 1.3. All directors shall retire at the first annual meeting. At least one-third of the directors shall retire at each annual meeting of shareholders unless a director is acting as managing director or is an employee of the Company in any other capacity. Directors who are required to retire at the annual meeting are however eligible to be re-elected at the annual meeting.
- 1.4. No person who is not recommended by the directors for appointment shall be eligible for appointment to the office of a director at an annual meeting unless not less than six or more than fifteen clear days before the day appointed for the annual meeting there shall have been given notice to the Company of the intention by an eligible shareholder to propose such person for appointment accompanied by the consent in writing of the proposed director.
- 1.5. A director shall be deemed to have vacated his office where he has been appointed to hold a seat on the Board allocated to a particular shareholder and the Board is informed by the shareholder of a new appointment to hold the seat.
- 1.6. A resolution may provide for the appointment of two or more persons as directors of the Company.
- 1.7. All directors shall be appointed on such terms and conditions including remuneration and other benefits as the Company by ordinary resolution may determine. All directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the Company, and in attending meetings of the directors or of committees thereof, and that if any director shall be required to perform extra services or to go to reside abroad or otherwise shall be specifically occupied about the Company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of directors which may be either in addition to or in substitution for any other remuneration.
- 1.8. Any director with the approval of the directors may appoint any person (whether a shareholder of the Company or not) to be an alternate director in his place for such period as he thinks fit. Any person while he so holds office as an alternate director shall be entitled to receive notice of meetings of the directors and to attend and vote as a director at any such meeting at which the director appointing him is not present. An alternate director shall be entitled to exercise all the powers of the appointor in his place (except the power to appoint an alternate director) and to sign annual statutory accounts and any directors' resolutions in writing in place of the appointor. The same person may be appointed as the alternate director of more than one director and such alternate director shall be entitled at directors' meetings to one vote for every director whom he represents (in addition to his own vote if he is also a director). An alternate director shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the directors attended by him at which he is entitled to vote. An alternate director shall not require any share qualification, and shall ipso facto vacate office if the appointor vacates office as a director or if the appointor removes the appointee from office. Any appointment or removal under this article shall be effected by notice in writing under the hand of the director making the same.

2. PROCEEDINGS OF DIRECTORS

2.1. Chairperson

- (i) The directors may elect one of their number as chairperson of the Board and a deputy chairperson and determine the period for which they are to hold office.
- (ii) Where no chairperson is elected, or where at a meeting of the Board the chairperson is not

present within 15 minutes after the time appointed for the commencement of the meeting, the deputy chairperson shall chair the meeting, failing which, the directors present may choose one of their number to be chairperson of the meeting.

2.2. Notice of meeting

- (i) A director or, if requested by a director to do so, the secretary or an employee of the company, may convene a meeting of the Board by giving notice in accordance with this paragraph.
- (ii) A notice of a meeting of the Board shall be sent to every director, at least two days before the meeting, and the notice shall include the date, time, and place of the meeting and the matters to be discussed.
- (iii) An irregularity in the notice of a meeting is waived where all directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or where all directors entitled to receive notice of the meeting agree to the waiver.

2.3. Methods of holding meetings

A meeting of the Board may be held either -

- (i) by a number of the directors who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
- (ii) by means of audio, or audio and visual, communication by which all directors participating and constituting a quorum can simultaneously hear each other throughout the meeting. PROVIDED that the majority of directors is present in Mauritius.

2.4. Quorum

- (i) A quorum for a meeting of the Board shall consist of two directors or of such other number as may be fixed by the Board. PROVIDED that at least two directors from Mauritius shall be present for a Board Meeting to be validly constituted.
- (ii) No business may be transacted at a meeting of directors if a quorum is not present.

2.5. Voting

- (a) Every director shall have one vote.
 - (i) The chairperson shall not have a casting vote.
 - (ii) A resolution of the Board is passed if it is agreed to by all directors present without dissent or if a majority of the votes cast on it are in favour of it.
- (b) A director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless he expressly dissents from or votes against the resolution at the meeting.

2.6. Resolution in writing

- (i) A resolution in writing, signed or assented by a majority of directors then entitled to receive notice of a Board meeting AND PROVIDED due notice was given to all directors so entitled, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.
- (ii) Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form each signed or assented to by one or more directors.
- (iii) A copy of any such resolution shall be entered in the minute book of Board proceedings.

2.7. Other proceedings

Except as provided in this Constitution, the Board may regulate its own procedure.

3. **MINUTES**

- (a) The Secretary shall cause minutes to be made of all proceedings of the Board or of committee thereof, of:
 - (i) All appointments of officers made by the directors;
 - (ii) All the names of the directors present at each meeting of the directors and of any committee of the directors.
 - (iii) All resolutions and proceedings at all meetings of the Company, and of the directors, and of committees of directors.
- (b) Such minutes shall be signed by the Chairperson of that meeting or of the meeting at which they are approved. Any minutes of any meeting of the Company or of the directors or of any committee, purporting to be signed by the Chairperson of such meeting or of the meeting at which they are approved, shall be receivable in all courts, and by any person authorised to take evidence as prima facie evidence of the matters stated in such minutes.

4. **BOARD MEETINGS**

- (a) Subject as otherwise provided in this Constitution, a director interested in any transaction may attend any meeting of the Board or any committee thereof and shall declare such interest and may vote on any resolution and the vote shall be counted.
- (b) Meetings of the Board of Directors shall be held, chaired and minuted in Mauritius.
- (c) A director may appoint an alternate who can be another person or another director. An alternate shall be appointed in writing under the hand of the appointer.

5. **DISCLOSURE OF SHARE DEALINGS BY DIRECTORS**

A Director shall where he has a Relevant Interest in shares in accordance with Section 154 of the Act shall disclose such interest in accordance with Section 156 of the Act.

6. **INDEMNITY**

Subject to the provisions of the Act, and of any other statute for the time being in force,

- (a) Every director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to, or be incurred by the Company in the execution of his office, or in relation thereto.
- (b) The Board may effect an insurance cover for a director and other officers as it may deem fit.

7. **MANAGING DIRECTOR & OFFICERS**

- (a) The directors may appoint one or more members of the Board to the office of managing director for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke that appointment.
- (b) Where a person appointed under paragraph (a) ceases to be a director for any reason whatsoever, his appointment shall automatically lapse.
- (c) A person appointed under paragraph (a) shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration, whether by way of salary, commission or participation in profits, as the directors may determine.

- (d) The directors may entrust to and confer upon the managing director or other officer appointed under paragraph (a) any of the powers exercisable by them with such restrictions as they think fit, and either generally or to the exclusion of their own powers subject to Section 131 of the Act, and the directors may revoke, alter, or vary, all or any of these powers.

ANNEXURE 11: DETAILS OF PRE-LISTING STATEMENT AVAILABILITY

Copies of the Pre-listing statement are available during normal business hours from 3 April 2013 to 8 April 2013 at the following locations:

Name	Address
Shumba Coal	Plot 2780, Manong Close, Extension 9, P.O Box 70311, Gaborone
Armstrongs Attorneys	2 nd Floor, Acacia House, Plot 74358, Cnr Khama Crescent Ext & PG Matante Road, New CBD
Imara Corporate Finance Botswana	2 nd Floor ,Moroja Mews, Unit 6, Plot 74770 Western Commercial Road, CBD Gaborone
Imara Capital Securities	2nd Floor ,Moroja Mews, Unit 6, Plot 74770 Western Commercial Road, CBD Gaborone
Corpserve	Unit 3, First Floor, Kwena House, Plot 117, Gaborone International Finance Park