



SHUMBA
E N E R G Y
Powering the Future

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

SHUMBA ENERGY ENTERS INTO LIQUID FUELS PARTNERSHIP AT MABESEKWA

The Board of Shumba Energy Ltd ("Shumba") is pleased to notify its shareholders and the public that Shumba has concluded a joint venture partnership which has led to it holding 80% of the equity in Coal Petroleum Ltd ("CoPet").

CoPet is a private Botswana company that has been focused on the development of a commercial scale liquid fuels production facility, called 'Project Tsosoloso' ("The Project") and providing Botswana first and then Africa with energy fuels and specialty chemicals for value added product production. CoPet has partnered with Powerchina International Group Limited ("PowerChina International") and Wison Group ("Wison"), both leading Chinese EPC companies with a proven track record and recent experience in the coal-based power & CTL technologies for the execution of the Bankable Feasibility Study ("BFS"). They are in the process of completing the technical aspects of the BFS to a detailed and accurate capital and operating cost estimation required to secure the project execution funding. Shumba is continuing to engage with its partners Powerchina International and Wison on technical and project development issues, also on funding matters, including potential equity and project financing options. Backgrounds to both Powerchina International and Wison can be found further in the announcement.

Further Shumba has entered into a binding Coal Supply Agreement with CoPet to guarantee supply of all the feedstock that would be required for the life of the Project from the Mabesekwa coal resource and project situated approximately 60km south-west of Francistown. CoPet is working with Shumba's specialists for the integration of the Mabesekwa site geotechnical, regulatory permitting and environmental impact assessment activities. CoPet now plans to build the proposed CTL facility at the Mabesekwa site and CoPet will now become a managed subsidiary of Shumba.

Project Status

The baseline technical and economic assessment of the envisaged commercial scale coal to liquids ("CTL") plant facility and the technical direction and development of the Project within CoPet has been completed by Holland and Hausberger ("HH"), a 10% shareholder in CoPet. HH are a highly qualified and experienced project development and consulting engineering company in the petrochemical and natural resources conversion process space and have been involved with the project since conceptualization and also completed the pre-feasibility study ("PFS") issued in 2014. Through Powerchina International and Wison the BFS is underway following which the Project will initiate the Front-End Engineering Design ("FEED") and then it is envisaged will execute the balance of the project under a Lump Sum Turnkey project basis to commercial production.

Powerchina International

POWERCHINA International Group Limited (hereinafter referred to as POWERCHINA International) is the world's largest hydropower, electricity and infrastructure construction group with the strongest comprehensive strength and strongest brand impression among the industry—It is the overseas business headquarter of the Power Construction Corporation of China (POWERCHINA) and core enterprise.

With the development of its electric power business taking priority, Powerchina International employs a twofold strategy for project contracting and investment & development, and gives priority to the development of four business segments: hydropower and water affairs, thermal power and power grid, traffic engineering, and new energy. At the end of 2017, PowerChina International has set up 322 overseas offices in 109 countries. The total contract value of projects under construction exceeds \$100 billion.

Wison

Wison Group is a diversified group focusing on energy chemical services with three core businesses consisting of Engineering Services, Offshore & Marine Engineering and New Chemical Material. The Group has established presence in Southeast Asia, South Asia, the Middle East, Africa, North America, South America, Europe and other regions. Its remit of business covers the storage and utilization of primary energy including coal, oil and natural gas, onshore energy engineering services, marine engineering equipment fabrication and downstream new chemical materials development.

As China's leading technical solution provider in energy sector, it is specialized in technologies and engineering construction services including petrochemical, refinery, C1 chemical, central processing facility and LNG & power generation. With multiple commercialized proprietary intellectual property rights, the company can provide solutions to its customers covering the entire project life cycle.

Shumba

Shumba is a coal mining and energy development company based in Botswana and listed on the Botswana Stock Exchange. Shumba has over the last couple years progressed from an exploration company to an energy development company and sits on over 4.5 billion tonnes of thermal coal. As a major industry player, Shumba's mission is to satisfy the growing energy demand in the SADC region as a result of chronic power shortages. For Shumba "Powering the Future" means addressing chronic power shortages head-on and supplying energy to affected southern African countries in a sustainable and cost-effective manner. Established in 2011, Shumba now owns a significant portion of advanced energy projects in Botswana and is uniquely positioned with its strategy to develop energy projects that are unaffected by the volatility of global commodity prices.

By order of the Board

28th August 2019

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

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

