

PRESS RELEASE

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FOR IMMEDIATE RELEASE

Shumba Energy pleased with South Africa's Determination of cross-border electricity procurement

JOHANNESBURG, South Africa, 9 March 2016— Botswana-listed junior coal miner Shumba Energy is pleased with the decision of the Minister of Energy, along with the National Energy Regulator of South Africa (NERSA), to formally determine the terms for cross border electricity procurement.

The South African Department of Energy will be responsible for selecting and procuring IPP programmes targeting connection to the grid with a specific additional generation capacity of 3,750 megawatts from coal. The electricity must be purchased directly from IPPs by Eskom Holdings or by any successor entity to be nominated by the Minister of Energy.

“The management and board of Shumba Energy have based the company's projects investment plan and associated project development programmes upon the key strategic understanding that cross-border energy demand would eventually become a reality within the southern region of Africa,” says Mashale Phumaphi, managing director at Shumba Energy.

Shumba considers two of its advanced baseload coal-fired energy projects as suitable for cross-border energy procurement: the Mabesekwa Export IPP in the northeast of Botswana and the Sechaba Coal IPP near Palapye. These two projects are ideally positioned to handle the complete investment required to provide bankable energy to the cross-border grids of southern Africa.

The determination is aligned with Shumba's overall strategy and the company believe they are well-positioned to become a leading regional energy producer within five years. The company's futuristic approach in believing that cross-border energy demand would one day become a reality, has significantly de-risked their investment plan, escalating the potential for an increase in shareholder returns.

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