CIC Energy Announces Positive Results of Feasibility Studies and Technology Agreement with Shell on Coal-to-Hydrocarbons Project

Shell’s gasification technology is well suited for coal from Mmamabula

Road Town, Tortola, British Virgin Islands (August 5, 2008) – CIC Energy Corp. (“CIC Energy” or the “Company”) (TSX:ELC, BSE: CIC Energy) today is pleased to announce positive results from feasibility studies on the Company’s planned Coal-to-Hydrocarbons (“CTH”) Project. The Company also announces the signing of an agreement with Royal Dutch Shell plc (“Shell”) for the option to acquire a license for Shell’s coal gasification technology for the CTH Project. In addition, an update is provided on the CIC Energy’s power project, the Mmamabula Energy Project.

Jacobs Feasibility Study

It is anticipated that the CTH Project will convert coal at the Mmamabula Coal Field to fuels and petrochemicals by first gasifying the coal. The purpose of the independent feasibility study conducted by Jacobs Engineering Group Inc., (“Jacobs”) for the CTH Project was to develop and evaluate viable CTH Project alternatives as well as provide technical and cost estimates. This was done while maintaining maximum design flexibility pending the outcome of the previously announced in-depth value-chain study discussed in more detail below.

Three possible CTH Project alternatives were evaluated by Jacobs, all of which included an upstream coal gasification island to produce synthesis gas (“syngas”) with different combinations of downstream processes to make fuels and petrochemicals. The Jacobs feasibility study concluded that the coal from the Mmamabula Coal Field was entirely suitable for the production of synthesis gas (“syngas”) using either the Shell or the Siemens gasification technologies that were evaluated.

“The very encouraging results of the feasibility study by Jacobs on the Coal-to-Hydrocarbons Project provide a strong foundation to advance this project toward initial commercial operations in 2014,” said Mr. Greg Kinross, President of CIC
Energy. “Now we can work towards finalization of a bankable feasibility study for the CTH Project, once the environmental impact assessment work and value-chain study are completed. This work will occur in parallel with discussions with potential investment partners and product offtakers for the CTH Project.”

The base case (Alternative 1) of the Jacobs study was to convert the syngas to methanol and then to gasoline and dimethyl-ether (“DME”). DME is being considered for future use as a fuel substitute for diesel for use in power plants and as a transportation fuel or as a fuel additive. Alternative 2 of the Jacobs study was a smaller operation that would produce gasoline. The potential product slate evaluated as part of the Jacobs study for the CTH Project was selected based on the availability of commercially proven technology, as well as previous pre-feasibility stage market research studies that were conducted for CIC Energy by Wood Mackenzie.

Jacobs Feasibility Study - CTH Project Alternatives

Alternative 1 Coal→syngas→2 methanol plants→ gasoline & DME
Alternative 2 Coal→syngas→1 methanol plant → gasoline
Alternative 3 Coal→syngas→2 methanol plants→methanol pipeline to South Africa

- Alternative 1 would involve two 44,000 barrels per day (“bbl/day”) methanol plants, totaling 88,000 bbl/day or 10,000 tons per day (“tpd”), whereby the output from one methanol plant would be converted to 16,250 bbl/day gasoline and the output from the second methanol plant would be converted to 3,570 tpd DME. 245 tpd of liquefied petroleum gas (“LPG”) would be produced as a by-product.
- Alternative 2 would involve a 44,000 bbl/day (5,000 tpd) methanol plant, whereby the methanol feedstock is converted downstream to 16,250 bbl/day gasoline and as a by-product, 245 tpd of LPG would be produced.
- A further Alternative 3 was evaluated (subject to confirmation that a methanol offtake for gas-fired turbines is viable), and involved two 44,000 bbl/day methanol plants (totaling 88,000 bbl/day or 10,000 tpd) plus a pipeline for transporting the methanol to a central location in South Africa.

For both Alternative 1 and Alternative 2, the downstream fuel products would be supplied free on board (“FOB”) at Mmamabula, Botswana, based on strong indications of interest from major oil and gas companies.

Estimated coal consumption for the CTH Project is in the range of approximately 4 million tons per annum per 44,000 bbl/day
methanol plant. The Company’s current mineral resource estimate for the Mmamabula Coal Field, which is expected to be updated shortly, can accommodate the CTH Project, along with the Company’s plans for a major power station and coal exporting business.

The Jacobs feasibility study included a gasification technology selection process that focused on total coal utilization, environmental friendliness, robustness, carbon conversion efficiency and reliability, specifically for the coal type available at the Mmamabula Coal Field. Two feasible entrained-flow gasification technologies were selected and evaluated, namely Shell Coal Gasification Process (“SCGP”) technology and the Siemens SFG entrained flow gasification technology.

**Technology Agreement with Shell**

Results of the Jacobs study showed Shell’s coal gasification technology to be best choice based on the factors discussed above. For this reason CIC Energy has signed an Option Agreement with Shell, for the option to acquire a license from Shell for their coal gasification process (SCGP) technology for the CTH Project.

“Shell is pleased to be engaging with CIC Energy on their opportunity to develop the first syngas plant in Botswana,” said Mr. Martin Solomon, Shell’s General Manager – Global Syngas Parks and Business Development, Africa and Middle East.

Shell gasifiers utilize pulverized coal fines (fine particles of coal) which are expected to be a significant by-product of CIC Energy’s planned coal export operations. Utilization of these coal fines by the CTH Project, along with coal not suitable for export markets, will enhance the total value realization of the coal resource at Mmamabula.

**CTH Project - Cost Estimates**

The Jacobs feasibility study also provided cost estimates for the CTH Project. Preliminary assessment of Engineering, Procurement and Construction (“EPC”) capital costs and annual operating costs as estimated by Jacobs are shown below in June 2008 current dollars.

These preliminary estimates are for equipment, materials, construction and installation costs for the coal gasification island, methanol plant(s), and downstream DME and gasoline plants, as well as the possible methanol pipeline in the case of Alternative 3. The EPC costs are un-escalated for potential future price increases on equipment, engineering services, etc.
and do not include capital costs for infrastructure (electricity, water and other) that may be required. The operating costs are also un-escalated and exclude coal, electricity and water consumption. The Jacobs cost estimates were commissioned to be accurate within a ±30% range.

<table>
<thead>
<tr>
<th>Estimated Capital Costs*</th>
<th>Estimated Annual Operating Costs*</th>
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<tr>
<td><strong>Alternative 1</strong> – 10,000 tpd methanol</td>
<td>US$4.9 billion US$145-215 million</td>
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<tr>
<td><strong>Alternative 2</strong> – 5,000 tpd methanol</td>
<td>US$2.6 billion US$ 75-110 million</td>
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<tr>
<td><strong>Alternative 3</strong> – 10,000 tpd methanol</td>
<td>US$4.5 billion US$140-210 million</td>
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* June 2008 current dollar estimates as described above.

**Shell Value-Chain Study**

The final product slates for the CTH Project will only be determined once the detailed value-chain study, including a comprehensive market study, is completed in the third quarter of this year. This study is being conducted by Shell Global Solutions International, on behalf of CIC Energy, and will provide an independent view of the revenue potential of the CTH Project, based on the evaluation of a full range of potential downstream products, including those in the Jacobs study. The final product may be methanol, for use as a combustion fuel in gas-fired power stations, or the methanol might be converted to any combination of a range of possible fuels and petrochemicals such as DME, gasoline, and propylene, the latter being a raw material for industrial products as diverse as plastics, plywood, paints, explosives, and permanent press textiles.

**Commercially Proven Technology**

The CTH Project alternatives evaluated in the Jacobs study are all based on technology and processes that are well proven and commercialized. Syngas to methanol technologies being considered are from JM/DPT (Johnson Matthey/Davies Process Technology) and Lurgi’s MegaMethanol technology, both of which have numerous commercial plants operating worldwide. The methanol-to-gasoline (“MTG”) conversion process would be based on ExxonMobil’s proven MTG technology, which operated successfully for over ten years in New Zealand. The methanol-to-DME conversion process would be based on technology either from Japan’s Toyo Engineering (“Toyo”) or Germany’s Uhde GmbH (a division of Thyssenkrupp Technologies), both commercially proven technologies.

**Additional Technical Studies**

The results from the two additional technical studies that were undertaken, as previously announced, were incorporated into
the Jacobs feasibility study. These included the feasibility study related to the manufacturing of DME as a fuel end-product by Toyo Engineering of Japan, and the pre-feasibility study to evaluate at a multi-product pipeline from CIC Energy’s Mmamabula site to Gauteng, South Africa, by a partnership between Lategan & Bouter and VGI. The outcomes of both of these studies were positive and additional work is being considered.

**CTH Project Next Steps**

The major milestones for the CTH Project following completion of the value-chain study are expected to be: identification of preferred end-products and their associated technology solutions (2008), identification of markets and logistical solutions (2009), selection of preferred investment partners (2009) and completion of environmental impact assessments (2010). Initial commercial operations are anticipated in 2014.

**Mmamabula Energy Project - Update**

CIC Energy is making substantive progress with an Asian EPC solution for Phase One of the Mmamabula Energy Project (“MEP”). Based on recent discussions, CIC Energy anticipates being in a position to announce the selected EPC contractor for Phase One of the MEP power station before the end of 2008. Phase One will be re-sized to an approximately 1,200 megawatt (“MW”) power station designed with provisions for expansion, as multiple phases are anticipated. The 1,200 MW (net capacity) power station design is expected to comprise of two 600 MW units. CIC Energy continues to anticipate that Phase One of the MEP will be in commercial operation in late 2012 or early 2013.