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NEWS RELEASE

Interim Results for the six months ended 30 June 2016

30 September 2016: Ncondezi Energy Limited ("Ncondezi", the "Company" or the "Group") (AIM: NCCL) announces its interim results for the six months ended 30 June 2016.

Highlights:

- Binding Joint Development Agreement ("JDA") with Shanghai Electric Power Co., Ltd ("SEP") (Shanghai Stock Exchange code 600021) signed in January 2016 to develop the Ncondezi 300 MW integrated thermal coal power plant (the "Power Project") and transmission line
- US$1.32 million raised via loan facility from certain of Ncondezi's Directors, Management and long term shareholders in May 2016
- Key meetings in Mozambique in July 2016 between the Company, SEP, the Minister of Mineral Resources and Energy and representatives of Electricidade de Moçambique ("EDM")
- Significant progress towards meeting SEP Investment Conditions in the JDA. Finalisation of transaction documents targeted during Q4 2016, after which State Power Investment Corporation ("SPIC") and China Government approvals will be sought with Financial Close targeted for H2 2017
    - EDM in principle support for SEP to become the Strategic Partner in the Power Project and for the change to PC boiler technology
    - Updated power plant feasibility study and financial model submitted to EDM based on PC boiler technology
    - Incorporation of the UAE holding company completed
    - US$17 million historic cost audit close to finalisation
    - Updated work program and budget being finalised
    - Signed non-binding Shareholders Agreement Term Sheet in July 2016 and advanced draft of long form Shareholders Agreement being reviewed
    - SEP undertaking confirmatory legal due diligence including reconfirming with the Government of Mozambique the basis on which the Power Project is to be approved
- Up to US$3.0 million loan facility agreed with Africa Finance Corporation ("AFC") in August 2016 in two tranches:
    - Tranche A for a total of US$1.0 million on the same terms as the Existing Shareholder Loan to be repayable on 10 May 2017. US$0.9 million drawn down in August 2016
    - Tranche B is a conditional US$2.0 million loan with a 24 month term from first drawdown subject to certain conditions, including the completion of the JDA with SEP and Ncondezi providing an appropriate security package
- Cash balance of US$0.8 million as at 22 September 2016 and an available undrawn loan facility of US$0.1 million

Financial highlights:

	6 months to 30 June 2016 US$'000	6 months to 30 June 2015 US$'000
Loss for the period	**(1,105)**	(1,780)
Loss per share – cents	**(0.4)**	(0.7)
Cash at bank (including restricted cash)	**251**	1,873

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Ncondezi Energy owns 100% of the Ncondezi Project which is strategically located in the power generating hub of the country, the Tete Province in northern Mozambique. The Company is developing an integrated thermal coal mine and power plant in phases of 300MW up to 1,800MW.The first 300MW phase is targeting domestic consumption in Mozambique using reinforced existing transmission capacity to meet current demand.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

Chairman's Statement

Dear Shareholder,

The first half of 2016 has been a milestone period in the Company's history. With the signing of the binding Joint Development Agreement ("JDA") with Shanghai Electric Power Co. Ltd ("SEP") in January 2016, the Company has identified a partner which has the development and operational experience to deliver the c.US$1 billion Ncondezi 300 MW integrated thermal coal power plant (the "Power Project") alongside the existing Ncondezi team.

The key focus this year has been on completing the SEP Investment Conditions in the JDA, which are explained in more detail in the Operational Review. Under the JDA, SEP will fund up to US$25.5m towards Power Project development costs to reach Financial Close and will take the lead on the Power Project financing, engineering, procurement and construction ("EPC") and operations and maintenance ("O&M") work streams.

Significant progress has been made towards completing the SEP Investment Conditions since January 2016, including the receipt of in principle support from Electricidade de Moçambique ("EDM") for SEP to become the Strategic Partner in the Power Project and the change to PC boiler technology. In addition, Ncondezi has incorporated the UAE holding company, the audit of Ncondezi's US$17 million power plant historic cost is close to finalisation and SEP has initiated confirmatory legal due diligence which includes reconfirming with the Government of Mozambique the basis on which the Power Project is to be approved.

In July 2016, the Company and a SEP delegation led by SEP Chairman Mr Wang Yundan held key meetings in Mozambique with the Minister of Mineral Resources and Energy ("MIREME") and representatives of EDM. The objective of the visit was to provide an update on the progress of the Power Project as well as the future plans and timing for development, financing, construction and operation of the plant. During the meetings with EDM, the Company and SEP also submitted an updated feasibility study and financial model for the Power Project to EDM which included key inputs from SEP as well as the change to Pulverised Coal ("PC") boiler technology.

During the Mozambique visit, the Company and SEP also signed the non-binding Shareholders Agreement Term Sheet relating to the UAE holding company for the Power Project. Since July, we have been working to complete the long form Shareholders Agreement with SEP which is at an advanced stage.

The key next steps to complete the SEP Investment Conditions include the completion of the historical cost audit by SEP, finalisation of the transaction documents including the Shareholders Agreement and finalisation of SEP's legal due diligence, including reconfirming with the Government of Mozambique the basis on which the Power Project is to be approved. Ncondezi and SEP are aiming to complete these during Q4 2016 with SPIC and Chinese government approvals to follow with Financial Close targeted for H2 2017. The Company will continue to provide further updates to shareholders as appropriate.

Simultaneous to the ongoing satisfaction of the SEP Investment Conditions, SEP and Ncondezi are continuing to work on the development programme with the objective to progressing the key project agreements including the EPC and O&M contracts, the Power Purchase Agreement ("PPA"), the Power Concession Agreement ("PCA") and the Coal Supply Agreement ("CSA").

The Ncondezi open pit coal mine ("Mine Project") will continue to be 100% owned by the Company post the SEP JDA becoming effective and will continue to be developed alongside the Power Project development programme. Financial Close on the Mine Project is aligned with the Power Project (H2 2017) and work is expected to ramp up in order to finalise the EPC, O&M and CSA in parallel to the PPA and PCA processes.

In May 2016, the Company secured a US$1.32 million loan facility from its Directors, Management and long term shareholders. In August 2016, the Company announced another key stage of funding when Africa Finance Corporation ("AFC") joined the shareholder loan facility with an additional commitment of up to US$3 million. The company has drawn down US$0.9 million of the US$1 million AFC Tranche A facility and under the agreement with AFC the repayment date for all shareholder loans has been extended to May 2017. AFC has also made an additional commitment of up to US$2 million which is conditional on a number of factors including completion of the SEP Investment Conditions. As previously announced, once the SEP Investment Conditions have been met and the JDA is effective, SEP will also refund Ncondezi its Power Project related development costs incurred since January 2016.

The existing cash resources of US$0.8 million together with the undrawn unconditional facility of US$0.1 million are expected to support the Company's ongoing operations until Q1 2017. The shareholder loans will be repayable in May 2017. The Directors are exploring a number of potential financing and refinancing options and they expect these to become more attractive as progress continues on both the Power Project and Mine Project. Accordingly, the Directors are confident that the Group will continue as a going concern and have prepared the financial statements on that basis. However, at present there are only conditional agreements in place and there is no certainty that additional funding will be raised.

The first half of 2016 has been focussed on progressing the completion of the SEP Investment Conditions together with the updated PC boiler feasibility study and financial model. During H2 2016, we will continue to target completion of the SEP confirmatory due diligence and the other SEP Investment Conditions as well as restarting the development work on the key commercial agreements including EPC, O&M, PPA, PCA and CSA in relation to the power plant and the mine.

Michael Haworth
Non-Executive Chairman

Operational and Financial Review

Ncondezi holds 100% of Mining Concession 5967C in the Tete Province, located in Northern Mozambique. The Company has discovered a large, long life, thermal coal deposit on its concession area and is focused on the phased development of an integrated thermal coal fired power plant and mine, commencing with 300MW as Phase 1.

Binding JDA with SEP

On 11 January 2016, the Company announced that it had signed the JDA with SEP. The JDA is a binding agreement between Ncondezi and SEP that sets out the terms on which the Power Project will be developed. The Ncondezi Coal Mine will continue to be wholly owned by Ncondezi and will be developed and financed separately. It is envisaged that an arm's length Coal Supply Agreement will be entered into between the relevant entities.

SEP will fund up to US$25.5 million (the "Subscription Price") into a newly incorporated holding company that will own 100% of Ncondezi Power Company S.A. ("NPC"), a subsidiary which will own and operate the Power Project, and which will be used to fund all development costs of the Power Project (inclusive of transmission and project infrastructure) to Financial Close.

The Subscription Price will be paid in instalments as per a milestone based budget and work program that has been agreed between the Parties for the period from 1 January 2016 until Financial Close. The first instalment will be funded once the JDA is effective, at which point Ncondezi will be refunded for certain agreed project costs incurred from 1 January 2016. The JDA becomes effective once all of the SEP Investment Conditions (as defined below) have been satisfied, at which point SEP will be issued with an indirect 60% interest in NPC.

The SEP Subscription Price is based on 1.5 times Ncondezi's historic Power Project costs of US$17 million and is capped at US$25.5 million. The Subscription Price includes SEP's historic costs to 31 December 2015 of RMB 8 Million (c. US$1.20 million). All historic costs are subject to confirmation by an independent auditor.

It is anticipated that the Subscription Price will be sufficient to fund the development costs of the Power Project to Financial Close of the Power Project. Any additional costs are expected to be funded on a pro-rata basis by the Company and SEP respectively. Once the JDA has become effective, SEP will provide a bank guarantee for US$10 million in favour of the Company against the instalment payments of the Subscription Price.

If on Financial Close the Subscription Price is not fully utilised, any remaining balance will be used to fund the first project equity beyond Financial Close.

SEP will have effective control of the Power Project following satisfaction or waiver of the SEP Investment Conditions. The parties signed a Shareholders Agreement Term Sheet in July 2016.

Following the satisfaction of the SEP Investment Conditions, SEP will lead the procurement of the EPC agreements, the O&M agreements and the debt financing to achieve Financial Close. SEP has also undertaken to use reasonable endeavours to procure the best possible commercial terms from Chinese financiers for the proposed debt financing facilities for the Power Project on a non-recourse basis to Ncondezi.

Based on SEP's expertise and experience in coal fired power generation, the power plant will change from Circulating Fluidised Bed ("CFB") to PC technology based on an updated feasibility study prepared by SEP. The PC technology feasibility study demonstrates comparable economic returns to the CFB solution and supports the existing tariff envelope agreed with EDM (the "Commercial Deal").

The transaction is targeting the satisfaction or waiver of a number of conditions including:

- Formal approval by EDM of the change to PC technology and confirmation of the existing Commercial Deal.
- Completion of the independent audit of the Ncondezi historical Power Project costs.
- Finalisation of the work program and budget to Financial Close.
- Finalisation of the relevant transaction documents including the Shareholders' Agreement.
- SEP obtaining the required Chinese regulatory and parent company approvals.
- No material adverse change having occurred to the Project.

Ncondezi continues to make good progress with SEP and significant progress has been achieved since the signing of the JDA in January 2016. In particular:

- EDM has indicated its support in principle for SEP to become the Strategic Partner in the Ncondezi Power Project and for the change to PC boiler technology, on the understanding that EDM will be afforded the opportunity to perform due diligence on SEP's development plan, technical solution, project costs and financial model as soon as such information is available.
- SEP and Ncondezi have submitted an updated power plant feasibility study and financial model to EDM that incorporates the change to PC boiler technology. The Company believes that the financial model delivers a power tariff that is within the previously agreed tariff envelope and is now being reviewed by EDM.
- The incorporation of the UAE holding company is now complete.
- The updated work program and budget for the Power Project is in near final form.
- Signed non-binding Shareholders Agreement Term Sheet in July 2016 and advanced draft of long form Shareholders Agreement being reviewed.
- SEP is finalising the historic cost audit.
- SEP undertaking confirmatory legal due diligence including reconfirming with the Government of Mozambique the basis on which the Power Project is to be approved.
- The SPIC and Chinese Government approval process remains to be completed.

The majority of the Company's deliverables with respect to the SEP Investment Conditions have been met or are in near final form. Ncondezi and SEP are targeting the finalisation of the transaction documents and SEP's confirmatory legal due diligence, which includes reconfirming with the Government of Mozambique the basis on which the project is to be approved, during Q4 2016, with SPIC and Chinese Government approvals to follow and Financial Close targeted for H2 2017.

The Company will continue to provide further updates to shareholders as appropriate.

Shareholder Loan

On 11 May 2016, the Company announced that it had secured a US$1.32 million loan facility ("Shareholder Loan") with certain of Ncondezi's Directors, Management and long term shareholders (together the "Lenders").

The Shareholder Loan is being made to provide the Company with additional funding for its corporate overheads while it completes the SEP Investment Conditions to make the JDA effective.

Of the US$1.32 million Shareholder Loan, US$500,000 was committed by a Trust of which Non-Executive Chairman, Michael Haworth, is a potential beneficiary. US$108,000 was committed by Executive Director and Chief Operating Officer, Chris Schutte, US$35,000 from Non-Executive Director, Estevão Pale, US$147,000 from Ncondezi management and US$530,000 from other long term shareholders.

On 31 August 2016, AFC agreed to accede to the existing Shareholder Loan and its terms, advancing Ncondezi up to US$3.0 million, with an initial tranche of $1.0 million ("Tranche A") and a further tranche of US$2.0 million ("Tranche B") which is conditional amongst other things upon the fulfilment of certain conditions precedent, the completion of the JDA and Ncondezi providing an appropriate security package.

Tranche A was drawn down alongside the existing Shareholder Loan and in accordance with its terms (set out in the announcement dated 11 May 2016), some of which have been amended. A catch up advance of US$943,000 was paid to Ncondezi as an upfront payment on 2 September 2016, which is equivalent to AFC's pro rata payment alongside the existing drawdown from Lenders. The balance of funds from Tranche A and the existing Shareholder Loan will be drawn down in accordance with their terms and are now available for drawdown until 31 December 2016. As at 22 September 2016, available undrawn loan facility from Tranche A and the existing Shareholder Loan stood at US$0.14m.

Tranche A will be utilised to fund project development costs in accordance with an agreed budget.

Repayment of Tranche A (comprising the Shareholder Loan and initial US$1.0 million tranche from AFC) will be by no later than 10 May 2017. The cost of the Tranche A loan is 1.5x the drawn down amount (comprising 1.0x principal and 0.5x return). If repayment occurs after 10 May 2017, the repayment multiple increases to 2.0x.

Tranche B will potentially provide a further advance of US$2.0 million to Ncondezi at Ncondezi's election, subject to the conditions precedent being met, which include a revised budget for the use of funds, agreeing certain terms and putting in place a security package. The Company intends to update its budget to Financial Close once the SEP JDA has been completed and will explore the drawdown of Tranche B at that time along with other potential financing options.

Repayment of Tranche B will be within 24 months of first drawdown. The total amount drawn down will be repaid at a 2.5x multiple (comprising 1.0x principal and 1.5x return). If repayment occurs after 24 months of first drawdown, the repayment multiple increases to 3.0x.

A commitment fee of 0.35% per annum, or US$7,000 per annum, will be charged on the undrawn amount of Tranche B.

Coal Mine Update

The Ncondezi Coal Mine will be required to sign a bankable Coal Supply Agreement with the Power Project before Financial Close, which is now targeted for H2 2017. The change to PC technology requires that a higher CV coal product be supplied by the mine, which requires an update to the EPC and contract miner bids to account for the additional washing and change in mine planning.

Preliminary work has already been completed, with rescheduling of the pit production profile to deliver the revised coal requirements to the PC Boiler power plant. The Company expects to finalise EPC and contract miner bids process alongside the Power Project EPC and O&M processes. The coal supply agreement is also expected to be further progressed in parallel during this time.

Financial overview

Results from operations

The Group made a loss after tax for the period of US$1.1m compared to a loss of US$1.8m for the previous interim period. The basic loss per share for the interim period was 0.4 cents (2015 H1: 0.7 cents).

Administrative expenses totalled US$1.1m (2015 H1: US$1.8m). Financing costs were US$0.05m (2015 H1: US$0.01m).

Cash Flows

The net cash outflow from operating activities for the interim period was US$0.9m (2015 H1: US$3.7m).

The resulting period end cash held totalled US$0.3m (2015 H1: US$1.9m).

Outlook

The Directors have reviewed future cash forecasts, with particular reference to minimum expenditure requirements on the licences and the intended work programme for the Power Project and Ncondezi Coal Mine for 2016, which is focused on satisfying the conditions precedent to the JDA with SEP. Based upon projections the current cash reserves (US$0.8 million) together with the undrawn unconditional loan facility (US$0.1 million) are expected to fund overhead expenditure to Q1 2017.

The Company has an additional US$2 million conditional loan commitment and will need to refinance Tranche A of the Shareholder Loan and AFC loan in May 2017.

The Directors continue to explore options in respect of raising further funds to continue with the power plant and mine development programmes. Future Power Project development costs will mainly be covered by SEP once the JDA has been made effective. At present there are only conditional agreements in place and there can be no certainty as to the Group’s ability to raise additional funding.

The Directors believe that the necessary funds to provide adequate financing to continue the power plant and mine development programmes and fund working capital will be raised as required. Accordingly, they are confident that the Group will continue as a going concern and have prepared the financial statements on that basis. Further disclosures on going concern are included in note 1 of the interim accounts.

Independent review report to Ncondezi Energy Limited

Introduction

We have been engaged by the Company to review the financial statements in the half-yearly report for the six months ended 30 June 2016 which comprises the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the half-yearly financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Emphasis of matter – going concern

In forming our review conclusion, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements in the half-yearly report concerning the Group's ability to continue as a going concern which is dependent on the Group's ability to raise further funds. Conditional arrangements are in place to provide part of this funding, but as disclosed in note 1, additional funding will also be required. The Directors believe that sufficient funds can be raised in the necessary time frame. These conditions together with the other matters referred to in note 1 indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements in the half-yearly report do not include any adjustments that would result if the Group was unable to continue as a going concern.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
29 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

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Consolidated statement of profit or loss
for the six months ended 30 June 2016

	Note	**6 months ended 30 June 2016 Unaudited US$'000**	6 months ended 30 June 2015 Unaudited US$'000	Year ended 31 December 2015 Audited US$'000
Other administrative expenses		**(1,054)**	(1,728)	(2,731)
Reversal of accrual		**-**	-	656
Share-based payments charge		**-**	(42)	(42)
Total administrative expenses and loss from operations		**(1,054)**	(1,770)	(2,117)
Finance income		**-**	1	1
Finance expense		**(51)**	(11)	(18)
Loss for the period before taxation		**(1,105)**	(1,780)	(2,134)
Taxation		**-**	-	17
Loss for the period attributable to equity shareholders of the parent company		**(1,105)**	(1,780)	(2,117)
Loss per share expressed in cents				
Basic and diluted	2	**(0.4)**	(0.7)	(0.8)

Consolidated statement of other comprehensive income
for the six months ended 30 June 2016

	6 months ended 30 June 2016 Unaudited US$'000	6 months ended 30 June 2015 Unaudited US$'000	Year ended 31 December 2015 Audited US$'000
Loss after taxation	**(1,105)**	(1,780)	(2,117)
Other comprehensive (expense)/income:			
Exchange differences on translating foreign operations*	**(9)**	6	(12)
Total comprehensive loss for the period	**(1,114)**	(1,774)	(2,129)

*items that may be reclassified to profit or loss.

Consolidated statement of financial position
at 30 June 2016

	Note	**30 June 2016 Unaudited US$'000**	30 June 2015 Unaudited US$'000	31 December 2015 Audited US$'000
Assets				
Non-current assets				
Property, plant and equipment	3	**9,043**	18,026	18,249
Total non-current assets		**9,043**	18,026	18,249
Current assets				
Inventory		**5**	14	8
Trade and other receivables		**81**	274	104
Cash and cash equivalents		**251**	1,873	402
Total current assets		**337**	2,161	514
Non-current assets classified as held for sale (diluted interest in relation to the SEP transaction)	4	**9,282**		
Total assets		**18,662**	20,187	18,763
Liabilities				
Current liabilities				
Current tax payable		**-**	39	-
Trade and other payables		**681**	1,585	555
Short term loan	5	**887**	-	-
Total current liabilities			1,624	555
Total liabilities		**1,568**	1,624	555
Capital and reserves attributable to shareholders				
Share capital	6	**86,557**	86,557	86,557
Foreign currency translation reserve		**(5)**	22	4
Retained earnings		**(69,458)**	(68,016)	(68,353)
Total capital and reserves		**17,094**	18,563	18,208
Total equity and liabilities		**18,662**	20,187	18,763

Approved on behalf of the Board on 29 September 2016.

Christiaan Schutte
Chief Operating Officer

Consolidated statement of changes in equity
for the six months ended 30 June 2016

	Share capital US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2016	**86,557**	**4**	**(68,353)**	**18,208**
Loss for the period	**-**	**-**	**(1,105)**	**(1,105)**
Other comprehensive loss for the period	**-**	**(9)**	**-**	**(9)**
Total comprehensive loss for the period	**-**	**(9)**	**(1,105)**	**(1,114)**
At 30 June 2016 (Unaudited)	**86,557**	**(5)**	**(69,458)**	**17,094**

	Share capital US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2015	85,478	16	(66,278)	19,216
Loss for the period	-	-	(1,780)	(1,780)
Other comprehensive income for the period	-	6	-	6
Total comprehensive income/(loss) for the period	85,478	22	(68,058)	17,442
Issue of shares	1,184	-	-	1,184
Costs associated with issue of shares	(105)	-	-	(105)
Equity settled share based payments	-	-	42	42
At 30 June 2015 (Unaudited)	86,557	22	(68,016)	18,563

	Share capital US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2015	85,478	16	(66,278)	19,216
Loss for the year	-	-	(2,117)	(2,117)
Other comprehensive loss for the year	-	(12)	-	(12)
Total comprehensive loss for the year	-	(12)	(2,117)	(2,129)
Issue of shares	1,184	-	-	1,184
Costs associated with issue of shares	(105)	-	-	(105)
Equity settled share-based payments	-	-	42	42
At 31 December 2015	**86,557**	**4**	**(68,353)**	**18,208**

Consolidated statement of cash flows
for the six months ended 30 June 2016

	6 months to 30 June 2016 Unaudited US$'000	6 months to 30 June 2015 Unaudited US$'000	Year ended 31 December 2015 Audited US$'000
Cash flow from operating activities			
Loss before taxation	**(1,105)**	(1,780)	(2,134)
Adjustments for:			
Finance income	**-**	(1)	(1)
Finance expense	**51**	11	18
Share based payments charge	**-**	42	42
Unrealised foreign exchange movements	**(4)**	(83)	1
Reversal of accrual	**-**	-	(656)
Depreciation and amortization	**73**	91	175
Net cash flow from operating activities before changes in working capital	**(985)**	(1,720)	(2,555)
Decrease/(increase) in inventory	**3**	(2)	4
Increase/(decrease) in payables	**75**	(1,965)	(2,100)
Decrease in receivables	**23**	30	200
Net cash flow from operating activities before tax	**(884)**	(3,657)	(4,451)
Income taxes paid	**-**	-	(35)
Net cash flow from operating activities after tax	**(884)**	(3,657)	(4,486)
Investing activities			
Interest received	**-**	1	1
Power development costs capitalized	**(142)**	(40)	(669)
Mine exploration and evaluation costs capitalised	**(7)**	(14)	(21)
Net cash flow from investing activities	**(149)**	(53)	(689)
Financing activities			
Issue of ordinary shares	**-**	1,184	1,184
Cost of share issue	**-**	(105)	(105)
Bank charges	**(5)**	(11)	(17)
Short term loan	**887**	-	-
Net cash flow from financing activities	**882**	1,068	1,062
Net increase/(decrease) in cash and cash equivalents in the period	**(151)**	(2,642)	(4,113)
Cash and cash equivalents at the beginning of the period	**402**	4,515	4,515
Cash and cash equivalents at the end of the period	**251**	1,873	402

Notes to the consolidated financial information

1. Basis of preparation

The consolidated interim financial statements have been prepared using policies based on International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The consolidated interim financial statements have been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2016.

The consolidated interim financial statements for the period 1 January 2016 to 30 June 2016 are unaudited and incorporate unaudited comparative figures for the interim period 1 January 2015 to 30 June 2015 and the audited financial statements for the year to 31 December 2015. It does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 Annual Report. The comparative financial information for the year ended 31 December 2015 in this interim report does not constitute statutory accounts for that year. The auditors' report on those accounts was unqualified and included an emphasis of matter drawing attention to the importance of disclosures made in the annual report regarding going concern.

The same accounting policies, presentation and methods of computation are followed in the consolidated financial statements as were applied in the Group's latest annual audited financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these has had a material impact on the Group's reporting.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

Going concern

As at 22 September 2016 the Group had cash reserves of approximately US$0.8m and an available undrawn loan facility of US$0.1m. In addition, the Company has a further conditional loan commitment of US$2m. Based upon projections the current cash reserves plus the unconditional loan facility will fund expenditure until Q1 2017. The Company will have to refinance the existing shareholder loans in May 2017.

The Company has signed a binding JDA with SEP which provides for SEP to invest up to US$25.5m to fund power development expenditure to Financial Close as well as refund Ncondezi for its development costs since January 2016. The JDA is subject to a number of conditions which are detailed in the Operations Review. These conditions indicate the existence of a material uncertainty over the JDA becoming effective in the necessary time frame.

Additional funding will be required to cover working capital requirements until the SEP Investment Conditions are met and following this to fund select overheads not funded by SEP as well as the mine development costs. As such, additional funding will be required to meet liabilities as they fall due during Q1 2017. The Directors are exploring a range of financing options and are confident that sufficient funds can be raised in the necessary time frame. Accordingly they are confident that the Group will continue as a going concern and have prepared the financial statements on that basis, however, there can be no guarantee that a binding transaction can be concluded.

Should the Group be unable to raise the necessary finance within the required time, it may not be able to realise the value of its assets and discharge its liabilities in the ordinary course of business.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. Such adjustments would principally be the write down of the Group's non-current assets.

2. Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Share incentives were outstanding at the end of the period that could potentially dilute basic earnings per share in the future. However, due to losses incurred during the current period, the impact of these incentives would not be dilutive.

	Unaudited 30 June 2016			Unaudited 30 June 2015			Audited 31 December 2015		
	Loss US$'000	**Weighted average number of shares (thousands)**	**Per share amount (cents)**	Loss US$'000	Weighted average number of shares (thousands)	Per share amount (cents)	Loss US$'000	Weighted average number of shares (thousands)	Per share amount (cents)
Basic and diluted EPS	**(1,105)**	**249,849**	**(0.4)**	(1,780)	248,971	(0.7))	(2,117)	249,415	(0.8)

3. Property, plant and equipment

	Power assets US$'000	Mining assets US$'000	Buildings US$'000	Plant and Equipment US$'000	Other US$'000	Total US$'000
Cost						
At 1 January 2016	**9,140**	**7,638**	**1,736**	**447**	**718**	**19,679**
Additions	**142**	**7**	**-**	**-**	**-**	**149**
Reclassified to non-current assets held for sale (note 4)	**(9,282)**	-	-	-	-	**(9,282)**
At 30 June 2016	**-**	**7,645**	**1,736**	**447**	**718**	**10,546**
Cost						
At 1 January 2015	8,201	7,617	1,736	447	718	18,719
Additions	597	56	-	-	-	653
At 30 June 2015	8,798	7,673	1,736	447	718	19,372
Cost						
At 1 January 2015	8,201	7,617	1,736	447	718	18,719
Additions	939	21	-	-	-	960
At 31 December 2015	9,140	7,638	1,736	447	718	19,679
Depreciation						
At 1 January 2016	**-**	**-**	**359**	**353**	**718**	**1,430**
Depreciation charge	**-**	**-**	**37**	**36**	**-**	**73**
At 30 June 2016	**-**	**-**	**396**	**389**	**718**	**1,503**
At 1 January 2015	-	-	286	269	700	1,255
Depreciation charge	-	-	37	36	18	91
At 30 June 2015	-	-	323	305	718	1,346
At 1 January 2015	-	-	286	269	700	1,255
Depreciation charge	-	-	73	84	18	175
At 31 December 2015	-	-	359	353	718	1,430
Net Book value 30 June 2016	**-**	**7,645**	**1,340**	**58**	**-**	**9,043**
Net Book value 30 June 2015	8,798	7,673	1,413	142	-	18,026
Net Book value 31 December 2015	9,140	7,638	1,377	94	-	18,249

4. Asset classified as held for sale

The Group has entered an agreement to develop the power assets, subject to conditions precedent bring satisfied, under which the Group will contribute a 60% effective interest in the Group's power assets and SEP will contribute with funding of development costs to financial close up to US$25.5m. Subsequent to completion, SEP will hold a controlling interest in the power assets and the Group will retain a 40% non-controlling interest with appropriate minority protection rights.

Under IFRS 5, such a transaction meets the 'Non-current asset held for sale' when the transaction is considered sufficiently probable and other relevant criteria are met. The Board consider the progress of the transaction in the period to be such that the reclassification criteria were met at 30 June 2016.

The assets reclassified total US$9.3m from PPE held at net book value which is below fair value less cost to sell.

5. Short term loan

	30 June 2016 Unaudited	30 June 2015 Unaudited	31 December 2015 Audited
	US$'000	US$'000	US$'000
Short term loan	**887**	-	-
Total Short term loan	**887**	-	-

On 11 May 2016, the Group entered into a US$1.32 million loan facility ("Tranche A") with certain of Ncondezi's Directors, Management and long term shareholders. US$887,000 of the facility was drawn down as at period end. On 31 August 2016, AFC acceded to the existing loan facility agreement, providing a facility of US$3.0 million, with an initial tranche of US$1.0 million ("Tranche A") and a further tranche of US$2.0 million ("Tranche B") which is conditional amongst other things upon the fulfilment of certain conditions precedent, the completion of the JDA and Ncondezi providing an appropriate security package.

The repayment terms of the 'Tranche A' facility are as follows:

- if the JDA becomes effective before December 2016 the full drawn down amount is repayable on 10 May 2017 and a 0.5 times return on the drawn down amount is repayable 6 months from 10 May 2017
- if the JDA becomes effective after December 2016 the full drawn down amount and the 0.5 times return is repayable on 10 May 2017
- if the repayment occurs after 10 May 2017, then an additional return of 0.5 times the total drawings is repayable in addition to the 1.5 times of the full drawn down amount

The repayment terms of the 'Tranche B' facility are as follows:

- repayment is due within 24 months of first drawdown.
- the total amount drawn down should be repaid at a 2.5x multiple (comprising 1.0x principal and 1.5x return).
- if repayment occurs after 24 months of first drawdown, the repayment multiple increases to 3.0x.
- a commitment fee of 0.35% per annum, or US$7,000 per annum, will be charged on the undrawn amount of Tranche B.

The shareholder loan is initially recorded at fair value, being the proceeds received, and subsequently at amortised cost. The estimated repayment premium of 0,5x capital is recognised over the period of the loan through the effective interest rate and required judgement. Accrued interest is recorded in other payables.

6. Share capital

Number of shares	6 months to 30 June 2016 Unaudited	6 months to 30 June 2015 Unaudited	Year ended 31 December 2015 Audited
Allotted, called up and fully paid			
Ordinary shares of no par value	**249,849,844**	249,849,844	249,849,844

Unaudited	**Shares issued Number**	**Share Capital US$'000**
At 1 January 2016	**249,849,844**	**86,557**
At 30 June 2016	**249,849,844**	**86,557**

Unaudited	Shares issued Number	Share Capital US$'000
At 1 January 2015	236,662,043	85,478
Issue of shares	13,187,801	1,184
Issue costs	-	(105)
At 30 June 2015	249,849,844	86,557

Audited	Shares issued Number	Share Capital US$'000
At 1 January 2015	**236,662,043**	85,478
Issue of shares	13,187,801	1,184
Issue costs	-	(105)
At 31 December 2015	249,849,844	86,557

7. Related party transactions

Parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The nature of the related parties with whom the Group entered into transactions or had balances outstanding at 30 June 2016 and 30 June 2015 is determined by management as transactions where the Group has the ability to control the decisions taken by management of the related parties through the Group's shareholders. All companies were classified as ''other related parties'' according to requirements of IAS 24.

In relation to the 'Shareholders Loan' as at 30 June 2016 US$331,439 was committed by a Trust of which Non-Executive Chairman, Michael Haworth, is a potential beneficiary. US$67,500 was committed by Executive Director and Chief Operating Officer, Chris Schutte, US$20,400 from Non-Executive Director, Estevão Pale. There was no 'Shareholders Loan' at 30 June 2015.

8. Events after the reporting period

On 31 August 2016, AFC agreed to accede to the existing Shareholder Loan and its terms, advancing Ncondezi up to US$3.0 million, with an initial tranche of US$1.0 million ("Tranche A") and a further tranche of US$2.0 million ("Tranche B") which is conditional amongst other things upon the fulfilment of certain conditions precedent including the completion of the JDA with SEP and Ncondezi providing an appropriate security package.

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Company details

Directors	Michael Haworth (Non-Executive Chairman) Christiaan Schutte (Chief Operating Officer and Executive Director) Estevão Pale (Non-Executive Director) Jacek Glowacki (Non-Executive Director) Aman Sachdeva (Non-Executive Director)
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Auditors	BDO LLP 55 Baker Street London W1U 7EU
Registrar	Computershare Investor Services (BVI) Limited Woodbourne Hall PO Box 3162 Road Town Tortola British Virgin Islands
Legal advisor to the Company as to BVI law	Ogier LLP 41 Lothbury London EC2R 7HF
Legal advisor to the Company as to English law	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA