

NEWS RELEASE

Ncondezi Announces Coal Resource Upgrade

18 November 2013: Ncondezi Energy ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce a coal resource classification upgrade at the 300MW integrated thermal coal mine and power plant project (the "Ncondezi Project"), located near Tete in northern Mozambique.

A Measured Resource of 120 million mineable tonnage in situ ("MTIS") has been classified by the Company's geological consultant, the Mineral Corporation Consultancy (Pty) Ltd, in the South Block in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). This follows the completion of an infill drilling programme completed in September 2013 which included the drilling of an additional 33 HQ3 cored boreholes and three large diameter boreholes.

The drilling was focused over the planned open pit mining area within the South Block that was identified as the most economical to supply coal to the power plant.

In order to provide a bankable Coal Sales Agreement to the power plant, the mine needed to demonstrate sufficient coal resources in the Measured Category to supply the 300MW power plant for 25 years plus a 40% contingency, equivalent to 70 million mineable tonnes in situ. The upgraded resource has exceeded this target with sufficient additional Measured Resource to theoretically supply an additional 300MW (600MW total) power plant for 25 years.

The table set out below summarises the Measured Resource estimate.

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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 phases, up to 1,800MW. Commissioning is planned to start in H2 2017, followed by commercial operations in H1 2018. The first 300MW phase is targeting domestic consumption in Mozambique using reinforced existing transmission capacity to meet current demand.

Geology

Only coal zone A, the lowermost coal zone in the South Block, is present within the Measured Resource area. The zone comprises a package of coal variably interbedded with non coal lithologies and, where not eroded, ranges from approximately 50-70m in thickness. The package dips from surface, in the north of the Measured Resource area, to a maximum depth of approximately 120m in the southwest. The amount of non-coal material interbedded with the coal is variable, but, where not partially eroded, the zone typically contains a cumulative coal thickness of 30-40m. Three principal dolerite sills intrude the coal zone and are named D02, D04 and D06 from the base upwards.

Measured Resource Table

The Measured Resources tabulated below are a subset of the South Block Indicated and Inferred Resources reported in 2012.

Twenty four coal plies (seams) were modelled on the basis of a minimum selective mining thickness of 0.5m, and named A02 to A48 from the base upwards. In the table below, the resources are presented in subtotals of plies A02 to A16 and A18 to A48 as there is a significant parting between plies A14 and A16, and the lower group of plies (A02 to A16) are generally of poorer quality. It is therefore likely that mining operations will initially target the A18 to A48 package, the bulk of which generally lies between the D04 and D06 sills. The table also subdivides resources into low-mid and high volatile coal types. The tabulated average ply thicknesses are for the individual plies, i.e. ply group A18-A48, high volatile, comprises 16 plies which average 2.16m in thickness.

Ply Grouping	Volatile category	GTIS Mt	TTIS/MTIS Mt	Average ply thickness m	Raw TTIS/MTIS Qualities (air-dried basis)						
					RD	IM %	AS %	VM %	FC %	CV MJ/kg	TS %
Sub-total plies A18-A48	Low-mid	52.90	48.93	1.97	1.85	1.2	50.4	9.3	39.1	13.26	1.15
	High	39.04	36.11	2.16	1.72	0.9	45.8	19.9	33.4	17.17	1.22
Sub-total plies A02-A16	Low-mid	26.66	24.66	1.47	1.98	1.1	62.1	8.8	27.9	8.81	0.77
	High	10.86	10.05	1.26	1.90	0.7	59.3	15.5	24.5	11.14	0.91
Total all plies	Low-mid	79.55	73.59	1.78	1.89	1.1	54.3	9.2	35.4	11.77	1.03
	High	49.90	46.16	1.89	1.76	0.9	48.7	18.9	31.5	15.86	1.16
Grand totals & averages		129.45	119.74	1.82	1.84	1.0	52.2	12.9	33.9	13.35	1.08

Notes:

- Measured Resources were defined within an area where the spacing of boreholes with raw coal quality data is approximately 250 metres. Extrapolation of this area was limited to 125 metres beyond the outermost qualifying boreholes.
- GTIS (gross tonnage in situ) figures represent the entire Measured Resource below the observed limit of weathering and with application of a 0.5 metre minimum ply thickness cut-off.
- TTIS (total tonnage in situ) figures were calculated from the GTIS tonnage by applying geological losses of 7.5%.
- MTIS (mineable tonnage in situ) figures represent that part of the TTIS which exists above a depth of 250m. As all the Measured Resource is shallower than 120m, the TTIS in this case equals the MTIS.
- A raw ash yield limit of 70% was generally applied at the time of ply definition and correlation.

- All qualities are quoted on an air-dried basis. IM=Inherent Moisture, AS=Ash Yield, VM=Volatile Matter, FC=Fixed Carbon, CV=Calorific Value, TS=Total Sulphur.
- Ply thicknesses were weighted against TTIS/MTIS coal seam area to obtain average resource ply thicknesses.
- Relative Densities (RD) were weighted against TTIS/MTIS coal volume to obtain average resource RDs.
- Raw qualities and product yields were weighted against TTIS/MTIS tonnage to obtain average yields.
- Low-mid volatile coals have been devolatilised by igneous intrusions. Feasibility study work on the power plant indicates that these coals are suitable for power generation.
- The coal volatile category was determined using raw coal volatile contents on a dry, ash-free basis and adjustment factors related to the raw ash yield of the coal.
- Certain amounts of averaged 'control' data were included in the quality database, where adequate analytical data did not exist in pre-2013 boreholes.
- Based on the relative distribution of coal plies, partings and dolerite sills, and the coal ply qualities, the mining target will likely generally comprise plies A18 to A44, with plies A46 and A48 taken at the top where possible. Sub-totals have therefore been supplied for ply groupings A02-A16 and A18-A48.

Competent Person's statement

The information in this release that relates to coal resources is based on information compiled by Mark C Stewardson and Gavin Andrews of Mineral Corporation Consultancy (Pty) Limited. Both Mr Stewardson and Mr Andrews are Competent Persons who are registered as Professional Natural Scientists in the field of Geological Science with the South African Council for Natural Scientific Professions, a Recognised Professional Organisation included in a list that is posted on the ASX website from time to time. Neither Mineral Corporation Consultancy (Pty) Limited nor any of its Directors, staff or sub-consultants who contributed to this resource estimation has any material interest in Ncondezi or in the assets under consideration.

Both Mr Stewardson and Mr Andrews have sufficient experience that is relevant to the type of coal deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Stewardson and Mr Andrews consent to the inclusion in this release of the information based on their work in the form and context in which it appears.

The JORC Code sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this release has been presented in accordance with the JORC Code and references to "Measured" Resources are relevant to that term as defined in the JORC Code.

A Competent Person's Consent Form is held on record by Ncondezi.