

NEWS RELEASE

Ncondezi Initiates Tender Process for Mine Construction and Operation

21 February 2014: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) announces that it has initiated a binding bid process to appoint a mining contractor to provide a turnkey solution for the design, engineering, commissioning, operation and maintenance of the Ncondezi coal mine, including the coal processing plant, associated coal handling facilities and infrastructure. This follows completion and publication of the optimised mine feasibility study in December 2013.

11 reputable firms have submitted expressions of interest, following site visits, and binding bids are due before the end of Q1 2014. The bids will provide Ncondezi with a binding input coal price for the Coal Sales Agreement ("CSA") between the mine and power station. The CSA, in turn, will form a key part of the Final Form Power Purchase Agreement between the Ncondezi power station and Electricidade de Mozambique ("EdM"), as the coal price forms a significant cost input into the final negotiated power tariff rate. The Final Form CSA is targeted for completion by the end of Q1 2014.

Mining operations will commence within the South Block of the Ncondezi Mine Concession (the "South Mine"). The South Mine covers 200 ha and has the resources to provide coal to the 2x150MW Circulating Fluidised Bed power station for a period of 25 years, plus a contingency of approximately 50% or an additional 15 years.

Mining will be an open pit, truck and shovel, contractor mining operation supplying domestic grade coal to the Ncondezi power station with an average annual production of 1.5 million tonnes of domestic grade coal, a Life of Mine ("LoM") average strip ratio of 0.61 BCM/tonne and a LoM average yield of 92%.

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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 for 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.