

NEWS RELEASE

Ncondezi Mine Update and ESIA Approval

8 October 2013: Ncondezi Energy ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce that it has received official notification from the Ministry for Coordination of Environmental Action ("MICOA") regarding the approval of the Environmental Social Impact Assessment ("ESIA") for the Ncondezi mine, part of the 300MW integrated thermal coal mine and power plant project (the "Ncondezi Project"), which is located near Tete in northern Mozambique. Ncondezi will now commence the application process for an environmental permit.

The Ncondezi mine will be an open pit operation targeting production of 1.3Mtpa of saleable product to the power plant at an average yield of 70% and an average strip ratio of 0.61Bcm/tonne using contractor mining. Mine commissioning is planned for H2 2016 to meet the power plant stockpile requirements ahead of its commissioning in H2 2017.

Ncondezi has also recently completed an additional infill drilling of 33 core and 3 LD holes within a target mine area of the South Pit to further increase drill density and upgrade JORC Indicated Resources into a Measured category. The drilling has been focused within a ring fenced area capable of supplying the required coal for the first phase of the 300MW power plant for more than 25 years. Results from the drill programme and an updated Reserves and Resources statement are expected in Q4 2013.

Enquiries:

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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 and first production is planned for 2017. The first 300MW phase is targeting domestic consumption in Mozambique using existing transmission capacity to meet current demand.