

NEWS RELEASE

Ncondezi Energy Granted Coal Mining Concession

28 August 2013: Ncondezi Energy ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce its 100% held Mozambican subsidiary, Ncondezi Coal Company Mozambique Limitada ("NCCM Lda") has been granted a Mining Concession for its integrated thermal coal mine and power plant project, the Ncondezi Project, by the Mozambican Ministry of Mineral Resources ("MIREM").

The Mining Concession grants Ncondezi, amongst others, the exclusive right over 25 years to mine and exploit the Ncondezi coal deposit until 2038. The Ncondezi exploration licences 804L and 805L have been amalgamated and converted into a new Mining Concession under Number 5967C covering a surface area of 25,138 hectares.

Simultaneously with the issuance of the Ncondezi Mining Concession, NCCM Lda has concluded with MIREM an Addendum to Mine Framework Agreement ("MFA"), which was signed in May 2012. Under the terms of the Addendum to the MFA, it has been agreed that:

- The MFA will remain in force for the duration of the Mining Concession;
- The Government owned Mozambican Mining Exploration Company ("EMEM") will be granted a 5% free carry in the share capital of NCCM Lda up to the start of the Ncondezi mine's construction;
- NCCM Lda shall, in accordance with the new Mozambican Mega Projects Law, set aside a statutory 5% equity participation in NCCM Lda for the Mozambican public at commercial market terms; and
- Ncondezi will spend a minimum of US\$5million on social development programmes to be developed for the Ncondezi Project.

Commenting on this important milestone for the Project, Paul Venter, CEO, said "*We are delighted to have received the Mining Concession and I'd like to thank both the Project Team and our colleagues at the National Directorate of Mines and MIREM for their efforts in achieving this.*"

The issuance of the Mining Concession marks a very important and significant step forward for the Ncondezi Project. It secures the coal fuel supply for the power project, which materially increases the bankability of the Ncondezi Project, and also fulfils one of the key conditions precedents to the Power Framework Agreement.

The other key condition precedents for the PFA, namely the Power Purchase and Transmission Heads of Terms with Electricidade de Mozambique ("EdM"), the state owned power utility company, are in the final stages of negotiation and on track for signing by Q4 2013. We now look forward to pursuing in partnership with EdM and the Mozambican Government the realisation of these milestones and the development of the Project."

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.