

## NEWS RELEASE

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### Power Framework Agreement Effective

23 December 2013: Ncondezi Energy ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce that the Power Framework Agreement ("PFA") signed in April 2013 for its 300MW integrated thermal coal mine and power plant project (the "Ncondezi Project"), which is located near Tete in northern Mozambique, is now unconditional and has, as a result, been made effective and fully binding between Ncondezi and the Government of Mozambique ("GoM").

The PFA governs the relationship between Ncondezi and the GoM during the Development Phase of the Ncondezi Power Project and sets out the agreed pathway, timetable and requisite Government and Developer Milestones to Project and Financial Close.

Ncondezi has now completed the following conditions precedent ("CPs") to the PFA:

- The granting of a Mine Concession on the Ncondezi Mine Project;
- Conclusion of Power Purchase Agreement Heads of Terms with EdM;
- Conclusion of Transmission Agreement Heads of Terms with EdM;
- Conclusion of a Coal Sales Agreement Heads of Terms;
- Conclusion of a Power Plant Project Vehicle Ownership Binding Heads of Terms with GoM;
- Submission of a letter to the Investment Promotion Centre ("CPI") summarising the available fiscal parameters for the Ncondezi Power Project

Ncondezi is now finalising formal submission of the 2x150 MW Power Plant Feasibility Study with the aim to initiate formal negotiations on the Power Concession with the GoM.

Commenting on the announcement, Paul Venter, CEO, said *"I am delighted to announce the PFA has become unconditional and effective. We are now on track to commence Power Concession negotiations early in 2014. This is an extremely pleasing conclusion to the year and completes all the challenging work streams we set out to achieve in 2013.*

*With the recent open offer and placing now complete, we enter 2014 with sufficient funding for the year and to finalise the next set of key project development milestones, with the immediate focus on delivering the Final Form Power Purchase and Power Concession Agreements in Q1 2014."*

#### 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. 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.