

## NEWS RELEASE

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### Project Update

31 March 2015: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to provide shareholders with an update in relation to its 300MW power plant project ("Ncondezi Project" or the "Project"), located near Tete in northern Mozambique.

#### Extension of Commercial Deal with EdM

On 15 December 2014 the Company announced that it was in the process of seeking an extension from Electricity de Mozambique ("EdM") to the period in which certain conditions precedent that relate to the conditional commercial deal signed between the parties in September 2014 are required to be satisfied. Following further discussions with EdM and progress made on the power project, EdM has formally agreed to extend the deadline for the conditions precedent.

The extension has been granted with the longstop date of September 30<sup>th</sup>, 2015, and is subject to the following conditions precedent:

- Reaching a binding agreement with a strategic investor acceptable to EdM, to be the key responsible party for the development, construction and operation of 300MW the power project.
- Bankable EPC and O&M agreements for the power plant, mine and common infrastructure.
- An agreed timetable with EdM, the strategic investor and Ncondezi to finalise the key commercial agreements, namely the Power Purchase Agreement, Power Concession Agreement and the Coal Supply Agreement.

The agreed commercial deal includes the range for the starting electricity tariff to be paid by EdM, which will then be subject to adjustments during the 25 year operational life of the Project. The starting tariff range is based on a number of assumptions including indexation, financing costs, coal costs, operator & maintenance costs and the technical parameters and capital costs contained in the binding Power Plant EPC bids. Based on a target project capital structure of 70% debt and 30% equity, the Company believes that the conditional commercial deal supports the economics of the Ncondezi Power Plant and provides a regionally competitive US\$ based project equity IRR.

#### Transmission Line ESIA Approval

During March 2015, the Company received official notification from the Ministry for Coordination of Environmental Action ("MICOA") regarding the approval of the Environmental Social Impact Assessment ("ESIA") for the 92km transmission line that will connect the Project to the Mozambican national grid. This follows ESIA approvals that have already been granted on both the mine and power plant.

#### Current Cash Position

Following a detailed review of the Company's budget and the implementation of cost saving initiatives, management are comfortable that the Company has sufficient cash to support ongoing operations until Q1 2016. As of 28 February, 2015, the Company had US\$3.7 million cash on its balance sheet.

#### Appointment of Chris Schutte as Chief Operating Officer

The Company is pleased to announce that Mr Chris Schutte has agreed to become the Chief Operating Officer of Ncondezi and will now sit on the Board as an Executive Director. Mr Schutte was appointed a Non-Executive Director of Ncondezi in February 2013 and led the Company's power plant EPC selection and binding bid process during 2014. Mr Schutte has worked in the power sector for more than 20 years and was previously

Senior General Manager of the Group Technology Division and responsible for all the engineering functions at Eskom, including design accountability for new power stations, transmission lines and distribution development. Prior to this, he was Senior General Manger of Eskom's Generation Division, managing five power stations with over 18,000MW total installed capacity. He holds a degree in mechanical engineering.

### 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 up to 1,800MW. The first 300MW phase is targeting domestic consumption in Mozambique using reinforced existing transmission capacity to meet current demand.