

Project and Financing Update

25 August 2017: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce a project and financing update for the planned 300MW Ncondezi coal fired power project ("Ncondezi Project") to be built in the Tete Province of Mozambique.

Key Highlights

- Second phase of new partner process nearing completion
- Binding offer process to start in September 2017 with preferred potential partners
- New partner process on track for completion in Q4 2017
- Shareholder loan repayment date extension for 12 months agreed in principle, subject to documentation phase
- Next update planned for late September 2017

Ncondezi Non-Executive Chairman, Michael Haworth, commented: *"The Ncondezi Project is one of the most advanced development stage coal fired power projects in the region and remains an attractive opportunity to international developers and operators. Today's announcement highlights the progress achieved in identifying a new strategic partner to take on a leadership role in further developing the project. The Company has begun receiving the non-binding offers from potential partners, which we will now look to develop into binding offers through a competitive negotiation process in early Q4 2017. We are very pleased with the quality of the partners who have submitted offers to date, and believe the power project will be well positioned to finalise development, financing and initiate construction once a binding offer has been agreed. Finally, the Company has received in principle support from loan holders to extend the loan for a further 12 months and is now finalising documentation which is expected to be completed shortly. This support for an extension from loan holders reflects the progress that has been made since June 2017, and will provide more time to explore refinancing opportunities in parallel with further project de-risking."*

Partner Search Process

As per previous guidance, the new partner process entered the second phase during the month of August 2017 with the focus on receiving non-binding offers from potential partners. This phase involved the opening up of a detailed dataroom, management presentations, and Q&A sessions with potential partners. The Company has begun receiving non-binding offers and expects to have all offers in before the end of the month.

The next phase will begin in September with the Company narrowing the process down to a few preferred parties who will be further supported by the Company to complete their detailed due diligence for submission of binding offers and Joint Development Agreement finalisation. Binding offers are targeted for early Q4 2017, and the Company expects to be in a position to accept its preferred offer before year end.

The Company's objective is to identify a new partner capable of providing a leadership role in the financing, construction and operation of the power plant, with a credible track record in both the global and African power sectors. Although limited information can be shared at this time due to the competitive nature of the process, the Company has been very encouraged by what has been received to date.

Shareholder Loan Extension

Following on from the encouraging results of the new partner process, the Company has received in principle support from all loan holders to amend the repayment date of the Shareholder Loan to 2 September 2018, an extension of 12 months. This will provide the Company with time to conclude the new partner process, better develop loan repayment options and raise additional working capital by the end of September 2017.

The Company expects all other terms of the Shareholder Loan to remain unchanged, including the loan returns. The Shareholder Loan includes the Shareholder Loan referred to in the announcement of 11 May 2017 and the New Loan and Employee Shareholder Loan announced on 23 June 2017.

Whilst discussions are at an advanced stage for the Shareholder Loan extension and the Partner Search Process remains on track, there can be no certainty that either will be finalised.

Further announcements will be made as appropriate.

Enquiries

For further information please visit www.ncondezienergy.com or contact:

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Note:

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain. If you have any queries on this, then please contact Hanno Pengilly, Chief Development Officer of the Company (responsible for arranging release of this announcement) on +44 (0) 739 261 6850.

Ncondezi 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.