

NEWS RELEASE

EdM Commercial Deal Extension

22 October 2015: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce that the conditions precedent for the commercial deal with Electricidade de Mozambique ("EdM") have been extended until 31 December 2015.

On 29 September 2015, the Company announced that it had requested a further extension to the commercial deal with EdM until the development pathway has been finalised including the selection of funding partner(s), confirmation of the Company's EPC and O&M arrangements and reconfirmation of the project economics which support the commercial deal with EdM. This request has been accepted by EdM with an extension granted until 31 December 2015.

The conditions precedent to the commercial deal include:

- Reaching a binding agreement with a strategic investor acceptable to EdM who is to be the key responsible party for the development, construction and operation of the 300MW power project;
- Signing bankable EPC and O&M agreements for the power plant, mine and common infrastructure; and
- Agreeing 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 Company is now focused on meeting the conditions precedent within the updated time frame.

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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.