

NEWS RELEASE

Ncondezi Energy Initiates EPC Final Binding Proposals Process

7 November 2013: Ncondezi Energy ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce it has launched the engineering, procurement and construction ("EPC") contract binding proposals process for its 300MW integrated thermal coal mine and power plant project (the "Ncondezi Project"), which is located near Tete in northern Mozambique.

Following the completion of the EPC Pre-Selection process in June 2013, where the Company received 16 non-binding indicative bids from power plant EPC firms, a pre-qualified short list of seven EPC firms have been selected to tender in the final binding proposals process. The pre-qualified bidders are expected to submit a binding, fixed price lump sum turnkey contract for the engineering, procurement, construction and commissioning of two 150MW power plant boiler units using Circulating Fluidised Bed ("CFB") technology in Q1 2014.

The previous EPC Pre-Selection process was based on a single 300MW boiler unit, however subsequent discussions with Electricidade de Mozambique ("EdM"), have resulted in a revised 2x150MW boiler unit specification and all pre-qualified EPC firms have confirmed that they can meet the revised technical specifications.

A preferred EPC firm is expected to be selected during Q1 2014 and the binding bid will play a key role in completing the Power Purchase Agreement ("PPA") negotiations during Q1 2014 as the recovery of the final binding capital cost will be included in the tariff rate agreed with EdM.

The binding process is being managed by STEAG Energy Services GmbH ("STEAG"), a subsidiary of one of Germany's largest electricity producers.

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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.