

## NEWS RELEASE

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### **Ncondezi Energy Signs Power Plant Ownership Structure Heads of Terms**

12 December 2013: Ncondezi Energy ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce it has achieved another important project milestone with the signing of the Power Plant Project Vehicle Ownership Binding Heads of Terms ("PPPV HoTs") with the Government of Mozambique, represented by the Ministry of Energy, for its 300MW integrated thermal coal mine and power plant project (the "Ncondezi Project"), which is located near Tete in northern Mozambique.

It is the intention that the equity in the Power Plant Project Vehicle ("PPPV") will be held by Ncondezi, a State nominated investor, Mozambican citizens and both local and foreign strategic investors.

In addition to Ncondezi's transferrable equity in the PPPV, the key principles for the new equity investors in the ownership structure of the PPPV are as follows:

- The State's nominated investor, which is expected to be Electricidade de Moçambique ("EdM"), will have a base participation of 5% in the share capital of the PPPV, to be funded via a financing mechanism to be agreed with Ncondezi;
- EdM has an option to acquire an additional 10% equity in the PPPV on commercial terms, exercisable up to Financial Close of the power plant;
- Mozambican citizens will – as envisaged under applicable Mega Projects legislation - be given the opportunity to take up a minimum of 5% equity in the PPPV at commercial market terms, within five years post project commissioning;
- Ncondezi will endeavour to promote participation in the PPPV by a Mozambican strategic investor on commercial terms; and
- Foreign strategic investors will be allowed to participate in the PPPV on commercial terms.

The PPPV HoTs are binding, but do stipulate that the PPPV will ultimately be structured so as to ensure the economic and financial feasibility of the Ncondezi Project, and may therefore be subject to change if deemed necessary to satisfy the equity and debt funding requirements for Financial Close.

Following the signing of the PPA HoTs, announced on 14 October 2013 and conclusion of the PPPV HoTs announced today, Ncondezi is now focused on completing the remaining Conditions Precedents of the Power Framework Agreement. Target completion for this material project milestone is still on track for Q4 2013.

#### **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.