

NEWS RELEASE

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NCONDEZI ENERGY LIMITED

OPEN OFFER OF UP TO 59,165,510 NEW ORDINARY SHARES AT 5.78 PENCE PER SHARE ON THE BASIS OF 1 NEW ORDINARY SHARE FOR EVERY 4 EXISTING ORDINARY SHARES WITH EXCESS APPLICATION FACILITY

Highlights

- Approximately £3.4 million to be raised by way of an Open Offer at an Offer Price of 5.78 pence per share.
- Open Offer (on the basis of 1 Offer Share for every 4 Existing Ordinary Shares) to provide Qualifying non-CREST Shareholders and Qualifying Depositary Interest Holders with an opportunity to participate in the Company's fundraising at the Offer Price.
- Africa Finance Corporation ("**AFC**") has irrevocably undertaken not to take up its Open Offer Entitlement and this will, together with any Open Offer Entitlements not taken up under the Open Offer, be made available to Qualifying Participants under an Excess Application Facility, subject to a maximum Offer Threshold.
- Funds from the Open Offer and Placing are to be used principally to:
 - to ensure that the Company is adequately funded whilst it works to complete the strategic partner process and EDM conditions precedent;
 - provide funding for select development work streams; and
 - fund the Company's further general working capital requirements.
- The Offer Price represents a premium of 7.5 per cent. to the Closing Price of 5.375 pence per Existing Ordinary Share and a premium of 0.87 per cent. to the 30 day volume weighted average price of 5.73 pence per Ordinary Share as at close of business on, in each case, 19 December 2014 (being the last practicable date before the publication of this announcement).

22 December 2014: Ncondezi Energy ("**Ncondezi**" or the "**Company**") (AIM: NCCL) is pleased to announce that, following completion of the Placing of 54,988,520 new Ordinary Shares to AFC and which raised £3.18 million (US\$5 million), before expenses, it is, as indicated in its announcement on 15 December, seeking to raise an additional amount of approximately £3.4 million (US\$5.4 million), before expenses, by way of an Open Offer to certain Qualifying non-CREST Shareholders and Qualifying Depositary Interest Holders ("**Qualifying Participants**").

The Open Offer will be conducted on the basis of 1 New Ordinary Share for every 4 Existing Ordinary Shares and at the same price of 5.78 pence per New Ordinary Share as was the case under the Placing to AFC. The Open Offer is intended to (a) offer Qualifying Participants an opportunity to acquire New Ordinary Shares at the placing price of 5.78 pence per New Ordinary Share by inviting them to subscribe for their Open Offer Entitlement and for any Excess Open Offer Entitlement, subject to availability, (b) to reduce dilution of the



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shareholdings of Qualifying Participants that would otherwise occur as a result of the Placing to AFC and (c) to provide the Company with additional capital to invest in the business of the Group.

In order to maximise the Ordinary Shares available under the Open Offer, AFC has irrevocably undertaken not to take up its Open Offer Entitlement. The Open Offer Entitlement that would have otherwise pertained to AFC, together with any Open Offer Entitlements not taken up under the Open Offer, will be made available to Qualifying Participants under an Excess Application Facility. The maximum number of Excess Shares for which a Qualifying Participant may apply under the Excess Application Facility will be a number equal to 100% of the Qualifying Participant's Open Offer Entitlement. Applications for Excess Shares under the Excess Application Facility will be satisfied only to the extent that corresponding applications by other Qualifying Participants are not made or are made for less than their pro rata entitlements. If applications under the Excess Application Facility are received for more than the total number of Ordinary Shares available following the take-up of the Open Offer Entitlements, such applications will be scaled back at the discretion of the directors, who will have regard to the pro rata number of Excess Shares applied for by the Qualifying Participants under the Excess Application Facility.

On 19 December 2014, the Company was notified by Strata Limited that it had, on that same day, effected the transfer of its entire holding of 54,289,641 Ordinary Shares in the Company to Strata Limited shareholders (the "**Strata Transfer**"). As a result, Strata Limited is no longer a shareholder in the Company and the Relationship Agreement between Strata Limited and the Company has terminated. As part of the Strata Transfer, 6,790,394 shares were transferred from Strata Limited to a trust in which Michael Haworth is deemed to be interested. Consequently, Michael Haworth is directly or indirectly interested in 12,726,743 Ordinary Shares representing 5.4 per cent. of the Company's outstanding issued share capital (as at 19 December being the latest practicable date prior to the date of this announcement).

An Open Offer Circular is today being posted to Qualifying Participants.

Fundraising statistics

Number of Existing Ordinary Shares	236,662,043
Number of Offer Shares	59,165,510
Offer Price	5.78 pence
Maximum gross proceeds of the Open Offer	£3,419,767
Number of Ordinary Shares as enlarged by the Open Offer (assuming that the Open Offer is taken up in full)	295,827,553
New Ordinary Shares as a percentage of the Enlarged Share Capital	20.0%

These highlights should be read in conjunction with the full text of this announcement. A Circular in connection with the Open Offer will be sent to Shareholders and will also be made available on the Company's website www.ncondezienergy.com once it has been posted.

Readers are referred to the important notice that applies to this announcement. Unless otherwise stated, references to time contained in this announcement are to UK time.

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Important Information

Neither the content of the Company's website (or any other website) nor any website accessible by hyperlinks on the Company's website (or any other website) is incorporated in, or forms part of, this announcement.

Any person receiving this announcement is advised to exercise caution in relation to the Open Offer. If in any doubt about any of the contents of this announcement or the action that you should take, independent professional advice should be obtained.

Liberum Capital Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser to the Company in connection with the Open Offer and is not acting for any other persons in relation to the Open Offer. Liberum Capital Limited is retained by the Company as nominated adviser and shall not be responsible to any other party for providing advice or taking any other action in relation to the Open Offer. Persons receiving this announcement should note that Liberum Capital Limited will not be responsible to anyone other than the Company for providing the protections afforded to clients of Liberum Capital Limited or for advising any other person on the arrangements described in this announcement. Liberum Capital Limited has not authorised the contents of, or any part of, this announcement and no liability whatsoever is accepted by Liberum Capital Limited nor does it make any representation or warranty, express or implied, for the accuracy of any information or opinion contained in this announcement or for the omission of any information. Liberum Capital Limited disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this announcement. Liberum Capital Limited may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Ordinary Shares (including the Offer Shares) and/or related instruments for its own account for the purposes of hedging any underwriting exposure or otherwise. Except as required by applicable law or regulation, Liberum Capital Limited does not propose to make any public disclosure in relation to any such transactions.

This announcement does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy New Ordinary Shares and/or Open Offer Entitlements and/or Excess Open Offer Entitlements to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this announcement must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, and Open Offer Entitlements and/or Excess Open Offer Entitlements may not be transferred through CREST, in or into, the United States of America, Canada, Australia, Japan or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the New Ordinary Shares and/or Open Offer Entitlements and/or Excess Open Offer Entitlements may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, or credited to the stock account of any person in the United States of America, Canada, Australia, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The New Ordinary Shares and the Open Offer Entitlements and the Excess Open Offer Entitlements have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan or the Republic of South Africa and they may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan or the Republic of South Africa or to any US person (within the definition of Regulation S made under the US Securities Act 1933 (as amended)).

The Open Offer that is the subject of this announcement may only be made in Jersey where the Open Offer is not an offer to public or the Open Offer is valid in the United Kingdom and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom. By accepting the Open Offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the Open Offer.

The Open Offer that is the subject of this announcement is being made within the Bailiwick of Guernsey in accordance with the Prospectus Rules 2008. The Open Offer is only being made within the Bailiwick of Guernsey to existing shareholders



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of the Company and a subscription for the New Ordinary Shares will only be accepted from such person. This announcement may not be reproduced or used for any other purpose.

Note regarding forward-looking statements

This announcement contains (or may contain) certain forward-looking statements with respect to the Company and certain of its goals and expectations relating to its future financial condition and performance which involve a number of risks and uncertainties. No forward-looking statement is a guarantee of future performance and actual results could differ materially from those contained in any forward-looking statements. All statements, other than statements of historical facts, contained in this announcement, including statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this announcement use words such as "aim", "anticipate", "target", "expect", "estimate", "plan", "goal", "believe", "will", "may", "could", "should", "future", "intend" "opportunity", "potential", "project", "seek" and other words having a similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of changes in interest rates and foreign exchange rates, changes in legislation, changes in consumer habits and other factors outside the control of the Company, that may cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. All forward-looking statements contained in this announcement are based upon information available to the Directors at the date of this announcement. The forward-looking statements in this announcement are based on the relevant Directors' beliefs and assumptions and information only as of the date of this announcement, and the forward-looking events discussed in this announcement might not occur. Therefore, investors should not place any reliance on any forward-looking statements. Except as required by law or regulation, the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

Investors are advised to read this announcement and, once available, the Circular and the information incorporated by reference therein, in their entirety for a further discussion of the factors that could affect the Company's or the Group's future performance and the industries in which they operate. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

This summary should be read in conjunction with the full text of the announcement which follows.

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NCONDEZI ENERGY LIMITED

OPEN OFFER OF UP TO 59,165,510 NEW ORDINARY SHARES AT 5.78 PENCE PER SHARE ON THE BASIS OF 1 NEW ORDINARY SHARE FOR EVERY 4 EXISTING ORDINARY SHARES WITH EXCESS APPLICATION FACILITY

1 INTRODUCTION

Your Board announced today that, following completion of the Placing of 54,988,520 new Ordinary Shares to Africa Finance Corporation, which raised £3.18 million (US\$5 million), before expenses, it is seeking to raise an additional amount of approximately £3.4 million (US\$5.4 million), before expenses, by way of an Open Offer to Qualifying Participants (on the basis of 1 Offer Share for every 4 Existing Ordinary Shares) of up to 59,165,510 new Ordinary Shares.

Open Offer

The Board proposes to raise approximately £3.4 million before expenses pursuant to the Open Offer through the issue of up to 59,165,510 New Ordinary Shares at a price of 5.78 pence per New Ordinary Share on the basis of 1 New Ordinary Share for every 4 Existing Ordinary Shares. The Offer Price represents a premium of 7.5 per cent. to the Closing Price of 5.375 per Existing Ordinary Share and a premium of 0.87 per cent. to the 30 day volume weighted average price of 5.73 pence per Ordinary Share as at close of business on, in each case, 19 December 2014 (being the last practicable date before the publication of this announcement).

The Open Offer is being made at the placing price of 5.78 pence per new Ordinary Share, which was the same price as was paid by AFC and which was the 30 day volume-weighted, average price of the Ordinary Shares as at close of business on 12 December 2014. The purpose for making the Open Offer is:

- (a) to provide Qualifying non-CREST Shareholders and Qualifying Depositary Interest Holders with an opportunity to acquire New Ordinary Shares at the placing price of 5.78 pence per New Ordinary Share;
- (b) to reduce dilution of the shareholdings of Qualifying Participants that would otherwise occur as a result of the Placing by inviting Qualifying Participants to subscribe for their Open Offer Entitlement and for any Excess Open Offer Entitlement, subject to availability; and
- (c) to provide the Company with additional capital to invest in the business of the Group.

Entitlements of Qualifying Participants pursuant to the Open Offer will be rounded down to the nearest whole number of Offer Shares. Fractional entitlements which would otherwise arise will not be allocated to the Qualifying Participants but will be aggregated and sold for the benefit of the Company. Further details of the Open Offer are set out in paragraph 3 below and Part 3 of the Circular.

Certain Overseas Shareholders will not qualify to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of Part 3 of the Circular.

In order to maximise the Ordinary Shares available under the Open Offer, AFC has irrevocably undertaken not to take up its Open Offer Entitlement. The Open Offer Entitlement that would have otherwise pertained to AFC, together with any Open Offer Entitlements not taken up under the Open Offer, will be made available to



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Qualifying Participants under the Excess Application Facility. Applications for Excess Shares under the Excess Application Facility will be satisfied only to the extent that corresponding applications by other Qualifying Participants are not made or are made for less than their pro rata entitlements. If applications under the Excess Application Facility are received for more than the total number of Ordinary Shares available following take-up of the Open Offer Entitlements, such applications will be scaled back at the discretion of the directors, who will have regard to the pro rata number of Excess Shares applied for by the Qualifying Participants under the Excess Application Facility. No assurances can therefore be given that the applications by Qualifying Participants will be met in full, in part or at all.

2 BACKGROUND TO AND REASONS FOR THE OPEN OFFER

Over the last 12 months, the Company has made significant progress in relation to the on-going development of its 300MW integrated thermal coal mine and power plant project which is located near Tete in northern Mozambique (the "Ncondezi Project").

In September 2014, the Company announced that it had reached a conditional commercial deal with Electricidade de Mozambique ("EDM") on the sale of electricity from the Ncondezi Project. 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 Ncondezi 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 per cent. debt and 30 per cent. 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.

The Company has been working to satisfy the conditions precedent and agree with EDM an indicative timetable to financial close which is now targeted for Q1 2016. Notwithstanding the progress that has been made, the conditions precedent for the commercial deal will not be met prior to the end of 2014 and the Company intends to seek an extension from EDM to the period for satisfaction of the conditions precedent.

In October 2014, the Company announced that it had entered into a non-binding memorandum of understanding with Shanghai Electric Power Company Limited ("SEP"), which may lead to SEP becoming a controlling shareholder in the Ncondezi Power Project and a minority shareholding in the Ncondezi Mine Project. SEP is a leading subsidiary of China Power Investment Corporation ("CPI") which has total installed capacity of 90,000 MW and is one of the largest power companies in the Peoples' Republic of China. A deal with SEP has the potential to provide the Company, and all stakeholders in the Ncondezi Project, with the opportunity to partner with a major power generation company and potentially fast track the timetable to financial close. SEP has undertaken a detailed due diligence process in relation to the Company that started in December 2013 and the Company continues to make good progress with SEP in relation to finalising their outstanding due diligence items. A binding agreement with SEP is now targeted for Q1 2015.

On 18 December 2014, the Company completed the Placing to African Finance Corporation ("AFC") of 54,998,520 new Ordinary Shares in the Company which raised £3.18 million (US\$5 million) before expenses. AFC is a leading African-led multilateral development financial institution which has significant experience of investing in African power and infrastructure projects. In October 2014, AFC executed financing documents on the Kpone IPP in Ghana which is a 350MW, light crude oil and gas fired, combined cycle power plant.

The Placing to the AFC was structured via a cash box. A cash box placing is a mechanism whereby a company can raise new equity funds via an issue of shares for non-cash consideration (to which pre-emption rights do not apply) in circumstances where it does not have authority to issue such shares directly for cash (for which

a disapplication of pre-emption rights is required). A cash box placing is not an issue for cash, but an issue of shares made in consideration for the transfer to the issuer of shares in a special purpose subsidiary company. The Placing to AFC was not subject to shareholders' approval.

The Board determined that the Placing to AFC was in the best interests of Shareholders as it allowed the Company to raise financing within a short timeframe and was combined with the Open Offer (through which the Company would be able to raise an additional amount of up to approximately £3.4 million). The Open Offer provides Qualifying Participants with the opportunity to subscribe for additional Ordinary Shares at the same price as AFC and to reduce their dilution associated with the Placing to AFC.

The Company's strategic focus continues to be to conclude a binding agreement with SEP or an alternative strategic investor acceptable to EDM and to satisfy the other conditions precedent of the EDM commercial deal and to progress the following work streams:

- finalisation of the work program and timetable to financial close with EDM;
- finalisation of the strategic investor process;
- finalisation of the Power Purchase Agreement and Power Concession Agreement with EDM and the Mozambican DoE;
- selecting the preferred EPC bid for the Power Plant and the negotiation of a bankable EPC contract;
- selection of the preferred EPC and mine contractor for the Mine and the negotiation of bankable contracts; and
- selection of the preferred Operation & Maintenance Contractor for the Power Plant and the negotiation of bankable contracts.

Funds from the Open Offer and Placing are to be used principally to:

- to ensure that the Company is adequately funded whilst it works to complete the strategic partner process and EDM conditions precedent
- provide funding for select development work streams; and
- fund the Company's further general working capital requirements.

3 PRINCIPAL TERMS OF THE OPEN OFFER

The Board proposes to raise approximately £3.4 million before expenses pursuant to the Open Offer through the issue of up to 59,165,510 New Ordinary Shares at a price of 5.78 pence per New Ordinary Share. The Offer Price represents a premium of 7.5 per cent. to the Closing Price of 5.375 pence per Existing Ordinary Share and of 0.87 per cent. to the 30 day volume weighted average price of 5.73 per Ordinary Share as at close of business on, in each case, 19 December 2014 (being the last practicable date before the publication of this announcement).

Qualifying Participants will have an Open Offer Entitlement pursuant to which they may apply for Offer Shares under the Open Offer at the Offer Price on the following basis:

1 Offer Share for every 4 Existing Ordinary Shares,

and so in proportion for any number of, or entitlements to, Existing Ordinary Shares held by them and registered in their names on the Record Date. In addition, Excess Shares over and above their Open Offer Entitlement will be available through the Excess Application Facility up to a maximum of the relevant Excess

Open Offer Entitlement Limit, provided that Qualifying Participants have taken up their Open Offer Entitlements in full.

In order to maximise the Ordinary Shares available under the Open Offer to other Shareholders, AFC has irrevocably undertaken not to take up its Open Offer Entitlement. The Open Offer Entitlement that would have otherwise pertained to AFC, together with any Open Offer Entitlements not taken up under the Open Offer, will be made available to Qualifying Participants under the Excess Application Facility. Applications for Excess Shares under the Excess Application Facility will be satisfied only to the extent that corresponding applications by other Qualifying Participants are not made or are made for less than their pro rata entitlements. If applications under the Excess Application Facility are received for more than the total number of Ordinary Shares available following take-up of the Open Offer Entitlements, such applications will be scaled back at the discretion of the directors, who will have regard to the pro rata number of Excess Shares applied for by the Qualifying Participants under the Excess Application Facility. No assurances can therefore be given that the applications by Qualifying Participants will be met in full, in part or at all.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Qualifying Participants' entitlements under the Open Offer.

Open Offer Entitlements will be rounded down to the nearest whole number of Offer Shares. Fractional entitlements which would otherwise arise will not be allocated to the Qualifying Participants but will be aggregated and sold for the benefit of the Company. Certain Overseas Shareholders will not qualify to participate in the Open Offer or the Excess Open Offer Entitlement. The attention of Overseas Shareholders is drawn to paragraph 6 of Part 3 of the Circular.

Valid applications by Qualifying Participants will be satisfied in full up to their Open Offer Entitlements and their Excess Open Offer Entitlements. Qualifying Participants are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares up to the Excess Open Offer Entitlement Limit through the Excess Application Facility. Applicants can apply for less than their entitlements under the Open Offer but cannot apply for more than their Excess Open Offer Entitlement Limit.

Application has been made for the Open Offer Entitlements and the Excess Open Offer Entitlements to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be credited to CREST on 23 December 2014. The Open Offer Entitlements and the Excess Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 9 January 2015. Applications through the CREST system may only be made by the Qualifying Depositary Interest Holder originally entitled or by a person entitled by virtue of bona fide market claims. The Offer Shares must be paid in full on application. The latest time and date for receipt of completed Application Forms or CREST applications and payment in respect of the Open Offer is 11.00 a.m. on 9 January 2015. The Open Offer is not being made to certain Overseas Shareholders, as set out in paragraph 6 of Part 3 of the Circular.

Qualifying Participants should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying Depositary Interest Holders should note that, although their Open Offer Entitlement and their Excess Open Offer Entitlement will be credited to their CREST accounts, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Depositary Interest Holder originally entitled or by a person entitled by virtue of a bona fide market claim. New Ordinary Shares which are not taken up under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Participants who do not apply to take up New Ordinary Shares will have no rights under the Open Offer. Offer Shares not applied for Qualifying Participants under their Open Offer Entitlement may be allocated to Qualifying Participants to meet any valid applications under the Excess Application Facility.



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The Open Offer constitutes an offer of Ordinary Shares in compliance with the pre-emption rights contained in the Company's Articles of Association and incorporates certain exclusions which the Board has deemed necessary or desirable due to legal or practical problems arising in or under the laws of certain territories. In the case of the Open Offer, the Board considers that the relevant exclusions include, amongst other things, restrictions on the ability for Overseas Shareholders to participate in order to reduce the risk of the Company breaching any overseas securities laws and rounding down each Qualifying Participant's entitlement to the nearest whole number. The fractional entitlements will be aggregated and made available via the Excess Application Facility.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part 3 of the Circular and on the accompanying Application Form.

The Offer Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for Admission. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 15 January 2015 at which time it is also expected that the Offer Shares will be enabled for settlement in CREST.

Upon completion of the Open Offer, and assuming take up in full, the Offer Shares will represent approximately 25.0 per cent. of the Company's existing issued shares and approximately 20.0 per cent. of the Company's Enlarged Share Capital.

4 DILUTION

Following the issue of the New Ordinary Shares to be allotted pursuant to the Open Offer, if the Open Offer is taken up in full, Qualifying Participants who do not take up any of their entitlements in respect of the Open Offer or who are not eligible to do so will experience a dilution of 38.6 per cent. of their interests in the Company as a result of the Open Offer.

As a result of the successful completion of the Placing to AFC, in total 54,988,520 Ordinary Shares were issued (representing 23.2 per cent. of the enlarged share capital of the Company following completion of such Placing).

The Open Offer, if fully subscribed, will result in the issue of 59,165,510 Offer Shares (representing approximately 20 per cent. of the Enlarged Share Capital of the Company). The Offer Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Offer Shares. No temporary documents of title will be issued for the Open Offer.

Shareholders who do not elect to participate in the Open Offer will suffer a maximum dilution, as a result of completion of the Placing and Open Offer, as set out in the table below:

	<i>Amount raised</i>	<i>Maximum number of Ordinary Shares issued/ to be issued</i>	<i>Dilution to non-participating Shareholders</i>
Placing	£3.18m	54,998,520	23.2%
Open Offer ⁽¹⁾	£3.4m	59,165,510	20.0%
Total	£6.58m	114,164,030	38.6%

Note:

(1) Assuming the Open Offer is taken up in full.

The participation of a Qualifying Participant for its Open Offer Entitlement and any Excess Shares does not guarantee that its percentage shareholding will not be diluted from the position prior to the Placing and the Open Offer as a result of the Placing and the Open Offer.

5 USE OF PROCEEDS

Any funds raised from the Open Offer will be used to:

- ensure that the Company is adequately funded whilst it works to complete the strategic partner process and EDM conditions precedent;
- provide funding for select development work streams; and
- fund the Company's further general working capital requirements.

6 TRANSFER OF STRATA HOLDING AND RELATIONSHIP AGREEMENT

On 19 December 2014, the Company was notified by Strata Limited that it had, on that same day, effected the transfer of its entire holding of 54,289,641 Ordinary Shares in the Company to Strata Limited shareholders (the "Strata Transfer"). As a result, Strata Limited is no longer a shareholder in the Company and the Relationship Agreement between Strata Limited and the Company has terminated. As part of the Strata Transfer, 6,790,394 shares were transferred from Strata Limited to a trust in which Michael Haworth is deemed to be interested. Consequently, Michael Haworth is directly or indirectly interested in 12,726,743 Ordinary Shares representing 5.4 per cent. of the Company's outstanding issued share capital (as at 19 December being the latest practicable date before the publication of this announcement).

7 INTENTIONS OF CERTAIN DIRECTORS

Michael Haworth, a Director of the Company, is interested in 12,726,743 Existing Ordinary Shares of which 2,330,314 Existing Ordinary Shares are registered in his name and the balance are held through a trust of which he is a potential beneficiary. Michael Haworth intends to subscribe for 1,165,156 Offer Shares which represents his total Open Offer Entitlement in respect of the shares registered in his name, including the Excess Open Offer Entitlement for these shares.

8 DIRECTORS AND THEIR INTERESTS IN THE ORDINARY SHARES

As at 19 December 2014 (being the latest practicable date prior to the publication of this announcement) and, as at Admission, the interests of the Directors in the issued shares of the Company were and are expected to be as follows:

<i>Director</i>	<i>Ordinary Shares held as at 19 December 2014</i>	<i>% of the Existing Ordinary Shares</i>	<i>Ordinary Shares that will be held as at Admission¹</i>	<i>% of the Company's issued shares as at Admission¹</i>	<i>Ordinary Shares that will be held as at Admission²</i>	<i>% of the Company's issued share as at Admission²</i>
Michael Haworth Non-Executive Chairman	12,726,743	5.4%	15,908,429	5.4%	19,090,115	6.5%
Paul Venter Chief Executive Officer	-	-	-	-	-	-
Estevão Pale Non-Executive Director	-	-	-	-	-	-
Peter O'Connor Non-Executive Director	-	-	-	-	-	-
Christiaan Schutte Non-Executive Director	-	-	-	-	-	-
Jacek Glowacki Non-Executive Director	-	-	-	-	-	-

1. Assuming that the Open Offer Entitlements including the maximum under the Excess Application Facility are applied for by that person and satisfied in full and the issue of all of the Open Offer Shares.

2. Includes shares held by a trust of which Michael Haworth is a potential beneficiary.

The above shareholdings are in addition to the interests of the Directors under any Employee Share Scheme, which have been previously announced.

9 SUBSTANTIAL SHAREHOLDINGS

As at 19 December 2014 (being the latest practicable date prior to the publication of this announcement) and, as at Admission, the interests of substantial existing Shareholders (excluding those of Directors disclosed above) issued shares of the Company were and are expected to be as follows:

<i>Director</i>	<i>Ordinary Shares held as at 19 December 2014</i>	<i>% of the Existing Ordinary Shares</i>	<i>Ordinary Shares that will be held as at Admission¹</i>	<i>% of the Company's issued shares as at Admission¹</i>	<i>Ordinary Shares that will be held as at Admission²</i>	<i>% of the Company's issued share as at Admission²</i>
African Finance Corporation	54,988,520	23.2%	54,988,520	18.6%	54,988,520	18.6%
Kulczyk Investments SA ³	29,111,719	12.3%	36,389,648	12.3%	43,667,577	14.8%
Brooks Macdonald Asset Management	25,149,195	10.6%	31,436,493	10.6%	37,723,791	12.8%

<i>Director</i>	<i>Ordinary Shares held as at 19 December 2014</i>	<i>% of the Existing Ordinary Shares</i>	<i>Ordinary Shares that will be held as at Admission¹</i>	<i>% of the Company's issued shares as at Admission¹</i>	<i>Ordinary Shares that will be held as at Admission²</i>	<i>% of the Company's issued share as at Admission²</i>
Hardwick Trust	9,548,787	4.0%	11,935,983	4.0%	14,323,179	4.8%
RBC, Jersey clients	8,387,502	3.5%	10,484,377	3.5%	12,581,252	4.3%
Canaccord Genuity Wealth Management	7,402,504	3.1%	9,253,130	3.1%	11,103,756	3.8%

1. Assuming that Open Offer Entitlements are taken up in full and the issue of all of the Open Offer Shares.
2. Assuming that Open Offer Entitlements including the maximum Excess Open Offer Entitlements are applied for by that person and satisfied in full and the issue of all of the Open Offer Shares.
3. Includes associated companies.

TIMETABLE

Record Date for the Open Offer	5.00 pm on 19 December 2014
Announcement of the Open Offer, publication of the Circular and the Application Form	22 December 2014
Ex-entitlement Date	22 December 2014
Open Offer Entitlements and Excess Open Offer Entitlements credited to CREST stock accounts of Qualifying Depository Interest Holders	23 December 2014
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4.30 pm on 5 January 2015
Latest time and date for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3.00 pm on 6 January 2015
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 pm on 7 January 2015
Latest time and date for acceptance of the Open Offer and receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction in respect of Depository Interests	11.00 am on 9 January 2015
Expected date for announcement of result of the Open Offer	12 January 2015
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 am on 15 January 2015
New Ordinary Shares credited to CREST members' accounts in Depository Interest form	15 January 2015
Dispatch of definitive share certificates for New Ordinary Shares in certificated form	by 21 January 2015

Each of the times and dates in the table above is indicative only and may be subject to change. If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.



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References to times in this announcement are to London time unless stated otherwise.

Note:

If you have any questions on how to complete the Application Form, please contact Computershare Investor Services (BVI) Limited on telephone number 0870 707 4040 or +44 870 707 4040 outside the UK. This helpline is open from 9.00 a.m. to 5.00 p.m. on Monday to Friday (inclusive). Please note that calls to the helpline cost approximately eight pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that calls to the helpline may be monitored or recorded and that the helpline is not able to advise on the merits of the matters set out in this announcement or provide any legal, financial or taxation advice.

The ISIN code for the Ordinary Shares is VGG640631039. The ISIN code for the Open Offer Entitlements is VGG640631377. The ISIN Code for the Excess Open Offer Entitlements is VGG640631294.

DEFINITIONS

The following definitions apply throughout this announcement, unless the context requires otherwise:

“Admission”	the admission of the Offer Shares subscribed for by Qualifying Participants to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM Rules for Companies and guidance notes as published by the London Stock Exchange from time to time
“Application Form”	the personalised application form on which Qualifying non-CREST Shareholders may apply for New Ordinary Shares under the Open Offer
“Board” or “Directors”	the directors of the Company as at the date of the Circular
“Business Day”	a day which is not a Saturday or Sunday or a bank or national holiday in England on which the banks are open for general banking business in the City of London
“BVI”	the territory of the British Virgin Islands
“City Code”	the City Code on Takeovers and Mergers, as amended from time to time
“Closing Price”	the closing middle-market quotation of an Ordinary Share, as established in the daily official list of the London Stock Exchange
“Company” or “Ncondezi”	Ncondezi Energy Limited
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
“CREST Payment”	shall have the meaning given in the CREST Manual issued by Euroclear
“CREST Regulations”	the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended

“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“Depositary Interest”	a depositary interest issued by Computershare, acting in its capacity as the depositary, representing an entitlement to an Existing Ordinary Share which may be traded through CREST in dematerialised form
“Depositary Interest Holders”	holders of any Depositary Interests
“Employee Share Scheme”	any scheme for providing incentives to employees and Directors of the Company involving share options, allocations or awards of shares, share appreciation rights or other similar matters involving shares or securities of the Company
“enabled for settlement”	in relation to Open Offer Entitlements or Excess Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear)
“Enlarged Share Capital”	all of the issued shares of the Company following completion of the Open Offer on Admission
“EPC”	a technical term referring to engineering, procurement, construction and commissioning
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited
“Ex-entitlement Date”	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer, being 22 December 2014
“Excess Application Facility”	the facility for Qualifying Participants to apply for Excess Shares up to the Excess Open Offer Entitlement Limit and subject to the terms and conditions of the Open Offer set out in Part 3 of the Circular and, in the case of Qualifying non-CREST Shareholders, also contained in the Application Form
“Excess Open Offer Entitlements”	in respect of each Qualifying Participant who has taken up his or her Open Offer Entitlement in full, the entitlement (in addition to his or her Open Offer Entitlement) to apply for Excess Shares up to the relevant Excess Open Offer Entitlement Limit and subject to the Offer Threshold and which may be subject to scaling down as set out in the Circular
“Excess Open Offer Entitlement Limit”	the maximum number of Excess Shares for which a Qualifying Participant may apply under the Excess Application Facility, as set

out in the relevant Application Form or credited to the relevant stock account, which will be a number equal to 100 per cent of the Qualifying Participants' Open Offer Entitlement

"Excess Shares"	Offer Shares in addition to those arising under the Open Offer Entitlement for which Qualifying Participants may apply under the Excess Application Facility, up to a maximum of the Excess Open Offer Entitlement Limit
"Existing Ordinary Shares"	the 236,662,043 Ordinary Shares in issue on the date of the Circular
"FCA"	the Financial Conduct Authority of the UK
"FSMA"	Financial Services and Market Act 2000 (as amended)
"London Stock Exchange"	London Stock Exchange plc
"MIREM"	Mozambican Ministry of Mineral Resources
"Money Laundering Regulations"	Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA (together with the provisions of the Money Laundering Sourcebook of the FCA and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms), the Terrorism Act 2000, the Anti-Terrorism Crime and Security Act 2001, the Proceeds of Crime Act 2002 and the Terrorism Act 2006
"Ncondezi Group" or "Group"	the Company and its subsidiaries as at the date of the Circular
"Ncondezi Project"	realisation by the Company of the full potential of the 300MW integrated thermal coal mine and power plant project located near Tete in northern Mozambique
"New Ordinary Shares"	the new Ordinary Shares to be issued pursuant to the Open Offer
"Offer Price"	5.78 pence per New Ordinary Share
"Offer Shares"	up to 59,165,510 New Ordinary Shares for which Qualifying Participants are being invited to apply at the Offer Price to be issued pursuant to the Open Offer and including, where the context so requires, the Excess Shares
"Offer Threshold"	means the aggregate maximum subscription not exceeding the Offer Shares
"Open Offer"	the conditional invitation made to Qualifying Participants to apply to subscribe for the Offer Shares at the Offer Price on the terms and subject to the conditions set out in Part 3 of the Circular and in the Application Form

“Open Offer Entitlement”	the pro rata entitlement of Qualifying Participants to subscribe for Offer Shares allocated to Qualifying Participants pursuant to the Open Offer
“Ordinary Shares”	shares of no par value each of the Company
“Overseas Shareholders”	a Shareholder or Depositary Interest Holder with a registered address outside the United Kingdom
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Placing”	the placing of 54,988,520 new Ordinary Shares to Africa Finance Corporation, which raised £3.18 million (US\$5 million) before expenses
“Qualifying Depositary Interest Holders”	Depositary Interest Holders on the register of Depositary Interest Holders of the Company on the Record Date (but excluding certain Overseas Shareholders)
“Qualifying non-CREST Shareholders”	Shareholders on the register of members of the Company on the Record Date holding Existing Ordinary Shares in certificated form (but excluding certain Overseas Shareholders)
“Qualifying Participants”	Qualifying non-CREST Shareholders and Qualifying Depositary Interest Holders
“Record Date”	5.00 pm on 19 December 2014 in respect of the entitlements of Qualifying Participants under the Open Offer
“Registrars” “Depositary” or “Computershare”	Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS99 6ZY
“Regulatory Information Service”	has the meaning given in the AIM Rules for Companies
“Restricted Jurisdiction”	Canada, Australia, Japan or the Republic of South Africa
“Securities Act”	US Securities Act of 1933 (as amended)
“SEP”	Shanghai Electric Power Company Limited
“Shareholders”	the holders of Existing Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Uncertificated or uncertificated form”	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST



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"United States", "United States of America" or "US"

the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction