

Project Update

20 July 2017: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce a project update on the new partner search and shareholder loans.

Key Highlights

- Positive feedback on new partner process with Letters of Interest received from several strategic parties
- Second phase of process initiated with select strategic parties
- New partner process completion targeted for Q4 2017, with the next update planned for August 2017

Partner Search Process

In June 2017, Ncondezi launched a new strategic partner process to identify a potential partner to develop the 300MW thermal coal power project (the "Project") jointly with the Company. Although the process is still at an early stage, the Company has been encouraged by the quality of the participating parties, which represent a combination of leading international power companies and regional power developers.

During July 2017, Ncondezi received Letters of Interest from several potential strategic parties which has allowed the Company to narrow the process down to a smaller select group for the second phase.

For the second phase of the process, potential partners will be expected to complete their necessary due diligence, Q&A and deal structuring work to submit non-binding offers to the Company. Based on the non-binding offers received from the parties, the Company will then narrow the process to a few preferred parties who will be further supported by the Company to complete their detailed due diligence for submission of the binding offers.

The process is currently targeting submission of binding offers before the end of Q3 2017 with transaction close during Q4 2017.

Further updates for shareholder are planned for August 2017.

Whilst the initial feedback in relation to the new strategic partner process is encouraging, there can be no certainty that the new strategic partner search process will be successful.

Shareholder Loans

Ncondezi plans to initiate discussions with Shareholder Loan holders to extend the maturity date of the Shareholder Loans, which currently reach maturity on 2 September, 2017. The extension is being requested to provide the Company with sufficient time to close out the strategic partner process and further explore loan repayment options, however, there can be no certainty that an extension to the repayment date will be agreed.

The Company expects more attractive repayment options to become available once the new partner process has been completed.

Assuming that the Shareholder Loans' repayment date can be extended, the Company will have sufficient funding in place to cover its working capital commitments until the end of September 2017.

Enquiries

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

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| Ncondezi Energy: | Hanno Pengilly | +44 79 0161 6098 |
| Liberum Capital Limited: NOMAD & Broker | Neil Elliot / Richard Crawley | +44 (0) 20 3100 2000 |

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 79 0161 6098.

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.