

NEWS RELEASE

Project Update

03 May 2018: Following the announcement on 25 April 2018, Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to provide an update on its process to conclude a binding Joint Development Agreement ("JDA") for the Company's integrated 300MW power and coal mine project in Tete Mozambique (the "Project").

Key Highlights:

- Integrated financial model ("FM") updated with proposals for engineering, procurement, and construction ("EPC") and operations and maintenance ("O&M") contracts.
- The Project consists of two 150MW coal fired power plants, open pit coal mine and 2km conveyor connecting to the power plant together with common infrastructure such as water dams, dumps, electrical reticulation and villages and a 92km transmission line connecting into the Mozambican northern power grid.
- Positive initial results, which continue to indicate the viability of the Project and confirm economics.
- Initial review indicates that there is the potential to deliver a more competitive power tariff to Electricity de Mozambique ("EDM") and the Ministry of Mineral Resources and Energy ("MIREME") for approval.
- The FM is currently under review by potential partners.
- Target completion of FM review in May 2018.
- Submission of FM to EDM and MIREME targeted for June 2018 to seek in principle support for a new power tariff envelope, this is the main priority for the Company.

All other timetable deliverables remain as per previous announcements.

There is no certainty that the transactions contemplated by this announcement will occur.

Ncondezi's Non-Executive Chairman, Michael Haworth, commented: *"Although still at an early stage, the preliminary results from the updated EPC and O&M information in the FM are positive and allude to the potential for delivery of a more competitive tariff to the Mozambican Government and EDM for approval. This also represents a significant milestone in the Project development process as the Company did not reach this stage of development with its previous potential partner. The next phase of the partner process is to finalise the FM by the end of May 2018, confirming a new tariff envelope which can be submitted to MIREME and EDM during June 2018. Should support be received for the new tariff envelope, the Company believes it will be well positioned to close out the JDA process and progress the Project to Financial Close."*

Enquiries

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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 +27 (0) 71 362 3566.

Ncondezi 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.