

26 March 2014

Edenville Energy plc
(‘Edenville’ or ‘the Company’)

Operational Update

Edenville Energy plc, the African coal exploration and development company, today announces an operational update.

Strategy

The Rukwa Coal Deposit, located in western Tanzania, is the focal point of Edenville’s strategy.

The Government of Tanzania is coordinating the construction of new electricity transmission infrastructure throughout the country. Under these plans, the Directors of Edenville understand that a planned power line from north to south along the western side of the country will pass close to Edenville’s coal deposit, ultimately linking the Rukwa region to the rest of the country.

The new transmission infrastructure, and the Tanzanian Government’s stated strategy of attracting foreign investment into the energy sector, presents an opportunity for international, independent power producers to establish a presence in mainland Tanzania.

Edenville has been approached by a number of companies who have expressed an interest in developing a power plant in partnership with the Company. Preliminary discussions are underway with several parties. These discussions are at an early stage and there can be no certainty that an agreement will be entered into, or as to the terms in which any agreement might be made. The Company will update the market when appropriate.

‘Powering Africa – Tanzania’ Summit Conference

In January 2014, two of the UK directors and two Tanzanian directors attended the ‘Powering Africa – Tanzania’ summit in Dar Es Salaam. The event was well represented by Government representatives, private industry leaders and financial institutions. Both Tanzania Electric Supply Company Limited (“TANESCO”) and the Ministry of Energy and Minerals (“MEM”) stressed the need for coal based fuel sources to be established in the power generation mix. Edenville had several meetings with government organisations to discuss the development of the Rukwa project in the context of Tanzania’s power requirements.

Independent Review

In February 2014, Edenville engaged a specialist power consultant to commence a detailed site assessment and independent review of infrastructure, fuel feedstock and water supply for a coal-fired power station. The results of this assessment will be important in establishing the optimum size range and feedstock blend for a power facility and underpins the Company’s discussions between Edenville and potential partners.

Licence Updates

Following a review of the Company's portfolio of licence interests, the Directors have decided to relinquish some of its non-core licences which were acquired for shares at the time of the Company's admission to AIM following its acquisition of Edenville International Ltd in 2010. It has retained the remaining licences in line with its stated strategy of developing the Company's Rukwa coal-to-power project and further evaluation of additional coal and uranium prospects. This allows managerial, financial and technical resources to be focussed on the achievement of that strategy.

Relinquishment of these licenses will reduce the Company's work commitments over the next 12 months by approximately US\$1,000,000 and, in addition, represent a saving in annual licence holding fees of over \$50,000. This decision will allow Edenville to continue its cash management program and direct capital to the Rukwa coal projects which the Board believes represents the best value for shareholders.

As a result of the decision to relinquish certain licence interests, an impairment charge is expected to be made to the statement of comprehensive income in the Company's next financial statements of approximately £1.7 million. This is in accordance with the Company's accounting policies and IFRS, as when the Directors determine that it will discontinue exploration or development on a property or when exploration rights or permits expire or are relinquished, an impairment charge arises.

Environmental and Social Impact Assessment ('EIA')

Edenville's completed Environmental Impact Assessment for a first stage mining project has been submitted to the National Environmental Management Council ("NEMC"). The Company expects news from the relevant authorities during the second quarter of 2014. Once a permit is in place it will move forward Edenville's option to mine and / or conduct bulk trials from a starter pit at Namwele and Mkomolo, either independently or with a partner.

Exploration Work

As part of Edenville's ongoing development plans for the core licences that comprise the Rukwa Coal Deposit, Edenville plans to investigate possible extensions to the existing Namwele and Mkomolo coal beds. There are several areas in the vicinity of the main coal deposit which are believed to be coal bearing. Geological mapping and sampling work will be carried out in the coming field season, commencing June, to better delineate areas of high geological potential which could host extensions to the existing coal resource.

Edenville will also conduct a geological review of those licenses which sit outside the Rukwa region, namely Matiri, Mwitikila and Ikungu. These licences are located in areas which are prospective for Uranium, and Matiri also has coal potential. A fieldwork program is scheduled to commence in June, at the start of the dry season, which will allow assessment of each of the project's commercial merit and provide a better understanding of their potential contribution to Edenville's strategy.

Rufus Short, CEO of Edenville, said:

“Edenville’s project has entered a new phase where we are seeking to match our coal deposit with the most viable power option, ultimately contributing to the continued electrification of Tanzania. As a consequence of the placing announced in January 2014, the Company has a stronger cash balance better positioning us to maintain the Rukwa coal assets whilst discussing partnership opportunities.

“It is important to understand that this is not a standalone mining project which is linked to, or dependent on, commodity price cycles for its development and success. It is a potential fuel source for a country and region undergoing a significant, and long term, development of its power industry over a timescale of several years.

“The deposit is strategically located in western Tanzania and whilst certain timelines for the project are inevitably linked to the country’s power development programme, Edenville’s intention is to move forward, technically and commercially, to advance the project along with the best possible partners in the energy space, maximising value for shareholders.

“The Board’s decision to relinquish some of the Company’s non-core licences will free up both capital and resources to concentrate on the Rukwa coal to power project. We consider this a rational approach in a market that is focused on assets that have a clear path to monetisation.

“Over the coming months we will continue to update the market and shareholders on the progress of the project.”

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Notes to Editors

With a significant lack of domestic power supply in Tanzania, the Government is moving forward with the proposed ‘Western Power Line’. The main power transmission line will pass by Sumbawanga, located close to Edenville’s coal deposit, ultimately linking the existing and future power generation sources in the south and southwest of Tanzania to the load centres in the Mwanza and Arusha regions in the North.



A 66kV interconnector is already established in Sumbawaga, linking the town to Zambia, with the potential to use this facility to export power back to Zambia. For future interconnections with neighbouring countries, such as, Kenya, DRC, Zambia and Malawi, the grid is a key component for regional economic cooperation and development. The Government's intention is to increase installed generation capacity from 1,438 MW to 2,780MW by 2015, providing access to electricity to an additional 4 million people, an extra 9 per cent of the population.

The Rukwa Coalfields are ideally located and strategically well placed to tie into the national electrification plan. Edenville's project lies in close proximity to the proposed route for the Sumbawanga 400 kV line, which will provide power to the north and south. There is also the potential to export power directly into Zambia using the existing 66kV interconnector located at Sumbawanga.

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