

20 August 2010

EDENVILLE ENERGY PLC ("Edenville" or the "Company")

Coalfield Acquisition, Tanzania

Edenville Energy plc (AIM:EDL), the resource exploration and development company, today announces the successful completion of an agreement to acquire the majority interest in multiple licences covering the Namwele, Nkomolo and Muze coal deposits of the Rukwa Coalfield in southern Tanzania.

Highlights

- Initial 70% ownership in 2 prospecting licences and 66 primary mining licences covering the Namwele, Mkomolo and Muze deposits of the Rukwa Coalfield.
- Option to increase holding to 90% - 100% interest in a reconnaissance prospecting licence surrounding the Namwele and Mkomolo deposits
- Total land area under consideration 338.47km²
- Edenville continues active exploring of the Matiri licences in southern Tanzania.

Edenville has entered into an Acquisition and Option Agreement with Upendo Group Ltd, a Tanzanian registered company, whereby Edenville has acquired an initial 70% interest in 2 Prospecting Licences (PL), covering a total of 232.94km², and 66 Primary Mining Licences (PML). Edenville has additionally acquired an undivided 100% interest in a Prospecting Licence - Reconnaissance (PLR) covering an area of 98.95km², which surrounds the Namwele and Mkomolo PML's. The consideration cost for these properties is US\$75,000.

The 66 Primary Mining Licences cover a combined total area of 6.58km², and are located in three clusters covering the known occurrences of outcropping coal at Namwele, Nkomolo and Muze. Through the agreement Edenville has the option to increase the initial interest in these licence properties to 90% over a two year period by making payments totalling US\$150,000. The local partner will hold the remaining 10%.

Operational Strategy

Edenville is finalising a work programme for the new Rukwa project and expects field operations to commence within a month. Work will consist of data collection and database creation, geological mapping, geochemical sampling, geophysical surveys, bulk sampling and drilling. Drilling is to be commenced before the end of the year. The objective of the work programme will be to evaluate the potential of a large tonnage, open pit resource.

At the Company's existing coal assets in southern Tanzania geological prospecting is well underway with surveys being carried out at the Matiri licences in Southern Tanzania.

The Rukwa Coalfield

The coalfields of Tanzania have been known since the beginning of the last century, but it is only over the past few years that modern exploration methods have been applied to a number of the known coalfields. The Namwele deposit was discovered in 1914 and to date there are no known JORC compliant resources estimated for the deposits of the Rukwa Coalfield; although small-scale open cast mining occurred at the Namwele deposit, when in 2004 the Upendo Group Ltd reportedly produced coal at a rate of 2,500 tonnes per annum. This product was sold to Mbeya Cement. The coal quality is reported as moderate to low sulphur with a high ash content and thermal characteristics of sub bituminous to bituminous coals, but more work is required to determine the metallurgical characteristics of the coal.

Exploration at Namwele and Mkomolo in the 1920s and 1930s included shaft sinking and drilling of three boreholes, with additional exploration pitting and 1,000m of underground exploration development being completed in the 1940s. In total four shafts were sunk at Namwele and Mkomolo where coal was reported to occur in seams up to 1m thick. Muze was explored at the same time with two boreholes drilled identifying coal in at least one seam of 3.2m thickness.

Simon Rollason, Chairman of Edenville, commented that "The Rukwa Coalfields are ideally positioned in southern Tanzania. As with our other coal projects, in southern Tanzania, the Rukwa region sits within the Tanzania Government's Mtwara Development Corridor project, that seeks to develop the coalfields and construct thermal power stations in the region. The Rukwa coalfield project provides Edenville with potential for coal production and supplements the existing coal projects being worked on in Tanzania. Our strategy remains the same; to efficiently prove up resource projects and consistently deliver value to shareholders from a portfolio of operations. Through this agreement we have acquired a number of highly prospective, shallow, coal assets that Edenville will look to rapidly add value to through exploration and development. We look forward to announcing results from the Edenville coal portfolio once current new data has been fully analysed."

Contact:

Edenville Energy plc

Simon Rollason - Chairman - **+44 (0) 20 7099 1940**

Rakesh Patel - Finance Director - **www.edenville-energy.com**

ZAI Corporate Finance Ltd - Ray Zimmerman/John Depasquale - **+44 (0) 20 7060 2220**

Threadneedle Communications - Laurence Read/Beth Harris - **+44 (0) 20 7653 9855**

Further information

Mtwara Development Corridor

The Mtwara Development Corridor (MDC) is a Spatial Development Initiative (SDI) which will see the development of the Mtwara port as a second major port facility, after Dar Es Salaam, with rail links planned to cross Southern Tanzania. This will create an economic growth zone of trans-border trade and investment linking Tanzania, Malawi, Mozambique and Zambia through a transport corridor to be served by the seaport of Mtwara on the Indian Ocean and provide a gateway for international trade. The MDC project in Tanzania is being steered and promoted by the National Development Corporation of Tanzania (NDC) who are actively promoting the region and have recently short listed tender companies for the development of the Mchuchuma coalfield and the Liganga iron ore deposit. NDC recently signed a Memorandum of Understanding (MoU) with the Henan No.1 Thermal Power Construction Company (HPPC) of China relating to the construction of a 400Mw power station close the Ngaka Coal Project in Ruvuma Region of south-western Tanzania. This demonstrates NDC's and the Government's commitment to promoting the development of Independent Power Production (IPP) within Tanzania, especially in the southern region where the coalfields occur. The market for any coal and coal based products, identified by Edenville lies in both the export market to neighbouring African nations as well as overseas export. The potential exists that greater demand for power in Tanzania and from its neighbours will create the need for additional thermal power generation. To facilitate increased generation capacity, an extensive upgrade to major transmission lines is included in the Tanzanian government's draft Master Electricity Plan developed by Tanesco (the Tanzanian Power Authority) in association with the World Bank.

Project overview

The Rukwa Coalfields project covers an area of 338.47km² and is located 40km north of Sumbawanga, the regional capital. The Muze coal deposit occurs 15km east of the Namwele-Mkomolo coal deposits, lying approximately 130km south of the Mpanda rail head on the Central Line and 220km north of Tunduma on the Tazara Railway Line.

This information is provided by RNS - The company news service from the London Stock Exchange