

01 December 2014

Edenville Energy plc

('Edenville' or 'the Company')

Strategy Update

Edenville Energy plc, the African coal development company, today announces a strategy update.

Key Messages

- Management review of progress made during 2014, coupled with significant advancements in Tanzania's Energy and Infrastructure development, affirms Edenville's commitment to progressing its Rukwa Coal Project in Western Tanzania. As per the Company's strategy laid out in November 2013, the long-term opportunity is to develop the Rukwa Coal Project through the construction of a minemouth coal-fired Thermal Power Plant connecting into the planned Western Transmission Line power grid development, scheduled to pass within 12km of the coal deposit.
- Refinement of the Company's strategy, underpinned by positive results from detailed coal quality test work on the uppermost coal seams (November 2014), to identify and assess near-term production opportunities which could allow the early monetisation of the Rukwa Coal Project with the objective of supporting the longer term vision of providing a power solution in Western Tanzania.

Review of the Development of the Rukwa Coal Project

It is approximately 12 months since the Company laid out its strategy for the development of the Rukwa Coal Project.

During the period, the macro energy and infrastructure situation in Tanzania has positively evolved with:

- The Government of Tanzania's Power Reform Strategy and Roadmap, published in June 2014, demonstrating commitment to expand power generation capacity and transmission infrastructure over the next decade. A significant part of this reform relates to the construction of a new power grid in the west of Tanzania, which will transmit power from a variety of sources, including Thermal Power Plants confirming Edenville's strong position to participate in the country's power development process via its Rukwa Coal Project.
- Preparation work for the northern portion of the Grid network ongoing. This new grid infrastructure will run from Geita through to Nyakanazi in Tanzania, extending towards Rwanda and Burundi as part of the Eastern Africa Power Pool development strategy.
- Edenville's Power Plant Feasibility Study, commissioned November 2014, which will utilise data from existing feasibility work on the planned Western

Transmission Line; initially based on a 220kV grid system, with a revised upgraded study for a 400kV grid proposed. The Western Transmission Line represents the section of new grid infrastructure which runs from Nyakanazi south to Mbeya, and is scheduled to pass within 12km of Edenville's Rukwa Coal Project.

Edenville Energy has been encouraged by the progression of the new grid infrastructure programme and also by the Tanzanian Government's stated policy to include a proportion of coal-fired power in the electricity generation profile. The Company has continued to deliver progress in a step-wise manner, with the following key deliverables since the last strategy update in November 2013:

- Commenced detailed coal sampling and test work on the Rukwa Coal Project with a view to producing a comprehensive commercial specification sheet for the uppermost coal seams. Coal quality results from the top coal seam at Namwele, sampled to a maximum depth of 4 metres below surface, exceed historical estimates. Further results for the Mkomolo and Muze coal deposits are expected to be released before year end.
- Appointed Arun Srivastava as a Non-Executive Director of the Company. Mr. Srivastava served as Managing Director and CEO of Essar Power Limited and has more than 40 years of experience in the power industry.
- Defined the scope for a mine-mouth, Clean Coal Thermal Power Plant of 100MW+ over a project life of 30 years.
- Commissioned a Power Plant Feasibility Study ("PPFS") for a 100MW+ clean coal thermal power plant. The PPFS is being completed by Lahmeyer India (a division of Lahmeyer International GmbH Germany), a group with extensive experience in thermal power plant design, construction, transmission and distribution, and is expected to be finalised in Q1 2015.
- Completed the mapping and ground magnetics geophysical survey of the three coal basins. The processing of the geophysical data and mapping interpretation is now in progress with a view to identifying extensions to the existing JORC-compliant, Measured and Indicated Resource of 170 million tonnes of in-situ coal.
- Awarded the Environmental Impact Assessment ("EIA") certificate which approves coal mining operations at the Namwele and Mkomolo coal deposits.
- Following a Scoping Study by Aequo Global Partners for a large scale Coal to Power project, Edenville received a non-binding Expression of Interest ("EOI") from the EPC division of a multi-national conglomerate company and talks continue between the respective firms and other interested companies.
- Relinquished non-core licences, in line with its stated strategy of developing the Rukwa Coal Project and to focus managerial, financial and technical resources on the achievement of that strategy.
- Changed Nominated Adviser and Broker and raised £1.45m to allow the Company to continue with the development of the Rukwa Coal Project.

Strategy Outlook

Against this backdrop, the Company has reviewed the progress made and the strategy laid out in November 2013. The milestones achieved have increased the understanding of the Rukwa Coal Project and its potential contribution to

Tanzania's Power Reform Strategy. As confidence in the project has increased, additional work has been commissioned which will be complete in early 2015. Amid challenging conditions for early stage mining companies, the Directors believe that the Company has made tangible progress, interfacing with macro level developments in Tanzania, and as such further commitment and investment to progress the Rukwa Coal Project is warranted.

The Directors recognise that the strategy of the Rukwa Coal Project supporting a power solution in Western Tanzania requires a long-term perspective with the requirement for significant amounts of capital. Accordingly, the Directors are seeking to identify near-term revenue opportunities which will enable the Company to be less reliant on external financing and should create the conditions for the Company to fulfil its longer term objectives of supporting a power solution in Western Tanzania. The Company is in the early stages of identifying near-term revenue opportunities and will provide further updates as appropriate.

As part of the strategy to focus on core assets and following an on-going review of the Company's portfolio of licence interests, the Directors have decided to relinquish PL5420, one of its non-core uranium licences which was acquired for shares at the time of the Company's admission to AIM following its acquisition of Edenville International Ltd in 2010. This will ensure financial resources are focused on areas most likely to add value in the near term.

Relinquishment of this licence will reduce the Company's work commitments over the next 12 months by approximately US\$180,000. 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 PL5420, an impairment charge is expected to be made to the statement of comprehensive income in the Company's next financial statements of approximately £1.2 million. It is a non-cash impairment and 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.

Conclusion

Edenville is committed to making further progress at the Rukwa Coal Project and believes that it can provide a credible energy source for the region. The Directors will identify and evaluate near term revenue opportunities to enable the achievement of its long term objective. The Company looks forward to reporting on progress in due course.

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Edenville Energy plc Sally Schofield - Chairman	+44 (0)20 7653 9850
Cantor Fitzgerald Europe (Nominated Adviser and Broker)	+44 (0) 207 894 7000

Stewart Dickson / Jeremy Stephenson

Newgate Threadneedle (Financial PR)
Roddy Watt / Edward Treadwell

+44 (0) 207 653 9850

<http://www.edenville-energy.com>