



23 January 2017

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

Partnership with Sinohydro Corporation

Edenville Energy plc (AIM: EDL) is pleased to announce that the Company has established a strategic partnership with Sinohydro Corporation of China ("Sinohydro") in relation to the Company's Rukwa Coal to Power Project (the "Project"). This strategic partnership is underpinned by a Memorandum of Understanding ("MOU") which Edenville and Sinohydro have signed regarding the codevelopment of the Project. Currently, Sinohydro has 486 international projects under construction in more than 72 countries, with a total contract value of nearly US\$ 43 billion.

Key Points

- Edenville and Sinohydro establish strategic partnership and sign MOU to codevelop Rukwa Coal to Power Project;
- Sinohydro to complete Bankable Feasibility Study for the Power Plant Project; and
- Edenville to continue responsibility for the coal mine and fuel supply

The MOU sets out the basic terms to build a strategic partnership between Edenville and Sinohydro, with the aim of then proceeding to a formal Joint Development or Joint Venture Contract, where Sinohydro will have the role of EPC (Engineering, Procurement and Construction) contractor for the Project.

The MOU is valid for 18 months until 19 July 2018 and gives both companies exclusive rights to work with each other on the project during this time. The tasks to complete pre-development will be shared by the two companies, depending on the relevant experience and specialisation of each of Edenville and Sinohydro.

Sinohydro has previously committed considerable time and resources to the Project. In H2 2016, prior to signing the MOU, it carried out extensive review work on site along with completing a technical proposal and an independent financial model. As part of its commitment pursuant to this MOU, Sinohydro will complete a Bankable Feasibility Study ("BFS") for the proposed Rukwa Power Plant. It is estimated that Sinohydro will incur costs of approximately US\$1 million on BFS related work. Sinohydro's project team will also use their considerable experience of working with Chinese and other financial institutions to assist in exploring appropriate funding options available for development capital to be used

for construction. Edenville will be responsible for the continued development of the coal mine portion of the project along with the permitting and legal aspects to advance the power plant to its construction phase.

Throughout the MOU period Edenville will retain all its ownership rights, shareholdings and control of its coal deposit along with control and ownership of its two Tanzanian companies, Edenville International Tanzania Ltd and Edenville Power Tanzania Ltd.

Certain other key terms of the MOU are set out below:

- The MOU is not legally binding but is governed and construed in accordance with the laws of England and Wales;
- Should the MOU not proceed to a legally binding development agreement between Edenville and Sinohydro and if the BFS is subsequently used by Edenville with another strategic partner, Edenville will return the cost incurred for the BFS back to Sinohydro; and
- No assurances can be given at this stage that the MOU will lead to a successful outcome for the Company and either party may issue a termination notice, giving the other party 2 months' notice.

Rufus Short CEO of Edenville Energy commented: "I am extremely pleased that we have been able to develop our working relationship with Sinohydro over the later part of 2016 when they carried out extensive feasibility work, culminating in the signing of the MOU. We can now advance together and move the Project to the stage where the goal is a formal EPC contract and the subsequent development of the Project.

"In the last year, there has been great interest from groups that have shown the technical competency to complete the Project. Sinohydro's broad experience in Africa and its presence in Tanzania for over a decade give us the confidence that we have joined with a group that can bring many positive benefits to the Project and execute the construction process efficiently and cost effectively.

"This MOU and the planned development of the mining operation at Rukwa both represent significant and exciting steps forward for the Company. I look forward to providing further updates regarding the Project as we move forward together with Sinohydro."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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Sinohydro Overview

A comprehensive background to Sinohydro can be found at www.sinohydro.com and eng.synohydro.com.

Currently, Sinohydro has 486 international projects under construction in more than 72 countries, with a total contract value of nearly USD 43 billion.

Sinohydro have been present in Tanzania since 2005 and has completed several construction contracts in road, water, and transport infrastructure. It is active in many African countries and has been responsible for the construction of coal and hydropower power plants, road construction and associated infrastructure in Kenya, Uganda, Zimbabwe and the DRC. Sinohydro has been the strategic cooperation partner of major Chinese financial institutes including China Exim Bank, China Development Bank, Sinosure and ICBC. With its deep understanding and relationship with Chinese funding organisations Sinohydro has also successfully assisted foreign governments and relevant authorities in obtaining funds from China for major development and infrastructure projects.