

NEWS RELEASE

Appointment of Tariff Advisors

12 December 2019: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to provide an update on its power tariff finalisation and submission process for the integrated Ncondezi 300MW coal fired power project and coal mine in Tete, Mozambique (the "Project").

Highlights:

- Synergy Consulting ("Synergy") selected as preferred financial advisor to prepare Project financial model and finalise tariff submission and negotiation process with Electricidade de Moçambique ("EDM")
- KPMG Auditores e Consultores S.A. ("KPMG") appointed to provide tax services related to the Project financial model
- Tariff financial model kick off meetings with strategic partners, advisors and lenders to start financial model update and tariff finalisation are being held in Beijing in December 2019
- Key inputs to update the Project financial model and tariff on track to be received by end of December 2019
- EPC and O&M bid submissions from Project strategic partners expected in December 2019 following completion of due diligence process by strategic partners
- Target tariff negotiation finalisation during H1 2020

Ncondezi Chief Executive Officer, Hanno Pengilly said: *"Finalising the financial model and tariff submission are the next key steps for the Project and we remain on track to receive all the relevant bids for input into the financial model to meet our timelines. The appointment of Synergy and KPMG, strengthens our team as we move towards finalising the tariff negotiation in H1 2020. We look forward to the start of the financial model meetings in Beijing."*

This project supports Mozambique's energy strategy of universal electricity access by 2030. According to the World Bank, only 30% of the Mozambican population had access to energy in 2017. The Ncondezi Project would provide 300MW of reliable and available power helping to close the infrastructure gap of the region and serving as a catalyst for economic development.

The power plant will be designed to be equipped with state-of-the-art emissions controls technologies that will reduce local air pollutants, minimizing the plant impact on the environment and ensuring its compliance with the most stringent emission standards."

Project Financial Advisor

With key inputs to update and finalise the Project power tariff expected during December 2019, the Company and its strategic partners agreed that a specialist financial advisor was required to review the new information, update the Project financial model, submit and lead negotiations of the final tariff with EDM. In August 2019 the Company and its strategic partners launched a competitive process to select a financial advisor. Following a detailed evaluation between the Company and its strategic partners of the proposals submitted, Synergy was selected as the preferred advisor.

Synergy is a leading international project finance advisory firm specialising in the power sector with over US\$50bn worth of transactions closed across the globe. In Mozambique, Synergy has extensive experience

advising on a number of projects. This includes advisory services to Ncondezi, where Synergy has acted as financial advisor to the Project on various mandates since 2016.

Synergy's key responsibilities include:

- Provide commercial and financial due diligence of the EPC and O&M contracts and financing assumptions from lenders
- Preparation of a comprehensive and robust Project financial model to produce a firm tariff proposal for submission to EDM
- Lead tariff negotiations with EDM

Synergy will be remunerated for its services through a fixed monthly cash retainer fee, with total fees capped at \$105k.

Aman Sachdeva, a director of the Company is also a director, founder and majority shareholder of Synergy.

Project Tax Services

In addition to key inputs to the Project financial model such as the EPC and O&M contracts and preliminary financing terms from lenders, it is important for the model to be reviewed from a Mozambique tax perspective to ensure that all potential impacts to income flows are considered and are up to date. KPMG, a member of KPMG International registered and operating in Mozambique, has been appointed to carry out this work. The work is expected to be completed within the existing time frames to complete and submit the tariff to EDM.

Related Party Transaction

The Synergy appointment constitutes a related party transaction for the purposes of AIM Rule 13. Accordingly, the Board, excluding Aman Sachdeva, being the Company's Independent Directors in relation to the Synergy appointment, considers, having consulted with Liberum Capital Limited, the Company's Nominated Adviser, that the terms of Synergy's appointment are fair and reasonable insofar as the Company's shareholders are concerned.

Enquiries

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