

## NEWS RELEASE

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### **Ncondezi Project Tariff Process Update**

18 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:**

- Tariff financial model kick off meetings with strategic partners, advisors and lenders completed in Beijing, China
- Work programme and allocation of responsibilities for tariff finalisation and submission to Electricidade de Moçambique ("EDM") agreed
- Letter of Interest ("LoI") received from Industrial and Commercial Bank of China ("ICBC") to provide debt financing for the Project
- Ncondezi targeting minimum debt financing of 70% of Project capital cost
- Indicative financing terms expected to be received late December 2019
- Updated EPC and O&M bids submission schedule on track for first submission late December 2019 with supporting information in early January 2020
- Tariff submission remains on track for early Q1 2020
- Target tariff negotiation finalisation expected during H1 2020

**Ncondezi Chief Executive Officer, Hanno Pengilly said:** *"I'm happy to report that the Company has successfully concluded meetings in Beijing with its strategic partners, advisors and potential lenders ahead of finalising the Project tariff financial model. All parties are aligned with the work requirements over the coming weeks. Initial EPC and O&M bid information is expected during December 2019, however our strategic partners have requested a 2 week extension to supply supporting information due to internal approval process requirements. This is not expected to have a material effect on our process and we remain on track to receive all relevant materials to complete the update in time for our targeted tariff submission in early Q1 2020.*

*The LoI from ICBC, a leading bank in China and one of the largest banks in the world, is the first step in the process to finalise debt financing for the Project and demonstrates the appetite for funding such projects."*

#### **Tariff Process Update**

Finalisation of the Project power tariff for submission to EDM requires the financial model and its key inputs to be updated. A key component in this process is the receipt of firm EPC and O&M proposals from the Project's strategic partners, which will provide capex and opex assumptions for the financial model. Following successful site visits and Q&A Sessions held in October 2019, the Company's strategic partners have indicated that they remain on track for initial delivery in late December 2019 with supporting information in early January 2020.

In parallel to the EPC and O&M process, the Company has been working with its strategic partners to engage with lenders to receive preliminary financing terms for the debt component of the Project financing. Receipt of preliminary terms is targeted for the end of December 2019 and will be used to update the financial model to generate a robust power tariff.

When the financial model has been updated with all key inputs, a new tariff will be generated for submission to EDM. Once submitted, the Company expects to initiate and finalise tariff negotiations with EDM during H1 2020.

### **ICBC Letter of Interest**

The Project has received an Lol from ICBC bank to provide debt financing. ICBC is a leading bank in China and one of the largest banks in the world. It has a strong relationship with the Project strategic partners, having worked with them on providing debt facilities to their recently completed Thar power plant in Pakistan, a project which is approximately double the size of the Ncondezi Project at 660MW, utilising similar generation technology and with an integrated coal mine.

Whilst non-binding and still at an early stage, the Lol represents a first step in the debt financing process. The Company and its strategic partners are now focused on working with ICBC to receive preliminary debt funding terms for the Project ahead of submission to EDM. Ncondezi is targeting minimum debt financing of 70% of total Project capital costs.

### **Enquiries**

For further information please visit [www.ncondezienergy.com](http://www.ncondezienergy.com) or contact:

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### **About Ncondezi Energy**

Ncondezi is an African power development company with an advanced staged, integrated 300MW thermal coal power plant and mine project located in the Tete Province, Northern Mozambique.

The Company is focused on providing reliable, affordable and accessible baseload energy which will secure against the effects of water drought and intermittency of new renewables. 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's impact on the environment and ensuring its compliance with the most stringent emission standards

In April 2019 the Company announced a proposed Joint Venture with GridX Africa Power Development to enter into the Commercial and Industrial ("C&I") renewable and battery storage sector and in October 2019 announced their first investment in an off grid solar battery project. The move into the C&I solar and battery storage sector offers a significant opportunity for the Company to complement the existing large-scale baseload power project and access near-term low-risk annuity income streams which have significant growth potential.