

## NEWS RELEASE

---

### General Update

10 March 2020: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to provide a general 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") and new initiative in the Commercial and Industrial ("C&I") solar and battery storage sector.

#### Highlights:

- Project Financial Model (the "FM") at an advanced stage with internal sign off from the Company's Partners expected during March 2020
- Tariff submission remains on track for Q1 2020 with target tariff negotiation finalisation expected during H1 2020
- Accelerated Project development workstreams initiated with assistance from the Mozambican Inter-Ministerial Committee for China and Mozambique (the "Committee")
- First C&I project on track for commissioning in Q2 2020, with revenues expected from Q3 2020
- Shareholder Loan restructuring process targeted for conclusion early Q2 2020

**Ncondezi Chief Executive Officer, Hanno Pengilly said:** *"The Company continues to make good progress towards delivering on its objectives for the quarter. I am pleased to report that the Project FM is at an advanced stage and nearing final sign off by the Company and its Partners. The signed off FM will form the basis for a formal tariff offer submission to Electricidade de Moçambique ("EDM") which is targeted for the end of March 2020. The Company and its Partners are focused on delivering a competitive tariff offer in line with previously agreed tariffs in Mozambique, supported by an attractive financing package from one of the world largest banks.*

*The Project would not be able to make such progress without the support of both the Chinese and Mozambican Governments. The Project's inclusion as a priority project has provided access to key Mozambican government departments through the Committee, enabling identification and facilitation of accelerated development works streams.*

*In addition to the main Project, the Company's first C&I project in the off grid solar and battery storage sector is progressing on track and I look forward to providing more regular updates once installation works start at the end of the month. We believe this to be one of the first projects of its type in Mozambique in what is a strategic growth sector for the continent.*

*The Shareholder Loan restructuring is expected to be completed as per previously announced restructuring terms, however the process has been delayed due to a loan holders' internal approval processes which have been outside of the Company's control."*

## **Project Financial Model**

Reaching agreement on the power tariff is a major milestone for the Company as it will confirm the Project economics and viability. The FM drives the Project power tariff calculation to be submitted to EDM.

The FM is at an advanced stage with sign off scheduled for March 2020. To date, the FM has received all key inputs, including:

- Engineering, Procurement and Construction (“EPC”) and Operations and Maintenance (“O&M”) proposals;
- Indicative debt terms from the Industrial and Commercial Bank of China (“ICBC”);
- Letter of Interest (“LoI”) received from China Export & Credit Insurance Corporation (“Sinosure”) regarding the provision of political and commercial risk insurance for the Project; and
- Tax and accounting assumptions from KPMG Auditores e Consultores S.A. (“KPMG”).

The FM was submitted to the Company’s Partners for review at the end of February 2020 and has since undergone a number of optimisation iterations. The Company believes that the optimisation process is now nearly complete, and a final FM will be submitted for internal sign off by the Company and its Partners within weeks.

The Company is targeting a competitive tariff offer that is in line with recently agreed tariff rates with EDM.

Once signed off, the FM will be submitted to EDM by the end of March, with the intention of formally starting tariff negotiations. Negotiations are expected to take up to a further 3 months.

## **Accelerated development program**

During April 2019, Ncondezi was selected as a priority infrastructure project in the context of cooperation between Mozambique and China, agreed under the Second Belt and Road Forum, held in China. Of the projects selected, Ncondezi is the only energy project.

Following meetings held with the Committee in December 2019, the Company and Committee have been engaging on areas where the Project development process has the potential to be accelerated, particularly with respect to key license applications and access to Government.

So far during 2020, the Company has initiated the land rights application for the mine (known as a DUAT) with the support of the Mozambican Government. The process is important as it will clearly set out areas on which Ncondezi will have exclusive rights to operate the mine. The process requires strong engagement with local government and communities, and the Company is happy to report that engagement to date has been positive and supportive of the ongoing development of the Project.

In addition, the Company, with support from the Committee, has been working with the Ministry of Mineral Resources and Energy (“MIREME”) and the national energy regulator Autoridade Reguladora de Energia (“ARENE”) to ensure the Project is included in the latest power generation planning for Mozambique.

This work is essential in ensuring that all relevant government departments are aligned with the Project’s development strategy, and the Committee is providing significant support to facilitate this process as well as potentially reduce the Project development timetable and costs.

## **C&I project update**

On 23 October 2019, the Company announced the financing of a 400 kWp fully off grid, ground mounted solar PV facility plus 928 kWh energy storage facility for a commercial offtaker in Mozambique (the “C&I Project”).

The C&I Project has been designed to provide a 100% off grid energy solution for its offtaker, providing a stable power supply and reduced emissions at a lower cost of energy. The Project replaces existing generators and is expected to provide cost savings to the offtaker of more than US\$70,000 per year, equivalent to a cost reduction greater than 20%.

The total project cost is approximately US\$1.0m which is being fully funded by the Company. All major items have been procured, including the solar panels, inverters and battery system, and are either in transit or already at site. Site clearing has begun with construction due to start at the end of March 2020.

Commissioning remains on track for Q2 2020 with first revenues expected in Q3 2020. The C&I Project is expected to generate average annual revenues of US\$200,000.

## Shareholder Loan Update

On 26 November the Company announced that it had received “in principle” support from all shareholder loan holders (“Lenders”) to enter the loan restructuring. Draft loan restructuring documents were submitted to Lenders during December 2019, and the Company will make an announcement once the documentation is finalised.

The Company is targeting completion of loan restructuring documentation early Q2 2020.

The loan restructuring is subject to the lenders agreeing to the documentation. 50% of the Loan is held by the Company’s largest shareholder, 45% is held by Ncondezi Board and management and the balance by ex-management and private investors.

The proposed restructuring would also constitute a related party transaction for the purposes of the AIM Rules for Companies. Accordingly, should the Restructuring be accepted by all Lenders, and before signing, the Company’s Independent Directors will need to consider, and consult with Liberum Capital Limited, the Company’s nominated adviser, as to whether the terms of the restructuring are fair and reasonable insofar as its shareholders are concerned.

There can however be no certainty that the restructuring of the Shareholder Loan will occur.

## Enquiries

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

Ncondezi Energy	Hanno Pengilly	+27 (0) 71 362 3566
Liberum Capital Limited NOMAD & Joint Broker	Andrew Godber, Edward Thomas, Kane Collings	+44 (0) 20 3100 2000
Novum Securities Limited Joint Broker	Colin Rowbury	+44 (0) 20 7399 9427
Pimlico Advisory Ltd Investor Relations	Elizabeth Johnson	+44 (0) 777 56 55 927

## **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 to Mozambique and 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.