

NEWS RELEASE

£650,000 Placing, Subscriptions and Development Update

15 May 2020: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce that it has:

- raised a total of £650,000 before expenses through a conditional placing ("Placing") of 21,666,666 ordinary shares in the Company ("Ordinary Shares") at a price of 3 pence per new Ordinary Share (the "Placing Price") together with 1 warrant to subscribe for an ordinary share at 6 pence for each new Ordinary Share;
- received subscriptions for a total of 2,466,666 Ordinary Shares at the Placing Price for a further £74,000 being equal to the amounts owed to certain creditors ("Subscriptions"); and
- provide a further update on the integrated Ncondezi 300MW thermal power project and coal mine in Tete, Mozambique (the "Project") including reconfirmation of project economics following tariff submission on 31 March 2020.

The Company will use the net proceeds of the Placing for general working capital purposes. The net proceeds of the Placing together with the Company's existing cash resources are expected to cover corporate costs until the end of Q4 2020 (assuming the Shareholder Loan is extended, restructured or converted into equity)

Ncondezi Chief Executive Officer, Hanno Pengilly said: *"The Placing provides the Company with sufficient general working capital until the end of Q4 2020 (subject to the Shareholder Loan). This puts the Company in a strong financial position to execute on its core work program for the rest of 2020, namely finalisation of the Project power tariff, Shareholders Agreement and Power Purchase Agreement, as well as progressing its strategy in the high growth Commercial and Industrial solar and battery storage sector.*

In addition, we are pleased to present some initial numbers for the Project which, backed by our competitive tariff proposal, provide a regionally competitive US\$ based project IRR which confirms the project economics.

Following the successful submission of the updated Project power tariff work has progressed on all fronts despite the current travel restrictions.

Our partners in China are advancing work on the historical cost audit, the initial draft of the SHA term sheet has been received and is under review and the first draft of the EPC contract is well underway. These are all important milestones which highlight continued progress and support for the Project.

The Ncondezi Project is one of the most advanced power projects currently underway in Mozambique with the ability to provide access to reliable and affordable power, helping to close the regional infrastructure gap and serving as a catalyst for economic development in the region."

Placing

The Company has conditionally raised gross proceeds of £650,000 before expenses, through a conditional placing of 21,666,666 Ordinary Shares at a price of 3 pence per new Ordinary Share, representing a discount of 22% per cent. to the 30 day volume weighted average price.

As part of the Fundraise, for each new Ordinary Share subscribed for the placee will have a non-transferable warrant to subscribe for an Ordinary Share with an exercise period of two years and exercisable at a price of 6 pence per new Ordinary Share. A total of 21,666,666 warrants will be issued (the "Fundraise Warrants"). The Fundraise Warrants will not be listed. In the event that the Company's Ordinary Shares trade at a volume weighted average price at or above 8 pence per share for a period of five consecutive trading days the Company will have the option to call on the holders of the Fundraise Warrants to exercise their warrants.

Application will be made for the admission of the new Ordinary Shares to trading on AIM, with Admission expected to take place on or around 29 May 2020. Completion of the Placing is conditional upon, inter alia, Admission taking place. The Ordinary Shares will rank pari passu in all respects with the existing ordinary shares of the Company. The placing was arranged by Novum Securities Limited pursuant to a placing agreement entered into with them.

The net proceeds of the Placing and subscriptions of £607,500 together with its existing cash resources will cover corporate costs until the end of Q4 2020, subject to the Shareholder Loan being extended, restructured or converted into equity.

In connection with the Placing, the Company has also agreed to issue 2,166,666 warrants over Ordinary Shares to a nominee of Novum Securities Ltd ("Novum") ("Warrants"). Each Warrant entitles the holder to subscribe for one Ordinary Share at the Placing Price per Ordinary Share and will be exercisable at any time for a period of two years from the date of Admission.

Cash Conservation and Subscriptions

The Company has also received subscriptions for a total of 2,466,666 ordinary shares at the Placing Price for a further £74,000, being equal to the amounts owed to certain consultants and creditors. Application will be made for the admission of these new Ordinary Shares to trading on AIM, with Admission expected to take place on or around 29 May 2020. The Ordinary Shares will rank pari passu in all respects with the existing ordinary shares of the Company.

In addition, the senior management team and certain contractors and consultants to the Company have agreed to defer 30% of salaries and fees until 30 November 2020. In principle agreement has been reached to subscribe for shares at the Placing Price in relation to salaries and fees that have been agreed to be deferred. Such subscription, if implemented, would be made in December 2020 and represent a potential total of 1,603,800 new ordinary shares at the Placing Price for a further £48,114.

Separately Company CEO, Hanno Pengilly, has also agreed to defer 30% of his salary until 30 November 2020.

Voting Rights

Following Admission, the Company's issued share capital will comprise 349,127,049 Ordinary Shares, each with voting rights. The above figure of 349,127,049 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the Disclosure and Transparency Rules.

Project Update

Reconfirmation of Ncondezi Project Economics

The Company submitted an updated tariff proposal for the Project to Electricidade de Moçambique ("EDM") on 31 March 2020 including a starting electricity tariff to be paid, which will then be subject to adjustments during the 25 year operational life of the Project. A summary of the key Project economics from the tariff proposal are highlighted below:

- Total Project capital cost of US\$1.1bn at Financial Close
- Projected average annualized EBIDTA of US\$175 million (nominal terms)
- Estimated net equity cash flows are expected to be in excess of US\$1.9 billion (nominal terms) over the 25 year life of the Project
- Estimated Ncondezi 40% net equity cashflows of US\$799 million (nominal terms) over life of Project
- Target 70:30 debt to equity capital structure

The starting tariff and Project economics are based on a number of assumptions including indexation, financing costs, operator & maintenance costs and the technical parameters and capital costs contained in the Project EPC proposals.

Project economics are subject to change following finalisation of tariff negotiations with EDM and the Shareholders Agreement with CMEC.

Historical Cost Audit

As part of the Project capital cost at financial close, the Company expects that historical development costs will be reimbursed through debt and equity financing. In order for these costs to qualify for reimbursement they will need to be verified through a third party audit and approved by the Project lenders.

The first part of this process is for the audit to be completed by an independent third party. CMEC is in the final phase of approving a preferred audit firm to carry out this work with completion targeted by the end of Q2 2020. Ncondezi has completed this exercise for the power plant before and believes that the majority of information required is in a readily accessible format to facilitate the process.

Once the audit is complete, Ncondezi and CMEC will review and approve the historical costs to be reimbursed. These costs are expected to be reimbursed at Financial Close subject to Chinese Government and Project lender approvals.

The approved historical costs will represent a clear crystallisation of value for Ncondezi shareholders.

This process is in line with the Joint Development Agreement announced on 23rd July 2019.

Shareholders Agreement Term Sheet

The SHA term sheet provides the agreed framework for the full form Shareholders Agreement, including:

- Project equity participation;
- Investment conditions;
- Funding responsibilities of the parties pre and post financial close ;
- Governance structures; and
- Project management responsibilities.

A first draft of the SHA term sheet has been delivered and is currently under review. Target completion is for the end of Q2 2020.

EPC Contract

Following submission of the EPC offers at the end of 2019, CMEC is now leading the process to draft and finalise full form agreements. The first draft is expected during Q2 2020. Finalisation of the EPC Contract is a key requirement before the Power Purchase Agreement ("PPA") can be signed, and it will provide the binding contractual arrangements for the construction cost and timeframe to build the Project.

Enquiries

For further information please visit 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

Note:

The information contained within this announcement in relation to the proposed Placing and Subscriptions is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain. If you have any queries on this, then please contact Hanno Pengilly, Chief Executive Officer of the Company (responsible for arranging release of this announcement) on +27 (0) 71 362 3566.

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 2019, the Company entered into the Commercial and Industrial ("C&I") renewable and battery storage sector and in October 2019 announced its first investment in an off grid solar battery project. The Company has also secured the right to fund a US\$5.5m C&I project development pipeline in Mozambique through a Relationship Agreement with GridX Africa Development announced in May 2020. 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.