

NEWS RELEASE

\$1.8m Agreed CMEC Accelerated Development Budget

16 November 2020: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce that further to the announcement on 12 November 2020, it has signed a Supplementary Agreement to the Joint Development Agreement (the "SA") with China Machinery Engineering Corporation ("CMEC") pursuant to which CMEC will fund specified accelerated development works at the Ncondezi 300MW coal-fired power project and coal mine in Tete, Mozambique (the "Project").

JDA Supplementary Agreement

- The SA sets out the agreed basis for accelerated development work to be carried out on the Project
- Provisional budget of US\$1.8m approved by the parties and to be funded by CMEC
- Accelerated development work will focus on a number of milestones, including:
 - Additional survey drilling required by CMEC to complete Chinese Government approvals for their investment in the Project
 - Ensuring key agreements such as the Engineering Procurement and Construction ("EPC") agreements are compliant with Mozambican laws
- The SA is a supplement to the Joint Development Agreement announced in July 2019. The provisions of the JDA remain in full force and effect
- Funds drawn down as part of the SA will be treated as pre financial close Project development costs, to be reimbursed at Financial Close along with the Company's approved historical development costs or by the Company or its affiliates in certain circumstances including the Company achieving financial close with a third party, or on the sale or liquidation of the project company holding the mine project or the power project
- Ncondezi and CMEC to agree a form of share pledge as security for funding made by CMEC as part of the SA
 - Ncondezi will pledge shares in its wholly owned Mozambican subsidiary that holds the power project ("PowerCo").
 - The number of shares pledged will be equivalent to the amount funded by CMEC, divided by the nominal value per share of PowerCo's shares
 - The total nominal value of all PowerCo's shares is US\$15.7m, so assuming CMEC funds the full US\$1.8m, Ncondezi would need to pledge approximately 11% of its shares in PowerCo to CMEC
 - Pledge will be released upon achievement of Financial Close with CMEC as strategic partner

Ncondezi Chief Executive Officer, Hanno Pengilly said: *"We are delighted to have signed the Supplementary Agreement with CMEC. The approved US\$1.8m development budget will be funded by CMEC. This provides the strongest signal to date of CMEC's commitment to the project, targeting its 60% equity stake, and we look forward to them leading the debt financing negotiations with Chinese financiers. Consultants have been instructed and work has commenced. We look forward to providing further updates in due course."*

Enquiries

For further information please visit www.ncondezienergy.com or contact:

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Note:

The information contained within this announcement 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 a C&I developer. 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.