

NEWS RELEASE

US\$21m Historical Costs Agreed “In Principle”

04 January 2021: Ncondezi Energy Limited (“Ncondezi” or the “Company”) (AIM: NCCL) is pleased to provide an update on historical development cost reimbursement negotiations with China Machinery Engineering Corporation (“CMEC”) for its integrated Ncondezi 300MW coal-fired power project and coal mine in Tete, Mozambique (the “Project”).

Highlights

- US\$26.7m is in-principle agreed as the target Project historical expenditure
- US\$21.0m expenditure was audited by third-party and the audit report was accepted by CMEC “in principle”
- US\$5.7m of costs relating to historical senior and project management costs still under negotiation
- CMEC and Ncondezi agree to finalise historical development cost once Project power tariff has been approved by Electricidade de Moçambique (“EDM”)

Ncondezi Chief Executive Officer, Hanno Pengilly said: *“It is with great pleasure that we update investors on the positive progress regarding agreement of Project historical development costs to be reimbursed to the Company at Financial Close. Following an extensive third-party audit review of the Company’s historical costs over a 10 year period, and following successful negotiations with CMEC, Ncondezi has been able to demonstrate US\$26.7m of historical expenditure on the Project.*

Of this amount, CMEC have agreed “in principle” to US\$21.0m to be recognised for future reimbursement with the balance of costs, relating to senior and project management costs, still subject to further negotiation. The US\$21.0m represents a 24% premium to previously agreed historical development costs.

As the Project power tariff is currently being negotiated with EDM, both parties have agreed to finalise the historical development costs once negotiations with EDM have been completed, as this will also have an impact on CMEC’s subscription price to be agreed for the 60% share in the Project and the Project developers’ fee.

With this work now complete, the Company can focus its resources on the tariff approval process with EDM and finalising the EPC contracts with CMEC early in the new year.”

Enquiries

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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.