

NEWS RELEASE

Appointment of Project Advisors

9 March 2021: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) has signed a Master Services Agreement ("MSA") with Synergy Consulting ("Synergy") to provide financial and transaction advisory services (the "Services") to the Group for the integrated Ncondezi 300MW coal fired power project and coal mine in Tete, Mozambique (the "Project").

Highlights:

- MSA covers potential advisory services to the Project up to Financial Close, including:
 - finalisation of Project power tariff with Electricidade de Moçambique ("EDM");
 - negotiations with China Machinery and Engineering Corporation ("CMEC") on Project subscription price;
 - negotiations with Project lenders for debt financing; and
 - capital raising for Ncondezi's equity contribution towards the Project at Financial Close.
- Synergy has significant Project experience, having assisted the Company in achieving major milestones to date, including negotiation of the Joint Development Agreement ("JDA") with CMEC and the tariff submission to EDM.
- Services also include potential support for capital raising for the Company's renewable energy strategy in the high growth African Commercial and Industrial ("C&I") sector.

Ncondezi Chief Executive Officer, Hanno Pengilly said: *"Synergy has provided Project advisory services since 2016 and brings a wealth of expertise to our development team. Today's announcement highlights the Company's clearly laid out plan to achieve Financial Close and importantly ensures that sufficient resources are available to deliver on future key value enhancing Project milestones. Services provided will require approval by the Company on a workstream by workstream basis allowing the Company to efficiently manage cashflows."*

Project Financial Advisor

Synergy is a leading international project finance advisory firm specialising in the power sector with over US\$50bn worth of transactions closed across the globe. In Mozambique, Synergy has extensive experience advising on a number of projects. This includes advisory services to Ncondezi, where Synergy has acted as financial advisor to the Project on various mandates since 2016.

Having delivered the required Project studies and proposals to EDM during December 2020, the next steps include the negotiation and finalisation of key Project de-risking milestones. The Company has entered into a Master Services Agreement with Synergy which includes a list of financial and transaction advisory workstreams it will provide to the Group that covers the full scope of potential services required to achieve Project Financial Close. The Services will be agreed on a per workstream basis with success fees agreed that are linked to achieving set milestones. The Company is not obliged to use Synergy for any specific workstream and total fees have been capped.

Synergy's key potential responsibilities include:

- Updating of key Project studies;
- Ongoing optimisation and updating of the Project financial model;

- Finalisation of tariff negotiations with EDM;
- Finalisation of key Project agreements – Power Purchase Agreement, Power Concession Agreement, EPC and O&M agreements;
- Discussions with Lenders and Finalization of Finance Documents;
- Subscription price negotiations and agreements with CMEC; and
- Raising capital for Ncondezi's equity contribution for the Project at Financial Close.

In addition to the main Project, the Master Services Agreement also includes the provision of capital raising services for the Company's C&I renewable energy business. With the Company's first C&I project targeting commercial operations in June 2021. Ncondezi's strategy is to build scale quickly through the development and financing of its pipeline of C&I projects. The Company's wholly owned subsidiary, Ncondezi Green Power ("NGP"), has a pipeline of US\$5.5m in C&I projects with ambitions to grow this aggressively over the next 3 years. NGP has identified a number of potential opportunities which could significantly increase the C&I project pipeline.

Fee structure:

The Company has agreed a capped fee structure for any financial and transaction advisory Services for the Project under the MSA. The capped fees have been balanced between an hourly charge out rate up to a maximum US\$410,000 for any Services approved by Ncondezi and a success fee of US\$500,000 payable only when Financial Close is achieved.

In addition, a 2.0% success fee on any equity raised for the Project capped at US\$1,000,000 if Synergy introduces investors that fund any portion of Ncondezi's equity investment in the Ncondezi Project at Financial Close.

For any capital that is raised from a Synergy introduced investor for the Company's C&I business, a scaled fee structure has been agreed as set out below:

- 3.125% success fee on any funds raised for working capital for the C&I business;
- 4.5% success fee on any additional funds raised to fund the C&I development pipeline; and
- 2.5% success fee on any additional funds from those investors which are received within 2 years of the date of the MSA.

Related Party Transaction

By virtue of the fact that Aman Sachdeva, a director of the Company, is also a director, founder and majority shareholder of Synergy, the MSA constitutes a related party transaction for the purposes of AIM Rule 13. Accordingly, the Company's Directors, with the exception of Aman Sachdeva, consider, having consulted with Liberum Capital Limited, the Company's Nominated Adviser, the terms of the MSA to be fair and reasonable insofar as the Company's shareholders are concerned.

Enquiries

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon publication of this Announcement and such information is now considered to be in the public domain. The person who arranged for the release of this announcement on behalf of the Company was Hanno Pengilly, CEO.

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 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.