

NEWS RELEASE

Solar Project FS Launched with target NPV \$60m

15 July 2022: Ncondezi Energy Limited (“Ncondezi” or the “Company”) (AIM:NCCL) provides an update on its solar photovoltaic (“PV”) and Battery Energy Storage System (“BESS”) project in Tete, Mozambique (the “Solar Project”) being carried out through its wholly owned green energy subsidiary, Ncondezi Green Power Holding Ltd (“NGP”).

Highlights:

- NGP launches feasibility study for up to 300MW solar PV power plant plus BESS (“FS Study”)
- FS Study requires approximately 4 months to complete and will be led by WSP Group Africa (Pty) Ltd (“WSP”)
- Solar Project to be located within Ncondezi concession area with 3 preferred sites of c.500MW generation potential each already identified
- Solar Project uniquely positioned to fast track first power to the grid as early as 2024, leveraging existing advanced stage development work
- Estimated pre-money NPV of between US\$60m and US\$65m and fully diluted cash flows of between US\$130m and US\$180m over 25 year period
- All Mozambique permissions and approvals received to commission FS Study
- FS Study expected to be funded through available capital following completion of the Seritza Limited (“Seritza”) working capital facility term loan restructuring (“Restructuring”)
- Working capital position extended to October 2022 subject to the successful completion of the Restructuring and taking into account the working capital requirements of the FS Study

Ncondezi Chief Executive Officer, Hanno Pengilly said: *“The Board has taken the decision to launch the FS Study for up to 300MW solar PV plus BESS and appoint one of the top technical consultants in solar PV, WSP, to deliver it. The Solar Project represents a significant opportunity to further define the project and crystallise additional value for shareholders. The Company has taken measured steps to get to this point including the completion of a pre-feasibility study and positive engagement with Mozambique authorities. The Solar Project is uniquely positioned to leverage existing advanced stage development work from the Company’s 300MW thermal power project, which is expected to significantly cut development costs and accelerate project delivery with first power potentially on the grid by 2024. Ncondezi expects the FS Study to take approximately 4 months to complete. Initial financial projections for the Solar Project indicate significant value upside, and we expect it to attract a broad range of investors.*

We look forward to providing additional updates in the near future.”

Overview of the Solar Project

The Solar Project will be located within the Ncondezi mining concession 5967C which covers over 25,000 hectares in the districts of Moatize and Chiuta in the Tete Province, which is large enough for solar PV generation potential over 5,000MW. 3 preferred site locations have already been identified, with similar climate conditions, that provide a generation potential of c.500MW each.

The concession area has above average Global Horizontal Irradiance (“GHI”) and is located close to existing energy load centres in the Tete province.

It is the intention that the Solar Project will connect to the Mozambique grid with target power off-takers in Mozambique and the Southern African Power Pool (SAPP).

The FS Study will take a modular design approach to the Solar Project allowing for greater flexibility including the potential for a scaled development programme of 30MW, 60MW, 100MW, 200MW and 300MW.

The Solar Project is uniquely positioned to take advantage of existing advanced development work completed for the Ncondezi 300MW thermal power plant that can be easily transitioned to the Solar Project. The Company estimates that in addition to reducing development costs this has the potential to accelerate first power to the grid by 2024, using existing long lead time work streams already completed or at an advanced stage. The Company believes this will reduce the development timetable by 6 to 12 months.

Pre-feasibility studies completed by NGP earlier in the year confirm significant potential value to shareholders with an estimated pre-money NPV of between US\$60m and US\$65m, and fully diluted cash flows to NGP of between US\$130m and US\$180m over 25 year period for a 300MW plant.

NGP has identified WSP, one of the world's leading engineering professional services consulting firms, to lead the FS Study. The Company believes that WSP is well positioned to deliver the FS Study as it has delivered many renewable energy projects in Africa and has unique experience relevant to the Solar Project including leading the Company’s thermal project feasibility study as well as other grid scale solar PV projects in Mozambique.

The Company intends to launch the FS Study once the Seritza Restructuring has been completed. Following completion of the Seritza Restructuring and taking into account the working capital requirements of the FS Study, the Company expects to be funded to October 2022.

NGP has engaged the relevant Mozambique Government authorities throughout the Solar Project development process and received the prerequisite support to launch the FS Study. The Solar Project is aligned with Mozambique’s strategy to increase energy availability in a sustainable manner and promote new energy investments in the private sector. Following successful completion of the FS Study, NGP will work with Government authorities to attain the relevant permissions to build and operate the Solar Project.

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.

About Ncondezi Energy

Ncondezi is an African power development company focused on the development of renewable and baseload energy solutions at its concession located in the Tete Province, northern Mozambique.

The Company is focused on providing reliable and affordable energy to Mozambique to meet growing energy demands. Our projects support 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. Our projects would provide reliable and available power helping to close the infrastructure gap of the region and serving as a catalyst for economic development.