

NEWS RELEASE

Strategic review of Coal Asset

21 October 2022: Ncondezi Energy Limited (“Ncondezi” or the “Company”) (AIM:NCCL) provide an update on the integrated Ncondezi 300MW power and mine project in Tete, Mozambique (the “Project”).

Key highlights:

- Process to find acquirer or JV partner launched to identify potential organisations that are able to fund and mine coal resources at the Project, potentially unlocking shareholder value
- Project power plant continues on care and maintenance pending the above and clarification on the potential for Chinese funding for that power plant project
- Sustained high global thermal coal prices create a potential opportunity to exploit the Project’s 4.0Bn tonne coal resources
- Ncondezi to now focus its operations on delivering its 300MW solar PV project (the “Solar Project”) and reposition as a green and sustainable energy developer

Ncondezi Chief Executive Officer, Hanno Pengilly said: *“Following an internal review of the Company’s operations, the Board has resolved to launch a process to identify a suitable organisation who can take the lead on further developing, financing and mining the Company’s coal resources whilst the Company focuses on developing its Solar Project and renewable energy strategy. This decision follows the ongoing delays in progressing the coal power Project, strong export thermal coal prices and positive progress with the Company’s 300MW solar PV power project.”*

Our development partner, CMEC, still has no clarity on when a decision regarding financing from China for the coal power plant will be made. With global demand for thermal coal at record highs, the Company believes that identifying a strategic partner to fund and mine the coal could unlock significant value for all stakeholders in the near term.

The current JORC coal resource which has been extensively drilled out, is 4.0 billion tonnes mineable tonnes in situ (“MTIS”) with a measured resource of 120 million MTIS accessible at shallow depths as shown in the 2012 Definitive Feasibility Study (“DFS”). This is more than sufficient to supply the planned 300MW power plant for its 25 year life and provide an attractive opportunity for coal miners looking to secure coal capacity that is fully permitted and ready to be mined from a proven coal export hub now.

We believe that whilst the coal operations offer significant potential value, the further development of these operations would be better in the hands of others with access to coal financing and mining expertise. The Company has put its coal power operations on care and maintenance and will focus on delivery of the Solar Project whilst the strategic partner process progresses in parallel.

The Solar Project feasibility study remains on track to be delivered at the end of October 2022 and we look forward to providing an update at the appropriate time.”

About the Ncondezi Mine Project

The Ncondezi Mine Project provides the opportunity to develop an open pit, truck and shovel mining project for the domestic and export thermal coal markets. The project is located in the coal mining hub of the Moatize District in the Tete Province of Mozambique close to the existing large scale Moatize and Benga coking coal mines. The Ncondezi Mine Project lies approximately 40kms north east of Moatize and is reachable along the main national highway connecting the capitals of Zimbabwe and Malawi. The location is also a strategic coal export hub, benefiting from two existing export coal rail corridors, the Sena

and Nacala railway lines, which run directly to the Mozambican coast and are well positioned to supply coal into India and South East Asia.

Between 2009 and 2013, roughly US\$40m was spent proving up the potential of the project with 78,274 metres drilled over 524 boreholes delivering a classified JORC coal resource of 4.0 billion tonnes. An infill drilling programme over the planned open pit mining area (the "South Block") upgraded 120 million tonnes (MTIS) into the Measured category, the highest resource classification, in accordance with the 2012 Edition of the JORC Code.

A number of optimisations were carried out at the Ncondezi Mine Project to identify the most economical and viable strategy to exploit the resource, including potential for export, with the completion of Definitive Feasibility Studies in 2012 and 2013. However, since 2013, the focus has been on delivery of a dedicated and cost effective fuel supply mining operation for the 300MW Ncondezi Power Project.

The Ncondezi Mine Project is an advanced stage project, having received its Mining Concession from the Ministry of Mineral Resources and Energy ("MIREM") as well as receiving its land use agreement, or DUAT in Mozambique, from the Mozambican Government granting exclusive use for mining in October 2021. The project was designed to have minimal impact on its surroundings with no relocations of communities or homes and received approval of its Environmental Social Impact Assessment ("ESIA") study in October 2013 from Ministry for Coordination of Environmental Action ("MICOA"), although this would need to be updated and approved again ahead of any new mining operations taking place.

Competent Person's Statement

The information in this RNS that relates to coal resources has been reviewed by and is based on information compiled by Mark Craig Stewardson and Gavin Stuart Andrews of Mineral Corporation Consultancy (Pty) Limited. Both Mr Stewardson and Mr Andrews are Competent Persons who are registered as Professional Natural Scientists in the field of Geological Science with the South African Council for Natural Scientific Professions, a Recognised Professional Organisation included in a list that is posted on the ASX website from time to time. Neither Mineral Corporation Consultancy (Pty) Limited nor any of its Directors, staff or sub-consultants who contributed to this resource estimation has any material interest in Ncondezi or in the assets under consideration.

Both Mr Stewardson and Mr Andrews have sufficient experience that is relevant to the type of coal deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Stewardson and Mr Andrews consent to the inclusion in this RNS of the information based on their work in the form and context in which it appears.

The JORC Code sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this release has been presented in accordance with the JORC Code and references to "Measured" Resources are relevant to that term as defined in the JORC Code.

A Competent Person's Consent Form dated 18 May 2015 relating to the Ncondezi 2014 Annual Report and Financial Statements is held on record by Ncondezi. There have been no changes to the coal resource estimates since 18 May 2015.

The Project Resource report was compiled in accordance with the 2004 version of the JORC Code and the Measured Resource report was compiled in accordance with the 2012 version of the JORC Code.

The references for the supporting reports to the resource estimations are:

- Mineral Corporation Consultancy (Pty) Limited, February 2013: Coal Resource Estimates for Licences 804L and 805L, Tete Province, Mozambique; and
- Mineral Corporation Consultancy (Pty) Limited, November 2013: Measured Coal Resource Estimate for South Block, Ncondezi Project, Tete Province, Mozambique.

Resource Summary

Overall Project Resources (Source: *Coal Resource Estimates for Licences 804L and 805L, Tete Province, Mozambique*, Mineral Corporation Consultancy (Pty) Limited, February 2013. Subsequently reviewed by Mineral Corporation Consultancy (Pty) Limited in May 2015)

Coal type	Resource Category	GTIS Mt	TTIS Mt	MTIS Mt	MTIS Qualities (air-dried basis)													
					Raw							17 MJ/kg CV Primary Product						
					RD	IM %	AS %	VM %	FC %	CV MJ/kg	TS %	Yield %	IM %	AS %	VM %	FC %	CV MJ/kg	TS %
High Volatile	Indicated	867.0	772.8	742.5	1.85	1.4	53.5	18.1	27.0	13.83	1.01	71.3	1.4	44.4	20.5	33.7	17.61	1.09
	Inferred	3,605.2	3,035.8	2,367.4	1.94	1.9	57.7	18.6	21.9	11.79	1.00	62.6	2.0	44.7	22.2	31.1	17.07	1.13
Low-mid Volatile	Indicated	819.5	737.6	723.9	1.91	1.9	51.8	7.5	38.7	12.73	0.88	71.7	1.9	42.6	9.1	46.4	17.29	1.01
	Inferred	264.8	225.1	172.8	1.92	1.8	52.1	7.6	38.5	12.78	0.83	70.8	1.8	42.5	9.0	46.7	17.41	0.98
Sub-totals/Averages	Indicated	1,686.5	1,510.4	1,466.4	1.88	1.7	52.7	12.9	32.8	13.29	0.94	71.5	1.6	43.5	14.9	40.0	17.45	1.05
	Inferred	3,870.0	3,260.9	2,540.1	1.94	1.9	57.4	17.8	23.0	11.86	0.99	63.2	1.9	44.6	21.2	32.3	17.09	1.12
Total	Ind & Inf	5,556.6	4,771.3	4,006.5	1.92	1.8	55.6	16.0	26.6	12.38	0.97	66.2	1.8	44.1	18.7	35.4	17.24	1.09

Notes:

Indicated resources were defined within areas where the spacing of boreholes with raw coal quality data is approximately 500 metres. Extrapolation of these areas was limited to approximately 250 metres.

Inferred resources were defined within areas where the spacing of boreholes with raw coal quality data is approximately 2,000 metres. Extrapolation of these areas was limited to approximately 1,000 metres.

Mt=million tonnes.

GTIS (gross tonnes in situ) figures represent the entire classified resource for the block, below the observed limit of weathering, with application of 0.5 metre minimum ply thickness cut-off, but no depth restriction (in the Central Block, classified resources reach approximately 400m depth; in the North Block 600m; in the South and West Blocks 300m, in the East Block 330m and in the River Block 500m).

TTIS (total tonnes in situ) figures for high and low volatile coals were calculated from the GTIS tonnage by applying Geological Losses. The losses applied were generally 10% for Indicated resources and 15% for Inferred resources. In the Central Block, these increased to 15% and 20% respectively.

MTIS (mineable tonnes in situ) figures represent that part of the TTIS which exists above a depth of 250m.

All qualities are quoted on an air-dried-basis. RD=Relative Density, IM=Inherent Moisture, AS=Ash Yield, VM=Volatile Matter Content, FC=Fixed Carbon, CV=Calorific Value, TS= Total Sulphur.

Product yields are theoretical yields for +0.5mm material derived from slim core samples.

RDs were weighted against MTIS coal volume to obtain average RDs.

Raw qualities and product yields were weighted against MTIS tonnage to obtain average raw qualities and product yields.

Product qualities were weighted against wash yield and MTIS tonnage to obtain average product qualities.

The coal volatile category was determined using raw volatile contents on a dry, ash-free basis and adjustment factors related to the raw ash yield of the coal.

Low-mid volatile coals have been devolatilised by igneous intrusions. A pre-feasibility study by Hugh Brown and Associates indicates that these coals are suitable for power generation.

Low volatile coals are not common in the Central, West and River Blocks and have been excluded from resources in those blocks.

The Central, North, South and East Block models comprise detailed ply models suitable for mine planning purposes. The West and River Block models utilise a cumulative coal thickness methodology that is appropriate only to the classification of Inferred Resources.

No allowance has been made for potential sterilisation of resources below the limits of the Ncondezi or Revuboe Rivers' flood lines. This could affect resources in the Central, North, West and River Blocks.

Certain amounts of averaged 'control' data were included in the quality database, particularly wash analyses of low volatile coal samples.

South Block Measured Resources (Source: Measured Coal Resource Estimate for South Block, Ncondezi Project, Tete Province, Mozambique, Mineral Corporation Consultancy (Pty) Limited, November 2013. Subsequently reviewed by Mineral Corporation Consultancy (Pty) Limited in May 2015)

				TTIS / MTIS Qualities (air-dried basis)													
Ply Grouping	Volatile Category	GTIS Mt	TTIS / MTIS Mt	Raw							16.12 MJ/kg CV Product (theoretical)						
				RD	IM %	AS %	VM %	FC %	CV MJ/kg	TS %	Yield %	IM %	AS %	VM %	FC %	CV MJ/kg	TS %
Sub-total plies A18-A48	Low-mid	52.90	48.93	1.85	1.2	50.4	9.3	39.1	13.26	1.15	78.7	2.0	43.0	10.1	44.9	16.72	0.99
	High	39.04	36.11	1.72	0.9	45.8	19.9	33.4	17.17	1.22	92.9	1.3	44.5	20.2	34.1	17.52	1.09
Sub-total plies A02-A16	Low-mid	26.66	24.66	1.98	1.1	62.1	8.8	27.9	8.81	0.77	48.4	1.8	44.9	10.2	43.0	16.18	0.84
	High	10.86	10.05	1.90	0.7	59.3	15.5	24.5	11.14	0.91	56.3	1.0	47.3	18.1	33.6	16.32	0.92
Total	Low-mid	79.55	73.59	1.89	1.1	54.3	9.2	35.4	11.77	1.03	68.5	2.0	43.5	10.1	44.4	16.59	0.96
All plies	High	49.90	46.16	1.76	0.9	48.7	18.9	31.5	15.86	1.16	84.9	1.2	44.9	19.9	34.0	17.35	1.07
Overall averages & tonnages:		129.45	119.74	1.84	1.0	52.2	12.9	33.9	13.35	1.08	74.8	1.6	44.1	14.4	39.9	16.92	1.01

Notes:

Measured Resources are a subset of the Indicated and Inferred Resources reported in February 2013.

Measured Resources were defined within an area where the spacing of boreholes with raw coal quality data is approximately 250m. Extrapolation of this area was limited to 125 metres beyond the outermost qualifying boreholes.

Mt=million tonnes.

GTIS (gross tonnes in situ) figures represent the entire Measured Resource below the observed limit of weathering and with application of 0.5m minimum ply thickness cut-off. TTIS (total tonnes in situ) figures were calculated from the GTIS tonnage by applying Geological Losses of 7.5%. MTIS (mineable tonnes in situ) figures represent that part of the TTIS which exists above a depth of 250m. As all the Measured Resource is shallower than 120m, the TTIS in this case equals the MTIS.

A raw ash yield limit of 70% was generally applied at the time of ply definition and correlation.

All qualities are quoted on an air-dried-basis. RD=Relative Density, IM=Inherent Moisture, AS=Ash Yield, VM=Volatile Matter Content, FC=Fixed Carbon, CV=Calorific Value, TS=Total Sulphur.

Product yields are theoretical yields for +0.5mm material derived from core samples.

RDs were weighted against TTIS/MTIS coal volume to obtain average RDs.

Raw qualities and product yields were weighted against TTIS/MTIS tonnage to obtain average raw qualities and product yields.

The 16.12MJ/kg CV target product specification was provided by Ncondezi.

Product qualities were weighted against wash yield and TTIS/MTIS tonnage to obtain average product qualities.

Low-mid volatile coals have been devolatilised by igneous intrusions. A pre-feasibility study by Hugh Brown and Associates indicates that these coals are suitable for power generation.

The coal volatile category was determined using raw coal volatile contents on a dry, ash-free basis and adjustments factors related to the raw ash yield of the coal.

Certain amounts of averaged 'control' data were included in the quality database, where adequate analytical data did not exist in pre-2013 boreholes.

Based on the relative distribution of coal plies, partings and dolerite sills, and coal ply qualities, the mining package will likely generally comprise plies A18 to A44, with plies A46 and A48 taken at the top where possible. Sub-totals have therefore been supplied for ply groupings A02-A16 and A18-A48.

Enquiries

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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.