

NEWS RELEASE

Solar Valuation Update

21 November 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”).

Highlights:

- Solar Project valuation forecasts update for 100MW phases up to 300MW following inputs from 300MW solar PV plus BESS feasibility study (“FS”)
- Forecast Solar Project pre money NPV at 10% discount rate:
 - 100MW: US\$ 23m
 - 200MW: US\$ 51m
 - 300MW: US\$ 75m
- Forecast Solar Project net cashflows over 25 year operational period for each phase:
 - 100MW: US\$ 186m
 - 200MW: US\$ 400m
 - 300MW: US\$ 584m
- Forecast Ncondezi fully diluted net cash flows over 25 year operational period for each phase:
 - 100MW: US\$ 33m to US\$ 44m
 - 200MW: US\$ 96m to US\$ 116m
 - 300MW: US\$ 171m to US\$ 196m
- 100MW phases selected to capture economies of scale to lower upfront capex per MW installed
- Tariff price based on comparable tariffs in Mozambique and achieving competitive project equity IRR, which is acceptable in the regional market.
- Forecasts updated to include transmission, permitting and concession costs
- Capex, opex and financing forecasts adjusted for recent escalations in global inflation and interest rates
- Ncondezi focus now on agreeing transmission connection solution with Mozambique authorities and confirming power demand from potential off takers

Ncondezi Chief Executive Officer, Hanno Pengilly said: *“Ncondezi’s updated valuation forecasts further confirm the value potential of our Solar Project to shareholders and new investors. These results are derived from the recently announced positive FS results which confirm the project’s technical viability and strong solar resources. Inputs from the FS have been utilised to update the Solar Project financial model with a greater degree of detail and accuracy, generating what we believe to be a competitive power tariff for potential off takers.*

Our focus now shifts to engaging with potential off takers, a process that is expected to start at the end of November 2022. In parallel to this, the Company has submitted its preferred transmission connection solution to the relevant Mozambican authorities for approval. The Solar Project is strategically positioned from a

transmission perspective, having access to existing grid networks with available capacity and multiple evacuation paths in Mozambique and the wider Southern African region.

There is potential to further enhance the Solar Project value through optimisations, including competitive bid processes launched with Engineering Procurement and Construction (EPC) companies and financiers to refine forecasts and enhance confidence levels. This is expected to commence following further progress with potential off takers.

The Board believes that the Company is at an exciting phase of development with the Solar Project taking advantage of Mozambique's leading sustainable energy resources and being fully aligned with Government's objective to become a champion for energy transition impacting all of Southern Africa.

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

Background

Ncondezi is developing the Solar Project within its Ncondezi mining concession 5967C which covers over 25,000 hectares in the districts of Moatize and Chiuta in the Tete Province. This is large enough for solar PV generation potential of over 5,000MW.

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).

On 31 October 2022, the Company announced results from its final draft Solar Project feasibility study ("FS") for up to 300MW solar PV power plant plus BESS. The FS took a modular design approach to the Solar Project targeting a total 300MW but assessing in increments of 30MW, 60MW, 100MW, 200MW and 300MW.

Results from the FS confirmed a technically viable project with attractive parameters including:

- No fatal flaws identified on preferred site location
- Strong solar resource of 1,980kWh/m² (Global Horizontal Irradiation)
- High energy yield of over 2,000kWh/kWp confirms top tier performance potential
- Standardised tier 1 solar PV specifications selected reducing capex and improving performance
- Inclusion of BESS provides grid ancillary support and ability to optimise dispatch profile
- No red flags identified on Environmental and Social Impact Assessment ("ESIA") review

The FS also provided capex and opex estimates for the various solar PV plant sizes which included latest available data from recent projects in Mozambique and the region. Capex and opex figures are estimated to fall within the low to medium range for solar PV projects globally, and this information has been used to update the Solar Project's financial model and develop a commercially attractive power tariff for presentation to potential power off takers.

Solar Project Financial Model

Using the FS results, Ncondezi has updated the Solar Project financial model. Analysis of generation sizes between 30 and 300MW confirmed economies of scale are achievable from 100MW, with estimated potential capex savings of between 20% and 30% driven largely by procurement and design efficiencies.

With the objective of delivering a more competitive tariff offering, the Company focused on updating the financial model for the 100MW, 200MW and 300MW phases only.

The FS confirmed that capex and opex for the Solar Project were expected to fall within the low to medium pricing range globally however since the Company last presented Solar Project valuation estimates in July 2022, capex and financing costs have materially increased due to global inflationary, supply and logistical pressures. The financial model has taken these trends into account using the latest benchmark data from transactions in the solar sector in Mozambique and the wider southern African region. Fortunately, the Solar Project has been able to offset some of these increases through economies of scale savings.

The key financial model inputs and assumptions are summarised below:

- Construction time period: 20 months for each phase installed consecutively, inclusive of contingency and mobilisation
- Tariff: US\$ denominated with annual adjustments based on US and Mozambique CPI. 25 year off take for each phase. Tariff price based on comparable tariffs in Mozambique and achieving competitive project equity IRR, which is acceptable in the regional market.
- Capex and opex: Inputs from FS inclusive of transmission connection, permitting and concession costs
- Debt structure: assumed leverage of 75% is achievable on each phase based on similar projects in Mozambique and the region
- Local shareholding: assumed 5% equity carry provided to Mozambican Government nominated local strategic partner in line with precedent projects in Mozambique
- BESS: No BESS is assumed as this will be further defined by off taker requirements

Valuation Update

The Company has updated its estimated valuation forecasts for the 100MW, 200MW and 300MW solar PV phases based on the assumptions outlined above.

Phase	Capex ¹ US\$m	Total Equity ² US\$m	Pre Money NPV ³ US\$m	Project Net Cashflows ⁴ US\$m	Ncondezi Fully Diluted Net Cashflows ⁵	
					Lower US\$m	Upper US\$m
100MW	173	43	23	185	33	44
200MW	347	87	51	400	96	116
300MW	464	116	75	584	171	196

Note:

Figures above are estimates subject to further negotiation

¹ Capex is an all-in cost inclusive of solar plant, transmission, financing and permitting costs

² Assumes 75% leverage

³ 10% discount rate. Solar Project NPV at financial close, inclusive of transmission costs and pre debt and equity investment to construct and commission

⁴ Net Solar Project cashflows after equity investment, tax, debt repayments and 5% Mozambican Government carry

⁵ Net Solar Project cashflows attributable to Ncondezi following dilution in the scenario where total equity capital component at financial close for each phase is financed by new investors at the project level. Also assumes any development premium and development cost reimbursements received by Ncondezi are reinvested as equity to maintain its shareholding. Lower and upper ranges are based on new investor equity IRR target between 13.5% and 14.5%

The valuation forecasts outlined above are at a feasibility stage. Further optimisation potential exists, particularly with respect to capex, opex and financing assumptions which are not closed and will be subject to competitive bid processes run by the Company once off take demand has been confirmed. In addition, economies of scale assumptions are considered conservative with capex savings of between 10% and 20% assumed for the 100MW, 200MW and 300MW phases.

The forecasts above are an update to previous guidance provided on 15 July 2022 and now include phased deployment up to 300MW in 100MW phases as opposed to a single phase which the Company believes is more manageable from a construction and energy demand perspective. The forecasts are inclusive of transmission costs to connect to the Mozambique grid and the recent impact of global inflation and interest rate escalations.

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, 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.

Cautionary Statements Regarding Forward-Looking Information

Certain statements in this announcement are forward-looking statements with respect to the Company's expectations, intentions and projections regarding its future performance, strategic initiatives, anticipated events or trends and other matters that are not historical facts and which are, by their nature, inherently predictive, speculative and involve risks and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. All statements that address expectations or projections

about the future, including statements about expected growth in solar power, production potential, the results of the feasibility studies, including, without limitation, expected MW, construction period, expected costs, and operating performance and other metrics, strategic initiatives, objectives, market position, industry trends, general economic conditions, expected expenditures, expected cost savings and financial results, are forward - looking statements. Any statements contained in this announcement that are not statements of historical fact are, or may be deemed to be, forward - looking statements. These forward-looking statements, which may use words such as "aim", "anticipate", "believe", "could", "intend", "estimate", "expect", "may", "plan", "project" or words or terms of similar meaning or the negative thereof, are not guarantees of future performance and are subject to known and unknown risks and uncertainties. There are a number of factors including, but not limited to, commercial, operational, economic and financial factors, that could cause actual results, financial condition, performance or achievements to differ materially from those expressed or implied by these forward looking statements. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as changes in taxation or fiscal policy, future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governments or governmental regulators, or other risk factors, such as changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation, recession and consumer confidence, on a global, regional or national basis. Given those risks and uncertainties, readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of this announcement. The Company, expressly disclaims any obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required to do so by applicable law or regulation. The information in this announcement is subject to change.