

## NEWS RELEASE

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### JDA Update

20 March 2019: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) provides the following update on the process to conclude a binding Joint Development Agreement ("JDA") for the Company's integrated 300MW power and coal mine project in Tete Mozambique (the "Project").

Following the announcement on 28 February 2019, the Company is making good progress in finalising the binding JDA with its potential strategic partners. JDA documentation has been reviewed and commented on by all parties, and there is an understanding of the outstanding drafting that needs to be agreed. The Company believes the current JDA draft to be in advanced form and following meetings held earlier today with the Company's potential strategic partners, the parties have agreed to work towards fully executed documents before the end of April 2019.

Progress on the JDA follows the achievement of a number of Project milestones, including:

- Financial model update completed with engineering, procurement, and construction ("EPC") and operations and maintenance ("O&M") contract proposals from potential strategic partners;
- submission of updated power tariff proposal to Electricity de Mozambique ("EDM");
- receipt of Letter of Support for the Project from Mozambican Ministry of Mineral Resources and Energy ("MIREME");
- sign off on the Project work program and timetable from the Liaison Committee, setup and chaired by MIREME; and
- confirmation from the Company's strategic partners to proceed with final negotiations to conclude the JDA.

The JDA is expected to formally set out the terms on which the Project will be developed, funded and operated by all parties. At this stage, the Company does not expect the terms of the JDA to materially differ from those outlined in the signed Non-Binding Offer, announced on 20 October 2017. Key terms expected to be covered in the JDA include:

- Project equity ownership structure
- Project investment structure
- Project management and budgeting process

Once executed, the Project development program will focus on delivering the key milestones to achieve first power on the grid in 2023. This process is expected to start with the submission of a final tariff offer to the Liaison Committee and EDM for review and approval, which the parties are looking at fast tracking with the existing EPC and O&M proposals. Following this, the Company expects to formally enter into Power Purchase Agreement ("PPA") and Power Concession Agreement ("PCA") negotiations with EDM and MIREME respectively. The two agreements represent the final commercial negotiations before the Project enters the project financing phase, which is followed by commencement of Project construction at Financial Close.

From a timing perspective, the current development timetable has been agreed as follows:

- Q3 2019 – Formal submission of final tariff
- Q4 2019 – Tariff agreed, initiation of PPA and PCA negotiations
- H1 2020 – PPA and PCA finalised
- H1/2 2020 – Financial Close
- 2023 – Project commissioning – first power on the grid

The Company will continue to update the market as progress is made.

**Non-Executive Chairman, Michael Haworth, commented:**

*“We are happy to report the continued progress in delivering the JDA, which is in the final stages of drafting and with all parties committing to get the JDA executed expeditiously. The JDA represents a material de-risking event for the Project and is now in the closing stages. The Project is at an advanced stage and the Company believes that it can offer a competitive and attractive power tariff to Mozambique. The Project will provide secure 24-hour power supply that will complement Mozambique’s existing hydroelectric and solar power supply in the north of the country.”*

**Enquiries**

For further information please visit [www.ncondezienergy.com](http://www.ncondezienergy.com) or contact:

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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 Development Officer of the Company (responsible for arranging release of this announcement) on +27 (0) 71 362 3566.**

**Ncondezi** owns 100% of the Ncondezi Project which is strategically located in the power generating hub of the country, the Tete Province in northern Mozambique. The Company is developing an integrated thermal coal mine and power plant in phases of 300MW up to 1,800MW. The first 300MW phase is targeting domestic consumption in Mozambique using reinforced existing transmission capacity to meet current demand.