

NEWS RELEASE

General Update

5 November 2018: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) provides the following update on its Shareholder Loan (the "Loan") restructuring process (the "Restructuring") and 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").

JDA Process Update

The Company is pleased to report that it has received a Letter of Support ("LoS") for the Project from the Ministry of Mineral Resources and Energy ("MIREME") and a signed Memorandum of Understanding ("MoU") with the Mozambican state power utility Electricity de Mozambique ("EDM"). The LoS and MoU (together the "Support Documents") set out a clear pathway for development of the Project, including finalisation of the Project timetable, and confirm that Project development is to be managed through a Liaison Committee, chaired by MIREME. The Support Documents also confirm that coal generation is part of Mozambique's energy generation mix and that the Project is an advanced stage project which is in line with the national Energy Policy.

In particular, the MoU sets out certain prerequisite conditions to enter formal tariff negotiations including the finalisation of the JDA with the Company's potential strategic partners and the receipt of binding engineering, procurement, and construction ("EPC") and operations and maintenance ("O&M") contracts. EDM has also identified certain preconditions to the negotiations including that the local exchange rate outlook remains stable and for the continuation of, or improvement in, energy demand outlook and regional tariff pricing outlook, each of which can be waived at EDM's election.

The Support Documents have been shared with the Company's potential strategic partners for review, and the Company has submitted a proposed updated timetable for signing of the JDA, receipt of firm EPC and O&M proposals and commercial operations date for the Project. This process includes counter signing of the MoU by its potential strategic partners to give it legal effect. As per previous announcements, the Company's believes that the JDA can be completed within 3 months of an updated timetable being agreed.

The Support Documents follow the introduction of the Company's potential strategic partners to MIREME and EDM and subsequent submission of an updated tariff proposal in July 2018 which included a more than 10% reduction in the previously agreed tariff rate.

Shareholder Loan Update

Proposed final Loan Restructuring documents were submitted to Loan holders ("Lenders") on 2 November 2018 for signature, and the Company will make an announcement once the documentation is finalised as appropriate. The Loan Restructuring is subject to the lenders agreeing to the documentation, as well as shareholders approving resolutions 7 and 9 at the AGM to be held later today which, if passed, will give the Company the necessary headroom in its share authorities to undertake a contemplated debt for equity swap in relation to the Loan. The proposed Restructuring would also constitute a related party transaction for the purposes of the AIM Rules for Companies. Accordingly, should the Restructuring be accepted by all Lenders, and before signing, the Company's Independent Directors will need to consider, and consult with Liberum Capital Limited, the Company's nominated adviser, as to whether the terms of the Restructuring are fair and reasonable insofar as its shareholders are concerned. There can be no certainty that the Restructuring will occur.

Non-Executive Chairman, Michael Haworth, commented:

“Receipt of the Support Documents from MIREME and EDM are welcomed by the Company, as they provide formal support for the continued development of the Project as well as confirmation of the process and key development milestones required to enter into formal tariff negotiations and finalise the Project development timetable. With delivery of the Support Documents, the Company’s attention moves to finalising and implementing a revised timetable with its potential strategic partners to deliver key development milestones, particularly the delivery of the JDA which the Company believes it is adequately capitalised to achieve.

Confirmation of the Liaison Committee as the principal point of contact between the Project, Government and EDM provides a fast track platform for project development, which has historically delivered positive results for the Project. In addition, the Mozambican Government recently approved the Integrated Master Plan for Electricity Infrastructures, which includes the sourcing of 1,350MW of coal fired energy between 2018-2043. As one of the most advanced power development projects in Mozambique, the Company is well positioned to supply this power.

Finally, the Company believes that the Shareholder Loan restructuring process is in the final stages of being completed with negotiations with key Lenders now complete and final documentation submitted for signature. Further updates on the JDA process and Loan restructure will be made at the appropriate time.”

Enquiries

For further information please visit 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.