

NEWS RELEASE

Ncondezi Signs Joint Development Agreement with China Machinery Engineering Corporation and General Electric

23 July 2019: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce that it has signed a Joint Development Agreement ("JDA") with China Machinery Engineering Corporation ("CMEC") and General Electric Switzerland GmbH ("GE") to co-develop and construct the integrated Ncondezi 300MW coal fired power project and coal mine in Tete, Mozambique (the "Project"). This is a region which is not connected to the national grid and with low levels of electrification today.

Highlights:

- The JDA formalises certain of the key terms on which the Project will be co-developed and, constructed by Ncondezi, CMEC and GE (together the "Parties").
- The JDA was executed by senior representatives at a Beijing signing ceremony, including CMEC President Mr. Han Xiaojun, GE Steam Power President & CEO, Mr. Michael Kerouille, and Ncondezi Chairman, Mr. Michael Haworth.
- JDA signing follows the Project's recent inclusion by Chinese and Mozambique governments on the list of key infrastructure projects at the 2nd China-Mozambique International Cooperation Summit held in the first half of 2019.
- Ncondezi is expected to hold a 40% equity interest in the Project.
- Project Steering Committee to be setup with representatives from each Party to manage the development process to Financial Close ("FC"), the point at which first funds are drawn for Project construction.
- CMEC will be the main Engineering, Procurement and Construction ("EPC") and Operations and Maintenance ("O&M") contractor for the Project.
- GE will be the exclusive subcontractor for the power project core technology, including the boiler, steam turbine, generator, and air quality control solutions which will ensure the plant meets the emission standards established by the World Bank. GE will also supply the required parts and serve as a field advisor for the power plant maintenance.
- The JDA is the key outstanding milestone to formally engage with the Mozambican Government and state power utility, Electricidade de Mocambique ("EDM"), on the electricity tariff and key Project commercial agreements such as the Power Purchase Agreement ("PPA") and Power Concession Agreement ("PCA").
- Parties to initially focus on finalising a set of development co-funding investment conditions which include finalisation of the electricity tariff and PPA with EDM. Ncondezi to be responsible for any agreed additional third party development costs during this phase other than the EPC and O&M tendering related costs which will be the responsibility of CMEC and GE.
- Ncondezi responsible for 40% of development costs to FC based on an agreed budget once the development co-funding investment conditions have been satisfied or waived.
- A subscription price and terms for the 60% share in the Project to be agreed once the electricity tariff with EDM has been confirmed, utilising an accredited asset valuation firm to be appointed by the Parties, and it is expected to be paid at an agreed date when the Project transaction agreements, internal and government approvals are obtained.

- Parties have agreed that Ncondezi's historical development costs to date and the Parties' future development costs for the Project will be reimbursed in cash as part of the Project capital costs at FC through debt and equity financing, subject to approval by the Parties and Project debt financing institutions.
- The JDA is subject to termination in a number of circumstances such as certain milestones and deadlines not being satisfied, force majeure or liquidation event, unresolved deadlock at the Steering Committee or any party announcing its intention not to proceed with the Project.
- The JDA includes a one year non-compete for any party that terminates the JDA where it no longer intends to proceed with the Project. Ncondezi has agreed to refund any CMEC or GE development costs approved by the Parties should the JDA be terminated and the Project reach FC with a new partner, be sold or liquidated.

Ncondezi Non-Executive Chairman, Michael Haworth said: *"The Board welcomes CMEC and GE to the Project as partners and co-developers and looks forward to working with two world class companies who will bring complimentary skills, resources and experience to deliver the Project.*

The JDA signing formally starts the co-development process with CMEC and GE on the US\$1 billion Ncondezi integrated power project in Tete, Mozambique. This is a significant milestone that should materially enhance the credibility of the project in Mozambique and with international financiers, helping to unlock key development processes including the finalisation of the electricity tariff and PPA with EDM as well as initiating project financing discussions with banks and the China Export and Import Credit Insurance Company ("Sinasure").

The JDA signing comes after the recent Project inclusion as a key infrastructure project at the 2nd China-Mozambique International Cooperation Summit held earlier this year. Further strengthening the platform of support for the Project at the Mozambican and Chinese government level.

The Parties will now finalise and agree the joint development program to Financial Close, with a focus on achieving the development co-funding conditions starting with the submission of an updated electricity tariff to EDM and opening up tariff negotiations over the next 6 months. The tariff and PPA process is expected to leverage off existing development work completed and not require material external cost to the Company.

Whilst key milestones are still to come, the JDA is an important step towards the goal of generating power in 2023."

Enquiries

For further information please visit www.ncondezienergy.com or contact:

Ncondezi Energy:	Hanno Pengilly	+44 (0) 7555 180 708
Liberum Capital Limited: NOMAD & Joint Broker	Andrew Godber, Edward Thomas, Kane Collings	+44 (0) 20 3100 2000
Novum Securities Limited Joint Broker	Colin Rowbury	+44 (0) 20 7399 9427

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.