NCONDEZI ENERGY

www.ncondezienergy.com

NEWS RELEASE

Interim Results for the six months ended 30 June 2020

29 September 2020: Ncondezi Energy Limited ("Ncondezi", the “Company” or the “Group”) (AIM: NCCL) announces its interim results for the six months ended 30 June 2020.

Operational Highlights:

Ncondezi Power Project

- Submission of tariff proposal to the Mozambican Government and Electricidade de Moçambique (“EDM”)

- Transmission integration study and Mozambican power market outlook study updates (the “Independent Studies”) commissioned following initial tariff discussions with EDM

Commercial & Industrial Solar and Battery Projects

- Relationship Agreement signed with GridX Africa Development (“GridX”) to fund a pipeline of projects in Mozambique up to a total of US$5.5 million

- Force majeure notice issued on maiden Project following travel restrictions being put in place due to the global outbreak of COVID-19. Subject to COVID-19, commissioning now targeted for Q1 2021

Financial and Corporate Highlights:

- Successful fund raising of £650,000 to finance general working capital

- CEO Hanno Pengilly, the senior management team and certain contractors and consultants agreed to defer 30% of salaries and fees until 30 November 2020

- Cash at bank of US$0.6 million (as at 30 June 2020)

- Estevão Pale resigned from the Board and his role as a Non-Executive Director in May 2020 to focus on his newly appointed role as the Chairman of Empresa Nacional de Hidrocarbonetos, Mozambique’s National Oil Company

Post period end events:

- Submission of Transmission Integration Study to EDM for the integrated Ncondezi 300MW coal-fired power project and coal mine in Tete, Mozambique (‘the Project”)

- Shareholders Agreement Term Sheet (“SHA TS”) signed with China Machinery Engineering Corporation (“CMEC”), Ncondezi to retain 40% equity in the Project

- Submission of the completed third party historical audit to CMEC for review

- Exercise of 568,000 share options and issue of 568,000 new ordinary shares of no par value (“Ordinary Shares”)

Financial highlights:

	6 months to 30 June 2020 US$'000	6 months to 30 June 2019 US$'000
Loss for the period	**(1,216)**	(1,260)
Loss per share – cents	**(0.4)**	(0.4)
Cash at bank	**592**	1,790

Enquiries

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

Ncondezi Energy	Hanno Pengilly	+27 (0) 71 362 3566
Liberum Capital Limited NOMAD & Joint Broker	Scott Mathieson, Edward Thomas, Kane Collings	+44 (0) 20 3100 2000
Novum Securities Limited Joint Broker	Colin Rowbury	+44 (0) 20 7399 9427
Pimlico Advisory Ltd Investor Relations	Elizabeth Johnson	+44 (0) 777 56 55 927

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.

About Ncondezi Energy

Ncondezi is an African power development company with an advanced staged, integrated 300MW thermal coal power plant and mine project located in the Tete Province, Northern Mozambique.

The Company is focused on providing reliable, affordable and accessible baseload energy to Mozambique and secure against the effects of water drought and intermittency of new renewables. This project supports 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. The Ncondezi Project would provide 300MW of reliable and available power helping to close the infrastructure gap of the region and serving as a catalyst for economic development.

The power plant will be designed with state-of-the-art emissions controls technologies that will reduce local air pollutants, minimising the plant's impact on the environment and ensuring its compliance with the most stringent emission standards

In 2019, the Company entered into the Commercial and Industrial ("C&I") renewable and battery storage sector and in October 2019 announced its first investment in an off grid solar battery project. The Company has also secured the right to fund a US$5.5 million C&I Projects development pipeline in Mozambique through a Relationship Agreement with a C&I developer. The C&I Projects portfolio is held in a wholly owned subsidiary Ncondezi Green Power Holding Ltd ("NGP"). The move into the C&I solar and battery storage sector offers a significant opportunity for the Company to complement the existing large-scale baseload power project and access near-term low-risk annuity income streams which have significant growth potential.

Chairman's Statement

Dear Shareholder,

The first half of the 2020 financial year demonstrated continued progress at our integrated 300MW power and coal mine project despite the impact of the COVID-19 pandemic.

The Company delivered a key milestone with the submission of a formal tariff offer to EDM in March 2020. We believe the offer is commercially attractive being both competitive with existing gas power plants in Mozambique and over 10% lower than our previously agreed EDM tariff in 2015. In addition, based on the current model, Project economics remain compelling for investors, with potential average annualized EBIDTA of US$175 million (nominal terms) and net equity cash flows over US$1.9 billion (nominal terms) over the 25 year life of the Project (based on a project cost of US$1.1 billion and 70% gearing). Ncondezi's 40% net equity cash flows could amount to US$799 million (nominal terms) over the life of Project. These Project economics are subject to change following finalisation of tariff negotiations with EDM and finalising investment and financing terms but provide useful guidance on the potential scale of the Project.

The tariff submission would not have been possible without the support from our Partners CMEC and GE Steam Power ("GE"), who provided detailed Engineering, Procurement and Construction ("EPC") and Operations and Maintenance ("O&M") proposals for the construction and operation of the Project. CMEC also assisted in delivering indicative debt financing terms from a leading financial institution. The signing of the SHA TS with CMEC in August 2020 further reinforces this support, as well as providing confirmation that the Company will retain a 40% equity interest in the Project at Financial Close ("FC"). Following the announcement from GE on 21 September 2020 regarding their intention to exit the new build coal power market, the Company has held discussions with GE Steam Power and CMEC and confirms any potential impact on our project is not material to the project outcomes. In the event that a new technology partner is required, CMEC has put in place a contingency plan and compiled a preferred list of partners who are familiar with the Project. CMEC has indicated that such a process would take 1 month to complete if required.

For the rest of the 2020 financial year, we will be focused on finalising tariff negotiations with EDM and progressing the investment process with CMEC.

The EDM tariff negotiation process is well underway with initial discussions highlighting the need to update our existing Market Outlook and Transmission Integration studies, both of which required access to proprietary information from EDM. This is progressing well with the Transmission Integration Study completed and submitted to EDM for approval in August 2020 and the Market Outlook Study is expected to be submitted in October 2020. Neither are expected to have an impact on the Company's timetable to achieve FC in 2021. The Company expects to finalise tariff negotiations within 3 months of submission of the Market Outlook Study, taking into consideration the end of year holidays. Once approved the tariff offer will confirm the project economics and viability, allowing the development process to focus on finalising the Power Purchase Agreement ("PPA") and Power Concession Agreement ("PCA") ahead of FC.

The SHA TS outlined the investment conditions for CMEC to complete its 60% investment in the Project. Our focus is to agree the historical costs to be reimbursed to Ncondezi at FC and sign the EPC agreements before the end of 2020. A third party independent historical cost audit report has been completed and submitted to our partner, CMEC. Once the audit report is approved by both parties, the historical costs are expected be reimbursed as part of the Project capital cost at FC, providing a clear crystallisation of value for Ncondezi shareholders. Signing of the EPC agreements will provide further commitment from our Partners to deliver the Project. We expect to conclude the remaining investment conditions once the tariff has been approved.

The Ncondezi project supports Mozambique's energy strategy of universal electricity access by 2030 – according to the World Bank, only 30% of the population had access to energy in 2017. The Project, once constructed, is expected to provide reliable and available power helping to close the infrastructure gap of the region and serving as a catalyst for economic development. The economic benefits of the Project include tax and royalty income over the life of the project, the creation of approximately 3,000 construction jobs and 800 permanent jobs during operation, as well as generating cost savings of up to 60% through avoiding more expensive forms of emergency generation currently in use. As a Company we are committed to ensuring that the project complies with the strictest emission standards and have designed the project with its environmental impact in mind, including the use of state-of-the-art emission control systems.

In addition to the main Project, the Company continues to advance its solar and battery storage strategy in the C&I sector in Mozambique. Our first solar plus battery storage project is under construction and expected to be commissioned in early Q1 2021 following delays caused by the COVID-19 travel restrictions. We believe this will be the first project of its type in Mozambique. In addition, we secured a right of first refusal to fund 100% of a US$5.5 million Mozambican C&I pipeline through the signing of a binding Relationship Agreement with GridX in May 2020. Going forward, we plan to market this opportunity to investors with impact or sustainability focused investment mandates, and will target direct investment at the subsidiary level to protect existing Shareholders from further dilution. Discussions to date have been very positive with a renewed focus on sustainable investment opportunities in the post COVID-19 environment.

The Company believes the C&I solar and battery sector continues to represent a significant opportunity and the Relationship Agreement provides the Company with a phased and low risk entry point into the sector as we progress our flagship 300MW integrated coal to power project to FC.

As at 30 June 2020, the Company had cash reserves of approximately US$0.6 million. Based upon projections, which are subject to the Shareholder Loan being converted, extended or restructured, the Group will be funded until Q4 2020. The Shareholder Loan matured on 30 November 2019 and the repayment amount due up to 21 September 2020 was US$4.6 million which includes principal, rolled up premiums under the previous loans and interest, not taking into consideration further conversions. On 12 May 2020 the Company announced that it had received "in principle" support from all Shareholder Loan holders ("Lenders") to enter the loan restructuring and will target an extension of a further 12 months from the restructuring date. The Company remains confident of a positive outcome.

I would like to thank Estevão Pale for his invaluable support and guidance throughout his Directorship. We wish him well in his future role as Mozambique looks to become one of the world's largest producers of liquified natural gas. I would also like to thank the team and our Partners for their hard work during what has been a challenging time for everyone. They have continued to make excellent progress across all our workstreams, despite the travel restrictions in place. Finally my thanks go to our loyal Shareholder base for their support and patience and we look forward to providing further positive updates as we progress the Project to FC.

Michael Haworth
Non-Executive Chairman

Operational and Financial Review

Ncondezi is focused on the phased development of an integrated coal fired power plant and mine, commencing with 300MW first phase. The Project is located near Tete in northern Mozambique.

Ncondezi has also entered the captive solar and battery storage sector through a Relationship Agreement with GridX, to develop, build and operate power solutions for the African C&I sector.

Ncondezi Project

Formal Tariff Submission

As per the announcement on 31 March 2020, the Company submitted a formal tariff proposal to the Mozambican Government and EDM. The Proposal was supported by:

- Executed Joint development agreement ("JDA")
- EPC and O&M proposals from CMEC and GE;
- Indicative debt financing terms from a leading financial institution; and
- A Letter of Interest from a leading export credit agency

The proposal submission was the final milestone required to initiate tariff negotiations with EDM and the Mozambican Government. Once approved, the tariff offer will confirm the project economics and viability, allowing the development process to focus on finalising the PPA and PCA ahead of FC.

Following our initial discussions with EDM it was agreed the Company would update both the Transmission Integration Study and Market Outlook Study, both of which required access to proprietary information from EDM. The updated Transmission Integration Study has since been completed and submitted to EDM for review. It will be used by EDM to provide approval on the project transmission option to connect into the Mozambican grid. A first draft of the Market Outlook Study is expected in early October and submission to EDM is targeted in the same month. The Company expects to finalise tariff negotiations within 3 months of submission of the Market Outlook Study, taking into consideration the end of year holidays.

Shareholders Agreement Term Sheet

As per the announcement on 28 August 2020, the Company signed the SHA TS with CMEC, confirming Ncondezi will retain a 40% equity interest in the project. The SHA TS sets out the agreed basis for the long form Shareholders Agreement and Subscription Agreements (the “Full Form Agreements”), which will be finalised between the parties once the investment conditions are met. The key principles agreed include:

- CMEC (or its affiliate) to subscribe for 60% equity in the Project following execution of the Full Form Agreements (subject to relevant corporate and regulatory approvals)
- Ncondezi to retain 40% equity participation in the Project
- Investment Conditions agreed for execution of Full Form Agreements
- CMEC and Ncondezi to fund agreed development costs from satisfaction of investment conditions up to FC on a 60:40 basis
- CMEC to lead debt financing process from Chinese financiers
- Defined governance and management structures for the Project
- Agreed that the board of the Project will consist of three Directors nominated by CMEC and two Directors nominated by Ncondezi

- The Board will appoint a senior management team after signing of the Shareholder Agreement but before FC when first drawdown of initial funds for construction commences
- The Shareholder Agreement is governed by and construed in accordance of English law

The Investment Conditions include:

- Approval of the tariff envelope by EDM
- Ncondezi historical costs agreed
- EPC Agreements signed
- O&M Agreements signed
- Agreement on the 60% subscription price to be paid by CMEC
- An adequate debt security package committed to by EDM and the Government of Mozambique meeting the requirements of investors and lenders
- Agreement reached on the Work Program and Budget for development costs until FC
- All relevant approvals attained

The SHA TS is based on and builds on the JDA signed in July 2019. Whilst the Full Form Agreements are being finalised, the JDA will remain in full force and effect. GE is not a signatory to the SHA TS but is the Project's technology partner. Following the announcement from GE on 21 September 2020 regarding their intention to exit the new build coal power market, the Company has held discussions with GE Steam Power and CMEC and confirms any potential impact on the project is not material to the project outcome. In the event that a new technology partner is required, CMEC has put in place a contingency plan and compiled a preferred list of partners who are familiar with the Project. CMEC has indicated that such a process would take 1 month to complete if required.

Historical Cost Audit

As per the announcement on 29 September 2020, the Company submitted the historical cost audit report to CMEC for review. The audit report covers Ncondezi development expenditure on the mine and 300MW coal-fired power project over the last 10 years and was completed by an international independent audit firm. The costs of carrying out the audit report have been covered by CMEC.

Once the audit report is approved by both parties, the historical costs will be reimbursed as part of the Project capital cost at financial close. Agreement on the historical costs to be reimbused is a key condition precedent for the full form shareholders agreement between Ncondezi and CMEC, and is in addition to the subscription price to be agreed for the 60% share in the Project and the Project developers fee.

Ncondezi Work Programme Timetable

Milestone Description	**Expected Completion Date**
Ncondezi historical costs agreed	Q4 2020
EPC Contract Execution	Q4 2020
Transmission Integration Approval from EDM	Q4 2020
Updated Market Study	Q4 2020
Updated Feasibility Study Submitted to EDM	Q4 2020
Finalisation of tariff negotiations	Q4 2020
EDM Board Tariff Approval	Q1 2021

Agreement on the 60% subscription price to be paid by CMEC	H1 2021
PPA & PCA Initialling	H1 2021
Financial Close	H2 2021
Mine Commissioning	H1 2024
Power Plant Commissioning	H2 2024

C&I Solar

Maiden C&I Solar and Battery Project

Following the outbreak of COVID-19 travel restrictions were put in place by the Government of Mozambique. In April 2020 the Project offtaker for our maiden C&I solar and battery project in Mozambique, issued a force majeure notice to the Company due to the inability to provide site access for construction. The project has been placed on hold pending the lifting of travel restrictions and the Company continues to work closely with all parties involved. All major equipment remains in secure storage facilities ready for deployment when the restrictions are lifted. In the meantime we do not envisage incurring further construction costs until the force majeure notice is removed.

The Company continues to believe that the opportunity to replace existing energy solutions with a stable power supply that reduces emissions and lowers the cost of energy will become increasingly more important as C&I companies look to ensure security of supply post the COVID-19 crisis.

Relationship Agreement with GridX

In May 2020, the Company announced that it had signed a binding Relationship Agreement with GridX giving Ncondezi the right of first refusal to fund up to US$5.5 million of GridX developed projects in Mozambique.

Relationship Agreement Overview

Under the agreement, GridX has identified 7 potential Projects under development with a combined potential installed PV capacity of 2.8MWp and 4.5 MWh battery storage. Capital costs range from US$250,000 to US2.1 million. Should these Initial Projects meet a minimum set of KPIs required and Ncondezi exercise its right to fund, it would represent a potential annuity revenue stream of over US$750,000 per annum.

Each project must meet a minimum set of KPIs before being presented to Ncondezi for funding. These minimum KPIs include:

- Project must be located in Mozambique;
- Project size between US$100,000 and US$10,000,000;
- Use of proven technology;
- Minimum post tax unlevered equity IRR of at least 10% to Ncondezi;
- Minimum credit requirements met;
- Bankable offtake denominated in US$;
- Completion of credit checks on potential clients with additional credit support in place where required;
- Finalised EPC and O&M contracts in place; and
- All consents and permits required to start construction in place.

The Right of First Refusal ("ROFR") will be managed under a newly formed subsidiary NGP. Ncondezi will have the right to fund 100% of each Project's equity requirement, and Projects will be accessed for funding on a project by project basis. Ncondezi will look to identify the optimal financing strategy for each Project, particularly with respect to securing funding at the NGP subsidiary level, and will look at both debt and equity options with gearing of up to 50%. Discussions with potential investors and debt providers to date have been positive as investment mandates and appetites to fund energy access and renewable power projects continues to grow.

The first Projects are anticipated to be presented for funding review during Q1 2021.

Even if a Project does meet the minimum KPIs, Ncondezi has the right not to fund that Project without any financial penalty. However, should Ncondezi elect not to fund any further Projects that meet the minimum KPIs, it will lose its ROFR over the remaining Projects. If a Project does not achieve the KPIs within the proposed time frame allocated, GridX has the ability to substitute that Project for alternative projects.

As part of the Relationship Agreement, GridX agreed to forego payment of the final amount of the GridX Fee (US$130,000) payable under the previous arrangement. Other than the capped development fee and profit sharing fee which may be due to GridX if Ncondezi elects to fund a Project, there are no further cash payments to be made to GridX.

In addition, GridX AssetCo ("GridX SPV"), a special purpose vehicle setup specifically for the Company's first solar and battery storage project investment, has become a wholly owned subsidiary of NGP through the purchase of all GridX's A class shares at par value totalling US$100. Following the acquisition, GridX no longer has any management or acquisition rights in the GridX SPV, but will continue to provide management services. Furthermore, GridX has agreed that as soon as it becomes the owner of any plant and materials relating to the first solar and battery project currently under construction, it shall immediately transfer ownership of such plant and material to GridX SPV for no additional consideration.

As part of its ordinary course business as a developer, GridX is entitled to a capped development fee for each Project that Ncondezi funds, included as part of the Project capital cost.

GridX is expected to provide O&M services for each of the Projects that achieves financial close in accordance with market-related commercial terms for projects of a similar nature, contracting directly with the power offtaker.

Certain incentives to encourage GridX to achieve the best returns for each Project, will be paid through a profit sharing mechanism where an equity IRR hurdle of above 10% is achieved by Ncondezi.

The Relationship Agreement will expire at the earlier of Ncondezi financing US$5.5 million of Projects or 36 months from the date of the Relationship Agreement.

Shareholder Loan

The Loan term expired on 30 November 2019 with no extensions or restructuring legally agreed as at period end. As such the Loan was as at period end, with interest of 12% continuing to be accrued on the outstanding balance.

As at 21 September 2020, the repayment amount due was US$4.6 million which includes principal, rolled up premiums under the previous loans and interest.

The Company has received “in principle” support from all Lenders to enter the Loan restructuring proposal as set out below:

- 12 month extension on existing terms, including 12% annual interest rate and ability for Lenders to swap debt for equity in part or in full at a conversion price of 10.0p per share.

- A right for Ncondezi to pay off the original principal amount of the Loan along with conversion of all interest into Ncondezi shares on AIM at a 25% to 30% premium to the 30 day volume weighted average price ("VWAP").

The restructuring process is currently subject to the completion of key Lender internal approval from AFC, which has incurred delays from the impact of COVID-19.

On 26 November 2019 and reconfirmed on 20 May 2020, all Lenders, including AFC, indicated that they will not call in the Loan whilst the Restructuring is being finalised.

The Restructuring is subject to the Lenders agreeing to the documentation and the necessary related party transaction process being completed by the Company's Independent Directors.

Financial overview

Results from operations
The Group made a loss after tax for the period of US$1.2 million compared to a loss of US$1.3 million for the previous interim period. The basic loss per share for the interim period was 0.4 cents (2019 H1: 0.4 cents).

Expenses totalled US$1.0 million (2019 H1: US$0.9 million). This includes US$0.8 million (2019 H1 US$0.6 million) of administrative expenses and US$0.2 million (2019 H1: US$0.3 million) of share-based payment charge. Administrative expenses refer principally to professional fees and underlying administrative expenses related to advancing the integrated power, mining and C&I Projects.

During the period, US$0.4 million expenditure was incurred on the development of the C&I projects.

Cash Flows
The net cash outflow from operating activities for the interim period was US$0.8 million (2019 H1: US$0.5 million).
Net cash outflow from investing activities was US$0.4 million (2019: US$0.3 million) related to investment on C&I Projects.
Net cash inflow from financing activities was US$1.0 million (2019: US$2.2 million), mainly relating to an oversubscribed placing of US$0.8 million for 21,666,666 ordinary shares in the Company at a price of 3.0 pence per ordinary share and US$0.2 million Seritza Loan drawn down.
The Company also issued a total of 2,466,666 ordinary shares at the Placing Price of 3.0 pence per ordinary share for a further £74,000 being equal to the amounts owed to certain creditors.
The resulting period end cash held totalled US$0.6 million (2019 H1: US$1.8 million).

Outlook
As at 30 June 2020 the Group had cash reserves of approximately US$0.6 million. Based upon projections, which are subject to the Shareholder Loan being converted, extended and restructured and include corporate costs, deferrals of salaries of staff and consultant fees, project costs to progress the Project and planned expenditure related to a pipeline of C&I Projects, the Group is funded until Q4 2020. Projections do not include further funding of the initial C&I solar battery project, currently under construction and on hold due to COVID-19 restrictions. The Company will finalise its funding strategy for this project once the full impact of COVID-19 becomes clearer. The Company will focus on raising funding at the subsidiary level for future C&I Projects to ensure cash reserves are prioritised for the immediate funding needs of the main Project. The working capital facility expired on 30 June 2020, during the period US$250,000 was drawn down.

The Loan of US$4.6 million as at 21 September 2020 (principal, historic redemption premium and interest) matured on 30 November 2019, and the Company is currently evaluating options to execute the restructuring process as proposed on 26 November 2019.

The Directors continue to explore options in respect of raising further funds to continue with the power plant and mine development programmes, as well as fund potential C&I Projects. At present there are no binding agreements in place and there can be no certainty as to the Group's ability to raise additional funding.

In addition, notwithstanding the Loan, further funding will be required as detailed above to meet operating cash flows under current forecasts beyond Q4 2020 or in the event of accelerated project advancement. The financial statements have been prepared on a going concern basis in anticipation of a positive outcome but it is important to highlight that there are no binding agreements in place and there can be no certainty that any of these initiatives will be successful.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. Such adjustments would principally be the write down of the Group's non-current assets.

Consolidated statement of profit or loss and other comprehensive income
for the six months ended 30 June 2020

	Note	**6 months ended 30 June 2020 Unaudited US$'000**	6 months ended 30 June 2019 Unaudited US$'000	Year ended 31 December 2019 Audited US$'000
Other administrative expenses		**(820)**	(626)	(1,216)
Share-based payment charge	7	**(174)**	(252)	(402)
Total administrative expenses and loss from operations		**(994)**	(878)	(1,618)
Finance expense		**(222)**	(382)	(680)
Loss for the period before taxation		**(1,216)**	(1,260)	(2,298)
Taxation		**-**	-	-
Loss and total comprehensive loss for the period attributable to equity shareholders of the parent company		**(1,216)**	(1,260)	(2,298)
Loss per share expressed in cents				
Basic and diluted	2	**(0.4)**	(0.4)	(0.7)

Consolidated statement of financial position

at 30 June 2020

	Note	**30 June 2020 Unaudited US$'000**	30 June 2019 Unaudited US$'000	31 December 2019 Audited US$'000
Assets				
Non-current assets				
Property, plant and equipment	3	**19,391**	18,239	19,263
JV investments – C&I Projects	3	**-**	318	769
Total non-current assets		**19,391**	18,557	19,032
Current assets				
Trade and other receivables		**21**	34	26
Cash and cash equivalents		**592**	1,790	722
Total current assets		**613**	1,824	748
Total assets		**20,004**	20,381	19,780
Liabilities				
Current liabilities				
Trade and other payables		**379**	505	404
Loans and borrowings	4	**4,747**	3,793	4,234
Derivative financial liability	6	**250**	639	30
Total current liabilities		**5,376**	4,937	4,668
Total liabilities		**5,376**	4,937	4,668
Capital and reserves attributable to shareholders				
Share capital	5	**93,218**	92,104	92,660
Retained earnings		**(78,590)**	(76,660)	(77,548)
Total capital and reserves		**14,628**	15,444	15,112
Total equity and liabilities		**20,004**	20,381	19,780

Approved on behalf of the Board on 28 September 2020.

Michael Haworth
Non-Executive Chairman

Consolidated statement of changes in equity
for the six months ended 30 June 2020

	Share capital US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2020	**92,660**	**-**	**(77,548)**	**15,112**
Loss for the period	**-**	**-**	**(1,216)**	**(1,216)**
Total comprehensive loss for the period	**-**	**-**	**(1,216)**	**(1,216)**
Issue of shares	**893**	**-**	**-**	**893**
Costs associated with issue of shares	**(335)**	**-**	**-**	**(335)**
Equity settled share-based payment	**-**	**-**	**174**	**174**
At 30 June 2020 (Unaudited)	**93,218**	**-**	**(78,590)**	**14,628**

	Share capital US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2019	88,796	-	(75,554)	13,242
Loss for the period	-	-	(1,260)	(1,260)
Total comprehensive loss for the period	-	-	(1,260)	(1,260)
Issue of shares	2,380	-	-	2,380
Costs associated with issue of shares	(213)	-	-	(213)
Exercise of share options	98	-	(98)	-
Shareholders Loan conversion into equity	935	-	-	935
Exercise of warrants	108	-	-	108
Equity settled share-based payment	-	-	252	252
At 30 June 2019 (Unaudited)	92,104	-	(76,660)	15,144

	Share capital US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2019	88,796	-	(75,554)	13,242
Loss for the period	-	-	(2,298)	(2,298)
Total comprehensive loss for the period	-	-	(2,298)	(2,298)
Issue of shares	2,380	-	-	2,380
Costs associated with issue of shares	(213)	-	-	(213)
Exercise of share options	98		(98)	-
Shareholders Loan conversion into equity	1,344	-	-	1,344
Exercise of warrants	255		-	255
Equity settled share-based payment	-		402	402
At 31 December 2019	96,660	-	(77,548)	15,112

Consolidated statement of cash flows

for the six months ended 30 June 2020

	6 months to 30 June 2020 Unaudited US$'000	6 months to 30 June 2019 Unaudited US$'000	Year ended 31 December 2019 Audited US$'000
Cash flow from operating activities			
Loss before taxation	(1,216)	(1,260)	(2,298)
Adjustments for:			
Finance expense	222	382	680
Share based payments charge	174	252	402
Unrealised foreign exchange movements	1	1	-
Reversal of accrual	-	-	(150)
Depreciation and amortization	34	33	67
Net cash flow from operating activities before changes in working capital	(785)	(592)	(1,299)
(Decrease)/increase in payables	(25)	24	73
Decrease in receivables	5	20	28
Net cash flow used in operating activities before tax	(805)	(548)	(1,198)
Income taxes paid	-	-	-
Net cash flow used in operating activities after tax	(805)	(548)	(1,198)
Investing activities			
Power development costs capitalized	-	-	(58)
Mine exploration and evaluation costs capitalised	(9)	-	-
C&I Projects	(384)	(318)	(769)
Net cash flow used in investing activities	(393)	(318)	(827)
Financing activities			
Issue of ordinary shares	893	2,380	2,380
Cost of share issue	(75)	(213)	(213)
Short Term Loan (Seritza Ltd)	250	-	-
Warrants exercised	-	65	156
Net cash flow from financing activities	1,068	2,232	2,323
Net decrease in cash and cash equivalents in the period	(130)	1,366	298
Cash and cash equivalents at the beginning of the period	722	424	424
Cash and cash equivalents at the end of the period	592	1,790	722

Notes to the consolidated financial information

1. Basis of preparation

The consolidated interim financial statements have been prepared using policies based on International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The consolidated interim financial statements have been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2020.

The consolidated interim financial statements for the period 1 January 2020 to 30 June 2020 are unaudited and incorporate unaudited comparative figures for the interim period 1 January 2019 to 30 June 2019 and extracts from the audited financial statements for the year to 31 December 2019. It does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 Annual Report. The comparative financial information for the year ended 31 December 2019 in this interim report does not constitute statutory accounts for that year. The auditors' report on those accounts was unqualified and included an emphasis of matter drawing attention to the importance of disclosures made in the annual report regarding going concern.

The same accounting policies, presentation and methods of computation are followed in the consolidated financial statements as were applied in the Group's latest annual audited financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these has had a material impact on the Group's reporting.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

Going concern

As at period end the Group had cash reserves of approximately US$0.6 million. Based upon projections, which are subject to the Shareholder Loan being converted, extended and restructured and include corporate costs, deferrals of salaries of staff and consultant fees, project costs to progress the Project and planned expenditure related to a pipeline of C&I Projects, the Group is funded until Q4 2020. Projections do not include further funding of the initial C&I solar battery project, currently under construction and on hold due to COVID-19 restrictions. The Company will finalise its funding strategy for this project once the full impact of COVID-19 becomes clearer. The working capital facility expired on 30 June 2020, during the period US$250,000 was drawn down. The Loan of US$4.6 million as at 21 September 2020 (principal, historic redemption premium and interest) matured on 30 November 2019, and the Company is currently evaluating options to execute the restructuring process as proposed on 26 November 2019 and the confirmation of the Loan Holders on 20 May 2020.

The restructuring process is currently waiting for key Lender internal approval from AFC, which has incurred recent delays due to the impact of COVID-19. Despite the delays AFC has indicated that it is supportive of the Restructuring however, there can be no certainty that the holders of the Shareholder Loan will agree to an extension or restructure or the terms on which they will agree to do so.

In addition, notwithstanding the Shareholder Loan, further funding will be required as detailed above to meet operating cash flows under current forecasts or in the event of accelerated project advancement.

The Directors continue to explore options in respect of raising further funds to continue with the power plant and mine development programmes as well as C&I Projects. At present there are no binding agreements in place and there can be no certainty as to the Group's ability to raise additional funding.

The COVID-19 pandemic represents a risk to a number of aspects of the Group's business, including lack of access to the Projects and in person meetings with the Project Partners, Government, EDM and potential finance partners which may cause a delay to the Projects. There remains considerable uncertainty relating to the pandemic duration and its impact. The Group continues to closely monitor the impacts on its projects and to develop appropriate response plans. There is also a significant uncertainty as regards to the ability of the Group to raise funds in the current market conditions due to the COVID-19 pandemic which may result in the Group having to raise funds at whatever terms are available at the time.

The financial statements have been prepared on a going concern basis in anticipation of a positive outcome but it is important to highlight that there are no binding agreements in place. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. Such adjustments would principally be the write down of the Group's non-current assets.

2. Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Share incentives were outstanding at the end of the period that could potentially dilute basic earnings per share in the future. However, due to losses incurred during the current period, the impact of these incentives would not be dilutive.

	Unaudited 30 June 2020			Unaudited 30 June 2019			Audited 31 December 2019		
	Loss US$'000	**Weighted average number of shares (thousands)**	**Per share amount (cents)**	Loss US$'000	Weighted average number of shares (thousands)	Per share amount (cents)	Loss US$'000	Weighted average number of shares (thousands)	Per share amount (cents)
Basic and diluted EPS	**(1,216)**	**327,115**	**(0.4)**	(1,260)	299,518	(0.4)	(2,298)	312,117	(0.7)

3. Property, plant and equipment

	C&I Projects US$'000	Power assets US$'000	Mining assets US$'000	Buildings US$'000	Plant and Equip. US$'000	Other US$'000	Total US$'000
Cost							
At 1 January 2020	**-**	**9,520**	**7,661**	**1,277**	**35**	**718**	**19,211**
Additions	**1,153**	**-**	**9**	**-**	**-**	**-**	**1,162**
At 30 June 2020	**1,153**	**9,520**	**7,670**	**1,277**	**35**	**718**	**20,373**
Cost							
At 1 January 2019	-	9,462	7,661	1,277	35	718	19,153
Additions	-	-	-	-	-	-	-
At 30 June 2019	-	9,462	7,661	1,277	35	718	19,153
Cost							
At 1 January 2019	-	9,462	7,661	1,277	35	718	19,153
Additions	-	58	-	-	-	-	58
At 31 December 2019	-	9,520	7,661	1,277	35	718	19,211
Depreciation							
At 1 January 2020	**-**	**-**	**-**	**205**	**25**	**718**	**948**
Depreciation charge	**-**	**-**	**-**	**34**	**-**	**-**	**34**
At 30 June 2020	**-**	**-**	**-**	**239**	**25**	**718**	**982**
At 1 January 2019	-	-	-	139	24	718	881
Depreciation charge	-	-	-	33	-	-	33
At 30 June 2019	-	-	-	172	24	718	914
At 1 January 2019	-	-	-	139	24	718	881
Depreciation charge	-	-	-	66	1	-	67
At 31 December 2019	-	-	-	205	25	718	948
Net Book value 30 June 2020	**1,153**	**9,520**	**7,670**	**1,038**	**10**	**-**	**19,391**
Net Book value 30 June 2019	-	9,462	7,661	1,105	11	-	18,239
Net Book value 31 December 2019	-	9,520	7,661	1,072	10	-	18,263

Following the Relationship Agreement signed in May 2020, GridX SPV, a special purpose vehicle setup specifically for the Company's first solar and battery storage project investment, previously recognised as JV investment became a wholly owned subsidiary of NGP and consolidated within the Group results. The project related expenditure is capitalised under 'C&I Projects' segment.

4. Loans and borrowings

	30 June 2020 Unaudited US$'000	30 June 2019 Unaudited US$'000	31 December 2019 Audited US$'000
Short term loan (Shareholders Loan)	**4,486**	3,793	4,234
Short term loan (Seritza Ltd)	**261**	-	-
Total Short term loan	**4,747**	3,793	4,234

Shareholders Loan:

On 26 November 2019, the Company received "in principle" support from all Lenders to enter a Shareholder Loan restructuring proposal. The Loan term expired on 30 November 2019 with no extensions or restructuring legally agreed as at the end of the period.

The restructuring proposal is set out below:

- Extension on existing terms, including 12% annual interest rate and ability for Lenders to swap debt for equity in part or in full at a conversion price of 10.0p per share
- 12 month extension from the future Restructuring approval date
- A right for Ncondezi to pay off the original principal amount of the Loan along with conversion of all interest into Ncondezi shares on AIM at a 25% to 30% premium to the 30 day VWAP

The restructuring process is currently waiting for completion of key Lender internal approval from AFC, which has incurred delays from the impact of COVID-19. All Lenders, including AFC, indicated in May 2020 that they will not call in the Loan whilst the Restructuring is being finalised.

The Restructuring is subject to the Lenders agreeing to the documentation and the necessary related party transaction process being completed by the Company's Independent Directors.

At the end of the period the Shareholders Loan was valued at US$4.5 million (H1 2019: US$4.2 million) including 12% annual interest rate applied since the expiring date 26 November 2019.

Seritza Loan:

In 2019 the Company entered into a term loan with Seritza Limited for an unsecured working capital facility of US$750,000. The working capital facility was made available for drawdown from 1 January 2020 until 30 June 2020 at the Company's election and is repayable within 24 months from first drawdown, unless there is an event of default or the Company elects to prepay the facility.

There was a drawdown on 24 January 2020 of US$250,000. Further drawdowns were not solicited and the working capital facility expired at the end of the period.

The working capital facility attracted a 10% annual interest charge, payable at maturity or on repayment. During the period the loan accumulated US$11,000 in interest.

5. Share capital

Number of shares	**6 months to 30 June 2020 Unaudited**	6 months to 30 June 2019 Unaudited	Year ended 31 December 2019 Audited
Allotted, called up and fully paid			
Ordinary shares of no par value	**349,127,049**	320,349,232	324,993,717

Unaudited	**Shares issued Number**	**Share Capital US$'000**
At 1 January 2020	**324,993,717**	**92,660**
Issue of shares	**24,133,332**	**893**
Costs associated with issue of shares	**-**	**(335)**
At 30 June 2020	**349,127,049**	**93,218**

Unaudited	Shares issued Number	Share Capital US$'000
At 1 January 2019	282,299,844	88,796
Issue of shares	28,856,060	2,380
Issue of shares (exercised share awards)	1,000,000	98
Issue of shares (loan equity conversion)	7,193,328	935
Issue of shares (exercised warrants)	1,000,000	108
Costs associated with issue of shares	-	(213)
At 30 June 2019	320,349,232	92,104

Audited	Shares issued Number	Share Capital US$'000
At 1 January 2019	282,299,844	88,796
Issue of shares	28,856,060	2,380
Issue of shares (exercised share awards)	1,000,000	98
Issue of shares (loan equity conversion)	10,337,813	1,344
Issue of shares (exercised warrants)	2,500,000	255
Issue costs	-	(213)
At 31 December 2019	324,993,717	92,660

6. Derivative financial liability

	6 months to 30 June 2020 Unaudited	6 months to 30 June 2019 Unaudited	Year ended 31 December 2019 Audited
Warrants	**250**	108	30
Loan derivative	**-**	531	-
	250	639	30

Warrants

During the period 1,520,000 warrants issued in June 2018, expired. The remaining fair value of US$30,135 was derecognised through the profit and loss.

On 29 May 2020 2,166,666 warrants at subscription price of 3.0 pence per share and 21,666,666 warrants at subscription price of 6.0 pence per share were issued to investors. The warrants have an exercise period of 2 years from 29 May 2020. The warrants are classified at fair value through profit and loss as the functional currency of the Company is US Dollars and the exercise price is set in GBP.

The fair value on the grant date and reporting date were determined using the Black Scholes Model. The fair value was based on the following assumptions:

Share Price (£)	0.03 and 0.06
Expected volatility	75%
Options life (years)	2
Expected dividends	0
Risk free rate	0.74%

The fair value of the 2,166,666 warrants on the grant date was US$39,953. On initial recognition the warrants' cost was deducted from share capital balance as it represents the cost of issuing shares. Subsequent changes in the fair value of the warrants are recognised through profit or loss. The warrants were valued at US$38,832 at the end of the period with the change of fair value of US$1,121 recognised through profit or loss.

The fair value of the 21,666,666 warrants on the grant date was US$220,081. On initial recognition the warrants' cost was deducted from share capital balance as it represents the cost of issuing shares. Subsequent changes in the fair value of the warrants are recognised through profit or loss. The warrants were valued at US$211,184 at the end of the period with the change of fair value of US$8,896 recognised through profit or loss.

The warrants have been deemed to be Level 2 liabilities under the fair value hierarchy.

7. Share based payments

During the period there has nt been new issue of share options. The total number of options outstanding for the period is 31,930,854 (2019:11,996,906) out of which 16,362,685 (2019: 11,996,906) had vested and were exercisable.

The fair value of the equity instrument was measured using the Black-Scholes model. The expected life used in the model was adjusted, based on management's best estimate, for the effects of nontransferability, exercise restrictions and behavioural considerations. A share base payment charge of US$174,000 (H1 2019: US$252,000) was recognised in period in relation to these options.

8. Related party transactions

Parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Shareholders Loan

In relation to the Shareholder Loan as at 30 June 2020 US$1,415,000 (H1 2019: US$1,300,000) is due to a Trust of which Non-Executive Chairman, Michael Haworth is a potential beneficiary and US$136,000 (H1 2019: US$123,000) to Executive Director Hanno Pengilly.

Hanno Pengilly – Executive Director of Ncondezi Energy Limited - Director of Herne Capital (Pty) Ltd ("HCL")

During the period US$102,000 (H1 2019: US$120,000) was paid by the Company to HCL in respect of services provided by Hanno Pengilly. There was outstanding US$18,000 deferred fees balance at the end of the period (H1 2019: US$nil).

HCL provides leadership on key corporate activities such as capital raising, reporting and press releases and investor relations strategy.

Working Capital Facility

The Company put in place a US$750,000 working capital facility in October 2019. The facility was provided by a company owned by a trust of which CEO, Hanno Pengilly, is a potential beneficiary. As at the end of the period, US$250,000 drawndown had been drawndown. The remaining facility of US$500,000 expired at the end of June 2020.

Aman Sachdeva – Non-Executive Director of Ncondezi Energy Limited - CEO of Synergy Consulting Inc.

During the period US$94,000 (H1 2019: US$85,000) was paid by the Company to Synergy Consulting Inc. in respect of services provided by Synergy. At end of the period the outstanding balance was US$nil (H1 2019: US$nil).

Synergy is a global independent consultancy specialising in infrastructure advisory and project finance, and has experience in achieving financial closure for deals worth approx. US$25 billion and M&A advisory for deals worth US$5.0 billion.

9. Events after the reporting period

- On 8 July 2020 a total of 568,000 nil value subscription price share options vested at grant on 25 May 2018 were exercised. Following this 568,000 new ordinary shares of no par value were issued.

- On 3 August 2020 the Company announced the submission of the Transmission Integration Study to EDM.

- On 28 August 2020 the Company announced it has signed a SHA TS with CMEC.
- *On 22 September 2020 GE announced their intention to exit the new build coal power market.*
- *On 28 September 2020 the Company confirmed it has not received any notice of change to the JDA signed in July 2019.*
- *On 29 September 2020 the completed third party historical audit was submitted to CMEC for review.*

Company details

Directors	Michael Haworth (Non-Executive Chairman) Aman Sachdeva (Non-Executive Director) Hanno Pengilly (Executive Director)
Company Secretary	Elysium Fund Management Limited PO Box 650, 1st Floor, Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 3JX
Registered Office	Coastal Building Wickham's Cay II P.O. Box 2221 Tortola British Virgin Islands
Company number	1019077
Nominated Advisor	Liberum Capital Limited Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9AR
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Registrar	Computershare Investor Services (BVI) Limited Woodbourne Hall PO Box 3162 Road Town Tortola British Virgin Islands
Legal advisor to the Company as to BVI law	Ogier LLP 41 Lothbury London EC2R 7HF
Legal advisor to the Company as to English law	Bryan Cave Leighton Paisner LLP Governors House 5 Laurence Pountney Hill London EC4R 0BR