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NEWS RELEASE

Audited Final Results for Year Ended 31 December 2019

22 June 2020: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce its audited final results for the year ended 31 December 2019.

Project Highlights

- On 28 February 2019, the Company announced that following positive meetings with the Liaison Committee, chaired by the Ministry of Mineral Resources and Energy ("MIREME"), the updated Project work programme and timetable targeting power on the grid by 2023 had been approved and the Company's strategic partners had confirmed that the process to conclude the Joint Develop Agreement ("JDA") could now move forward.

- On 23 July 2019, the Company signed the 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. CMEC is expected to act as the lead development partner and GE the main technology partner for the boilers, steam turbine, generator and emission control systems.

- On 21 October 2019 a technical due diligence site visit was successfully completed by the Company's strategic partner CMEC as part of the process to prepare the Engineering, Procurement and Construction ("EPC") and Operations and Maintenance ("O&M") contracts.

- On 12 December 2019 Synergy Consulting ("Synergy") was selected as preferred financial advisor to prepare the Project financial model and finalise the tariff submission and negotiation process with Electricidade de Moçambique ("EDM"). KPMG Auditores e Consultores S.A. ("KPMG") was also appointed to provide tax services related to the Project financial model.

- On 31 December 2019, the Company received updated EPC and O&M bids as well as indicative debt financing terms and the preliminary tax and financial incentives report for the Project.

C&I Solar and Battery Storage Highlights

On 5 April 2019, the Company announced it had entered into a term sheet with GridX, an African power developer, enabling it to enter into a Joint Venture ("JV") focused on building and operating captive solar and battery storage solutions for the African C&I sector.

- On 23 October 2019, the Company entered into a Subscription Agreement and a Shareholders' Agreement with GridX and GridX Africa AssetCo ("GridX SPV") to finance the development of a 400 kWp fully off grid, ground mounted solar photovoltaic ("PV") facility plus 228 kW/912 energy storage facility for a commercial customer in Mozambique.

Corporate Highlights

- On 9 October 2019 Hanno Pengilly was appointed as a Director of the Company and the Company's new Chief Executive Officer ("CEO").

- On 15 October 2019, Christiaan Schutte was appointed as the Company's interim Chief Operating Officer ("COO") and Pimlico Advisory Ltd was appointed to provide Investor Relations services to the Company.

- On 25 November 2019 Jacek Glowacki resigned from the Board of the Company and his role as Non-Executive Director.

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- On 26 November 2019, as part of the Company's management incentive scheme, The Company granted share options in respect of 7,833,332 shares in the Company to its Non-Executive Directors and CEO representing 2.4 per cent. of the issued share capital of the Company.

Financial Highlights

- On 19 March and 1 April 2019 a total of 1,000,000 warrants at subscription price of 5 pence per share issued on 25 May 2018 were exercised and following this 1,000,000 new ordinary shares of no par value were issued.

- On 5 April 2019, the Company raised a total of £1.88 million before expenses, through a conditional placing and direct subscriptions of 28,856,060 ordinary shares in the Company at a price of 6.50 pence per ordinary share.

- On 17 May 2019 a total of 1,000,000 nil value subscription price share options vested at grant on 25 May 2018 were exercised. Following this 1,000,000 new ordinary shares of no par value were issued.

- On 30 July 2019 a total of 1,500,000 warrants at subscription price of 5 pence per share issued on 20 October 2017 were exercised and following this 1,500,000 new ordinary shares of no par value were issued.

- On 23 October 2019, the Company entered into a US$750,000 working capital facility for the continued development of the Ncondezi Project. The working capital facility is available for drawdown 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. The working capital facility will attract a 10% annual interest charge, payable at maturity or on repayment.

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

- On 26 November 2019 as part of the Company's management incentive scheme, the Company granted share options in respect of 7,833,332 shares in the Company to its Non-Executive Directors and CEO representing 2.4 per cent of the issued share capital of the Company.

- During 2019, a total of US$1,344,000 of loan principal, rolled up previous redemption premiums plus interest was converted into equity at a price of 10.0 pence per ordinary share which resulted in an aggregated of 10,337,813 ordinary shares being issued over the year.

Post balance sheet events

- In January 2020, US$250,000 has been drawndown from the working capital facility put in place in October 2019 with the remaining facility of US$500,000 available until end of June 2020 although it is not currently intended to utilise it further.

- On 31 March 2020, the Company submitted a firm tariff proposal to the Mozambican Government and EDM. The proposal was supported by:
  - Executed JDA;
  - Detailed 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.

- On 9 April 2020, project construction for the C&I solar and battery project in Mozambique was

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put on hold pending further clarity of the impact of COVID-19 and lifting of travel restrictions. A force majeure notice was issued by the project offtaker in Mozambique due to the inability to provide site access for construction.

- On 5 May 2020, Estevão Pale resigned from the Board of the Company and his role as Non-Executive Director.

- On 6 May 2020, the Company finalised a binding Relationship Agreement ("RA") with GridX for a US$5.5 million pipeline of solar and battery storage projects in the C&I sector and agreed to acquire the remainder of the 100% of the SPV set up for the first solar and battery storage project investment which it did not hold for US$100. Under the RA the obligation to pay the remaining $130,000 GridX fees relating to ROFR under the original term sheet was terminated.

- On 15 May 2020, the Company raised a total of £650,000 before expenses, through a placing of 21,666,666 ordinary shares in the Company at a price of 3 pence per Ordinary Share ("Placing Price") together with 1 warrant to subscribe for an Ordinary Share at 6 pence per new Ordinary Share. The Company also received subscriptions for a total of 2,466,666 Ordinary Shares in the Company at the Placing Price for a further £74,000 being equal to the amounts owed to certain creditors. In addition the Senior Management Team and certain consultants to the Company have agreed to defer 30% of salaries and fees until 30 November 2020. In principle agreement has been reached to subscribe for shares at the Placing Price in relation to salaries and fees that have been agreed to be deferred. Such subscription, if implemented, would be made in December 2020 and represent a potential total of 1,603,800 new Ordinary Shares at the Placing Price for a further £48,114. Separately CEO Hanno Pengilly agreed to defer 30% of his salary until 30 November 2020.

- Mozambique brought in nationwide restrictions to stem the spread of the COVID-19 pandemic on 1 April 2020 which have been extended at least until the end of June 2020. The Company suspended all travel to Mozambique while continuing to work with its partners remotely. The impact of the travel restrictions has resulted in the halting of construction of and force majeure declared on the C&I solar and battery project. During tariff negotiation discussions it was highlighted that available technical and market assumptions critical to the Project are out of date. The Company has agreed to update its transmission integration study and conduct an independent market study for energy supply and demand forecasts in Mozambique and potential export markets ("Independent Studies"). The studies will also take into account the potential impact of COVID-19. These studies are anticipated to add at least 2 months to the Project development programme moving the tariff agreement to H2 2020. Other workstreams have also been impacted by the travel restrictions, the Shareholder Agreement Term Sheet, historical audit and finalisation of the EPC contracts are all now expected in Q3 2020.

The Company will post its Annual Report and Accounts for the year ended 31 December 2019 ("2019 Annual Report and Accounts") to shareholders on 22 June 2020. A copy of the 2019 Annual Report and Accounts will be available on the Company's website www.ncondezienergy.com.

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 Executive 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 to be equipped with state-of-the-art emissions controls technologies that will reduce local air pollutants, minimizing 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$5.5m C&I project development pipeline in Mozambique through a Relationship Agreement with GridX Africa Development announced in May 2020. 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.

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Chairman's Statement

Dear Shareholder,

The developing impact of the COVID-19 crisis has highlighted the global importance of the energy sector in maintaining essential services, hospitals, and communications. Post the crisis, the energy sector is expected to play a leading role in driving economic recovery and development. In Africa the situation is more acute with 70% of the world's population without access to electricity located in Sub-Saharan Africa. The Mozambique government has targeted universal energy access by 2030, to achieve this significant expansion in generation capacity is required. The Ncondezi Project is aligned with these objectives and is one of the most advanced projects in Mozambique capable of providing reliable, affordable and accessible baseload energy helping to close the infrastructure gap of the region and serving as a catalyst for economic development.

The proposed power plant will be equipped with state-of-the-art emissions control technologies that will reduce local air pollutants, minimising the plant impact on the environment and ensuring its compliance with the most stringent emission standards.

The 2019 financial year has seen the Company make significant progress with the flagship Ncondezi Project. A JDA was concluded in July with partners, CMEC and GE. The JDA formalises certain of the key terms on which the Project will be co-developed and constructed and represents a major milestone for the Company enhancing its credibility and setting a clear pathway to closing out project investment and financing.

From a commercial perspective, the JDA confirms that Ncondezi is expected to maintain a 40% equity interest in the Project at Financial Close ("FC") and is expected to receive a reimbursement of historical development costs and payment of a subscription price for the 60% equity share to the project company. It is expected that the historical development costs and subscription price will be agreed between the parties before the Power Purchase Agreement ("PPA") and Power Concession Agreement ("PCA") are finalised, subject to Government and lender approvals, and will likely be allocated towards the Company's 40% equity contribution at FC. Further details of the JDA are set out below.

Following signature of the JDA, the focus moved to the next value enhancing milestones, namely the confirmation of a tariff offer with EDM. This process saw the achievement of a number of key deliverables, including detailed EPC and O&M proposals from CMEC and GE, indicative debt financing terms from a leading global financial institution and a Letter of Interest from a leading export credit agency. These achievements led to the formal tariff submission to EDM on 31 March 2020.

The Board believes the tariff proposal to be commercially attractive being competitive with existing gas power plants in Mozambique and over 10% lower than the previously agreed EDM tariff in 2015.

Negotiations with EDM are currently underway and progressing well despite the travel restrictions due to the COVID-19 outbreak. However, I am mindful that the implications of the global COVID-19 outbreak are developing rapidly and whilst we are taking all pragmatic steps to respond to this unprecedented situation, including suspending all travel and moving all workstreams that we can online the impact on our business remains uncertain.

In parallel to the tariff negotiation process, the Company and its partners have agreed to progress the finalisation of Ncondezi historic development costs, Shareholder Agreement Term Sheet and the EPC Contract. All of these steps are expected to be achieved in the coming months and play a crucial role in further de-risking the Project.

Following a request from EDM to update the transmission integration study and to conduct an independent market study the Company has submitted an updated timetable and work programme to EDM targeting the finalisation of the power tariff and other deliverables during the second half of 2020. A more detailed timetable update will be provided to investors at the appropriate time.

The Project achievements in 2019 would not have been possible without continued government support highlighted by the Project's 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. The Company was subsequently invited to present to the Inter-Ministerial Committee for China and Mozambique (the "Committee") as a China-Mozambique priority investment project in December 2019.

The 2019 financial year also saw the formal entry by the Company into the exciting C&I solar and battery storage sector with the signing of a term sheet with GridX. The Board believes the move into this sector represents a significant opportunity for the Company to complement its existing large scale baseload power project and access near-term low-risk annuity income streams which the Company believes has significant growth potential.

The continued decline in solar panel and battery costs are setting the foundation for a tide of disruptive technology in African energy markets, allowing African countries to leapfrog to the next generation of sustainable energy supply. In a similar way to wireless cellular phones allowing African countries to bypass fixed line infrastructure and adopt mobile technology. At the same time, significant investment appetite is growing in the sector as investors increasingly recognise smaller renewable captive generation projects as a source of steady returns.

In October 2019, the Company entered into a Subscription Agreement to finance the development of its first off grid solar and battery storage project for a commercial customer in Mozambique. This project is currently under construction but following the receipt of a force majeure notice from the Project offtaker remains on hold pending further clarity on the impact of COVID-19 and the lifting of travel restrictions, further updates will be made to shareholders in due course.

In May 2020, the Company finalised a binding RA with GridX replacing the previous term sheet to form a JV and securing a right of first refusal (subject to certain conditions) to fund 100% of a GridX pipeline of 7 Mozambique C&I solar and battery storage projects up to a total investment value of approximately US$5.5 million. This structure provides the opportunity for a phased and low risk entry point into the sector, with GridX responsible for the development and delivery of construction ready projects for investment consideration and, over time, a diversified portfolio approach spreading investment risk across multiple projects.

All projects will be housed under the Company's newly formed renewable energy subsidiary Ncondezi Green Power Holding Ltd ("NGPHL") and will be 100% owned by the Company.

To implement the Company's strategy, the Board appointed Hanno Pengilly as CEO and Chris Schutte as COO in October 2019. Both have significant experience with the Project and operating in Mozambique and their appointments highlight their continued commitment to the Company whilst providing confidence in the Company's future.

On 25 November 2019, the Company announced that Jacek Glowacki resigned from the Board of the Company and his role as Non-Executive Director due to personal issues. Additionally, on 5 May 2020, the Company announced that Estevão Pale resigned from the Board of the Company and his role as a Non-Executive Director to focus on his newly appointed role as Chairman of Mozambique national oil company, Empresa Nacional de Hidrocarbonetos. Both Jacek and Estavao provided invaluable support and guidance throughout their Directorships and we wish them well in the future.

Financing

In April 2019, the Company raised £1.88 million before expenses through placing of 28,856,060 ordinary shares in the Company at a price of 6.50 pence per ordinary share.

The Shareholder Loan matured on 30 November 2019 and the repayment amount due up to 19 June 2020 was US$4.5 million which includes principal, rolled up premiums under the previous loans and interest. Since the successful restructuring in November 2018, over US$1.3 million of debt has been converted into equity at a price of 10p per ordinary share, representing a significant premium to the share price during this period. The Company intends to extend and restructure the outstanding loan and received "in principle" support from all Lenders to enter the Loan restructuring proposal in November 2019 and again in May 2020. Draft documentation was submitted to Lenders in December. The Company is confident of a positive outcome as there is significant alignment between the loan holders and the major shareholder and senior management of the Company with 87% of the loan outstanding held between Africa Finance Corporation ("AFC") (the Company's largest shareholder),

the Board and senior management. 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.

The Company put in place a US$750,000 working capital facility in October 2019 to strengthen the balance sheet as the Company continued to deliver on its strategy for the main Ncondezi Project. The working capital facility was provided by a company owned by a trust of which CEO, Hanno Pengilly, is a potential beneficiary. To date US$250,000 has been drawndown, with the remaining facility of US$500,000 available until the end of June 2020 although it is not currently intended to utilise it further.

The Company successfully raised a total of £650,000 before expenses, despite challenging markets on 15 May 2020 through a conditional placing of 21,666,666 ordinary shares in the Company at a price of 3 pence per Ordinary Share together with 1 warrant to subscribe for an Ordinary Share at 6 pence per new Ordinary Share. Separately CEO Hanno Pengilly, members of the Senior Management Team and certain consultants agreed a deferral of 30% of fees owed until the end of November 2020 demonstrating the support and commitment of the Ncondezi team.

As at 1 June 2020, the Company had cash reserves of approximately US$0.9 million. Based upon projections, which are subject to the Shareholder Loans being converted, extended and restructured, the Group will be funded until Q4 2020. Further details can be found in the Going Concern note 1.

Michael Haworth
Non-Executive Chairman

19 June 2020

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Operations 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 to build and operate power solutions for the Mozambique C&I sector.

Joint Development Agreement with CMEC and GE

On 23 July 2019, the Company signed a JDA with CMEC and GE to co-develop and construct the integrated Ncondezi 300MW coal-fired power project and coal mine in Tete, Mozambique.

The JDA formalised certain of the key terms on which the Project will be co-developed and constructed by Ncondezi, CMEC and GE (together the "Parties").

The key terms of the JDA include:

- 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 FC, the point at which first funds are drawn for Project construction.
- CMEC will be the main EPC and 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 support the maintenance of the GE supplied core equipment during operation.
- 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, it is expected to be paid at an agreed date when the Project transaction agreements, internal and government approvals are obtained.
- 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 includes a one year non-compete for any party that terminates the JDA where it no longer intends to proceed with the Project. Ncondezi will 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, provided that in the case of a liquidation such payment shall not exceed the amount raised for distribution following such liquidation.

Background to Joint Development Agreement

On 20 October 2017, the Company announced that it had agreed in principle terms of a Non-Binding Offer with CMEC and GE. On 9 November 2017, the Company announced that the NBO had been signed.

CMEC is a large Chinese integrated company with international reach and engineering contracting as its core business. CMEC's project experience, technical ability, and financing capacity, has allowed it to undertake projects in more than 150 countries in the fields of international contracting and general international trade. CMEC's contracting business involves a broad range of areas such as electric power and energy, transportation, electronic communication, water supply and treatment, housing and architecture, manufacturing and processing plant, environmental protection, mining and resource prospecting. As a world-renowned engineering contractor, CMEC has been ranked among China's top 10 contractors by business turnover from overseas contracted projects by the Chinese Ministry of Commerce for many consecutive years.

GE is a world energy leader that provides technology, solutions and services across the entire energy value chain from the point of generation to consumption. GE's power business is transforming the electricity industry by uniting all the resources and scale of the world's first digital industrial company. GE's customers operate in more than 150 countries, and together power more than a third of the world to illuminate cities, build economies and connect the world.

CMEC and GE have jointly worked on numerous projects across the world and successfully completed a number of power projects in the sub Saharan African region. In addition and most relevant to Ncondezi, the two parties worked together on the Thar Block II Power Plant project in Pakistan, which is a 660MW integrated coal fired power plant and mine which utilises two 330MW CFB boilers. Commercial operations at the plant began in July 2019.

Experience of JDA parties in Mozambique

Both CMEC and GE have successful track records operating in Mozambique.

CMEC has been involved in supplying and installing transmission infrastructure to EDM, improving access to electricity for Mozambicans and new industry development. In 2015, CMEC completed a 110kV transmission line project in Nacala City in northern Mozambique and in 2017, CMEC signed an EPC contract for a 400kV transmission line project in the same location. CMEC is also an EPC contractor for the Moatize to Macuse railway and port project designed to provide a new coal transport corridor from the Tete region.

GE has been present in Mozambique for over four years with offices in Maputo and over 44 employees. GE is active in multiple sectors including the transport, healthcare, oil and gas and energy sectors. To date, GE has supplied over 120 locomotives, installed ten 4.4MW power units for the Kuvaninga gas IPP project and is to provide technology solutions and services to ENI's US$7 billion Coral South LNG project in the Rovuma Basin. In addition, GE is working on initiatives to improve access and quality of basic and diagnostic services of rural healthcare and reduce infant mortality rates. This work is run in parallel to GE's local skills development programmes which include scholarships, funding of educational facilities and the provision of local courses.

Following the signing of the JDA, the Project development program will focus on delivering the key milestones to achieve first power on the grid in 2024. This process started with the submission of a formal tariff offer to the Liaison Committee and EDM for review and approval in March 2020. Following agreement of the tariff, the Company expects to formally enter into PPA and 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 FC.

From a timing perspective, an updated development timetable has been submitted to EDM for approval following the request for the Company to carry out additional Independent Studies. Further updates will be made to investors at the appropriate time.

Updated Financial Model and Tariff Submission

Following signing of the JDA in July 2019 the Company and its Partners began work on the tariff submission proposal for EDM. Tariff financial model meetings were held with its Partners, advisors and lenders in Beijing in Q4 2019 and work programmes were agreed for tariff finalisation and submission to EDM.

Finalisation of the Project power tariff for submission to EDM required the financial model ("FM") which drives the Project power tariff calculation, and its key inputs to be updated. A key component of this process was the receipt of firm EPC and O&M proposals from the Company's partners, which provide capex and opex assumptions for the financial model. Following successful site visits and Q&A Sessions held in October 2019, the Company's Partners submitted initial EPC and O&M bids to the Company in December 2019 with supporting information received in early 2020.

In parallel with the EPC and O&M process the Company also worked with its partners to engage with lenders to receive preliminary financing terms for the debt component of the Project financing. The Company received a Letter of Interest ("LoI") from a leading global financial institution to provide debt financing for the Project, targeting a minimum of 70% debt finance of the Project capital costs. Indicative funding terms were received in December 2019. The financial institution has a strong relationship with the Project partners, having worked with them on providing debt facilities to their recently completed Thar power plant in Pakistan, a project which is approximately double the size of the Ncondezi Project at 660MW, utilising similar generation technology and with an integrated coal mine.

Following receipt of all the key updated information including EPC and O&M proposals, indicative debt terms and tax and accounting assumptions from KPMG. The FM was submitted to the Company's Partners for internal review in January 2020. The FM received final approval from the Company's Board of Directors and its Partners and a formal tariff proposal was submitted to EDM in March 2020. This represented the last major agreed milestone to initiate formal tariff negotiations with EDM.

The Project targets the provision of 24hr reliable, affordable and accessible power in northern Mozambique, a key growth region currently reliant on expensive emergency generation and exposed to the effects of prolonged droughts. It targets an attractive energy solution that is competitive with existing gas power plants in Mozambique and up to 60% cheaper than the emergency power plants currently in use. Designed to use state-of-the-art emission control technologies to seek to reduce local air pollutants, minimise the plant's impact on the environment and ensuring its compliance with the World Bank's most stringent emission standards.

The Project is also fully aligned with the Government's energy generation strategy for additional coal power in the power generation mix from 2023. In addition to the lower proposed tariff envelope, the Project is also expected to significantly benefit Mozambique through tax receipts and royalties over the life of the Project which are estimated to be between US$1.1 to 1.4 billion. This is in addition to local skills development and thousands of jobs during construction and hundreds of jobs during operation, as well as the economic multiplier effect of providing stable cost-effective power to the north of Mozambique and the term sheet terminated.

The FM results are not final and subject to change based on a number of factors including the finalisation of tariff negotiations with EDM, debt terms with commercial banks, technical and operating assumptions and EPC and O&M contracts.

Relationship Agreement with GridX

On 5 April 2019, the Company announced that it entered into a Term Sheet with GridX, an African power developer, enabling it to enter into a JV focused on building and operating captive solar and battery storage solutions for the African C&I sector. In October 2019 the Company announced that it had entered into a Subscription Agreement and a Shareholder's agreement with GridX to finance the development of a 400kWp fully off grid, ground mounted solar PV facility plus 228 KW/912 energy storage facility for a commercial customer in Mozambique. In May 2020 the Company announced it had finalised a binding RA with GridX for a pipeline of solar and battery storage projects in the C&I sector in Mozambique.

Background

Since Ncondezi transitioned from a coal exploration business into an integrated power plant and mine project, the Company has built up significant Sub-Saharan African power development expertise and has been evaluating a number of alternative power projects that would complement its existing 300MW Ncondezi Project in Tete, Mozambique. This process led to the identification of the GridX opportunity in the C&I sector, and is outlined in more detail below.

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C&I Solar and Battery Storage Sector Overview

Inadequate access to electricity in Africa both in terms of connections and reliability has driven demand in the C&I sector for self-generation (or "Captive"/"Embedded") power solutions. Renewable energy solutions are estimated by the International Renewable Energy Agency (IRENA) to make up nearly half of African supply by 2030 and the Company estimates that this market could be worth up to US$34 billion a year. [1]

Traditionally, captive power solutions have relied heavily on diesel generation. The Company Directors believe this dynamic has the potential to change with the advent of low cost solar and battery storage. Solar and battery storage solutions are increasingly making economic sense with potential cost savings of 30% or more versus traditional off grid diesel generation solutions and providing a price shield against escalating fuel and grid prices. In particular, cost effective battery storage has allowed greater solar penetration into the market by removing its intermittent power constraints and maximising energy generated. Solar and battery storage equipment is modular and pre-fabricated, making it easy and quick to install and in more places. Generation regulations are also less onerous as installations typically do not require additional licensing.

Solar and battery storage meets the growing pressure for corporate sustainability and zero emissions from investors and consumers. It also has low maintenance costs primarily due to the lack of moving parts compared to a diesel generator.

According to Bloomberg New Energy Finance, solar and battery storage costs have fallen 84% and 76% since 2012, and are expected to become even more cost competitive with the cost of solar PV panels expected to fall a further 37% by 2025[2] and battery storage costs by a further 67% by 2030 [3].

In addition, there are significant ancillary benefits of solar and battery storage projects, including:

- Reduced fuel storage and theft risks
- Reduced fuel logistics costs
- Reduced emissions
- Reduced noise pollution
- Peak shaving – reduces peak period high cost energy demand from grid
- Supply stability – backup, frequency & voltage control

Overview of GridX

GridX is a power developer focused on delivering competitive sustainable energy solutions in the African C&I sector. GridX identifies C&I energy users who have either no or poor quality grid access and are dependent on diesel power generation. Capital requirements per target project average between US$0.5 million and US$2.0 million, and typically each project has a projected 9-12 month construction timeframe. Each project will seek to have a 10 to 15 year US$ denominated power offtake contract. Targeted project returns are attractive with minimum targeted post tax unlevered equity IRR between 10% and 15%, compared with 6% and 10% in developed economies. Ncondezi believes that these returns can be further increased through leverage.

GridX has in-house resources to produce construction ready projects and is technology agnostic which allows for competitive technology selection on every project.

In January 2019, GridX delivered its first project in Tanzania. The project was designed for Singita Grumeti, a luxury game lodge, and involved the installation of a 189 kWp solar plant and 522kWh battery storage unit from Tesla. The battery storage unit is believed to be the first Tesla installation in Tanzania. GridX expects that the project will replace over 100,000 litres of diesel consumption annually and result in an annual US$150,000 reduction in diesel costs.

GridX's Directors own 70% of GridX, 15% is held by Eden Renewables, an international solar and storage development company, currently developing projects in the US and UK, 10% by Pan African

[1] IRENA: " 2030: Roadmap for a Renewable Energy Future" (2015)
[2] Bloomberg NEF: "Solar for Businesses in Sub-Saharan Africa" (2019)
[3] Bloomberg NEF: "New Energy Outlook 2018" (2018)

Group, a private equity and investment banking firm focused exclusively on Sub-Saharan Africa, and the balance of 5% is held by a private individual. GridX was founded by Executive Directors Chalker Kansteiner and Justin Pengilly, who have both been working in the African power development sector for a number of years. Chalker was previously at Blackstone's large scale African energy project developer, Black Rhino, whilst Justin previously worked at Pele Green Energy, one of South Africa's leading independent power producers in the renewable energy sector (and is the brother of Hanno Pengilly, the Company's CEO).

GridX Pipeline

GridX's current development pipeline in Mozambique includes 7 projects at an early stage of development, the first funding requirement is not expected until Q4 2020 / Q1 2021. The potential pipeline projects cover a diverse range of sectors from hospitality and tourism to food and drink manufacturing and retail centres securing against a downturn in any one industry. The 7 identified potential projects have a combined potential installed solar capacity of 2.8MWp and 4.5MWh of battery storage. The current estimated project cost for the portfolio is US$5.5 million (100% equity basis), with the right of first refusal given to Ncondezi to fund 100% of the Projects.

In October 2019 the Company announced that it had entered into a Subscription Agreement and a Shareholder's agreement with GridX to finance the development of a 400kWp fully off grid, ground mounted solar PV facility plus 228 KW/912 energy storage facility for a commercial customer in Mozambique. An initial commitment by Ncondezi of US$1.1 million was made to the GridX SPV to fund the project, to date US$665,680 has been invested. The Project has forecast annual revenues of US$198,000 through a 15 year fixed price offtake agreement (escalated 2.0% annually). The project will replace existing generators and is expected to provide cost savings to the offtaker of US$80,000 per year, equivalent to a 29% cost reduction. Commisioning was targeted for Q2 2020 within 8 months of entering into the agreements. Due to the COVID-19 outbreak in early April 2020 a force majeure notice was issued by the offtaker due to the inability to provide site access for construction. Project construction was put on hold pending further clarity on the impact of COVID-19 and the lifting of travel restrictions. All equipment is in secure storage facilities ready for future deployment once restrictions are lifted and no further construction costs are envisaged. The Company will finalise its funding strategy for this project once the full impact of COVID-19 becomes clearer. Further updates will be provided to shareholders as the situation becomes clearer.

Relationship Agreement Overview

In April 2019 Ncondezi signed a Term Sheet with GridX to acquire a right of first refusal ("ROFR") to fund GridX C&I projects through a newly setup JV. The Term Sheet envisaged payment of a fee in two stages to GridX of US$390,000 (the "GridX Fee") allowing the Company to enter into definitive agreements to formalise the JV. The first stage was an upfront fee of US$260,000 which was paid upfront to GridX at the time of signing the Term Sheet. The Term Sheet was replaced in May 2020 with the signing of a binding RA with GridX and remaining instalment of the GridX fee was terminated.

Under the new RA Ncondezi has the ROFR to fund up to US$5.5 million of GridX developed projects in Mozambique. The ROFR will be managed under a newly formed subsidiary NGPHL. Under the agreement GridX has identified 7 potential Projects under development with a combined potential installed PV capacity of 2.8 MWp and 4.5 MWh battery storage. Capital costs range from US$250,000 to US$ 2.1 million. Should these Initial Projects meet the minimum KPI's 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;

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- Finalised Engineering Procurement and Construction and Operations & Maintenance contracts in place; and
- All consents and permits required to start construction in place.

Ncondezi will have the right to fund 100% of each Project's equity requirement, and Projects will be assessed 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 NGPHL 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 Q4 2020 / Q1 2021.

Even if a Project does meet the minimum KPIs, Ncondezi has the right not to fund that Project without any 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 RA, GridX has agreed to forego payment of the final amount of the GridX Fee US$130,000 which would have been payable under the previous arrangement upon completion of a number of conditions that were not met, and this is no longer a potential payment requirement. 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 SPV, a special purpose vehicle setup specifically for the Company's first solar and battery storage project investment, will become a wholly owned subsidiary of NGPHL through the purchase of all GridX's A class shares at par value totalling US$100. Following the acquisition, GridX will no longer have 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 of 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 RA will expire at the earlier of Ncondezi financing US$5.5 million of Projects or 36 months.

Advantages to Ncondezi

The Company Directors believe the RA with GridX has the potential to deliver a number of advantages for Ncondezi, namely:

1. *Complementary to existing Ncondezi Project*
   JV provides diversification from coal baseload power generation into captive solar and battery storage small scale renewable and energy storage projects. From a cash flow perspective the smaller, easier to install solar and battery storage projects potentially provide near term cash flows before the Ncondezi Project target commissioning in 2024. The smaller capital cost requirements also negate the need for a large strategic partner.

2. *ROFR Structure*
   ROFR structure provides minimal distraction and additional resources to the Company, as GridX will take full responsibility for development work and costs to deliver construction ready

projects for funding review. The decision to fund only projects in Mozambique allows Ncondezi to focus on a geography and jurisdiction that it has expertise in again minimizing distractions from the main project.

3. *Strong Market Fundamentals*
   Solar and battery storage projects have become economically competitive with traditional captive power solutions (diesel generators), and further reductions in the cost of solar and battery storage will ensure competitiveness continues into the future. Added to this, the ancillary benefits (noise and emission reductions etc.) and increased pressure for sustainable energy sourcing further strengthen customer investment rational to invest in these solutions.

4. *Potential low risk annuity business with significant growth potential*
   Ncondezi has an option to fund 100% of potential US$5.5 million GridX project portfolio, with 7 potential Projects already identified. At the time of presentation to Ncondezi these are expected to be construction ready projects with attractive US$ denominated 10-15 year bankable offtake contracts significantly reducing risks. In addition, over time, the diversified portfolio approach has a de-risking effect on portfolio level returns which is potentially attractive to external investors in the future.

5. *Attractive project fundamentals and target returns*
   C&I projects are generally low capex and will usually be expected to generate cash flows within 12 months. The minimum 10% unlevered post tax equity IRR KPI sets a projected return floor for each project. These returns represent a premium return when compared to those in more developed power markets and it is expected that this can be improved further through higher delivered project IRRs and gearing.

6. *First mover advantage*
   The African market is at an early stage of development with annuity income investors, utilities and oil companies seeking to enter the sector but slow to move. As Ncondezi builds a diversified portfolio of renewable C&I projects in one structure the Company believes that this could ultimately represent an attractive investment opportunity to development funding institutions, annuity income renewable energy funds, utilities and energy companies and private equity funds.

Shareholder Loan

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

As at 19 June 2020, the repayment amount due on 30 November 2019 is US$4.5 million which includes principal, rolled up premiums under the previous loans and interest.

Conversion notices in relation to 10,337,813 shares have been received throughout the 2019 financial year up to 30 days prior to the Loan repayment date, have reduced the Shareholder Loan by US$1,344,000 of principal, rolled up previous redemption premiums 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 recent delays from the impact of COVID-19.

All Lenders, including AFC, have 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.

Development Program to Financial Close

The Project is at an advanced level of development following the execution of the JDA and submission of the tariff proposal to EDM. The Company remains focused on achieving FC which is targeted for H1 2021.

NCONDEZI ENERGY

Financial Review

Results from operations

The Group made a loss after tax for the year of US$2.3 million compared to a loss of US$3.5 million for the previous financial year. The basic loss per share for the year was 0.7 cents (2018: 1.3 cents).

Administrative expenses (excluding sharebased payment charges) totalled US$1.2 million (2018: US$1.5 million). Administrative expenses refer principally to staff costs, professional fees and travel costs and underlying administrative expenses relating to advancing the integrated power and mining project and C&I projects. The decrease mainly relates to cost cutting measures.

The expense arising from equity-settled share options made to Directors was US$0.4 million for the year (2018: US$1.2 million made to Directors, executive senior management and contracted personnel) as set out on note 17.

The loss after tax includes US$0.7 million (2018: US$0.7 million) finance cost comprising mainly of US$1.1 million of effective interest charges on the convertible loan note liability and US$0.4 million of fair value gains on the derivative due to the derecognition.

Financial Position

The Group's statement of financial position at 31 December 2019 and comparatives at 31 December 2018 are summarised below:

	2019	2018
	US$'000	US$'000
Non-current assets	**19,032**	18,272
Current assets	**748**	478
Total assets	**19,780**	18,750
Current liabilities	**4,668**	5,508
Total liabilities	**4,668**	5,508
Net assets	**15,112**	13,242

Capitalised additions totalled US$0.06 million (2018: US$0.01 million) principally in respect of the Power Project. The remaining increase in non-current assets is a result of US$0.8 million investment in joint venture recognised in the year in respect of development of C&I Solar and Battery Storage platform and projects, refer to note 9 for more details. The carrying value of the non-current assets was assessed for impairment and no impairment was noted as detailed in note 2.

The decrease in current liabilities principally relates to the Shareholder Loan convertions in 2019, together with accrued interest.

Cash Flows

The net cash outflow from operating activities for the year was US$1.2 million (2018: US$1.4 million).

The cash outflow principally represented administrative costs for the year with limited working capital movements.

Net cash outflow from investing activities was US$0.8 million (2018: US$0.02 million inflow), mainly related to investment on C&I Solar and Battery Storage platform and projects as detailed in note 9.

Net cash inflow from financing activities was US$2.3 million (2018: US$1.2 million) mainly relating to the net amount of US$2.2 million from an oversubscribed placing of 28,856,060 ordinary shares in the Company at a price of 6.5 pence per ordinary share and US$0.1 million (2018: US$nil) relating to the exercise of 2,500,000 warrants at subscription price of 5 pence per share.

The resulting year end cash and cash equivalents held totalled US$0.7 million (2018: US$0.4 million).

Outlook

As at 1 June 2020 the Group had cash reserves of approximately US$0.9 million. Based upon projections, which are subject to the Shareholder Loans 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 expires on the 30 June 2020, to date US$250,000 has been drawn down and no further drawdowns are anticipated. The forecasts remain subject to the Shareholder Loan being extended and restructured. The Loan of US$4.5 million as at 19 June 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 Board also recognises the uncertainty surrounding the potential impacts from the COVID-19 virus. To date the Company has experienced a delay to the completion of the first solar battery storage project and associated revenue stream, due to travel restrictions put in place to limit the spread of COVID-19. The Company does not anticipate further construction costs related to the project until the force majeure has been lifted however there are costs associated with the storage of equipment. The Company is reviewing a number of options to ensure costs associated with the project are kept to a minimum. Power tariff negotiations are currently taking place virtually with EDM, the Mozambique Government and the Company's Partners due to the travel restrictions. EDM has requested the Company carries out two Independent Studies which has resulted in a delay to the tariff negotiations. An updated work programme has been submitted to EDM for review and the Company will provide a more detailed timetable update to investors at the appropriate time.

The Directors continue to explore options in respect of raising further funds to continue with the power plant and mine development programmes and any 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 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 are exploring a number of funding and working capital solutions. 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 although the Company has also been exploring options to raise additional funding and refinance or convert the Shareholder Loan; 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.

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Environmental and Social Responsibility

Sustainability

Ncondezi is committed to operating in a sustainable and responsible manner. The Company takes a long-term strategic approach to the conduct of its business, with corporate responsibility as a key priority. We are focused on achieving the highest standards of ethical behaviour, health and safety, environmental stewardship and governance, while sharing the benefits of our operations with our host communities and host country.

Ncondezi's Social Development Programme was put on hold pending further Project developments. Following this the Company is working with their partners to put in place a road map to ensure the Company meets the highest levels of sustainability at all stages of development. Further updates will be provided to shareholders in due course.

Achievements from previous years include:

- The drilling of 14 boreholes in several villages within the Tete province.
- Four students completed their Master's degree in Mining Engineering at Coimbra University benefiting from a full bursary from Ncondezi.
- A 4x4 ambulance was purchased to assist villagers in more remote areas surrounding the Ncondezi Project.
- Ncondezi built a new primary school at Waenera village.
- Upgrading of the Mameme clinic and the construction of a new maternity wing.

An Agricultural Project based on conservation farming. This included the villages of Catabua and Canjedza as an initial model. The objective being a platform to educate the local communities in all aspects of crop husbandry using their own resources.

Director's Biographies

The following sets out the biographies of the directors as at 31 December 2019.

Michael Haworth / Non-Executive Chairman
Michael Haworth has over 20 years finance experience, predominantly in emerging markets and natural resources. Mr Haworth co-founded Greenstone Resources a private equity fund specialising in the mining and metals sector in 2013 and is a Senior Partner of Greenstone Capital LLP and a Director of Greenstone Management Limited. Mr Haworth was previously a Managing Director at J.P. Morgan and Head of Mining and Metals Corporate Finance in London.

Estevão Pale / Non-Executive Director *(resigned on 5 May 2020)*
Estevão Pale has more than 30 years' experience in the mining industry. He is the Chief Executive Officer of Companhia Moçambicana de Hidrocarbonetos S.A., a Mozambican natural gas company. Between 1996 and 2005, Mr Pale was the National Director of Mines in the Ministry of Mineral Resources and Energy, where he was responsible for the supervision and control of mineral activities in Mozambique and the formulation and implementation of the mining and geological policy approved by the government of Mozambique.

Mr Pale has been a director of numerous companies in the mining sector including Promaco SARL and the Mining Development Company, as well as the General Director and Chief Executive of Minas Gerais de Moçambique. Mr Pale has a postgraduate diploma in Mining Engineering from the Camborne School of Mines in Cornwall and a masters degree in Financial Economics from the University of London (SOAS). He completed a course in Gas Business Management in Boston at the Institute of Human Resources Development Corporation in 2006.

On 5 May 2020, the Company announced that Estevão Pale resigned from the Board of the Company and his role as a Non-Executive Director to focus on his newly appointed role as Chairman of Mozambique national oil company, Empresa Nacional de Hidrocarbonetos.

Aman Sachdeva / Non-Executive Director
Aman Sachdeva has more than 20 years experience in the infrastructure industry, specializing in the energy sector; ranging from project finance, management consulting, regulatory affairs, mergers and acquisitions, power system planning, energy conservation and marketing. Mr Sachdeva is currently the founder and Chief Executive Officer of Synergy Consulting, an independent consulting practice with a focus on project finance, which has to date closed projects worth US$12 billion. Mr Sachdeva is also an advisor to the World Bank, Energy Sector for Central Asia, South Asia and Africa on a variety of projects. Mr Sachdeva was nominated to serve as a Non-Executive Director by AFC.

Hanno Pengilly / Chief Executive Officer
Hanno has considerable knowledge in the power and mine sectors on the back of his experience in the business over the last 10 years. Hanno joined the Company in 2010 and has been the Company's Chief Development Officer since May 2012. Hanno has been responsible for managing key project milestones including the delivery of the power plant and mine feasibility studies in 2013 and 2014. Since May 2017, Hanno has led the Company's strategic partner process, which successfully resulted in the signing of a binding JDA in July 2019, and led the Company in key negotiations with the Mozambique government and state power utility EDM.

Prior to joining the Company, he was an investment banker at JP Morgan, based in the United Kingdom and South Africa, and predominantly focused on natural resources. He holds a BSc in Economics.

Director’s Report

The Directors present their annual report and the audited group financial statements headed by Ncondezi for the year ended 31 December 2019.

Principal activities
The principal activity of the Group is the development of an integrated 300MW power plant and mine to produce and supply electricity to the Mozambican domestic market. The Group has also entered the African C&I solar and battery storage sector.

Business review and future developments
Details of the Group’s business and expected future developments are set out in the Chairman’s Statement, the Operations Review and in the Financial Review.

Principal risks and uncertainties
The Group operates in an uncertain environment that may result in increased risk, cost pressures and schedule delays. The key risk factors that face the Group and their mitigation are set out below.

Additionally, the Group’s multi-national operations expose it to a variety of financial risks such as market risk, foreign currency exchange rates and interest rates, liquidity risk, and credit risk. These are considered further in notes 1 and 20.

Key performance indicators
The key performance indicators of the Group are as follows:

	2019	2018
Mine exploration expenditure (US$’000)	**-**	7
Power development expenditure (US$’000)	**58**	25
JV investment expenditure (US$’000)	**769**	-
Share price at 31 December (pence)	**6.30**	5.65
Cash at bank at 31 December (US$’000)	**722**	424

Results and dividends
The results of the Group for the year ended 31 December 2019 are set out below.

The Directors do not recommend payment of a dividend for the year (2018: US$nil). The loss will be transferred to reserves.

Events after the reporting date
See note 23 for further information.

Financial instruments
Details of the use of financial instruments by the Company, its subsidiary undertakings and financial risk management are contained in note 20 of the financial statements.

Going concern
As at 1 June 2020 the Group had cash reserves of approximately US$0.9 million. Based upon projections, which are subject to the Shareholder Loans being converted, extended and restructured and include corporate costs, deferrals of salaries of staff and consultant fees, the working capital facility of which US$250,000 has been drawn down to date and expires on 30 June 2020, project costs to progress the Project and planned expenditure related to a pipeline of C&I projects, the Group is funded until Q4 2020. However, the forecasts remain subject to the Shareholder Loan being extended and restructured. The Loan of US$4.5 million as at 19 June 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. Details on going concern are contained in note 1 of the financial statements.

The COVID-19 pandemic represents a risk to a number of aspects of the Company’s business and there is considerable uncertainty relating to the pandemic duration and its impact. The Company continues to closely monitor the impacts on its projects and to develop appropriate response plans.

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Directors and Directors' interests

Director	Note	Appointment date	**Ordinary Shares held 31 December 2019**	Ordinary Shares held 31 December 2018
Michael Haworth	1	01.06.12	**16,759,462**	16,468,087
Estevão Pale	2	03.06.10	-	-
Aman Sachdeva	3	21.05.15	-	-
Hanno Pengilly		09.10.19	**291,375**	-

1. Includes shares held by a trust of which Michael Haworth is a potential beneficiary.
2. Estevão Pale resigned on 05.05.20.
3. Aman Sachdeva is AFC's nominated director. AFC holds 54,988,520 ordinary shares representing 16.92% of the issued Ordinary Shares as at 31.12.19 and 15.75% as at 01.06.20.

Annual General Meeting

Resolutions will be proposed at the forthcoming Annual General Meeting, as set out in the Formal Notice. In accordance with the Company's Articles of Association one third of the Directors are required to retire by rotation. Accordingly, Michael Howarth will offer himself for re-election at the forthcoming Annual General Meeting of the Company.

Corporate Governance

The Company's compliance with the principles of corporate governance is explained in the corporate governance statement are set out below.

Ordinary Share Capital

The Company's Ordinary Shares of no-par value represent 100% of its total share capital. At a meeting of the Company every member present in person or by proxy shall have one vote for every Ordinary Share of which he/she is the holder. Holders of Ordinary Shares are entitled to receive dividends.

On a winding-up or other return of capital, holders are entitled to share in any surplus assets pro rata to the amount paid up on their Ordinary Shares. The shares are not redeemable at the option of either the Company or the holder. There are no restrictions on the transfer of shares.

Disclosure of information to auditors

So far as each Director at the date of approval of this report is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

BDO LLP have expressed their willingness to continue in office as auditors, and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board

Elysium Fund Management Limited
Company Secretary

19 June 2020

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Risk Factors

Risk(s)	Potential Impact(s)	Mitigation Measure(s)
Financing risk	The Group needs to complete the restructuring of its existing loans and secure investment from strategic investors and/or investment from co-developers to provide sufficient working capital for the next 12 months. Failure to do so may lead to the Group not being a going concern (see note 1) Additionally, project financing will be required to complete the Project and failure to secure such financing would result in failure of the Project and/or delay in its execution. To achieve FC of the Project, the Group will also need to conclude some of its on-going negotiations on key project agreements, including the Project Power Tariff, PCA and the PPA. Failure or delay in doing so may lead to failure of the Project and/or delay in its execution. To achieve investment in any GridX C&I projects that meet the minimum KPIs, the Group will need to secure investment from strategic investors and/or investment from co-developers. Failure to do so may lead to loss of the Group's ROFR on future GridX projects. To date the Company has successfully raised capital via the issue of new shares. Going forward future capital raises will be subject to market conditions at the time which may be impacted by COVID-19, there is no guarantee these will be successful.	The Company is in discussions with the existing loan holders and has received 'in principle' support regarding restructuring of the loans, if necessary, together with exploring funding solutions to refinance the loans. The Company intends to engage with a range of potential financing partners with the objective of securing additional development capital for the costs that will not be covered by the JDA partners, including select corporate overheads. Since October 2018, Ncondezi has had a successful track record in raising additional capital with £2.53 million before expenses raised during the year and since year end despite challenging markets due to the COVID-19 outbreak. The Company has also successfully put in place a working capital facility for US$750,000. The Project is at an advanced level of development. Power Tariff negotiations are underway with EDM and the Mozambique Government. Negotiations are taking place virtually to mitigate the travel restrictions currently in place due to COVID-19. Other key workstreams are progressing ahead of finalising the PPA and PCA. Ncondezi has signed a JDA with CMEC and GE which provides financial support to the project both at the developmental stages to FC as well as during construction. It is important to highlight that there is no certainty that additional funding will be raised. The Company has agreed to fund US$1.1 million, towards the first GridX C&I project that meets all the KPI's and is approved by the Group, of which US$665,680 has been spent to date. This project is currently on hold due to the ongoing impact of COVID-19. The Company has held discussions with a number of potential debt and equity investors, and intends to further develop these potential sources of capital at the appropriate time. The Directors' will monitor the monthly cash burn rate to ensure the Group operates within its cash resources for as long as possible.
Off-taker risk	In the event that the Group is unable to renew the commercial deal with EDM or finalise the PPA on acceptable terms, the Group will need to secure an alternative	In October 2018, the President of Mozambique launched the "National Electricity Program for All", targeting expansion of energy access rates in

	credible power off-taker(s) to raise finance for the Project. There is no guarantee that, in such circumstances, the Group will be able to secure a credit worthy off-taker for the full output with the plant operating at load factors in excess of 80 per cent.	Mozambique from 31% in 2018 to 62% in 2024 and 100% by 2030. The program specifies that up to 650MW of new coal power generation is to come online from 2023. The Company has substantially advanced the PPA and PCA through previous negotiations with EDM and MIREME. EDM has indicated its willingness to continue negotiations once the Company introduces an acceptable strategic partner and a new tariff proposal. These were completed on 31 March 2020, and the Company has started the tariff negotiation process with EDM. The Company's updated tariff proposal is over 10% lower than the previously agreed tariff with EDM. In June 2020 the Company agreed to update the transmission integration study and Mozambican power market outlook study. The results of the studies should verify certain technical assumptions and provide greater certainty around the business case for the Project alongside the tariff proposal, facilitating negotiations on the Project tariff. There is a shortage of power in the region, with Mozambique currently exporting power to South Africa, Zimbabwe, Zambia, Botswana and Namibia. Each of these countries could provide a potential credible power off-taker for the Power Project either as a substitute or as additional power off-taker for an expanded power plant. The Company monitors this potential closely.
Competition from other power stations in Mozambique	Other power stations are being developed in the Tete region and are competing for offtake from EDM as well as resources such as water and transmission line servitudes.	The Project is one of the most advanced projects in the region, making competition from nearby projects more difficult due to the time they require to catch up. Competing gas projects are mainly located in the southern part of Mozambique and are not able to supply the portion of the Mozambican power grid that the Power Project is to connect to in the north of the country. Competition from solar and wind projects is limited in that they are not baseload plants. Additionally, being a thermal coal power station project, the Group can implement commissioning of the power plant faster than competing hydroelectric projects which typically take 2-3 years longer to commission.
Estimating mineral reserve and resource	The estimation of mineral reserves and mineral resources is a subjective process and the accuracy of reserve and resource estimates is a function of the quantity and	Resources • Sign-off of resources by registered Competent Person ("CP"). • Reporting resources in accordance

	quality of available data and the assumptions used and judgements made in interpreting engineering and geological information. There is significant uncertainty in any reserve or resource estimate and the actual deposits encountered and the economic viability of mining a deposit may differ materially from the Group's estimates. The exploration of mineral rights is speculative in nature and is frequently unsuccessful. The Group may therefore be unable to successfully discover and/or exploit reserves.	with the JORC code. • Classification of resources into a high level of confidence category. • Conduct detailed geological modelling • The utilisation of accredited laboratories for the analyses of coal samples. • QA/QC procedures according to best practices. Reserves • Sign-off of reserves by registered CP. • Classification of reserves into proven or probable reserves. • Detailed mine design and scheduling.
Coal risk	Coal specification developed at the pre-feasibility study and verified during the feasibility stage may not be representative of coal to be used in the plant. Not properly characterised coal resources may lead to incorrect boiler design and plant underperformance.	Further coal quality analysis will be conducted and supplied to the boiler supplier for finalisation of boiler design.
Transmission grid constraints	Available transmission capacity is allocated to other power generators.	A transmission agreement heads of terms have been signed with EDM and the Mozambican Government to ensure that available transmission infrastructure allocation is secured early and that proper evacuation infrastructure and capacities are available to the Project in line with the Group's strategy. An updated transmission integration study commenced in June 2020 to explore, develop and identify potential optimisations of all potential future transmission options including new transmission capacity in Mozambique as well as other countries including Malawi and Zambia.
Environmental and other regulatory requirements	Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Group, the extent of which cannot be predicted. Before production can commence on any properties, the Group must obtain regulatory approval and there is no assurance that such approvals will be obtained. No assurance can be given that new rules and regulations will not be enacted or existing rules and regulations will not be applied in a manner which could limit or curtail the Group's operations.	The Group adopts standards of international best practice in environmental management and community engagement in addition to focussing on satisfying Mozambican environmental regulations and requirements in all stages of development. Environmental Management and Social Development Plans have been advanced and are being implemented to satisfy national and international best practice. The Mine and Power Plant Environmental Social Impact Assessment (ESIA) have been conducted by independent, internationally recognised consultants, and have been approved by the Mozambican Government.

		The Project will use state of the art emission control systems, targeting particulates, SOx and NOx emissions below the current IFC and World Bank standards. The project will also be compliant with the latest OECD guidelines and equator principles.
Climate Change Risk	Increased awareness and action against climate change will put pressure on governments and financing organisations to reduce exposure to fossil fuel related power generation. This could affect future Mozambican Government policy towards coal fired generation and limit funding appetite for the Project.	Mozambique is a developing country with an energy generation mix that is heavily dependent on hydro power generation. Power generation from coal is seen as a key factor in improving Mozambique's energy security by reducing Mozambique's dependence on hydroelectric power (particularly in the north), where current generation is vulnerable to the extreme weather effects of climate change.
Foreign Country risk	The Group's exploration licences and project are in Mozambique. The Group faces political risk whereby changes in government policy or a change of governing political party could place its exploration licences and project in jeopardy. Mozambique defaulted on commercial loans in 2016 resulting in donors and the International Monetary Fund (IMF) freezing aid to Mozambique, which may affect financing of the Project at FC.	The Mozambican Government has been stable for many years and fosters a beneficial climate towards companies exploring for resources. The IMF and potential multilateral lenders' groups continue towards a resolution for Mozambique's default. Settlement between the Mozambican Government and creditors in October 2019 and the successful financial close on Mozambique LNG are seen as positive steps towards future funding of projects in Mozambique. All parties have committed to resolving the issue in a reasonable and transparent manner to restore confidence in the country.
Project Development Risk	The Company's assets are all at a development stage. Failure to successfully execute and complete the development projects, or to execute and complete the projects on time and on budget, would have an adverse operational and financial impact.	The Company has signed a JDA with CMEC and GE who have a track record of delivering integrated coal-fired power and mine projects on time and budget. Regular project update meetings are held with the Executive Team to ensure all workstreams are progressing as planned and ongoing monitoring, reporting and control processes are in place. The Company has signed a RA with GridX providing a pipeline of potential off-grid solar battery storage projects for investment. Projects are only put forward for investment when they meet strict KPIs. The Company has a ROFR over the pipeline and can reject one project that meets the KPIs without losing their ROFR. The COVID-19 crisis has resulted in force majeure being declared on the first off-grid solar battery project due to the travel restrictions in place and delays to the tariff negotiations while further Independent Studies are carried out. The Company continues to monitor the situation and is

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		reviewing all options to ensure the initial investment provides a return for shareholders.
COVID-19	The COVID-19 outbreak in H1 2020 has resulted in travel restrictions in and to Mozambique. This has impacted the Company in a number of ways preventing access to site for both the main Power Project and the initial C&I solar and battery storage project. As a result force majeure was declared by the C&I battery solar project offtaker and construction has been halted. The travel restrictions have also prevented the Project Partners from holding in person negotiations with EDM and existing and potential investors.	The Company has halted all travel and is operating on a remote basis. Construction work on the C&I solar and battery project in Mozambique has been suspended. All equipment has been securely stored ready to be installed once the travel ban has been lifted and safe access to site can be provided. Meetings with our Project Partners, consultants and advisors have all been transferred online. Negotiations with Government and EDM are also taking place online to ensure they can advance while the travel restrictions are in place. Following discussions with EDM the Company has agreed to carry out two independent studies which will take into account the developments in Mozambique and the region over the last 2 years including the potential impact of COVID-19. The Company continues to closely monitor the impacts on its projects and to develop appropriate response plans.

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Corporate Governance Statement

The Directors of the Company have elected to follow the principles of the QCA Corporate Governance Code. The QCA Corporate Governance Code identifies ten principles that focus on the pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which the company was created. In addition to the details provided below, governance disclosures can be found on the Company's website at http://www.ncondezienergy.com/corporate-governance.aspx

The Company is focused on the phased development of its large scale, long life, integrated thermal coal mine and 300MW power plant project (the "Project") which it believes offers the most achievable and financeable route to production, thereby delivering value for shareholders. The key risk factors that face the Group and their mitigation are set out above.

The Company has also entered the high growth C&I solar and battery storage market. The signing of a biding RA with GridX in May 2020 offers a phased entry to the sector with low development risk

A statement of the Directors' responsibilities in respect of the financial statements is set out on the Statement of the Directors' Responsibilities. Below is a brief description of the role of the Board and its committees, including a statement regarding the Group's system of internal financial control.

The workings of the Board and its committees

The Board of Directors

At 31 December 2019, the Board comprised a Non-Executive Chairman (Michael Haworth), two further Non-Executive Directors (Aman Sachdeva, Estevão Pale) and one Executive Director (Hanno Pengilly).

Under the UK Corporate Governance Code the independence or otherwise of the Directors is a judgement for the Board. As part of this consideration the Board has reflected on the fact that under the UK Corporate Governance Code Estevão Pale or Aman Sachdeva would not be viewed as independent by virtue of the options that they each hold in the Company and, in respect of Aman Sachdeva, his role as CEO of Synergy Consulting (which provides consultancy services to the Company). Despite this, the Directors believe that independence is not a state of mind that can be measured objectively and, given the character, judgement and decision making process of the individuals concerned, the Directors believe that Estevão Pale and Aman Sachdeva can be considered independent. Estevão Pale resigned as a director on 5 May 2020.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of natural resources, infrastructure and finance. For details of the Directors past experience, please refer to 'Director's Biographies' session set out below.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. As explained above, due to the relatively small size of the Group's operations, Directors and senior management are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of financial reporting.

An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient. Newly appointed Directors are made aware of their responsibilities through the Company Secretary. The Company does not make any provision for formal training of new Directors.

The Company has established audit and remuneration committees of the Board with formally delegated duties and responsibilities. In 2019 Estevão Pale remained as second member of the remuneration committee together with Michael Haworth. Following Estevão Pale's resignation, the remuneration committee is made up of Michael Haworth and Aman Sachdeva.

Since the appointment of Michael Haworth as Non-Executive Chairman, and given that due to the size of operations the Company does not currently have a nominations committee he has been assessing the individual contributions of each of the members of the team to ensure that:

- their contribution is relevant and effective;
- that they are committed; and
- where relevant, they have maintained their independence.

Over the next 12 months, the Company intends to continue to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner.

Conflicts of interest

The Board confirms that it has instituted a process for reporting and managing any conflicts of interest held by Directors. Under the Company's Articles of Association, the Board has the authority to authorise, to the fullest extent permitted by law:

(a) any matter which would otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties);

(b) a Director to accept or continue in any office, employment or position in addition to his office as a Director of the Company and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises provided that for this purpose the Director in question and any other interested Director are not counted in the quorum at any Board meeting at which such matter, or such office, employment or position, is approved and it is agreed to without their voting or would have been agreed to if their votes had not been counted.

Company materiality threshold

The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change. As well as the applicable laws and recommendations, the Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of Directors.

Culture

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Directors believe that the main determinant of whether a business behaves ethically and with integrity is the quality of its people. As the Board currently fulfils the responsibilities that might otherwise be assumed by a nominations committee, the Directors have responsibility for ensuring that individuals employed by the Group demonstrate the highest levels of integrity.

The Board has also instituted a process for reporting and managing any conflicts of interest held by Directors. Under the Company's Articles of Association, the Board has the authority to authorise, to the fullest extent permitted by law:

a) any matter which would otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties); and

b) a Director to accept or continue in any office, employment or position in addition to his office as a Director of the Company and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises provided that for this purpose the Director in question and any other interested Director are not counted in the quorum at any board meeting at which such matter, or such office, employment or position, is approved and it is agreed to without their voting or would have been agreed to if their votes had not been counted.

It is our policy to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, implementing and enforcing effective systems to counter bribery.

We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate and remain bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct both at home and abroad.

Board meetings

Board meetings are held on average every quarter and more frequently when required. Decisions concerning the direction and control of the business are made by the Board. The Board is satisfied that each of the Directors are able to allocate sufficient time to the Group to discharge their responsibilities effectively. The number of meetings held during the year was 15 and attendance is outlined below:

Attendance by directors	Board meetings
Michael Haworth	15
Jacek Glowacki	10
Estevão Pale	11
Aman Sachdeva	12
Hanno Pengilly	4

* *Jacek Glowacki resigned on 25.11.2019 and Hanno Pengilly was appointed on 09.10.2019 and attended all 4 meetings held since his appointment.*

Generally, the powers and obligations of the Board are governed by the Company's Memorandum and Articles and the BVI Business Companies Act 2004, as amended and the other laws of the jurisdictions in which it operates. The Board is responsible, inter alia, for setting and monitoring Group strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders.

The Audit Committee

During 2019, the Audit Committee members were Jacek Glowacki (Committee Chairman) and Michael Haworth. Jacek Glowacki was replaced by Michael Haworth as committee chairman and Aman Sachdeva as the second member of the Audit Committee following Jarek Glowacki's resignation on 25 November 2019. The Board intends to appoint a new independent Director in the near future.

The Committee provides a forum for reporting by the Group's external auditors. Meetings are held on average twice a year and are also attended, by invitation, by the Non-Executive Directors.

The Audit Committee is responsible for reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports before their submission to the Board and monitoring the controls which ensure the integrity of the financial information reported to the shareholders. The Audit Committee meets with the Group's auditors to review reports in respect of the annual audit and considers the significant accounting policies, judgements and estimates involved in the Group's financial reporting, together with the scope of the audit and the auditor fees and independence.

The Board notes that additional information supplied by the Audit Committee has been disseminated across the whole of this Annual Report, rather than included as separate Committee Reports. The Audit Committee met once in the year.

The Remuneration Committee

The Remuneration Committee in 2019 were comprised of Michael Haworth (Committee Chairman) and Estevão Pale.

The Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Remuneration Committee determines the contract terms, remuneration and other benefits for the Executive Directors,

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Including performance related bonus schemes, compensation payments and option schemes. The Board itself determines the remuneration of the Non-Executive Directors. The Remuneration Committee met once in the year.

A Remuneration Committee Report appears is set out below.

Internal financial control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors are conscious of the need to keep effective internal financial control, particularly in view of the cash resources of the Group. Due to the relatively small size of the Group's operations, the Directors and senior management are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the Group.

Continuous disclosure and shareholder communication

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. The Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the market through a Regulatory Information Service in a timely manner.

All information disclosed through a Regulatory Information Service is posted on the Company's website http://www.ncondezienergy.com. Shareholders are forwarded documents relating to each Annual General Meeting, being the Annual Report, Notice of Meeting and Explanatory Memorandum and Proxy Form, and are invited to attend these meetings.

Managing business risk

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and on-going review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include but are not limited to:

- Initiate action to prevent or reduce the adverse effects of risk;
- Control further treatment of risks until the level of risk becomes acceptable;
- Identify and record any problems relating to the management of risk;
- Initiate, recommend or provide solutions through designated channels;
- Verify the implementation of solutions;
- Communicate and consult internally and externally as appropriate; and
- Inform investors of material changes to the Company's risk profile.

Ongoing review of the overall risk management programme (inclusive of the review of adequacy of treatment plans) is conducted by external parties where appropriate. The Board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

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Remuneration Committee Report

At the year end, being 31 December 2019, the Remuneration Committee comprised Michael Haworth and Estevão Pale.

Remuneration packages are determined with reference to market remuneration levels, individual performance and the financial position of the Company and the Group.

The Board determines the remuneration of Non-Executive Directors within the limits set by the Company's Articles of Association. The Non-Executive Directors have letters of engagement with the Company and their appointments are terminable on one months' or three months' written notice on either side.

Long Term Incentive Plan ("LTIP") and unapproved share option scheme
The Company adopted an LTIP and unapproved share option scheme which are administered by the Committee. These are discretionary and the Committee will decide whether to make share awards under the LTIP or unapproved share option scheme at any time. As at 31 December 2019 the following awards to Director remained in place:

Non-Executives	Date of grant	Number granted	Exercise price	Expiry
Estevão Pale	25 May 2018	75,000	8.625p	7 years
Estevão Pale	25 May 2018	1,000,000	6.25p	10 years
Estevão Pale	25 May 2018	300,000	nil	10 years
Estevão Pale	26 Nov 2019	750,000	6.5p	10 years
Aman Sachdeva	25 May 2018	1,000,000	6.25p	10 years
Aman Sachdeva	26 Nov 2019	750,000	6.5p	10 years
Jacek Glowacki	25 May 2018	1,000,000	6.25p	10 years*
Hanno Pengilly	25 May 2018	550,000	8.625p	10 years
Hanno Pengilly	25 May 2018	150,000	8.625p	10 years
Hanno Pengilly	25 May 2018	300,000	5.0p	10 years
Hanno Pengilly	25 May 2018	2,375,132	7.5p	10 years
Hanno Pengilly	25 May 2018	1,187,566	10.0p	10 years
Hanno Pengilly	25 May 2018	1,187,566	15.0p	10 years
Hanno Pengilly	25 May 2018	1,187,566	8.625p	10 years
Hanno Pengilly	26 Nov 2019	6,333,332	6.5p	10 years

* *as considered a good leaver Jacek Glowacki has 30 months from 25.11.19 to exercise these options.*

Refer to note 17 for details of the vesting conditions attached to certain of the awards.

Grant of Share Awards
During 2019 7,833,332 share options were issued to the Company's directors (2018: 22,897,522 included Company's directors, executive senior management and contracted personnel).

Directors' Options
During 2019 all 7,833,332 share options were issued to the Company's Directors (2018: 8,987,542 out of the 22,897,522).

Directors' service agreements
None of the Directors have a service contract which is terminable on greater than one year's notice.

Non-Executive Directors' fees
The Company has adopted a standard level of fees for Non-Executive directors of £40,000 per annum, and £70,000 for the Chairman. The current Chairman has waived all fees since his original appointment. In addition, Jacek Glowacki and Aman Sachdeva have waived their Directors fees since 1 April 2015 and Estevão Pale since 1 April 2017.

Directors' remuneration

The following table sets out an analysis of the pre-tax remuneration for the year ended 31 December 2019 for individual directors who held office in the Company during the period.

Director	Base Salary/fee US$'000	Benefits US$'000	Share based payments* US$'000	Total 2019 US$'000	Total 2018 US$'000
Michael Haworth	-	-	-	-	-
Christiaan Schutte*	-	-	-	-	396
Estevão Pale	-	-	39	39	110
Jacek Glowacki**	-	-	-	-	81
Aman Sachdeva	-	-	39	39	81
Hanno Pengilly***	60	-	25	85	-
Total	**60**	**-**	**103**	**163**	668

** Christiaan Schutte resigned on 30.09.2018.*
*** Jacek Glowacki resigned on 25.11.2019.*
**** Hanno Pengilly was appointed on 09.10.2019 – the base fees reflects three months diretorship.*

On behalf of the Board

Michael Haworth
Non-Executive Chairman

19 June 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements for the Group. The Directors have prepared the financial statements for each financial year which present fairly the state of affairs of the Group and of the profit or loss of the Group for that year.

The Directors have chosen to use the International Financial Reporting Standards ("IFRS") as adopted by the European Union in preparing the Group's financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of financial statements.

International Accounting Standards require that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'.

In virtually all circumstances a fair presentation will be achieved by compliance with all applicable IFRS as adopted by the European Union. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the Group has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. In addition to being mailed to shareholders, financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Independent audit report to the members of Ncondezi Energy Limited

Opinion

We have audited the financial statements of Ncondezi Energy Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2019 and its loss for the year ended; and
- have been prepared in accordance with IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 to the financial statements concerning the Group's ability to continue as a going concern which states that the Group will need to extend and restructure its existing shareholder loans which are in default and raise further funds to enable the Group to meet its liabilities as they fall due for a period of at least 12 months form the date of signing these financial statements.

As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the conditions and uncertainties noted above we considered going concern to be a Key Audit Matter.

Our audit procedures in response to this key audit matter included:

- We discussed the potential impact of COVID-19 with management, including their assessment of potential risks and uncertainties associated with areas such as the Group's operations, ability to secure funding and restructure the loan and the potential impact on finalisation of the power project tariff that are relevant to the Group's business model and operations. We formed our own assessment of risks and uncertainties based on our understanding of the business.

- We obtained management's reverse stress testing analysis which was performed to determine the point at which liquidity breaks and considered whether such scenarios, including the inability to secure anticipated funding and restructure the shareholder loan, failure to obtain tariff approval and delays in finalising the construction of the first C&I solar and battery storage were possible.

- We critically assessed management's base case cash flow forecasts and the underlying key assumptions which have been approved by the Board. In doing so, we compared the operating cost forecast to historical expenditure rates, reviewed agreements to assess committed project expenditure, reviewed agreements for the deferral of consulting fees and evaluated the repayment terms of the loan facilities. We reviewed board minutes and market announcements for indications of additional cash requirements.

- We considered management's judgment that they had a reasonable expectation of restructuring the shareholder loans and securing additional financing to meet working capital requirements. In doing so, we inspected correspondence with the loan note holders, made specific inquiries of the Board, considered the Group's history of fundraising and obtained written representations from the Board.

- We reviewed and considered the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How we addressed the key matter in our audit
Carrying value of the group's mining and power assets	
The Group's mining and power assets represent its most significant assets as at 31 December 2019 as detailed in note 7. The mining assets are held at their recoverable value which is below cost following impairments made in prior years. Management are required to assess whether they consider there to be any indicators that the group's mining and power assets may be impaired as at 31 December 2019 and whether any reversals of historic impairments are appropriate. Management determined that the mine and power assets represent one cash generating unit as detailed in note 2. Management performed an impairment assessment for the mining and power assets and concluded that no impairment of the power or further impairment of the mine assets from the prior years was necessary and that no reversal of impairment on the mining assets was required as detailed in note 2, which sets out the key judgements and estimates involved in the impairment assessment. The appropriateness of the carrying value of mining and power assets represented a key audit matter given the significant judgements required in the impairment assessment.	We assessed the appropriateness of management's conclusion that the mining and power assets represented one cash generating unit, against the requirements of applicable accounting standards. We critically reviewed management's impairment review and performed our own assessment of impairment indicators in accordance with applicable accounting standards in order to determine whether their assessment was complete and in accordance with the requirements of such standards. We obtained the integrated power and mine asset financial model, prepared by management's external consultant, and confirmed that the model demonstrated headroom over the carrying value. In respect of key inputs in the model we confirmed that the project costs were consistent with quotes and supporting information, compared the discount rate to relevant third party rates and performed sensitivity analysis. We assessed the independence and competence of the external consultant. In respect of the electricity tariff , upon which the project development is dependent, which remains subject to agreement with the Government, we obtained confirmation from management that the tariff rate represented their best estimate of the

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	rate required by the Government based on verbal discussions they had held and we obtained specific written representation to that effect. We reviewed market reports and internal correspondence to confirm that they were consistent with the tariff used in the model and agreed the rate to documents submitted to the Government. We reviewed the signed Joint Development Agreement with the project partners and obtained supporting documents demonstrating progress and the continued feasibility of the project at this time. We assessed the appropriateness of management's conclusion that no reversal of impairment was required in respect of the mining assets, notwithstanding the headroom derived from the integrated model when compared to the power and mining assets as a whole under certain assumptions. We discussed this judgment with the Audit Committee, which included consideration of factors which may indicate a change in circumstances in respect of the underlying mining asset that gave rise to the original impairment on the mining assets and uncertainties that remain in the absence of a binding Joint Development Agreement or electricity tariff. We reviewed the disclosures in note 2 against the requirements of the relevant accounting framework and considered whether they appropriately reflected the key judgements and estimates made by management. Key observations: Based on the procedures performed, we found management's assessment and disclosures in the financial statement to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the financial statements as a whole was set at US$0.3 million (2018: US$0.28 million). This was based on 1.5% (2018: 1.5%) of total assets which we consider to be an appropriate benchmark due to the focus of stakeholders being on the assets of the Group.

The significant components of the Group were audited to a lower materiality of US$0.11million to US$0.27million.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at US$0.21million (2018: US$0.20million) which represents 70% of the above materiality levels.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of US$15,000 (2018: US$14,000), which was set at 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluated any uncorrected misstatements against both quantitative measures of materiality discussed above and in light of other relevant qualitative considerations when forming our opinion.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, as well as assessing the risks of material misstatement in the financial statements at Group level.

In approaching the audit, we considered how the Group is organised and managed. We completed a full scope audit on the Group's financial information and the components we deemed significant. The Group comprises seven components of which we identified three to be significant, being the parent company, one subsidiary based in Mozambique and the subsidiary holding the joint venture investment. A full scope audit was performed on these significant components by BDO LLP as accounting records are maintained in the UK and management are based in the UK. Non-significant components were subject to analytical review procedures. All procedures were performed by BDO LLP.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities set out Statement of Directors Responsibility above, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

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that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website : www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with the terms of our engagement letter dated May 2020. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed

BDO LLP
Chartered Accountants
London
United Kingdom

19 June 2020
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2019

	Note	**2019**	2018
		US$'000	US$'000
Other administrative expenses	3	**(1,216)**	(1,461)
Share-based payment charge	3	**(402)**	(1,297)
Total administrative expenses and loss from operations		**(1,618)**	(2,758)
Finance expense, net	4	**(680)**	(722)
Loss for the year before taxation		**(2,298)**	(3,480)
Taxation	5	**-**	-
Loss and total comprehensive loss for the year attributable to equity holders of the parent company		**(2,298)**	(3,480)
Loss per share expressed in cents			
Basic and diluted	6	**(0.7)**	(1.3)

The notes form part of these financial statements.

Consolidated statement of financial position

as at 31 December 2019

	Note	**2019 US$'000**	2018 US$'000
Assets			
Non-current assets			
Property, plant and equipment	7	**18,263**	18,272
JV Investment	9	**769**	-
Total non-current assets		**19,032**	18,272
Current assets			
Trade and other receivables	10	**26**	54
Cash and cash equivalents	11	**722**	424
Total current assets		**748**	478
Total assets		**19,780**	18,750
Liabilities			
Current liabilities			
Trade and other payables	12	**404**	481
Loans and borrowings	13	**4,234**	4,182
Derivative financial liability	14	**30**	845
Total current liabilities		**4,668**	5,508
Total liabilities		**4,668**	5,508
Capital and reserves attributable to shareholders			
Share capital	15	**92,660**	88,796
Accumulated losses		**(77,548)**	(75,554)
Total capital and reserves		**15,112**	13,242
Total equity and liabilities		**19,780**	18,750

The financial statements were approved and authorised for issue by the Board of Directors on 19 June 2020 and were signed on its behalf by:

Michael Haworth
Non-Executive Chairman

The notes form part of these financial statements.

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Consolidated statement of changes in equity

for the year ended at 31 December 2019

	Share capital US$'000	Foreign Currency Translation reserve US$'000	Accumulated Losses US$'000	Tot US$'00
At 1 January 2019	**88,796**	**-**	**(75,554)**	**13,24**
Loss for the year	**-**	**-**	**(2,298)**	**(2,298**
Other comprehensive loss for the year	**-**	**-**	**-**	
Total comprehensive loss for the year	**-**	**-**	**(2,298)**	**(2,298**
Issue of shares	**2,380**	**-**	**-**	**2,38**
Costs associated with issue of shares	**(213)**	**-**	**-**	**(213**
Exercise of share options	**98**	**-**	**(98)**	
Shareholders Loan conversion into equity	**1,344**	**-**	**-**	**1,34**
Exercise of warrants	**255**	**-**	**-**	**25**
Equity settled share-based payments	**-**	**-**	**402**	**40**
At 31 December 2019	**92,660**	**-**	**(77,548)**	**15,11**

	Share capital US$'000	Foreign Currency Translation reserve US$'000	Accumulated Losses US$'000	Tot US$'00
At 1 January 2018	87,384	-	(72,994)	14,39
Loss for the year	-		(3,480)	(3,480
Other comprehensive income for the year	-	-	-	
Total comprehensive loss for the year	-	-	(3,480)	(3,480
Issue of shares	1,310	-	-	1,31
Costs associated with issue of shares	(204)	-	-	(204
Exercise of share options	306		(306)	
Equity settled share-based payments	-	-	1,226	1,22
At 31 December 2018	88,796	-	(75,554)	13,24

The notes form part of these financial statements.

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Consolidated statement of cash flows

for the year ended at 31 December 2019

	2019 US$'000	2018 US$'000
Cash flow from operating activities		
Loss before taxation	**(2,298)**	(3,480)
Adjustments for:		
Finance expense	**680**	722
Share based payment charge	**402**	1,297
Unrealised foreign exchange movements	**-**	2
Reversal of accrual	**(150)**	-
Gain on disposal of property plant and equipment	**-**	(44)
Depreciation and amortisation	**67**	68
Net cash flow from operating activities before changes in working capital	**(1,299)**	(1,435)
Increase/(decrease) in payables	**73**	(25)
Decrease in receivables	**28**	29
Net cash flow from operating activities before tax	**(1,198)**	(1,431)
Income taxes refunded	**-**	-
Net cash flow from operating activities after tax	**(1,198)**	(1,431)
Investing activities		
Sales of property plant and equipment	**-**	47
Power development costs capitalised	**(58)**	(25)
Mine development costs capitalised	**-**	(7)
JV investment	**(769)**	-
Net cash flow from investing activities	**(827)**	15
Financing activities		
Issue of ordinary shares	**2,380**	1,310
Cost of share issue	**(213)**	(84)
Warrants exercised	**156**	-
Net cash flow from financing activities	**2,323**	1,226
Net increase/(decrease) in cash and cash equivalents in the year	**298**	(190)
Cash and cash equivalents at the beginning of the year	**424**	614
Cash and cash equivalents at the end of the year	**722**	424

The notes form part of these financial statements.

Notes to the consolidated financial statements

1. Principal accounting policies.

General
The Company is a public limited liability company incorporated on 30 March 2006 in the British Virgin Islands. The address of its registered office is Coastal Building, Wickham's Cay II, PO Box 2221, Road Town, Carrot Bay, Tortola, British Virgin Islands.

Going concern
As at 1 June 2020 the Group had cash reserves of approximately US$0.9 million. Based upon projections, which are subject to the Shareholder Loans 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 expires on 30 June 2020, to date US$250,000 has been drawn down and no further drawdowns are anticipated. The forecasts remain subject to the Shareholder Loan being extended and restructured. The Loan of US$4.5 million as at 19 June 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 matters 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.

Basis of preparation
The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the

International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRS").

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

The Group financial information is presented in United States dollars (US$) and values are rounded to the nearest thousand dollars (US$'000).

Loss from operations is stated after charging and crediting all operating items excluding finance income and expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

New and amended standards which are effective for these Financial Statements
The following new and revised standards and interpretations, all of which are effective for accounting periods beginning on or after 1 January 2019, have been adopted in the current financial year.

• Amendments to IAS 28 Sale of Long-Term Interest in Associates and Joint Ventures.
• IFRS 16 Leases.
• IFRIC 23 Uncertainty over Income Tax Treatments.
• Annual Improvements to IFRS Standards 2015-2017 Cycle.
• Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.
• Amendments to IFRS 9 Prepayment Features with Negative Compensation.

The new standards effective from 1 January 2019, as listed above, do not have a material effect on the Group's financial statements. IFRS 16 Leases does not impact the Group as it does not have any leases.

Standards in issue but not yet effective
The following standards, amendments and interpretations which have been recently issued or revised and are mandatory for the Group's accounting periods beginning 1 January 2020**:**

Standard	Description
IAS 1	Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment Definition of Material)
IFRS 3	Amendments to IFRS 3 Business Combinations – Definition of a business

The Group is currently assessing the impact of these new accounting standards and amendments. The Group is in the process of completing their assessment of the accounting of the acquisition of the GridX shares in their current joint venture interest (note 9) and whether the transaction constitutes an asset purchase or business combination under the requirements of IFRS 3.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Joint Arrangements

Certain Group activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Group has a direct ownership interest in jointly controlled assets and obligations for liabilities. The Group does not currently hold this type of arrangement.

Joint ventures arise when the Group has rights to the net assets of the arrangement. For these arrangements, the Group uses equity accounting and recognises initial and subsequent investments at cost, adjusting for the Group's share of the joint venture's income or loss, less dividends received thereafter. When the Group's share of losses in a joint venture equals or exceeds its interest in a joint venture it does not recognise further losses.

Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

Business combinations

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors.

Share-based payments

Equity-settled share-based payments to employees and Directors are measured at the fair value of the equity instrument. The fair value of the equity-settled transactions with employees and Directors is recognised as an expense over the vesting period. The fair value of the equity instrument is determined at the date of grant, taking into account market based vesting conditions.

The fair value of the equity instrument is measured using the Black-Scholes model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

When grant of equity instruments is cancelled or settled during the vesting period the cancellation is accounted for as an acceleration of vesting and the amount that otherwise would have been recognised for services received over the remainder of the vesting period is immediately expensed.

When equity instruments are modified, if the modification increases the fair value of the award, the additional cost must be recognised over the period from the modification date until the vesting date of the modified award.

If, after the vesting date, fully vested options lapse or are not exercised the previously recognised share based payment charge is not reversed.

Property, plant and equipment
Property, plant and equipment are stated at cost on acquisition less depreciation. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

The annual rate of depreciation for each class of depreciable asset is:

Plant and equipment	25%
Other	20%-33%
Buildings	10%

The carrying value of property plant and equipment is assessed annually and any impairment is charged to the profit or loss.

Power project costs
Power project expenditure is expensed until it is probable that future economic benefits associated with the project will flow to the Group and the cost of the project can be measured reliably. When it is probable that future economic benefits will flow to the Group, all costs associated with developing the 300MW power project are capitalised as power project expenditure within the property, plant and equipment category of tangible non-current assets. The capitalised expenditure includes appropriate technical an administrative expenses but not general overheads. Power project assets are not depreciated until the asset is ready and available for use.

Exploration and evaluation assets
Exploration and evaluation assets include all costs associated with exploring and evaluating prospects within licence areas, including the initial acquisition of the licence and are capitalised on a project-by-project basis. Costs incurred include appropriate technical and administrative expenses but not general overheads. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Group, the related costs will be written off.

The recoverability of exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

Mining assets
When the technical feasibility of the exploration project is determined, mining licence concession is obtained and a decision is made to proceed to development stage the related exploration and evaluation assets are assessed for potential impairment and then transferred to non-current mining assets and included within property, plant and equipment.

Mining properties are depleted over the estimated life of the reserves on a ‘unit of production’ basis.

Commercial reserves are proven and probable reserves. Changes in commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Impairment
The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets

do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the statement of profit or loss and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the prior years.

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairments are recognised in the statement of profit or loss to the extent that the carrying amount exceeds the assets recoverable amount. The revised carrying amounts are amortised in line with the Group's accounting policies.

The Group has two cash generating units being the Power Project and Mine Project - this segment is involved in the exploration for coal and development of coal mine and the development of a 300MW integrated power plant and a Solar project (JV GridX) – this segment is focused on building and operating captive solar and battery storage solutions for the African C&I sector.

Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results of overseas Group entities are translated into US$, which is the functional currency of the Company and its primary operating subsidiaries and presentation currency for the consolidated financial statements, at rates approximating to those ruling when the transactions took place, all assets and liabilities of overseas Group entities are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations with a non US$ functional currency at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange translation reserve.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the statement of profit or loss.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic resources will result and that outflow can be reliably measured.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments
Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets
The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group did not have any financial assets designated at fair value through profit or loss. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

The Group's accounting policy for each category is as follows:

Assets at amortised cost
Assets at amortised cost are measured on initial recognition at fair value and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of Financial Assets
The Group recognizes a loss allowance for expected credit losses (“ECL”) on financial assets that are measured at amortised cost which comprise mainly of receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Impairment provisions for other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities
Financial liabilities held at amortised cost
Financial liabilities refer to trade and other payables and loans and borrowings (including the host debt in a convertible instrument) and are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Where loans and borrowings include a redemption premium, the estimated premium is included in the calculation of the effective interest rate.

Where there is a modification to a financial liability, the original financial liability is de-recognised and a new financial liability is recognised at fair value in accordance with the Group's policy.

Convertible loan
Convertible loan notes are assessed in accordance with IAS 32 Financial Instruments: Presentation to determine whether the conversion element meets the fixed-for-fixed criterion. Where this is met, the instrument is accounted for as a compound financial instrument with appropriate presentation of the liability and equity components.

Where the fixed-for-fixed criterion is not met, the conversion element is accounted for separately as an embedded derivative which is measured at fair value through profit or loss. On issue of a convertible borrowing, the fair value of embedded derivative is determined and the residual is recorded as a host liability initially at fair value and subsequently at amortised cost.

Issue costs are apportioned between the components based on their respective carrying amounts when the instrument was issued.

The finance costs recognised in respect of the convertible borrowings includes the accretion of the liability.

Financial liabilities at fair value through profit or loss
This category comprises warrants instruments classified as derivative financial liabilities due to the warrant resulting in the issue of a variable number of shares and the embedded derivative within the Shareholders Loan. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any other financial liabilities as being at fair value through profit or loss.

Fair value measurement hierarchy
The Group classifies its financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (note 20). The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within the financial liability is determined on the basis of the lowest level input that is significant to the fair value measurement.

Share capital
Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. The Company considers its capital to be total equity. The Company is not subject to any externally imposed capital requirements.

Non-current assets held for sale and disposal groups
Non-current assets and disposal groups are classified as held for sale when: they are available for immediate sale subject only to customer conditions; management is committed to a plan to sell; it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; an active programme to locate a buyer has been initiated; the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of: their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and fair value less costs to sell. Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

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2. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Accounting judgements and estimates

(i) Impairment of power and mining assets

The carrying value of the power plant and mining assets in note 7 are dependent on the success of the power plant project. Management's judgement is that no indicators of impairment have occurred during the year. This has included consideration of the potential sources of impairment indicators prescribed under IAS 36. Management have considered key milestones, signing of the JDA, risks and de-risking events and determined that it is more likely than not that the power plant will be developed given the progress to date. The carrying value of the assets and feasibility of the project is supported by the current integrated financial model. However, the Government have indicated that a more competitive tariff is required compared to the previous tariff envelope agreed in principle. The integrated financial model is based on an approximate 10% reduction in the previous tariff which management anticipate being acceptable to the Government following benchmarking and discussions with EDM to date. However, negotiations are continuing and should an acceptable tariff not be agreed or other cost efficiencies realised the project may not proceed and the power assets may not be recoverable.

Following the JDA with CMEC and GE and the new integrated strategy in 2018 the power and mining projects are considered as one cash generating unit. This required judgement and factors considered included the integrated nature of the development project versus the previous development plans, the interdependent nature of the assets and project economics and the extent to which the assets could feasibly be developed independently.

(ii) Asset classified as held for sale

Management have considered whether the JDA with CMEC and GE was such that the power and mining assets met the criteria of IFRS 5. Having considered the non-binding status of the proposals at 31 December 2019 and associated risks and uncertainties, the extent of progress made towards finalising the JDA and subsequent financial closure and the period of time to final completion of a transaction, management concluded that the criteria were not met.

3. Administrative expenses

	2019 US$'000	2018 US$'000
Staff costs	**45**	41
Professional and consultancy	**831**	1,149
Office expenses	**114**	78
Travel and accommodation	**89**	32
Other expenses	**51**	34
Gain on disposal of PPE	**-**	(44)
Depreciation	**67**	68
Foreign exchange	**19**	103
Total administrative expenses	**1,216**	1,461

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Auditors' remuneration

	2019 US$'000	2018 US$'000
Group auditors' remuneration		
- audit of the Group's accounts	**69**	60
Other services		
- interim review	**4**	3
	73	63

Auditors' remuneration is included within professional and consultancy costs.

Staff costs (including Directors)

	2019 US$'000	2018 US$'000
Wages and salaries	**45**	40
Share based payment	**402**	1,226
Social security costs	**-**	-
	447	1,266

2019 US$nil (2018: US$nil) included within wages and salaries have been capitalised to the power project asset.

The average monthly number of employees (including executive Directors) of the Group were:

	2019 Number	2018 Number
Operational	**1**	1
Administration	**3**	3
	4	4

Key management compensation:

	2019 US$'000	2018 US$'000
Fees	**268**	268
Share based payment	**214**	921
	482	1,189

4. Finance expenses, net

	2019 US$'000	2018 US$'000
Interest on loan (note 13)	**1,146**	1,170
Fair value adjustment on the warrants (note 14)	**(10)**	(157)
Fair value adjustment on the loan derivative (note 14)	**(456)**	(291)
	680	722

5. Taxation

The Group entities subject to corporate income tax are Ncondezi Coal Company Mozambique Limitada and Ncondezi Power Company S.A. which are subject to tax at the rate of 32% (2018: 32%) on their profits in Mozambique. No tax charge/ (credit) arose in the current or prior year for Ncondezi Coal Company Mozambique Limitada and Ncondezi Power Company S.A.

	2019 US$'000	2018 US$'000
Current tax	**-**	-
Group loss on ordinary activities before tax	**(2,298)**	(3,480)
Effects of:		
Reconcile to Mozambique corporation tax rate of 32% (2018: 32%)	**(732)**	(1,113)
Differences arising from different tax rates	**667**	1,044
Taxable losses utilised not previously recognised	**-**	26
Foreign exchange effect originating in overseas companies	**2**	14
Unrecognised taxable losses in subsidiaries	**63**	29
Total tax for the year	**-**	-

During the exploration and development stages, the Group will accumulate tax losses which may be carried forward. As at 31 December 2019, no deferred tax asset has been recognised for tax losses of US$3,202,000 (2018: US$4,253,000) carried forward within the Group's overseas subsidiaries, as the recovery of this benefit is dependent on the future profitability, the timing and certainty of which cannot be reasonably foreseen.

Tax losses in Mozambique are available for use over a five year period. Of the total available Mozambican subsidiary tax credits, US$179,000 will be available until 31 December 2024, US$77,000 will be available until 31 December 2023, US$52,000 will be available until 31 December 2022, US$1,129,000 will be available until 31 December 2021, and US$760,000 will be available until 31 December 2020.

6. Loss per share

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

Due to the losses incurred during the year a diluted loss per share has not been calculated as this would serve to reduce the basic loss per share. Out of 31,930,854 (2018: 25,097,522) share incentives outstanding at the end of the year 16,362,685 (2018: 13,071,906) had already vested, which if exercised could potentially dilute basic earnings per share in the future.

		2019			2018	
	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	**(2,298)**	**312,117**	**(0.7)**	(3,480)	276,187	(1.3)

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7. Property, plant and equipment

	Power assets US$'000	Mining assets US$'000	Buildings US$'000	Plant and equipmen t US$'000	Other US$'000	Total US$'000
Cost (less impairment)						
At 1 January 2018	9,437	7,654	1,399	42	718	19,250
Additions	25	7	-	-	-	32
Disposals	-	-	(122)	(7)	-	(129)
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 2018	-	-	190	29	718	937
Depreciation charge	-	-	67	1	-	68
Disposals	-	-	(118)	(6)	-	(124)
At 1 January 2019	**-**	**-**	**139**	**24**	**718**	**881**
Depreciation charge	-	-	66	1	-	67
At 31 December 2019	**-**	**-**	**205**	**25**	**718**	**948**
Net Book value 2019	**9,520**	**7,661**	**1,072**	**10**	**-**	**18,263**
Net Book value 2018	9,462	7,661	1,138	11	-	18,272

Power assets relate to the development of a 300MW power plant. In 2019, the Power assets remains classified as Property, plant and equipment as detailed in note 2.

Mine assets relate to the initial acquisition of the licences and subsequent expenditure incurred in evaluating the Ncondezi mine project. These were transferred from intangible assets on receipt of the mining concession in 2013.

8. Subsidiaries

The Group has the following subsidiary undertakings:

		% interest 2019	% interest 2018	Country of incorporation	Activity
Zambezi Energy Corporation Holdings 1 Limited	'ZECH1'	100	100	Mauritius	Holding company
Zambezi Energy Corporation Holdings 2 Limited	'ZECH2'	100	100	Mauritius	Holding company
Ncondezi Coal Company Mozambique Limitada	'NCCML'	100	100	Mozambique	Mining exploration and development
Ncondezi Power Holdings 2 Limited	'NPH2L'	100	100	UAE	Holding company
Ncondezi Power Company SA	'NPCSA'	100	100	Mozambique	Energy company
Ncondezi Green Power Holding Limited	'NGPHL'	100	100	BVI	Green Energy company

Ncondezi Coal Company Mozambique Limitada is owned by Zambezi Energy Corporation Holdings 1 Limited and Zambezi Energy Corporation Holdings 2 Limited. Ncondezi Power Holdings 2 Limited is owned by Ncondezi Energy Limited. Ncondezi Power Company SA is owned by Ncondezi Energy Limited, Zambezi Energy Corporation Holdings 1 Limited and Ncondezi Power Holdings 2 Limited. Ncondezi Green Power Holdings Limited is owned by Ncondezi Energy Limited.

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9. Joint Venture

The Group holds a joint venture interest in GridX SPV through its 100% owned subsidiary NGPHL. GridX SPV has 2 classes of shares, A shares and B shares. The Group, through its subsidiary, holds the B shares and the joint venture partner holds the A shares. B shares will be ordinary equity in GridX SPV and have full economic rights subject to economic rights due to A shares. A shares have management rights and economic rights. A shares economic rights are linked to the cashflow performance of individual projects owned and financed by GridX SPV A class shareholders are entitled to between 20% and 57.5% of additional free cashflows above a post tax equity IRR greater than 10%, with the maximum entitlement achieved on cashflows of a particular project above a post-tax equity IRR of 17%.

Under the terms of the shareholder agreement, strategic decisions which affect the relevant activities of the venture are subject to shareholding voting requirements which require that the joint venture partners must agree such decisions. As a result, joint control exists.

GridX SPV was incorporated in Mauritius, with its first C&I project, having operations in Mozambique. The primary activity of GridX SPV is the building and operating of captive solar and battery storage solutions for the African C&I sector, which is in line with the Company's C&I segment strategy. Under IFRS 11 this joint arrangement was classified as a joint venture and has been included in the consolidated financial statements using the equity method.

The investment is assessed at each reporting period date for impairment in accordance with IAS 36. An impairment is recognised if there is objective evidence that events after the recognition of the investment have had an impact on the estimated future cash flows which can be reliably estimated.

Summarised financial information in relation to the joint venture is presented below:

	2019 **US$'000**	2018 US$'000
ASSETS		
Non-current assets - Investments		
EPC Disbursement	**185**	-
Total non-current assets	**185**	-
Current assets		
Cash and cash equivalents	**97**	-
Total current assets	**97**	-
Total assets	**282**	-
EQUITY AND LIABILITY		
Capital and reserves attributable to shareholders		
Share capital	**282**	-
Accumulated losses	**(0.1)**	-
Total capital and reserves	**282**	-
Total equity and liabilities	**282**	-

As at 31 December 2019 the group has invested US$0.8 million (2018: US$nil) at the development of the GridX Asset Co.

	2019 **US$'000**	2018 US$'000
C&I platform	**227**	-
Right of First Refusal (ROFR)	**260**	-
First C&I Project	**282**	**-**
	769	-

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As a result of the RA with GridX announced on 6 May 2020 the GridX Asset Co will be a wholly owned subsidiary of the group in the next financial year.

10. Trade and other receivables

	2019 US$'000	2018 US$'000
Current assets:		
Other receivables	**26**	54
Total trade and other receivables	**26**	54

During the year no expected credit losses were recognised (2018: US$nil). The Directors consider that the carrying amount of other receivables approximates their fair value.

11. Cash and cash equivalents

	2019 US$'000	2018 US$'000
Cash at bank and in hand	**722**	424
	722	424

The Group's cash and cash equivalents balances may be analysed by currency as follows:

	2019 US$'000	2018 US$'000
US Dollars	**444**	67
Great British Pounds	**268**	354
Mozambique Meticais	**10**	3
	722	424

Where possible cash is deposited in floating rate deposit accounts at reputable financial institutions with high credit ratings.

12. Trade and other payables

	2019 US$'000	2018 US$'000
Other payables	**214**	189
Accruals	**190**	292
	404	481

Accruals includes US$nil (2018: US$nil) of interest in respect of the loans in note 13.
The fair value of payables is not significantly different from their carrying value.

13. Short term loan

	2019 US$'000	2018 US$'000
Short term loan (unsecured)	**4,234**	4,182
Unamortised related costs	**-**	-
Total Short-term loan	**4,234**	4,182

On 16 November 2018 the Shareholder Loan was modified with the maturity date extended to 30 November 2019 and an interest coupon of 12%. Under the terms the lenders have the right to convert the loan into equity as follows:

(a) First Conversion: lenders shall be entitled to convert all or part of their portion of the Loan (in multiples of US$1,000) into fully paid ordinary shares of the Company at a 10.0p conversion price from the date of this announcement until 1 November 2019; and

(b) Second Conversion: if Lenders who are owed (in aggregate) not less than 50.1% of the outstanding principal amount of the Loan from 1 November 2019 until maturity provide a conversion notice to the Company, all amounts outstanding under the Loan shall convert into fully paid Ordinary Shares of the Company at a conversion price the higher of the 30% discount to the 60 day VWAP at 30 November 2019 or 5.2p.

At the date of the restructuring the carrying value of the previous loans was US$5.1 million and the loan was extinguished and replaced with the convertible loan notes. The fair value of the new instrument was determined to be equivalent to the fair value of the old instrument, with no gain or loss being recognised on extinguishment. The potential issuance of a variable number of shares meant the instrument was treated as a host debt liability with a separate embedded derivative (note 14) representing the conversion right. The embedded derivative was valued at US$1.0 million and the residual attributed to the host debt liability. Subsequently the host debt liability has been recorded at amortised cost and interest recorded at the effective interest rate and the embedded derivative recorded at fair value through profit and loss.

During the period a total of US$1,344,000 of the Shareholder Loan was converted into equity at a price of 10 pence per share, and 10,337,813 shares were issued.

At year end the remaining shareholder loan, including interest, of US$4,234,000 was in default. The equity conversion rights expired as a result and the embedded derivative was valued at nil at year end.

Net finance cost for the year in relation to the short term loan was US$680,000 (2018: US$879,000) comprising mainly of US$1.1 million of effective interest charges on the convertible loan host liability and US$0.4 million of fair value changes on the derivative following the expiry of the conversion right.

14. Derivative financial liability

	2019	2018
	US$'000	US$'000
Warrants	**30**	138
Loan derivative (note 13)	**-**	707
	30	845

Warrants

During the period 1,000,000 warrants issued in May 2018 and 1,500,000 issued in October 2017 were exercised. The fair value of the warrants at exercise date was US$99,000, resulting in a gain in fair value of US$20,000 going through the statement of profit or loss. US$99,000, together with the amount received upon exercise of US$156,000 was recognised as share capital

The remaining 1,520,000 warrants were valued at US$30,135 at the year end with the change of fair value of US$30,463 recognised through profit or loss.

The fair value on the grant date and reporting date were determined using the Black Scholes Model. The fair value as at 31 December 2019 was based on the following assumptions:

Share Price (£)	0.0625
Expected volatility	90%
Options life (years)	2
Expected dividends	0
Risk free rate	0.74%

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

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Loan derivative

The loan derivative, measured at fair value through profit or loss, has been deemed to be Level 2 liabilities under the fair value hierarchy, based on the valuation method used. The Monte Carlo model was used in arriving at the fair value of the derivative at prior year and year end respectively. At year end the loan was in default and the conversion rights expired resulting in the loan derivative having a value of nil at year end. Refer to note 13 and 20 for further details.

15. Share capital

	2019	2018
Number of shares		
Allotted, called up and fully paid		
Ordinary shares of no-par value	**324,993,717**	282,299,844

	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**

	Shares Issued Number	Share Capital US$'000
At 1 January 2018	265,299,844	87,384
Issue of shares	15,200,000	1,310
Issue of shares (exercised share awards)	1,800,000	306
Issue costs	-	(204)
At 31 December 2018	282,299,844	88,796

16. Reserves

The following describes the nature and purpose of each reserve within owners' equity.

Share capital	Amount subscribed for share capital, net of costs of issue
Retained earnings	Cumulative net gains and losses less distributions made, together with share based payment equity increases

17. Share-based payments

Share awards are granted to employees and Directors on a discretionary basis and the Remuneration Committee will decide whether to make share awards under the LTIP or unapproved share option scheme at any time.

Long term incentive plan and unapproved share option scheme

Exercise price per share	Grant date	Outstanding at start of year	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding at year end	Final exercise date
2019							
Nil	27.05.10	2,400,000	-	-	-	2,400,000	26.05.20
25c	27.05.10	800,000	-	-	-	800,000	26.05.20
17.25p (26.3c)	26.04.13	150,000	-	-	-	150,000	25.04.23
Nil	31.01.14	225,000	-	-	-	225,000	30.06.20
Nil*	25.05.18	1,868,627	-	(1,000,000)	-	868,627	24.05.28
Nil**	25.05.18	75,000	-	-	-	75,000	31.01.24
5p (6.7c)**	25.05.18	2,790,779	-	-	-	2,790,779	25.05.28
8.625p (11.5c)*	25.05.18	1,625,000	-	-	-	1,625,000	05.02.25
6.25p (8.4c)*	25.05.18	4,000,000	-	-	-	4,000,000	25.05.28
7.5p (10c)**	25.05.18	5,581,558	-	-	-	5,581,558	25.05.28
10p (13.4c)**	25.05.18	2,790,779	-	-	-	2,790,779	25.05.28
15p (20.1c)**	25.05.18	2,790,779	-	-	-	2,790,779	25.05.28
6.5p (8.4c)**	26.11.19	-	7,833,332	-	-	7,833,332	26.11.29
Total		**25,097,522**	**7,833,332**	**(1,000,000)**	-	**31,930,854**	
WAEP (cents)		**9.73**	**8.4**	-	-	**9.71**	

Exercise price per share	Grant date	Outstanding at start of year	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding at year end	Final exercise date
2018							
Nil	27.05.10	2,400,000	-	-	-	2,400,000	26.05.20
25c	27.05.10	800,000	-	-	-	800,000	26.05.20
17.25p (26.3c)	26.04.13	1,775,000	-	-	(1,625,000)	150,000	25.04.23
Nil	31.01.14	1,800,000	-	(1,575,000)	-	225,000	30.06.20
6.5p (10.8c)	31.01.14	750,000	-	-	(750,000)	-	30.06.20
Nil*	25.05.18	-	2,568,627	(700,000)	-	1,868,627	24.05.28
Nil**	25.05.18	-	750,000	(675,000)	-	75,000	31.01.24
5p (6.7c)**	25.05.18	-	2,790,779	-	-	2,790,779	25.05.28
8.625p (11.5c)*	25.05.18	-	1,625,000	-	-	1,625,000	05.02.25
6.25p (8.4c)*	25.05.18	-	4,000,000	-	-	4,000,000	25.05.28
7.5p (10c)**	25.05.18	-	5,581,558	-	-	5,581,558	25.05.28
10p (13.4c)**	25.05.18	-	2,790,779	-	-	2,790,779	25.05.28
15p (20.1c)**	25.05.18	-	2,790,779	-	-	2,790,779	25.05.28
Total		7,525,000	22,897,522	(2,950,000)	(2,375,000)	25,097,522	
WAEP (cents)		9.94	8.77	-	2.03	9.73	

** Vest on grant date*
*** Vest upon delivery of specific milestones*

The Company's mid-market closing share price at 31 December 2019 was 6.30p (31 December 2018: 5.65p). The highest and lowest mid-market closing share prices during the year were 8.95p (2018: 9.45p) and 4.40p (2018: 3.87p) respectively.

Of the total number of options outstanding at year end 16,362,685 (2018: 13,071,906) had vested and were exercisable. The weighted average exercise price for the exercisable options at year end was 7.5p (2018: 7.40p). The weighted average share price at the date of exercise of the 1,000,000 options was 6.95p.

The weighted average contractual life of the options outstanding at the year-end was five and half years (2018: six years).

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In respect of 7,833,332 shares in the Company granted to its directors, executive senior management team and contracted personnel 81% are performance related and linked to delivery of specific milestones, 19% are in lieu of director remuneration. Out of the total options granted in the year, 1,500,000 vested at grant date.

The fair value of the share awards granted under the Group's unapproved share option scheme has been calculated using the Black-Scholes model and spread over the vesting period. The following principal assumptions were used in the valuation in the current and prior year:

Grant dated date	Share price at date of	Exercise price per share	Volatility	Period likely to exercise	Risk-free investmen	Fair value
25.05.18	5.50c	(nil)	113.33%	5 years	0.7%	5.50c
25.05.18	5.50c	11.54c(8.625p)	113.33%	5 years	0.7%	4.30c
25.05.18	5.50c	6.69c(5p)	113.33%	5 years	0.7%	4.46c
25.05.18	5.50c	10.04c(7.5p)	113.33%	5 years	0.7%	4.40c
25.05.18	5.50c	13.38c(10p)	113.33%	5 years	0.7%	4.20c
25.05.18	5.50c	20.07c(15p)	113.33%	5 years	0.7%	4.00c
25.05.18	5.50c	8.36c(6.25p)	113.33%	5 years	0.7%	4.50c
26.11.19	6.70c	8.37c(6.50p)	113.51%	5 years	0.6%	5.20c

The volatility rates have been calculated using analysis of historic Company share price volatility.

Based on the above fair values, the expense arising from equity-settled share options made to Directors was US$0.4 million for the year (2018: US$1.2 million including Directors and employees).

18. Segmental analysis

In 2019 the Group had an extra reportable segment, following the JV with GridX:

- Solar project (JV GridX) – this segment is focused on building and operating captive solar and battery storage solutions for the African C&I sector
- Power Project and Mine Project - this segment is involved in the exploration for coal and development of coal mine and the development of a 300MW integrated power plant next to the Group's coal mine concession areas in Mozambique
- Corporate - this comprises head office operations and the provision of services to Group companies

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors.

The operating results of each of these segments are regularly reviewed by the Group's chief operating decision-maker in order to make decisions about the allocation of resources and assess their performance. The Group's mine and power activities are interrelated and each activity is dependent on the other. Accordingly, all significant operating decisions are based upon analysis of the mine and power activities as one segment and corporate as one segment.

The segment results for the year ended 31 December 2019 are as follows:

Income statement	Solar project US$'000	Power & Mine project US$'000	Corporate US$'000	Group US$'000
For the year ended 31 December 2019				
Segment result after allocation of central costs	**-**	**(464)**	**(1,154)**	**(1,618)**
Finance expense	**-**	**-**	**(680)**	**(680)**
Loss before taxation	**-**	**(464)**	**(1,834)**	**(2,298)**
Taxation	**-**	**-**	**-**	**-**
Loss for the year	**-**	**(464)**	**(1,834)**	**(2,298)**

The segment results for the year ended 31 December 2018 are as follows:

Income statement	Power & Mine project US$'000	Corporate US$'000	Group US$'000
For the year ended 31 December 2018			
Segment result after allocation of central costs	(559)	(2,199)	(2,758)
Finance expense	-	(722)	(722)
Loss before taxation	(559)	(2,921)	(3,480)
Taxation	-	-	-
Loss for the year	(559)	(2,921)	(3,480)

Other segment items included in the Income statement are as follows:

Income statement	Solar project US$'000	Power & Mine project US$'000	Corporate US$'000	Group US$'000
For the year ended 31 December 2019				
Depreciation charged to the income statement	**-**	**(67)**	**-**	**(67)**
Share based payment	**-**	**-**	**(402)**	**(402)**

Income statement	Power & Mine project US$'000	Corporate US$'000	Group US$'000
For the year ended 31 December 2018			
Depreciation charged to the income statement	(68)	-	(68)
Share based payment	-	(1,297)	(1,297)

The segment assets and liabilities at 31 December 2019 and capital expenditure for the year then ended are as follows:

Statement of financial position	Solar project US$'000	Power & Mine project US$'000	Corporate US$'000	Group US$'000
At 31 December 2019				
Segment assets	**769**	**18,490**	**521**	**19,780**
Segment liabilities	**-**	**(215)**	**(4,453)**	**(4,668)**
Segment net assets	**769**	**18,275**	**(3,932)**	**15,112**
Property plant and equipment capital expenditure		**58**	**-**	**58**

The segment assets and liabilities at 31 December 2018 and capital expenditure for the year then ended are as follows:

Statement of financial position	Power & Mine project US$'000	Corporate US$'000	Group US$'000
At 31 December 2018			
Segment assets	18,032	718	18,750
Segment liabilities	(224)	(5,284)	(5,508)
Segment net assets	17,808	(4,566)	13,242
Property plant and equipment capital expenditure	32	-	32

19. Reconciliation of liabilities arising from financing activities

	Short term loan	**Derivative financial liability**	**Total**
	US$'000	**US$'000**	**US$'000**
At 1 January 2019	**4,182**	**845**	**5,027**
Cash flows	**-**	**-**	**-**
Conversion of Loan to equity	**(1,094)**	**(250)**	**(1,344)**
Non-cash finance charges	**1,146**	**-**	**1,146**
FV movement on Loan Embedded Derivative	**-**	**(456)**	**(456)**
Exercise of warrants	**-**	**(99)**	**(99)**
Fair value movement on warrants	**-**	**(10)**	**(10)**
At 31 December 2019	**4,234**	**30**	**4,264**

	Accrued interest	Short term loan	Derivative financial liability	Total
	US$'000	US$'000	US$'000	US$'000
At 1 January 2018	510	3,495	107	4,112
Cash flows	-	-	-	-
Non-cash finance charges	1,050	124	-	1,174
Restructuring of loan	(1,560)	1,560	-	-
FV of warrants issued	-	-	189	189
FV of loan derivative	-	(997)	997	-
Change in fair value	-	-	(448)	(448)
At 31 December 2018	-	4,182	845	5,027

20. Financial instruments

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 1.

There have been no substantive changes in the Group's objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

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Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises, are as follows:

	2019 US$'000	2018 US$'000
Loans and receivables at amortised cost		
Trade and other receivables	**9**	16
Cash and cash equivalents	**722**	424
Financial liabilities held at amortised cost		
Trade and other payables	**404**	481
Loans and borrowings	**4,234**	4,182
Financial liabilities at fair value through profit or loss		
Derivative financial liability	**30**	845

For details of the fair value hierarchy and valuation techniques relating to the determination of the fair value of the derivative financial liability, refer to note 14.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and retains ultimately responsibility for them.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives cash flow projections on a monthly basis as well as information on cash balances.

2019	**Total US$'000**	**on demand US$'000**	**in 1 month US$'000**	**Between 1 and 6 months US$'000**	**Between 6 and 12 months US$'000**	**Between 1 and 3 years US$'000**
Trade and other payables	**404**	**-**	**185**	**-**	**219**	**-**
Loans and borrowings	**4,234**	**4,234**	**-**	**-**	**-**	**-**

2018	Total US$'000	on demand US$'000	in 1 month US$'000	Between 1 and 6 months US$'000	Between 6 and 12 months US$'000	Between 1 and 3 years US$'000
Trade and other payables	481	-	112	-	369	-
Loans and borrowings	5,661	-	-	-	5,661	-

The Group endeavours to match the maturity of its current assets with its current liabilities to mitigate liquidity risk. Refer to note 1 for the material uncertainty regards going concern.

Borrowing facilities

The Group had US$750,000 undrawn and unconditional committed borrowing facilities available at 31 December 2019 (2018: US$nil).

The Company put in place a US$750,000 working capital facility in October 2019. No drawdowns were made in the year. In 2020, US$250,000 has been drawndown, with the remaining facility of US$500,000 available until end of June 2020 although it is not currently intended to utilise it further.

Market risk
The Group does not currently sell any coal or electricity. As such there is no specific market risk at the date of this report. However, there is a risk that the Group is unable to secure a credit worthy off-taker for the full output of the power plant, with the plant operating at load factors in excess of 80%.

Currency risk
The Group is exposed to currency risk through its activities due to certain costs arising in Mozambique Meticais and cash held in GBP, whilst the functional currency is US dollars. The Group has no formal policy in respect of foreign exchange risk, however, it reviews its currency exposures on a monthly basis. Currency exposures relating to monetary assets held by foreign operations are included within the Group statement of profit or loss. The Group also manages its currency exposure by retaining the majority of its cash balances in US dollars, being a relatively stable currency.

A 5% appreciation in the value of the US dollar against the Meticais and GB pounds will increase net assets by US$8,718 (2018: US$16,069).

Currency exposures
As at 31 December the Group's net exposure to foreign exchange risk was as follows:

	2019 US$'000 Assets/(liabilities) held				2018 US$'000 Assets/(liabilities) held		
	GBP	**ZAR**	**MZN**	**Total**	GBP	MZN	Total
US dollars	**187**	**5**	**12**	**204**	323	1	324
	187	**5**	**12**	**204**	323	1	324

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Mozambican Meticais and Sterling, but these are not significant as most of the transactions are in USD.

21. 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.

In relation to the Shareholder Loan as at 31 December 2019 none of the Directors have converted their loan into equity and there were no Director's drawn down. The outstanding principal plus interest amount up to 31 December 2019 of US$1.4 million (2018: US$nil) related to a Trust of which Non-Executive Chairman, Michael Haworth is a potential beneficiary, US$0.13 million (2018: US$0.1 million), to Executive Director, Hanno Pengilly, and US$0.1 million (2018: US$0.1 million), to Director Estevão Pale.

Refer to note 13 for details of the terms and conditions.

Hanno Pengilly – Executive Director of Ncondezi Energy Limited, appointed on 9 October 2019 - Director of Herne Capital (Pty) Ltd ("HCL")
During the year US$240,000 (2018: US$240,000) was paid by the Company to HCL in respect of services provided by Hanno Pengilly. There was no outstanding balance at 31 December 2019 (2018: US$nil).

HCL provides leadership on key corporate activities such as capital raising, reporting and press releases, 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 year end, no draw down had been made.To date US$250,000 has been drawndown, with the remaining facility of US$500,000 available until the end of June 2020.

Aman Sachdeva – Non-Executive Director of Ncondezi Energy Limited - CEO of Synergy Consulting Inc.
During the year US$121,000 (2018: US$160,000) was paid by the Company to Synergy Consulting Inc. in respect of services provided by Synergy. At 31 December 2019 the outstanding balance was US$nil (2018: US$41,000).

As announced on 12 December 2019 Synergy was selected as preferred financial advisor to prepare the Project financial model and finalise the tariff submission and negotiation process with EDM. The contract has a fixed fee of US$75,000 and a maximum additional fee of US$30,000.

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.

Details of Key Management Remuneration are contained in note 3.

22. Commitments

Social development programme
In December 2012 a Memorandum of Understanding was signed with the Mozambican Ministry of Mineral Resources and Energy in respect of a Social Development Programme, with a committed spend of US$2 million following an agreed programme. By December 2016 half of this budget has been successfully spent in various initiatives. During the year there was no expenditure related to social development programmes (2018: US$nil). Further to an Addendum, the program was postponed to be completed during the mining phase. In addition, upon receiving the mining concession in 2013 a further US$5 million was committed. The expenditure programme is still to be negotiated with the Ministry of Mineral Resources and Energy.

Environmental licence fee
An environmental licence fee of 0.2% of the capital cost of construction is payable before commencement
of construction.

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. To date US$250,000 has been drawndown, with the remaining facility of US$500,000 available until end of June 2020 although it is not currently intended to utilise it further.

EMEM 5% investment in NCCML
Along with the issuance of the Mining Concession, Ncondezi's local subsidiary NCCML also concluded an Addendum to Mine Framework Agreement ("MFA") with Mozambican Ministry of Mineral Resources and Energy. Under the terms of the Addendum to the MFA, it has been agreed that the Government owned Mozambican Mining Exploration Company ("EMEM") will be granted a 5% free carry in the share capital of NCCML up to the start of the Ncondezi mine's construction. However, from the commencement of construction EMEM will be required to pay, through an agreed funding mechanism, for its share of any future equity funding obligations that may be required from the shareholders of NCCML including its share of the construction and commissioning costs of bringing the Ncondezi mine into commercial operation.

GridX Fees and first C&I solar and battery storage project Commitment
On 5 April 2019 the Company signed a Term Sheet with GridX to acquire ROFR to fund GridX C&I projects through a newly setup JV. The Term Sheet envisaged payment of a fee in two stages to GridX of US$390,000 (the "GridX Fee") allowing the Company to enter into definitive agreements to formalise the JV. The first stage was an upfront fee of US$260,000 which was paid to GridX at the time of signing the Term Sheet. The remaining US$130,000 is payable upon meeting certain conditions. These conditions were not yet met at year end.

As part of the RA, on 6 May 2020 GridX agreed to forego payment of the final amount of the GridX Fee of US$130,000 which would have been payable under the previous arrangement upon completion of a number of conditions that were not met, and this is no longer a potential payment requirement.

An initial commitment by Ncondezi of US$1.1 million was made to the GridX SPV to fund the first C&I solar and battery storage project under the shareholder agreement signed on 23 October 2019, to date US$665,680 has been invested. Due to the COVID-19 outbreak in early April 2020 a force majeure notice was issued by the offtaker. Project construction was put on hold pending further clarity on the impact of COVID-19 and the lifting of travel restrictions.

23. Events after the reporting date

In January 2020 US$250,000 has been drawndown from the working capital, facility put in place in October 2019 with the remaining facility of US$500,000 available until end of June 2020 although it is not currently intended to utilise it further.

On 31 March 2020, the Company submitted a firm tariff proposal to the Mozambican Government and EDM. The proposal was supported by:

- Executed JDA;
- Detailed 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.

On 9 April Project construction for the C&I solar and battery project in Mozambique was put on hold pending further clarity of the impact of COVID-19 and lifting of travel restrictions. A force majeure notice was issued by the Project offtaker in Mozambique due to the inability to provide site access for construction.

On 5 May 2020 Estevão Pale resigned from the Board of the Company and his role as Non-Executive Director.

On 6 May 2020, the Company finalised a binding RA with GridX for a US$5.5 million pipeline of solar and battery storage projects in the C&I sector and agreed to acquire 100% of the SPV set up for the first solar and battery storage project investment for US$100. The remaining $130,000 GridX fees related to ROFR were terminated under the new RA. In addition, GridX SPV, will become a wholly owned subsidiary of NGPHL through the purchase of all GridX's A class shares at par value totalling US$100. Following the acquisition, GridX will no longer have 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 of 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 RA will expire at the earlier of Ncondezi financing US$5.5 million of Projects or 36 months.

On 15 May 2020, the Company raised a total of £650,000 before expenses, through a conditional placing of 21,666,666 ordinary shares in the Company at a price of 3 pence per Ordinary Share (“Placing Price”) together with 1 warrant to subscribe for an Ordinary Share at 6 pence per new Ordinary Share. The Company also received subscriptions for a total of 2,466,666 Ordinary Shares in the Company at the Placing Price for a further £74,000 being equal to the amounts owed to certain creditors. In addition the Senior Management Team and certain consultants to the Company have agreed to defer 30% of salaries and fees until 30 November 2020. In principle agreement has been reached to subscribe for shares at the Placing Price in relation to salaries and fees that have been agreed to be deferred. Such subscription, if implemented, would be made in December 2020 and represent a potential total of 1,603,800 new Ordinary Shares at the Placing Price for a further £48,114. Separately CEO Hanno Pengilly has agreed to defer 30% of his salary until 30 November 2020.

Mozambique brought in nationwide restrictions to stem the spread of the COVID-19 pandemic on 1 April which have been extended to the end of June. The Company suspended all travel to Mozambique while continuing to work with their Partners remotely. The impact of the travel restrictions has resulted in the halting of construction of and force majeure declared on the C&I solar and battery project. During tariff negotiation discussions it was highlighted that available technical and market assumptions critical to the Project are out of date. The Company has agreed to update its transmission integration study and conduct an independent market study for energy supply and demand forecasts in Mozambique and potential export markets (“Independent Studies”). The studies will also take into account the potential impact of COVID-19. These studies are anticipated to add at least 2 months to the Project development programme moving the tariff agreement to H2 2020. Other workstreams have also been impacted by the travel restrictions, the Shareholder Agreement Term Sheet, historical audit and finalisation of the EPC contracts are all now expected in Q3 2020.

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Company Information

Directors	Michael Haworth (Non-Executive Chairman) Aman Sachdeva (Non-Executive Director) Hanno Pengilly (Executive Director)
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Registered Office	Coastal Building Wickham's Cay II PO Box 2221 Tortola British Virgin Islands
Company number	1019077
Nominated Advisor and Corporate Broker	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