

## NEWS RELEASE

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### Ncondezi General Update

12 May 2020: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) provides the following update on its Shareholder Loan (the "Loan") restructuring process.

#### Highlights:

- Ncondezi has received updated "in principle" support from all loan holders ("Lenders") to enter the Loan restructuring proposal as set out below (the "Restructuring"):
  - Extension on existing terms, including 12% annual interest rate and ability for Lenders to swap debt for equity in part or in full at a conversion price of 10.0p per share
  - 12 month extension from the future Restructuring approval date
  - A right for Ncondezi to pay off the original principal amount of the Loan along with conversion of all interest into Ncondezi shares on AIM at a 25% to 30% premium to the 30 day volume weighted average price ("VWAP")
- Restructuring process currently waiting for completion of key Lender internal approval from Africa Finance Corporation ("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 Loan matured on 30 November 2019.
- The Loan is currently valued at US\$4.5m
- 50% of the Loan is held by the AFC
- 43% of the Loan is held by Ncondezi Board and management
- 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
- A further announcement will be made once definitive documentation to effect the Restructuring has been entered into.

**Ncondezi Chief Executive Officer, Hanno Pengilly said:** *"Today's announcement highlights continued support from Lenders to finalise the Restructuring. The completion of AFC's internal approval process, the key factor in progressing the restructuring, has taken longer than originally agreed, and the developing impact of COVID-19 has prolonged their process over the last 3 months. Despite the delays, AFC has indicated that it is supportive of the Restructuring and will continue to work with Ncondezi to get the necessary approvals as soon as possible."*

*Recent engagement with Lenders has led to a reconfirmation of in principle support for the Restructuring with the inclusion of a longer repayment extension targeting 12 months from the date of Restructuring approval compared with the original proposal to 30 November 2020. This will provide the Company with additional time to progress its 300MW Ncondezi Power Project, de-risking the investment opportunity and potentially creating more attractive refinancing solutions for the Loan in the future."*

## Related Party Transaction

The proposed Restructuring would likely constitute a related party transaction for the purposes of AIM Rule 13 for Companies. Accordingly, should the Restructuring be accepted by all Lenders and before signing, the Company's Independent Directors would need to consider that the terms of the Restructuring are fair and reasonable insofar as its shareholders are concerned.

There can be no certainty that the transactions contemplated by this announcement will occur.

## Enquiries

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

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## 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.