

NEWS RELEASE

US\$1.3 million Sale of C&I Subsidiary

3 December 2021: Ncondezi Energy Limited (“Ncondezi” or the “Company”) (AIM:NCCL) announces that Ncondezi Green Power Holding Limited (“NGP”), the Company’s wholly owned renewable energy subsidiary, has entered into a sale and purchase agreement (“SPA”) with Green Energy SPV PLC (“Green Energy”) and sold Mozambique Green Power (“MGP”), the group company which owns the group’s maiden Commercial and Industrial (“C&I”) 400kWp solar and 912 kWh battery storage project in Mozambique.

Key highlights

- Acquisition price US\$1.3 million paid in cash (the “Consideration”) on completion which has occurred
- Green Energy is a newly formed company controlled by Ncondezi Energy Non-Executive Director, Scott Fletcher
- Proceeds to be used to repay the Bridge Loan which, as announced on 15 October becomes due on 7 December and the remainder of the proposed Consideration, estimated at \$650,000 to be used for general working capital purposes

SPA

Under the sale and purchase agreement, NGP has sold to Green Energy the entire issued share capital of MGP for a total consideration of US\$1.3 million in cash. Under the terms of the SPA it has been agreed that:

- (i) NGP has terminated certain exclusivity agreements with NESA Capital (PTY) Ltd, and Nesa Venture Capital Investments (PTY) Limited; and
- (ii) Ncondezi has waived certain contractual rights in relation to Hanno Pengilly and Scott Fletcher under their letter of appointment and service agreement with Ncondezi, respectively such that they will both be permitted to participate in any commercial and industrial solar photovoltaic and battery storage projects carried out by Green Energy following completion of the transaction.

The Company has also guaranteed performance by NGP of its obligations under the agreement. NGP has given customary warranties in relation to its authority to enter into the transaction, its ownership of the shares and the business of MGP. NGP has also given an indemnity regarding the financial position of MGP and certain other matters. The warranties relating to the business of MGP and the indemnities are subject to a number of limitations.

Related Party Transactions

Both the sale of MGP to Green Energy and the requirement to repay the Bridge Loan from the proceeds of the sale constitute related party transactions for the purposes of AIM Rule 13. Accordingly, the Company’s Non-Executive Director Aman Sachdeva (being the only director considered to be independent for the purposes of the related party transactions) considers, having consulted with Liberum Capital Limited, the Company’s Nominated Adviser, both the terms of the SPA for the sale of MGP to Green Energy and the repayment of the Bridge Loan from the proceeds of the sale to be fair and reasonable insofar as the Company’s shareholders are concerned.

Ncondezi Non-Executive Director Aman Sachdeva said: *“Following the strategic review we launched in June and in an increasingly challenging post COP26 environment, selling the C&I subsidiary allows the*

Company to fully focus on progressing the Company's main project, the Ncondezi Project with our Strategic Partner, China Machinery Engineering Corp and we are working on finalising the tariff as soon as possible.

Following completion of the strategic review process, Green Energy's offer provides a premium valuation with an easy to execute structure. It also provides a non dilutive solution which ensures the Bridge Loan will be repaid on time and provides additional working capital to the Company as it focuses on the Ncondezi Project.

Commissioning of the maiden C&I project demonstrated the Company's ability to deliver a power project in Mozambique, utilising new technologies, in the midst of a global pandemic. It strengthened both our knowledge base and skill sets in ways which we are confident will benefit the Ncondezi Project going forwards. In the meantime progress continues to be made on the Ncondezi Project with all key parties."

Enquiries

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

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon publication of this Announcement and such information is now considered to be in the public domain. The person who arranged for the release of this announcement on behalf of the Company was Aman Sachdeva.

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