

NEWS RELEASE

Working Capital Facility Update

25 February 2022: Ncondezi Energy Limited (“Ncondezi” or the “Company”) (AIM:NCCL) provides the following update on its working capital facility term loan (“Loan”) with Seritza Limited (“Seritza”).

Highlights:

- The current amount outstanding under the Loan is US\$300,000 and the Loan matured on 24 February 2022
- Ncondezi has sufficient cash to repay the loan and remain funded until the end of H1 2022
- As announced on 17 January 2022, the Company is actively reviewing and implementing cash conservation strategies in order to extend its working capital position
- Ncondezi has entered positive restructuring discussions with Seritza which include the potential for a maturity extension and/or potential non-cash settlement solutions (the “Restructuring”)
- Seritza has confirmed that it will not call in the Loan for a period of 30 days, whilst the Restructuring is being finalised, subject to Ncondezi submitting a written loan restructuring proposal to Seritza no later than 4 March 2022
- Seritza is a private company owned by a trust of which CEO of Ncondezi, Hanno Pengilly, is a potential beneficiary and so is a related party for the purposes of the AIM Rules
- Ncondezi plans to submit a written loan restructuring proposal to Seritza no later than 4 March 2022 and a further announcement will be made once definitive documentation to effect the Restructuring has been entered into

Working Capital Facility

In October 2019, the Company entered a term loan with Seritza for an unsecured working capital facility of up to US\$750,000 for the continued development of the Ncondezi Project. This working capital facility was available for drawdown from 1 January 2020 until 30 June 2020 at the Company’s election and was repayable within 24 months from first drawdown, unless there was an event of default or the Company elected to prepay the facility. The Working Capital Facility attracts a 10% annual interest charge, payable at maturity or on repayment.

During the drawdown period, Ncondezi elected to drawdown US\$250,000 in total during February 2020.

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 Seritza 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.

Whilst discussions are ongoing, there can be no certainty that the transactions contemplated by this announcement will occur.

Further updates will be made as required by market rules.

Enquiries

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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 Hanno Pengilly.

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.