

NEWS RELEASE

Seritza Loan Restructuring Agreed “In Principle”

11 July 2022: Ncondezi Energy Limited (“Ncondezi” or the “Company”) (AIM: NCCL) is pleased to announce:

- “In Principle” agreement has been reached with Seritza Limited (“Seritza”) to restructure the working capital facility term loan (“Loan”) to a convertible loan note
- Loan to be extended by 12 months
- Enables non-cash resolution and preserves working capital

Proposed Terms

The principal amount of the Loan drawn down in February 2020 was US\$250,000; at 30 June 2022 the total loan outstanding including interest was US\$309,000. The proposed restructuring terms are set out below (the “Restructuring”):

- Maturity date extended by 12 months from completion of restructuring
- Increase of interest rate from 10% to 12%
- Right for Seritza to convert the principal amount into Ncondezi Ordinary Shares at a 25% discount to the higher of the 30 day volume weighted average price (“VWAP”) or a placing price if a placing has been concluded within 30 days prior to the conversion notice being issued
- Right for Seritza to convert any new interest portion of the Loan into Ncondezi Ordinary Shares at a 30% premium to the higher of the 30 day volume weighted average price (“VWAP”) or a placing price if a placing has been concluded within 30 days prior to the conversion notice being issued
- On receipt of a notice to convert by Seritza, Ncondezi will have 15 business days to execute its right to exclude up to 50% of the amount to be converted on condition that it is immediately redeemed
- On receipt of a notice of early redemption of the Loan by Ncondezi, Seritza will have 15 business days to execute its right to convert up to 50% of the redeemable amount into equity on terms outlined above
- Restructuring is subject to finalisation and execution of full form loan agreements and approval to grant shares at a General Meeting
- 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
- Restructuring documentation to be finalised and is expected to be completed before the end of July 2022
- Seritza has agreed not to call the Loan before the end of July 2022 whilst the Restructuring agreements are finalised
- A further announcement will be made once definitive documentation to effect the Restructuring has been entered into

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.

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

Ncondezi Chief Executive Officer, Hanno Pengilly said: *“The proposed restructuring terms provide the Company with a potential non-cash solution and protects existing working capital. The loan conversion terms are considered attractive versus other refinancing options currently available to the company. The restructuring follows positive progress on the Company’s solar power initiative which we look forward to providing a more detailed update on in the near future.”*

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 Hanno Pengilly, CEO.

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