

## NEWS RELEASE

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### Solar FS Update and Loan Restructuring

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

- An update on wholly owned green energy subsidiary, Ncondezi Green Power Holding Ltd’s (“NGP”) feasibility study for up to 300MW solar photovoltaic (“PV”) and Battery Energy Storage System (“BESS”) (“the Solar Project”)
- Restructuring of Seritza Limited (“Seritza”) working capital facility term loan (“Loan”) to a convertible loan note (“Convertible Loan”) (“Restructuring”) at an advanced stage and expected to be finalised in the coming weeks, subject to shareholder approval of the rights to issue shares under the Convertible Loan
- Convertible Loan to be increased by an additional £100,000 to be made available by certain Directors of the Company, to accelerate development of the Solar Project
- Certain Directors have indicated their intention to enter into a binding Undertaking (the “Undertaking”) preventing the Shareholder Loan being called before the later of 30 November 2023 or when the Shareholder Loan restructuring is completed (“Undertaking Period”)

Whilst the terms of the Convertible Loan and Restructuring of the Seritza Loan have been agreed in principle, it is emphasised that there can be no certainty on their terms until they are signed and further announcements will be made as required by market rules.

**Ncondezi Chief Executive Officer, Hanno Pengilly said:** *“Today’s announcement highlights the Company’s focus on accelerating all development work for the Solar Project as well as the Board’s willingness to support the Company as in the directors’ opinion it remains undervalued in current markets.*

*Work on the feasibility study is now underway and additional development studies on transmission, environment and social are being commissioned. We expect the preliminary results of these studies during September 2022.*

*To implement the additional development work, the company has received offers of funding from Directors which are proposed to be rolled into the Convertible Loan as part of the Seritza loan restructuring. Documentation is at an advanced stage and is expected to be concluded in the coming weeks.*

*In addition, the Shareholder Loan undertaking will further align all the Company’s debts to 30 November 2023, so the Company can focus on delivering key project development milestones in the interim.*

*We look forward to providing further updates in due course.”*

#### Solar FS Study

The Solar Project Feasibility Study (“FS Study”) is now underway with first results expected in September 2022. A transmission integration desktop study has been launched to assess optimal connection onto the Mozambique grid and a red flags review of existing environmental and social impact studies has been launched.

#### Convertible Loan

Agreement in principle has been received for the existing Seritza Loan to be restructured into the Convertible Loan and documentation is being negotiated.

Chairman Michael Haworth and NED Scott Fletcher have offered to provide additional £100,000 funding into

the Convertible Loan on the same terms as Seritza (split £20k and £80k respectively).

The key terms of the proposed Convertible Loan are as per the Company's previous announcement on 11 July 2022. Restructuring is (amongst other things) subject to:

- finalisation and execution of full form loan agreements;
- approval to issue shares and to disapply pre-emption rights at a General Meeting; and
- the fair and reasonable opinion assessment being completed by the Company's Independent Directors in line with the requirements of the AIM Rules in respect of related party transactions.

Restructuring documentation is in advanced form and expected to be finalised in the coming weeks and Seritza has agreed not to call the Loan whilst the Restructuring agreements are finalised.

Whilst the terms of the Convertible Loan, Restructuring and Undertaking have been agreed in principle, it is emphasised that there can be no certainty on their terms until they are signed and further announcements will be made as required by market rules. A further announcement will also be made once definitive documentation to effect the Restructuring has been entered into.

The Company remains funded to October 2022. The participation of certain of the Directors in the proposed Convertible Loan underlines their commitment to the Company's financing requirements so as to enable the feasibility study to be completed as well as meeting the Company's ongoing working capital requirements, which have been greatly reduced following the implementation of a cash conservation strategy earlier this year.

#### Shareholder Loan Undertaking

Company Chairman, Michael Haworth, and Company Chief Executive Officer, Hanno Pengilly, have indicated their intention to enter the Undertaking, representing 35.2% of the outstanding principal amount of the Shareholder Loan. The Undertaking prevents the Loan from being called as a majority agreement representing 66.67% of Loan holders is required.

The parties to the Undertaking have also indicated that during the Undertaking Period they will not transfer their loan or convert it into shares without the consent of the other signatories to the Undertaking or at all if it would cause them to hold less than 34% of the then outstanding principal.

The Loan matured on 30 November 2019 and has been undergoing a restructuring negotiation with loan holders. Whilst Ncondezi received "in principle" support from all Shareholder Loan lenders for a restructuring in May 2020 this has not yet been implemented.

#### **Related Party Transaction**

The proposed Restructuring and the participation of certain Directors of the Company in the Convertible Loan would likely constitute related party transactions for the purposes of AIM Rule 13 for Companies. Accordingly, should the proposed Restructuring be accepted by Seritza and before entering into the Restructuring and the Convertible Loan, the Company's Independent Directors would need to consider that the terms of the Restructuring and the participation of the Directors in the Convertible Loan are fair and reasonable insofar as the Company's shareholders are concerned.

## 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 focused on the development of renewable and baseload energy solutions at its concession located in the Tete Province, northern Mozambique.

The Company is focused on providing reliable and affordable energy to Mozambique to meet growing energy demands. Our projects support 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. Our projects would provide reliable and available power helping to close the infrastructure gap of the region and serving as a catalyst for economic development.