

NEWS RELEASE

Convertible Loan Finalised

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

- Restructuring of Seritza Limited (“Seritza”) working capital facility term loan (“Loan”) to a convertible loan note (“Convertible Loan”) (“Restructuring”) finalised, 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 (“First Tranche”)
- An additional tranche of £150k may be made available to the Company at the Convertible Loan lender’s discretion in the six months following the restructuring (“Second Tranche”)
- Certain Directors have entered into a binding Undertaking (the “Undertaking”) preventing the Shareholder Loan being called before the later of 30 November 2023 (“Undertaking Period”)

Ncondezi Chief Executive Officer, Hanno Pengilly said: *“The terms of the Convertible Loan provide the Company with an attractive short term financing solution, protecting existing working capital and against the dilution of an equity fundraise in the current market. The additional investment from our Chairman, Michael Haworth and NED, Scott Fletcher provides additional working capital for the Company to deliver first results on the 300MW Solar PV Project feasibility study and again demonstrates the Boards confidence and belief in the long term value creation inherent in the Company’s projects.*

In addition, the Undertaking which includes Michael Haworth and myself, prevents the Shareholder Loan being called before the later of 30 November 2023 or when the Shareholder Loan restructuring is completed, aligning all the Company’s debts to 30 November 2023, so the Company can focus on delivering key project development milestones in the interim.

We continue to await clarity on whether financing will be possible from China for the Ncondezi Coal Power Project. With no firm timeline for when this will be received, the Board is reviewing the optimal strategy going forwards to ensure the Company’s funds are spent in the most productive way to unlock value for all stakeholders.

In the meantime we are pleased to report that work on the Solar Feasibility Study is progressing well and we expect the first results later this month. We look forward to providing further updates then.

Following the Restructuring and the additional funds made available via the increased Convertible Loan, the Company is funded into October 2022, taking into account the additional spend for the Solar PV Project feasibility study. The Second Tranche funding provides the Company with funding optionality to extend working capital into November and complete the Solar PV Project feasibility study and supporting development work costs, including transmission integration, environmental and social required to accelerate the development programme.”

Convertible Loan Key Terms

- £373,447k Convertible Loan note, made up of:
 - Restructured £273,447k Seritza working capital facility

- Additional £100k provided by Company Chairman Michael Haworth and NED Scott Fletcher (split £20k and £80k respectively)
- Interest rate of 12%
- Maturity on 30 November 2023
- Right for each of the lenders to convert the principal amount into Ncondezi Ordinary Shares (“Shares”) at the higher of:
 - the amount calculated by applying a 25% discount to the Volume Weighted Average Price (“VWAP”) on the thirty days immediately preceding the date of the conversion notice;
 - the amount calculated by applying a 25% discount to the placing price if a placing of Shares has been concluded within 30 days prior to the date of the conversion notice; and
 - £0.005 per ordinary share
- Right to convert any new interest portion of the Convertible Loan into Shares at the higher of:
 - the amount calculated by applying a 30% premium to the VWAP on the thirty days immediately preceding the date of the conversion notice;
 - the amount calculated by applying a 30% premium to the placing price if a placing of Shares has been concluded within 30 days prior to the date of the conversion notice; and
 - £0.005 per ordinary share.
- The Company can prepay all of the loan at any time at its discretion, without penalty on 20 business days’ notice.
- On receipt of a notice to convert, Ncondezi will have 15 business days to exercise a right to exclude up to 50% of the amount to be converted on condition that it is immediately redeemed in cash
- On receipt of a notice of early redemption of the Convertible Loan by Ncondezi, the lenders will have 15 business days to execute its right to convert up to 50% of the redeemable amount into equity on terms outlined above
- Converted Shares will be subject to orderly market provisions for 12 months after the conversion date
- Conversions of any outstanding amounts are subject to the Company receiving the necessary approvals to issue shares upon conversion free of pre-emption rights at a General Meeting to be convened shortly
- An additional tranche of £150k may be made available to the Company at the Convertible Loan lender’s discretion in the six months following the restructuring on the same terms as above

Shareholder Loan Undertaking

Company Chairman, Michael Haworth, and Company Chief Executive Officer, Hanno Pengilly, have entered into the Undertaking, representing 35.2% of the outstanding principal amount of the Shareholder Loan. The Undertaking prevents the Shareholder 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 Restructuring and the participation of certain Directors of the Company in the Convertible Loan constitute related party transactions for the purposes of AIM Rule 13 for Companies. Accordingly, Aman Sachdeva, a Non-Executive Director and 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 Restructuring and the participation of the Directors in the Convertible Loan to be fair and reasonable insofar as the Company's shareholders are concerned.

Enquiries

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

Ncondezi Energy	Hanno Pengilly	+27 (0) 71 362 3566
Liberum Capital Limited NOMAD & Joint Broker	Scott Mathieson, Edward Thomas, Kane Collings	+44 (0) 20 3100 2000
Novum Securities Limited Joint Broker	Colin Rowbury	+44 (0) 20 7399 9427
Pimlico Advisory Ltd Investor Relations	Elizabeth Johnson	+44 (0) 777 56 55 927

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 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.