

## NEWS RELEASE

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### Solar Battery Project Fully Financed

4 May 2021: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce the completion of the previously announced US\$500,000 bridge loan (the "Bridge Loan") between its wholly owned renewables subsidiary, Ncondezi Green Power ("NGP") and certain Company Directors to finance the construction of its Commercial and Industrial ("C&I") 400kWp solar PV plus 912kWh battery storage project located in Mozambique (the "Project"):

- Maiden C&I Project fully financed for target commissioning in June 2021
- US\$500,000 Bridge Loan entered into between NGP, Chairman Michael Haworth, CEO Hanno Pengilly and NED Scott Fletcher (the "Lenders")
- Project implementation progress ongoing, including the completion of:
  - Over 50% of solar PV panels mounted
  - Site layout marking
  - Battery plinth

**Ncondezi Chief Executive Officer, Hanno Pengilly said:** *"Today's announcement ensures that our maiden solar PV and battery storage project is fully financed to commission in late June 2021. It brings the Company one step closer to completing the first of our pipeline of C&I solar and battery off-grid projects and to our first cashflow.*

*The Project also represents a significant opportunity for the Company to establish first mover advantage in the Mozambique solar and battery storage C&I sector, which is expected to be a high growth sector over the coming years as corporates and industrials look to aggressively implement sustainable forms of self power generation.*

*Having reviewed a number of funding options, the Directors believe that the Bridge Loan is the best way forward from a cost, speed of execution and certainty of funding perspective, whilst also ensuring that the Company is still in control of its renewable energy strategy. The Bridge Loan structure provides the Company with additional advantages including the ringfencing of debt at the Ncondezi Green Power subsidiary level and additional optionality and time to further explore refinancing options. The Company plans to refinance the Bridge Loan once the Project enters commercial operation and has been materially de-risked, although discussions with potential funders have already begun.*

*All equipment has been successfully transported to Mozambique and the installation of solar panels is over 50% complete. We are delighted that progress remains on track and look forward to providing more updates in due course."*

#### Project Overview

- 400kWp solar PV plus 912kWh battery storage project
- Fully off-grid project, believed to be the first project of its type in Mozambique
- Target Project commissioning in June 2021
- Utilising market leading equipment including JA Solar panels, ABB Inverters and Tesla Power Pack

- Targeting generation of 600MWh and CO2 savings up to 517t per annum
- 15 year fixed price offtake agreement, denominated in US\$ with annual price escalations
- Contracted revenues of US\$3.1 over the life of the Project



*Image 1: Solar panels going up on site*



Image 2: Aerial view of solar panel installation and site clearance

Director's Bridge Loan key terms:

- US\$500,000 Bridge Loan entered into between NGP, NCCL Chairman Michael Haworth, CEO Hanno Pengilly and NED Scott Fletcher.
- Funding breakdown:
  - Michael Haworth: US\$50,000
  - Hanno Pengilly: US\$100,000
  - Scott Fletcher: US\$350,000
- Fixed 30% coupon payable by NGP at the earlier of:
  - 6 months from first drawdown;
  - 20 business days from commissioning of the Project; or
  - 20 business days from termination of any of the Project key commercial agreements

together, the "Repayment Date". Should the commissioning date be further delayed as a direct result of the COVID-19 pandemic, the Parties can agree an extension to the Repayment Date for up to 8 months from first drawdown.

- Increased coupon rate of 50% if NGP fails to repay the Bridge Loan by the Repayment Date.
- NGP has agreed to enter a subordination deed with the Lenders pursuant to which the claims of the Lenders against NGP under the Bridge Loan shall rank ahead of and in priority to the claims of the Company against NGP under various intra Group loans made by the Company to NGP.
- Lender's conversion rights:
  - Right to convert the Bridge Loan into equity of NGP at a price of US\$6,650 per ordinary share should NGP fail to repay by the Repayment Date or under events of default typical for a project of this nature ("Ordinary Conversion").
  - Ordinary Conversion would equate to the Lenders holding 53% of the then issued share

- capital of NGP in aggregate.
- NGP has the right to repay the Bridge Loan at any time before the Ordinary Conversion is completed.
- Lender’s material default conversion rights:
  - Right to convert the Bridge Loan into equity of NGP at a price of US\$396 per ordinary share should NGP become insolvent, enter a creditors process, issue shares without Lender approval or following 20 business days of a Project event of default, fail to implement a written request by a Lender to sell the assets of the Project (“Material Default Conversion”).
  - Material Default Conversion would equate to the Lenders holding 95% of the then issued share capital of NGP in aggregate.
  - NGP has the right to repay the Bridge Loan at any time before a Material Default Conversion is completed.
- New NGP articles to be adopted to account for potential conversion of the Bridge Loan, including:
  - Ncondezi and Scott Fletcher right to appoint a Director as long as it holds a minimum shareholding of 10%.
  - Minority protection rights including in relation to related party transactions.
  - Right of first refusal, drag along and tag along rights on a sale of shares.

## Related Party Transaction

The Bridge Loan constitutes a related party transaction for the purposes of AIM Rule 13 of the AIM Rules for Companies. Accordingly, the Company’s Non-Executive Director Aman Sachdeva (being the only director not involved in the Bridge Loan and therefore considered to be independent for the purposes of the related party transaction) considers, having consulted with Liberum Capital Limited, the Company’s Nominated Adviser, the terms of the Bridge Loan to be fair and reasonable insofar as the Company’s shareholders are concerned.

## Enquiries

For further information please visit [www.ncondezienergy.com](http://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

In 2019, the Company entered the Commercial and Industrial ("C&I") renewable and battery storage sector and in October 2019 announced its first investment in an off grid solar battery project. The Company has also secured the right to fund a US\$5.5m C&I project development pipeline in Mozambique through a Relationship Agreement with a C&I developer. The move into the C&I solar and battery storage sector offers a significant opportunity for the Company to complement the existing large-scale baseload power project and access near-term low-risk annuity income streams which have significant growth potential.