

## NEWS RELEASE

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### Shareholder Loan Update

10 August 2018: Ncondezi Energy Limited ("Ncondezi" or the "Company") (AIM: NCCL) provides the following update on its Shareholder Loan (the "Loan") restructuring process.

#### Key Highlights:

- Ncondezi has to date received a number of proposals to refinance or restructure the existing US\$ 5.1m Loan (the "Restructuring")
- Following review of the proposals, a Loan restructuring, including an extension, is required to enable the Company to enter into shareholder resolutions so as to successfully refinance or restructure the Loan
- The Company has submitted a proposal to Loan holders ("Lenders"), which includes the following amendments to the existing Loan agreements:
  - 12 month extension
  - 12% interest rate, paid at maturity. Represents 52% reduction over previously agreed rates
  - Ability for Lenders to swap debt for equity in part or in full at a conversion price of 10.0p per share, representing a premium of 33% to the closing share price on 9 August 2018 (conditional on shareholder approval)
  - Ability for Ncondezi to redeem the Loan before maturity in full or in part
- To date, Ncondezi has received indications from Lenders representing over 60% of the Loan that they will accept the Restructuring proposal, with no rejections. This includes Company Chairman, Michael Haworth and Non-Executive Directors, Estevao Pale and Chris Schutte. The balance of Lenders, including one party that represents 37% of the Loan, are to be engaged within the near future
- The Restructuring would be subject to all Lenders agreeing to the terms and documentation, as well as shareholder approval for the necessary share authorities to allow conversion of the Loan into equity
- Restructuring documentation is expected to be concluded prior to 2 September 2018 and share authorities are expected to be received prior to the end of September 2018
- A further update to shareholders will be provided at the end of August 2018 before the Loan's current maturity date on 2 September 2018.

#### Related Party Transaction

The proposed Restructuring would constitute a related party transaction for the purposes of the AIM Rules for Companies. Accordingly, should the Restructuring be accepted by all Lenders and before signing, the Company's Independent Directors need to follow due process to confirm that the terms of the Restructuring are fair and reasonable insofar as its shareholders are concerned.

There is no certainty that the transactions contemplated by this announcement will occur.

Ncondezi's Non-Executive Chairman, Michael Haworth, commented: *"In parallel to the good progress that has been made with its potential strategic partners over the last 12 months, the Company has been considering a number of Loan refinancing and restructuring options to settle the Loan. The Company has been encouraged by the improving terms of the refinancing options over this time, however, in considering these options it has become clear that the Loan would need to be restructured before any of the options could be successfully implemented. A proposal has been submitted to Lenders which will facilitate the refinancing of the Loan, and has received in principle support from most of the Lenders.*

*The proposed terms of the Restructuring will provide investors with comfort that the Company has sufficient time to consider its refinancing options whilst unlocking further value from its project, and the ability to restructure the Loan ahead of the maturity date as and when a refinancing option is finalised.*

*The finalisation of the Restructuring will be subject to Lenders agreeing to its terms and finalising the documentation, and the ability to convert the Loan into equity is conditional on shareholder approval for the necessary share authorities. The Company is planning to have this all completed before the end of September 2018."*

## **Enquiries**

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

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## **Note:**

**The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain. If you have any queries on this, then please contact Hanno Pengilly, Chief Development Officer of the Company (responsible for arranging release of this announcement) on +27 (0) 71 362 3566.**

**Ncondezi** owns 100% of the Ncondezi Project which is strategically located in the power generating hub of the country, the Tete Province in northern Mozambique. The Company is developing an integrated thermal coal mine and power plant in phases of 300MW up to 1,800MW. The first 300MW phase is targeting domestic consumption in Mozambique using reinforced existing transmission capacity to meet current demand.