

Kibo Energy PLC (Incorporated in Ireland)  
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("Kibo" or "the Company")



**Dated: 5 September 2019**

**Kibo Energy PLC ('Kibo' or the 'Company')  
Kibo inks Power Purchase & Coal Supply Term Sheets  
with Vale Moçambique, S.A for Benga Power Plant Project**

Kibo Energy PLC, the multi-asset, Africa focused energy company, is pleased to announce that it has signed a non-binding Power Purchase Term Sheet ('PPTS') and a non-binding Coal Supply Term Sheet ('CSTS') with Vale Mozambique, S.A. ('Vale') for the Benga Power Plant Project in Mozambique ('BPPP'). Also see the RNS of 7 June 2019 in this regard.

**Highlights**

- PPTS signed with Vale for c.37% of the available power targeted for phase 1 generation at the BPPP
  - Agreement highlights the urgent need for a reliable power source in the region
  - Tariff calculation mechanisms typical of Power Purchase Agreements ('PPAs')
  - Definitive PPA with Vale based on the initial terms in the PPTS targeted for agreement and finalisation during Q4 2019
  - Finalised Vale off-take would significantly enhance economic feasibility and ultimate fundability of the BPPP
- CSTS signed with Vale for the total coal requirement of the BPPP over the modelled 25-year life of plant
  - Competitive coal price negotiated reflected in competitive indicative electricity tariff of independent financial model for BPPP
  - Coal source which is essentially co-located with the BPPP eliminates coal transport and handling cost and provides considerable operational flexibility
  - Definitive Coal Supply Agreement ('CSA') seeking to be concluded with Vale consistent with initial terms set out in the CSTS
- Signing of PPTS and CSTS paves the way for further integration possibilities to enhance and optimise operational synergies between Vale and Kibo

**Louis Coetzee, CEO of Kibo Energy, commented,** *"Finalisation of both a PPTS and a CSTS in such a short span of time after the completion of a Base Case Definitive Feasibility Study and Independent Financial Model clearly reflects the commercial robustness of the project, both representing key milestones in the development of our first pure energy project. Ultimately, this demonstrates the urgent need and fast-growing demand for electricity in a mineral and resource rich region, which will remain unexploited without access to reliable and affordable electricity."*

*"In addition to the above referred term sheets, the Company also had further formal engagement with EDM, Mozambique's national utility over the past week, as part of the ongoing process set out in the existing MOU between the parties, to develop and ultimately agree a PPA for the balance of the electricity that will be produced from the BPPP and not sold to private off-takers. These very productive and technical discussions acknowledged the relevance of the declared corporate strategy of Kibo, whereby the BPPP is gaining increasing recognition as a critical energy project in Mozambique, with a pivotal role to play in providing a comprehensive energy solution, rather than just being capacity to generate electricity. The success of energy projects in developing economies and which is true for all of the Company's utility scale projects, will continue to depend on our ability to demonstrate a profound understanding, capacity and commitment to address the needs and requirements of all legitimate*

*stakeholders. I look forward to updating shareholders on further progress."*

#### **Details on Non-Binding Term Sheets**

Progress continues to be made to advance the Company's 65% owned Benga Power Plant Project in Mozambique, where a 150-300 MW coal-fired power plant is planned with fuel provided by local coal producers.

To this end, the Company has signed a PPTS with Vale, a local coal miner, and subsidiary of Vale SA, one of the world's largest diversified miners, situated in very close proximity to the BPPP site. Delivery of a PPTS is a key milestone and directly aligns with the Company's energy strategy; it is very well developed and demonstrates clear intention of the involved parties to enter the next phase of negotiation aiming for execution of a final binding PPA in Q4 2019 in compliance with all relevant regulatory and statutory requirements.

The PPTS, completed in a short timeframe, highlights the urgent need for a reliable power source in the region and provides for the private off-take of c. 37% of the total available power production of the first phase 150 MW boiler unit. Early engagement with power off-takers furthermore enables the Company to accommodate specific requirements in the development phase of the project, ensuring that all specification and optimisation aspects are built into the first phase of project design.

Additionally, the Company has signed a CSTS with Vale, which provides for the supply of the total coal requirement of the BPPP over the modelled 25-year life of plant. A blend of varying quality bituminous coal can be procured from Vale, which will be fed to the Power Plant boiler. Vale produces both metallurgical/coking coal and thermal coal for the export market and aims to have a combined production rate of 20 million tonnes per year by 2021. This combination of scale and product diversity not only provides security of feed supply over life of plant, but of critical importance, provides the BPPP with the rare strategic advantage of being able to rapidly adjust the optimal fuel quality requirements of the power plant to comply with the varying operational and technical requirements of the power plant. This control is possible because of the certainty and diversity of feed supply specifications able to be delivered from the mine and is in contrast to many coal-fired power plants, especially integrated mine-mouth coal-fired plants, where there are very few, if any, options for materially varying the quality of fuel supply (which in turn denies them the ability to achieve and maintain optimal production, emission and cost efficiencies). In addition to other optimisation opportunities being evaluated, this aspect is expected to afford the BPPP the opportunity to operate well above the standard efficiency rates for coal fired power plants, providing valuable economic benefits for the BPPP and clients alike.

Kibo was able to negotiate a competitive coal price mechanism with Vale, which includes the benefits of eliminating a substantial portion of coal transport and handling cost by virtue of the coal source being virtually co-located with the BPPP site.

The CSTS provides the framework and initial terms from which Kibo and Vale will seek to agree a final definitive CSA.

Conclusion of a PPA or CSA remains subject to typical matters such as final negotiations, internal approvals, regulatory approvals, due diligence and entry into definitive legal documentation satisfactory to both parties.

#### **More about Vale Moçambique, S.A.**

For more information on Vale Mozambique, please access the following weblink: <http://www.vale.com/EN/business/mining/coal/Pages/default.aspx>

**\*\*ENDS\*\***

*This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) no. 596/2014.*

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

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#### Notes

Kibo Energy PLC is a multi-asset, Africa focussed, energy company positioned to address the acute power deficit, which is one of the primary impediments to economic development in Sub-Saharan Africa. To this end, it is the Company's objective to become a leading independent power producer in the region.

Kibo is simultaneously developing three similar coal-fuelled power projects: the Mbeya Coal to Power Project ('MCP') in Tanzania; the Mabesekwa Coal Independent Power Project ('MCIPP') in Botswana; and the Benga Power Plant Project ('BPPP') in Mozambique. By developing these projects in parallel, the Company intends to leverage considerable economies of scale and timing in respect of strategic partnerships, procurement, equipment, human capital, execution capability / capacity and project finance.

Additionally, the Company has a 60% interest in MAST Energy Developments Limited ('MED'), a private UK registered company targeting the development and operation of flexible power plants to service the Reserve Power generation market.

Johannesburg  
5 September 2019  
Corporate and Designated Adviser  
River Group