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("Kibo" or "the Company")

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Kibo Energy PLC ('Kibo' or the 'Company')
Q&A Document

Kibo Energy PLC, the multi-asset, Africa focused, energy company, is pleased to release this Q&A to publicly answer questions the Company has received from shareholders over recent months.

General

Can you provide an overview of your strategy?

Over the past three years, Kibo has worked hard to successfully develop a sustainable and diversified energy project pipeline that ensures ultimate shareholder returns both in the short, and long term. These developments are guided by a dynamic strategy that ensures not only precision in the execution of the Company's objectives, but also the flexibility to allow controlled tactical change to anticipate and adapt to a fluid external environment. Kibo's strategy is focused primarily on the advancement of certain well-developed assets to early production as a high priority, followed by longer-term development assets. Fossil fuel reliant energy assets will be enhanced with clean burning coal technology and the integration of renewable resources where feasible, with the intention to migrate all existing and new assets to more sustainable energy sources in the medium to long term. (note 1)

Additionally, Kibo benefits from its robust and experienced international blue-chip partnership network across its project portfolio, which includes: SEPCO-III (China), General Electric (USA), STEAG (Germany), Minxcon Consulting (South Africa), ABSA Group Limited, Hogan Lovells International LLP and ESS Inc.

Benga Power Plant Project ('BPPP'), Mozambique

Can you provide more tangible information on progress being made at the project?

The BPPP is an exciting and fast-moving project. Most recently, and in a very short span of time after the completion of a Base Case Definitive Feasibility Study ("DFS") and Independent Financial Model ("FM"), the Company has signed a non-binding Power Purchase Term Sheet and a non-binding Coal Supply Term Sheet with Vale Mozambique S.A.. For further information please refer to the announcement dated 5 September 2019. Kibo expects the BPPP to have a combination of private and institutional off-takers, which should bolster its stability and ultimate feasibility as a producing entity.

The project continues to be supported by the Mozambican authorities, most notably, the national utility, EDM. This was demonstrated most recently during a technical meeting where the Definitive Feasibility Study ("DFS") report was discussed.

Can you give an update on the DFS?

As reported recently, the base case DFS was completed, together with an associated FM, within budget and ahead of schedule, providing confirmation of the technical and financial feasibility of the project. The DFS is currently being reviewed by Kibo and key stakeholders, including Vale and EDM. In addition, the integration of the clean-burning coal fired power station with renewable energy and storage is being studied for inclusion in the DFS. The Environmental and Social Impact Study ("EIS") remains in process in parallel, bearing in mind that it will always follow the DFS work as it requires the latter as technical inputs. An updated and optimised DFS will be published once the reviews and rework process referred to above is completed.

Mbeya Coal to Power Project ('MCPP'), Tanzania

Can you provide a brief overview of the MCPP?

The MCPP, as widely announced, is fully developed to the level of being construction ready subject to funding. The project initially progressed as far as was commercially possible at the time, with the successful submission of a Special Mining Licence Application in 2016/7 and a signed MoU with TANESCO during 2018. The recent setbacks in Tanzania, driven by unexpected policy changes by the Government of Tanzania ("GoT") temporarily impacted negatively on the Company's ability to progress the project in the desired manner, and could not have been foreseen or expected by Kibo.

Against the backdrop of these events, the Company's strategy to expand and diversify to mitigate the risk of a single country portfolio proved particularly prescient. It allowed Kibo to redirect resources to continue building value and developing the other projects in its portfolio whilst considering alternative options for the MCPP such as power export to neighbouring countries. As noted in the announcement dated 15 August 2019, Kibo has now been granted seven Mining Rights for the MCPP.

What is the current situation at the MCPP?

Kibo was recently granted seven Mining Rights for the MCPP, which indicate the GoT's acceptance of the project. Additionally, TANESCO has acknowledged Kibo's stated intention to enter the MCPP in the power export market against the Tanzania Power System Master Plan (2016 Update) which makes provision for approximately 880 MW of installed power for export for the period 2020 – 2040. In this regard, TANESCO has advised the Company that it is currently implementing interconnectors through Zambia, Tanzania and Kenya enabling power trade within the Eastern African Power Pool and Southern African Power Pool member countries. For further information please refer to the announcements dated 29 April 2019 and 15 August 2019.

Can you give an indication as to when we may receive further information on key aspects such as PPAs with off takers?

Kibo is actively working on multiple offtake options and will inform the market of material developments in due course, however these are incomplete negotiations and the associated commercial sensitivities and the prejudice it could cause the company by effectively conducting these commercial negotiations in public inhibit news flow at this time. The Company has, however, stated at several occasions in recent time that it is looking at finalising more than one PPA by the end of 2019.

Is the SEPCOIII payment due on financial close of the MCPP still in play if the project continues with the private off takers for export?
Yes, the SEPOCOIII payment is still due on financial close of the MCPP.

Mabesekwa Coal Independent Power Project ('MCIPP'), Botswana
This seems to have taken a back seat - is background work continuing or are you waiting for the mining licence approval before focusing more resources into this project?
The MCIPP, although enjoying equal status to the other projects in the pipeline, is not as far advanced and requires more technical work to reach the same development level as the MCPP. Whilst work is still continuing, the project development process was slowed down somewhat at the outset, due to necessary compliance and statutory arrangements, such as the transfer of the PL, EIA and other certifications to Kibo Energy Botswana Ltd, the SPV created for the project. A major milestone and trigger event for further advanced development work is the award of the Mining Licence for the coal mine; this remains pending but is nearing conclusion as the Company has been informed that approval and award may be expected in the near term.

MAST Energy Developments Limited ('MED'), UK
In addition to Bordersley, can you explain the other various sites under review and when shareholders can expect further updates on these?
MED continues to focus on the development of its pipeline of peaking power sites with a shift in focus from 33 kVA sites to 11 kVA sites (kVA = kilovolt- ampere). This is expected to provide superior returns in the medium and long term with concomitant lower costs.

MED has earlier this year secured, at no cost, the exclusive right to acquire five peaking power sites totalling 25.85 MW from a prospective developer ("Counterparty"), subject to completion of due diligence to MED/Kibo's satisfaction and subsequent agreement of detailed commercial terms and conditions, including the acquisition price and transaction structure. The sites range in scale from c.2.5 MW to c.7.5 MW and are all 11 kVA. The successful acquisition of Bordersley constituted one of the aforementioned sites.

In addition to the current sites under exclusivity, MED has negotiated exclusivity at no cost for an additional site of 7 MW.

MED/Kibo is in the process of finalising the due diligence and proposed commercial terms for the acquisition of the current sites under exclusivity and will update the market in this regard in due course.

What is MED's strategy and when does it anticipate hitting its target of building a 300 MW portfolio of projects?
MED's strategy is for the construction and operation of 300 MW Reserve Power Plant Generation (Peaking Power Generation Plant or "PPGP") and ancillary equipment in order to generate electricity that can be fed into the UK National Grid at specific times when quick start generating capacity is needed, typically two-minute response time. Reserve Power ("RP") Plants are small, flexible power plants that can produce electricity immediately when there is a shortage in supply. In addition to the

above, the ability to be nimble increases the flexibility of multiple revenue streams from best of class short, medium- and long-term trading strategies.

The immediate focus is to roll out the first tranche of sites c. 150 MW, with the Bordersley site scheduled to be the first site in production at the of end of Q1 2020. The longer-term focus will be to roll out a further 150 MW to reach the declared intention of commercially operating sites of varying capacity totalling 300 MW.

How are the sites funded and can you provide any other financial information?
Each site is to be vested in a site specific SPV (such as is the case with Bordersley) responsible for obtaining finance at SPV level. There are a number of debt funders that typically provide debt ranging from 50-70 % of funding requirements over various terms. Re-financing options are usually available after 2-3 years of commercial operation. MED/Kibo has close working relationships with the respective debt funders.

With specific reference to Bordersley, robust financial analysis of Bordersley supporting the acquisition has been concluded by MED with inputs from a wide array of market participants. MED intends to source external financing to fund the development of Bordersley, and in furtherance of that objective, negotiations are ongoing between MED and several parties for various forms of mezzanine debt, equity, equity linked instruments and convertible notes.

The estimated capital expenditure ("CapEx") for the project is £3.6m. MED has received an indicative term sheet for debt financing of 65% of the CapEx amount. Kibo anticipates being able to update shareholders on key operational and financial particulars of the project as the debt and route to market PPA contracts advance and the due diligence results are refined.

At this stage it is not anticipated that Kibo will be required to fund MED's development capital requirement for Bordersley or any subsequent sites.

Other

How much emphasis are you putting on the partnership with ESS and where do you envisage the relationship going?
Kibo maintains an active review of the latest research and emerging technologies to bolster its delivery strategy. In this regard, the Company is following developments of clean burning coal technology as well as renewable energy, as it maintains the view that a best–of–breed integration of the two concepts is the most optimal approach to utility scale generation of energy, especially on the African Continent. In this regard and as a case in point, utility-scale renewable designs should also include energy sustainable storage capacity that provides downtime power and increases grid reliability and resilience.

With rapid wind and solar energy storage requirement growth of up to 46% year-on-year, electric utilities need alternatives to lithium-ion batteries that are clean, resilient and have long operating lifetimes. The ESS iron flow battery technology offers more than double the operating lifetime and cycle capacity of lithium-ion battery storage systems, with a non-flammable chemistry and minimal maintenance requirements. This technology (already fully developed and in production. (note 2)) will help utilities defer major capital expenditures on distribution equipment by storing energy during times of lower demand or excess supply and releasing energy when demand peaks. These innovative energy storage systems can enhance the availability of fossil fuel generation plants, shifting to a more sustainable model over time. (note 3)

The Kibo - ESS relationship (see RNS announcement dated 24 June, 2019) emanates from the Company's research reviews referred to above, with ESS being the single developer that complies with all or most of the requirements of the Kibo strategic development model. The main aim of the Collaboration Agreement with ESS is to ensure that Kibo and ESS can add a long-term "Renewable Generation Plus Energy Storage" component to selected Kibo utility scale conventional power project or develop future standalone "Renewable Generation Plus Energy Storage" solutions where required.

Kibo therefore places heavy emphasis on its relationship with ESS, as with its other development partners, to ensure delivering on long-term renewable energy solutions into its existing coal power projects as a critical component of its strategy aimed at providing sustainable energy solutions that are environmentally and economically feasible.

What is ESS's relationship with Power Africa?

Whilst Kibo cannot and will never communicate on behalf of another company, Kibo was informed by ESS of a public announcement by ESS relating to its relationship, paraphrased below:

> *"..... ESS announced on May 20, 2019 that it has joined Power Africa, a U.S. Government-led partnership coordinated by the U.S. Agency for International Development (USAID), as a private sector partner. As the program's first flow battery partner, ESS Inc. has committed to deploying its long-duration energy storage solutions for microgrid and utility-scale projects throughout the African continent.*
>
> *"(Power Africa works with African governments to coordinate the efforts of 12 U.S. government agencies, 18 bilateral and multilateral partners, and nearly 150 private companies to remove barriers that impede energy development in sub-Saharan Africa. Power Africa is working to add more than 30,000 MW of cleaner, more efficient electricity generation capacity and 60 million new home and business connections, and considerable progress has already been made toward this goal. As of May 2019, Power Africa has completed 121 transactions totalling over 10,000 MW."*

Should shareholders be concerned over short term cash flow issues with the progress needed on multiple projects and the inability to raise funds through equity placings at the current share price?

Kibo has the ability to deliver on its operational and compliance objectives within or under its approved budgets at the required quality and standard of work and is confident that it will continue to do this. The significant progress that has been announced over the recent months across its portfolio is testimony to this.

That being the case, Kibo obviously still requires a decided level of cash availability to sustainably and consistently deliver on all its objectives in its journey towards production. Understanding current market realities and external factors, Kibo's financial management system, which includes rigorous and regular review and adjustment processes, allows for operating under extreme conditions. In this regard, Kibo has put in place non-market funding instruments and agreements which allows it to access alternative sources of funding in addition to raising funds via equity placings.

The March 2019 extension to the Forward Payment Facility originally agreed with Sanderson Capital Partners in December 2016 has provided further cash resources in order to ensure operational activities are continued as planned without interruption. As noted in the announcement dated 17 April 2019, the recent engagement letter signed with Wimmer Financial LLP also provides the basis for project financing of the Company's African energy projects which, if successful, should also benefit cash-flow planning.

The directors are also following an active approach to continuously reduce administrative costs in order to alleviate the pressure on cash flow and are continuously considering and implementing various austerity measures as and when required.

One of the key funding elements of any junior public company is the ability to issue new shares to raise capital funding.

The Company's ordinary shares have been trading on AIM over the past 6 months at prices ranging between GBP 1.8p and 0.76p, with the price at close of trading on 29 August 2019 being GBP 0.8p per share, which is below the nominal value of approximately GBP 1p at current exchange rates.

Under Irish company law, the Company cannot issue new ordinary shares at an issue price below the nominal value, and this together with the exchange rate fluctuations between the British Pound and South African Rand (as the currencies in which trades are denominated on AIM and AltX on the one hand, and the Euro as the currency in which the nominal value is set on the other), has made it effectively impossible for the Company to raise working capital by means of issues of ordinary shares in the EU, where the vast majority of its shareholders are resident and where the largest volume of market trades in its securities take place.

Consequently, the Board is proposing to reduce the nominal value of the ordinary shares in issue from €0.015 to €0.001 whilst retaining the same number of shares, thus having no direct impact on the trading price of the Company's New Ordinary Shares (see RNS dated 2 September 2019). The Board considers the capital re-organisation to be in the best interest of the Company and its shareholders, as it will allow the Company, if appropriate, to raise money in the future by the issue of New Ordinary Shares, and therefore facilitate the continued progress of its portfolio power generation and mining projects in Sub-Saharan Africa and the UK.

It is important to note that the foregoing does not constitute a consolidation or change in the number of shares in issue currently in any way.

Why hasn't the share price performed?

The directors believe that the Company is undervalued and that its potential has not been reflected in its current share price. Difficult market conditions have not helped the share price, prompting investors to implement risk-averse strategies. Despite this, Kibo has built an enviable and very strategic portfolio of major development projects that offer great potential. Given their vast scale, the development of these projects could never offer a quick route to profits but rather a longer-term path to significant value add; the Company has never suggested otherwise. To this end, and to its credit, the Company has built a solid platform of key partners to advance its projects in the most efficient and timely way and has maintained active dialogue with the market to ensure shareholders are updated as often as is possible.

Notes

1.http://kibo.energy/
2.https://www.essinc.com/energy-storage-products/
3.Paraphrased from: "Helping Utilities Reap the Rewards of Renewable Energy ", available at: https://www.essinc.com/energy-storage-applications/utility/

****ENDS****

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Notes

Kibo Energy PLC is a multi-asset, Africa focused, 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 ('MCPP') in Tanzania; the Mabesekwa Coal Independent Power Project ('MCIPP') in Botswana; and the Benga Independent Power Project ('BIPP') 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
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Corporate and Designated Adviser
River Group