

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



**Dated: 27 September 2019**

**Kibo Energy PLC ('Kibo' or the 'Company')  
Proactive Investors Interview Q&A**

Kibo Energy PLC, the multi-asset, Africa focused, energy company, is pleased to release this Q&A, which summarises Proactive Investors' interview with Kibo CEO Louis Coetzee regarding the reorganisation of the Company's Botswanan Mabesekwa Coal Independent Power Project ('MCIPP') announced on 25 September 2019.

**Could you explain the reorganization of the MCIPP, announced on 25 September 2019?**

The Company has an 85% interest in a 303 million tonne ('Mt') coal resource in Botswana. On completion of the agreement, it will hold a 35-40% interest in an enlarged project with a total 761Mt coal resource that has three large customers, whereas before we had one (ourselves). We also continue to hold an 85% interest in the energy project (currently referred to as the MCIPP), which is to be called KP2 and in addition, a 35-40% interest in a new 300MW energy project, KP1, that will exclusively provide a new petrochemical plant with energy; where the costs of feasibility / technical studies are to be funded by Shumba. (Please access the following link for further explanation on MCIPP reorganization: <http://kibo.energy/wp-content/uploads/Mabasekwa-reorganization-Final-V3.3.pdf>)

**Could you provide a bit more background to the deal?**

Shumba recently acquired 80% of Coal Petroleum ('CP'), which is developing a petrochemical plant that will provide first Botswana with up to 80% of its domestic liquid / gas fuel requirements, and later the Southern African market at large. CP is a company that has been focused on the development of a commercial scale liquid fuels production facility in Botswana. CP has partnered with PowerChina International Group Limited and Wison Group, both leading Chinese EPC companies with proven track records and recent experience in the coal-based power and CTL technologies for the execution of the Bankable Feasibility Study ('BFS'). The technical aspects of a BFS for the petrochemical plant to be built at Mabesekwa, will be undertaken in conjunction with the two Chinese conglomerates and is nearing completion, with project financing discussions advanced.

This plant will require a dedicated supply of 250-300MW electricity and to this end, Shumba and Kibo will incorporate a joint venture to oversee the design, development, construction, commissioning, and operation of a power station dedicated to powering it. Accordingly, a power purchase agreement will be put in place regarding 100% of the electricity required to power the plant over its life.

**Why have you consolidated the coal resources?**

We are consolidating our coal assets to create a 761Mt resource to take advantage of three significant revenue streams that are planned to come from the consolidated Mabesekwa coal resource. Shumba already has a binding Coal Supply Agreement to guarantee supply of all the feedstock that would be required for the life of the petrochemical plant, with binding offtake agreements to follow in due course for KP1 and KP2.

**What three revenue streams are you talking about?**

We can now fully leverage our coal resource at Mabesekwa by providing and fast-tracking three different revenue streams. These include:

- KP1, which is the new energy project that will provide energy to the petrochemical plant and which will require an estimated 1.5Mt of coal p/a;
- KP2, which is the 85% interest in the MCIPP, which will require an estimated 1.5Mt of coal p/a; and
- The petrochemical plant, which will require 4.5Mt p/a.

In summary, this would give Kibo access to a revenue stream from an estimated annual coal production of 7.5Mt coal p/a. compared to producing 1.5Mt p/a for its own consumption at the MCIPP power plant.

**What is the net impact from a funding point of view?**

There is no funding impact in addition to what Kibo currently has for the development of the MCIPP power plant. The only potential impact is that Kibo may have to nominally increase / expand its operational capacity to meet the additional operational / management demands for the development of x2 300MW power plants. As stated above, the funding for the feasibility / technical studies for KP1 will come from Shumba.

**What is your relationship with Shumba?**

The reorganisation demonstrates the fact that our relationship with Shumba is evolving into a closer and wider commercial relationship where we are leveraging of each other's strengths, as strategically envisaged when we first acquired the MCIPP in 2017. This is underscored by Shumba's willingness to agree to a further voluntary lock-in period in addition to the initial lock-in.

**How does the deal create value for Kibo?**

In multiple ways:

- 100% increase in the power project portfolio for Botswana;
- Access to a revenue stream based on an estimated 7.5Mt annual coal production;
- Guaranteed PPA for first 300MW in 600MW portfolio;
- Significantly lower development and execution risk; and
- Real opportunity for shorter and faster route to revenue generation.

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

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 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 ('MCP') 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.

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Corporate and Designated Adviser  
River Group