

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



Dated: 25 June 2020

Kibo Energy PLC ('Kibo' or the 'Company')

Kibo Secures £1 Million Funding Facility

Kibo Energy PLC, the multi-asset, Africa focused, energy company, is pleased to provide a corporate and operational update and to announce that it has signed a binding term sheet with an investment consortium consisting of several high net worth entities and individuals, including two of the Company's largest shareholders, for up to £1,000,000.

OVERVIEW

- £1 million term sheet signed to continue development of diverse energy project portfolio comprising 1255 MW generation capacity approaching commercialisation
- Primary focus on Benga in Mozambique, where it hopes to deliver 350 MW to 400 MW
 - On track to finalise a PPA with Baobab at the end of September 2020
 - Continued productive engagement with EDM with a Power Purchase Agreement "PPA" planned to be finalised before the end of 2020
- Progress in the UK where it is advancing various funding and commercial opportunities and anticipates bringing Bordesley into production before the end of 2020
- Headway in Tanzania, where it is awaiting further guidance from authorities regarding a new tender for coal fired power projects
- Board and management have agreed a 40% pay cut for next three months

Louis Coetzee, CEO of Kibo said: *"Following the recent EGM, some of the of the major shareholders in Kibo entered into discussions with the Company regarding the projects that Kibo have within its portfolio and the costs associated with the further development of these. These discussions delivered strong support for the Kibo project portfolio and development strategy, culminating in the funding term sheet set out below.*

With the knowledge that we have the support of the majority of our shareholders, and the strong belief we have in the exciting potential that our diverse portfolio of energy assets offers, we are pleased to announce this £1m term sheet. This compelling endorsement from a consortium of highly experienced investors / existing long-term shareholders, will enable the continued development of our projects, which are all approaching commercialisation. In particular, our project in Mozambique is making vast strides forward, where we realistically expect the delivery of two PPAs before the end of 2020 for up to 400 MW; at the start of this year our expectation was for one PPA for 150 MW. There is a lot of work

still to be done, but our team is focused on delivering on it and we look forward to providing further updates in due course.”

FURTHER INFORMATION

Funding Term Sheet

Kibo has signed a binding term sheet with an investment consortium consisting of several high net worth entities / individuals (the “Investors”), for up to £1,000,000 (the “Facility”):

Investment

Secured Convertible Security (the “Convertible Security”)

Term

12 months from the date of closing, with an option to roll over for another 6 months subject to agreeing terms at the time.

Drawdown

The Drawdowns will be over four tranches, consisting of two £300,000 and two £200,000 tranches each, provided that the period in-between drawdowns will be at least 45 days, apart for the fourth drawdown, unless mutually agreed otherwise. The Company will provide 7 days' notice if and when it requires to drawdown. The Company has the option but not the obligation to drawdown on part or all of the facility provided. First draw-down immediately and remaining three as stated above and against different operational milestones agreed between the parties.

Fees

The Company will pay a Facilitation Fee equal to 7% of the Total Facility to the Investors by issuing new shares in the Company at the 5-day moving average as on the date of signing of the loan agreement. Said payment will be subject to and only fall due when the Company has been able to create sufficient authority to issue new ordinary shares at the Company's next EGM / AGM.

The Company will pay a Drawdown Fee equal to 15% of the Drawdown amount to the Investors by issuing new shares in the Company on the 30-day moving average as on the date of each drawdown. Said payments will be subject to and only fall due when the Company has been able to create sufficient authority to issue new ordinary shares at the Company's next EGM / AGM.

Rank

The Convertible Security will rank senior, and will be secured by a 25% interest in the Company's subsidiary Sloane Investments Ltd that owns 100% of the Bordersley peaking power project and a 60% interest in Mast Energy Developments LTD.

Buy-Back Option

If the share price closes above 1p for 5 consecutive days, the Company will have the right to repay the amount still outstanding on any amount drawn down, at any time with no penalty (“Repayment Option”). Should the Company exercise its Repayment Right, the Investor will have the option to convert up to 25% of said amount still outstanding, at the Conversion Price.

Conversion

The Investor has the option to convert part or all of the facility provided to the Company, into new ordinary shares of the Company (“Conversion Shares”), on the Investor giving notice of conversion to the Company. The conversion price will be based on a discount to the moving average at the time of the conversion notice or at floor price of 0.15pence whichever is higher at the time (“Conversion Price”).

Orderly Market

The two largest participants in the Facility, who also at present represent two of the largest shareholders in Kibo, have agreed not to convert any of their positions in the Facility during the first six months of the agreed term for the Facility

The Consortium has also agreed that no warrants as provided for below, will be issued until the end of the agreed term for the Facility

Warrants

Upon full repayment or full conversion of the convertible loan facility, the Investor will receive 400 warrants for every £1.00 of the facility drawn down and repaid or converted, with each warrant entitling the holder to acquire one new ordinary share upon exercise of the warrant. The warrants will be exercisable for 36 months from their date of issue at an exercise price of 0.25p each.

Additional Austerity Measures

Board and management have agreed to a 40% pay cut for next three months where after the Company’s financial situation will be reassessed to determine whether measures should be retained, eased, or removed. The pay cut will be introduced in addition to already existing austerity measures to mitigate the severe adverse economic impact of COVID-19.

Operational Focus

During the second half of 2020, the Company will continue to advance its diverse energy project portfolio comprising 1255 MW generation capacity approaching commercialisation; these address the acute power deficits in Sub-Saharan Africa and the UK and will incorporate sustainable power options.

In Mozambique the primary focus is on securing two PPA’s in aggregate of c. 350MW to 400MW from

the following projects:

- Benga Power Plant Project ('Benga') in Mozambique, in which it has a 65% interest and is backed by both the Government and the local energy company Termoelectrica de Benga S.A. To this end, a supply agreement is being targeted, which would deliver a total of c.150 MW to EDM, in line with the Company's commitment to create reliable, sustainable, and affordable electricity in Mozambique.
- As per the announcement dated 18 May 2020, the Company is also advancing its agreement with Baobab Resources Ltd ('Baobab') to supply c.200 MW energy to its Tete Steel and Vanadium Project ('TSV Project'). Located approximately 36km away from Benga, the TSV Project is recognised as a key development project in Mozambique. In this regard the Company is on schedule to finalize a PPA with Baobab.

Kibo and Baobab are making excellent progress as they look to establish the optimal way forward and are on track to finalise a PPA at the end of September 2020. With a joint project team established to fast-track this, several additional synergies have already been identified that may enhance the financial and technical feasibility of the Baobab project with a material positive knock-on effect for Benga as well.

Furthermore, the Company continues to have active and productive engagement with Electricidade de Moçambique ('EDM'), the national power utility in Mozambique, regarding a PPA. Following the renewal of the EDM MOU recently, the next major milestone is the completion of the independent grid integration and impact study, which is expected to be finalized within the next month. The delivery of this study will enable the next phase in the ongoing process towards finalization of a PPA with EDM. Furthermore, EIA work is progressing in parallel as well as further optimisation of the feasibility study.

In the UK, as per the announcement dated 26 May 2020, its subsidiaries, Bordesley Power Ltd ('Bordesley') and Mast Energy Developments Ltd ('MED'), continue to make good progress. AB Impianti S.R.L ('AB'), which is managing the end-to-end Engineering, Procurement, and Construction ('EPC') scope of works ('SoW') for Bordesley, has confirmed that operations are ongoing, although COVID-19 continues to impact on the ability to resume full scale operations. Accordingly, the Company remains confident that Bordesley can still be in production before the end of 2020.

Additionally, the Company is actively progressing various funding and commercial opportunities to enhance MED's capacity and ability to significantly expand its project portfolio in conjunction with an accelerated development plan for an expanded portfolio. Further details in this regard will be announced to the market in due course.

Finally, in Tanzania, the fully developed Mbeya Coal to Power Project ('MCP') comprising a 39Mt mineable reserve and a 300-600 MW power plant is also making headway. While the Company continues to explore private and power pool off-take agreements it has also actively taken all the

necessary proactive steps to ensure that it can participate in any tender process for further coal fired power projects by the national utility. In this regard the Company is ready to submit tender documentation on demand.

EGM

The Company furthermore intends to arrange a new EGM to ask for approval to create more headroom. Formal notice to go out shortly.

****ENDS****

For further information please visit www.kibo.energy or contact:

Louis Coetzee	info@kibo.energy	Kibo Energy PLC	Chief Executive Officer
Andreas Lianos	+27 (0) 83 4408365	River Group	Corporate and Designated Adviser on JSE
Philip Adler	+44 (0) 20 7392 1494	ETX Capital Limited	Joint Broker
Bhavesht Patel / Stephen Allen	+44 20 3440 6800	RFC Ambrian Limited	NOMAD on AIM
Charlotte Page / Beth Melliush	+44 (0) 20 7236 1177	St Brides Partners Ltd	Investor and Media Relations Adviser

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 UK Reserve Power generation market.

Johannesburg
25 June 2020
Corporate and Designated Adviser
River Group