

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



Dated: 07 September 2020

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

### **UK Subsidiary Acquires Production-Ready 9 MW flexible power project**

Kibo Energy PLC ('Kibo' or the 'Company'), the multi-asset, Africa focused, energy company is pleased to announce that its 100% UK subsidiary, Sloane Developments Ltd. ('Sloane'), has agreed the Heads of Terms ("HOT") for a Share Purchase Agreement to acquire a 9MW flexible gas power project (the 'Acquisition').

The Acquisition is in line with the Company's strategy to acquire and develop a portfolio of small-scale flexible power generation assets that will help balance out the UK's national grid at critical times. Sloane currently has a direct 100% interest in a shovel-ready 5 MW gas fuelled power generation plant, Bordesley, which is currently under development and Sloane is also in the process of preparing for a listing on the Standard List of the London Stock Exchange (See RNS of 23 July 2020).

### **Acquisition of 9 MW flexible gas power project for total consideration of £1,700,000**

- Production-ready project:
  - Freehold site with established infrastructure including 9 MW grid export connection and several world-renowned OEM operating units in situ and live
  - Permitting in place, G59 commissioned and live, Gas kiosk commissioned and live
- Imminent operational status and attractive economics:
  - Positive results of third-party financial modelling exercise based on 7.5 MW generating capacity include Post Tax summation of annual revenue stream over project life of £7,290,411 and IRR c. 19% to 21%
  - Rapid revenue creation to stimulate value accretion
- Guaranteed income:
  - Blue chip off-taker in place.
- Rapidly growing target market:
  - Increasing volatility arising from structural shift from fossil fuels to renewable sources and rising spend on gas & electricity is resulting in tight capacity margins during peak times
- Settlement of consideration, subject to successful listing of Sloane:
  - £1,500,000 to be paid in cash at completion of the listing and £200,000 via the

issue of new listed ordinary shares in Sloane to the Vendor ('Consideration Shares')

- Sloane LSE admission:
  - Acquisition in line with proposed Admission which will facilitate development of a portfolio of flexible power plants in the UK operating in the rapidly growing Reserve Power market
- Acquisition provides opportunity to potentially bring Bordesley into production well ahead of current target date for 1<sup>st</sup> production, which is currently set for Q4 2020.

**Louis Coetzee, CEO of Kibo, said:** *"The Acquisition of this 9 MW gas power project will represent the second production / shovel-ready site in our subsidiary's growing portfolio of flexible power plants in the UK. In addition, potential exists to optimise synergies between the acquisition site and Bordesley resulting in significantly improved site economics. Together with Sloane's upcoming listing, this acquisition will provide an outstanding platform from which to take full advantage of the opportunity that has been identified in the Reserve Power market, the fastest growing energy sector in the UK."*

*"Following the LSE Admission, Sloane will be in a position to develop its portfolio at scale and pace, as opposed to on a project-by-project basis and advance significantly towards immanent revenue generation. This is an exciting period for both Sloane and Kibo and we look forward to providing further updates on progress made in due course as we look to capitalise on the significant growth opportunities available in the rapidly growing Reserve Power market and realise value for all stakeholders."*

### **Transaction Rational**

The Acquisition is an important step to solidify Sloane's strategic intent to establish itself as a significant presence in the Reserve Power market, with the ultimate objective of developing a reserve power portfolio in aggregate of 300 Mw generating capacity.

Through the Acquisition, Sloane will:

- Create a strategic platform from which it can significantly accelerate the development of its project portfolio by developing multiple sites simultaneously;
- Significantly improve and enhance the commercial integrity and investment attractiveness of the Sloane reserve power portfolio by establishing early – almost immediate - revenue opportunity;
- Create an opportunity to bring its Bordesley reserve power project into production at a much earlier date than currently scheduled and at significantly lower cost than currently planned for;
- Mitigate investment risk materially through the acquisition of a freehold site with established infrastructure, operating engines in situ, connected to Balance of Plant as

well as gas and grid connections;

- Realise significant cost, time and CAPEX savings in respect of the overall development plan for the Sloane reserve power portfolio as a direct result of:
  - The competitive price that was negotiated for the Acquisition;
  - Compelling economic, commercial and technical merits of the Acquisition; and
  - Unique strategic fit with the Sloane development strategy

### **Further Information**

The HOT provides for an exclusivity period in favour of Sloane until 30 November 2020, or such other date as the parties may agree to in writing. Completion of the Acquisition shall take place upon the satisfaction or waiver of a number of conditions precedent, including, but not limited to:

- Sloane being successfully admitted to trading on the London Stock Exchange
- The completion of due diligence by Sloane on the Vendor
- All applicable necessary, regulatory, statutory, board and other approvals or consents having been obtained by the parties

The Vendor will enter into a Lock-In Agreement, agreeing not to dispose of any Consideration Shares except in limited circumstances including in the event of a takeover offer being made for the whole of the issued share capital of the company and other usual exceptions, for six months following the date of the admission to trading on the LSE and for a further six months following the first six months after Admission, the Vendor will only be allowed to dispose of Consideration Shares in strict compliance with the purchaser's dealing code and in accordance with generally accepted orderly market arrangements. The Vendor will also be offered a seat on the board of Sloane Developments LTD post listing.

### **Planned Admission**

Sloane Developments Ltd is seeking admission to the Standard List of the London Stock Exchange plc ("London Stock Exchange" or "LSE") ('Admission'), after which it will be renamed Mast Energy Developments Projects PLC ('MED'). Admission will be accompanied by an Initial Public Offering, which will seek to raise sufficient funds to make the Acquisition and develop a portfolio of flexible power plants in the UK, to become a multi-asset operator in the rapidly growing Reserve Power market. Kibo intends to maintain a strategic interest in MED post the initial fundraise and Admission of at least 51% ensuring continued upside from future developments.

**\*\*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 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 ('MCCP') 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  
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Corporate and Designated Adviser  
River Group