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

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

Agreement to Co-develop Renewable Energy Projects in South Africa

Kibo Energy PLC, the multi-asset, African focused energy company, is pleased to announce that it has entered into an agreement with South Africa-based Industrial Green Solutions (Pty) Ltd ('IGES') (https://www.industrialgreenenergy.com/) to jointly develop a portfolio of Waste to Energy projects in South Africa ('the Agreement') with an initial target of generating more than 50 megawatts of electricity for sale to industrial users. The Agreement, which is subject to the satisfaction of certain conditions, is in line with Kibo's strategy to integrate renewable energy into its project pipeline, which includes three utility-scale power generation and mining projects.

Highlights

Targeting South Africa's chronic shortfall in electricity and high plastic waste disposal costs

- Under the terms of the Agreement, Kibo will own 65% of Newco Energy (Pty) Ltd ('Newco'), which will hold the Waste to Energy Project Portfolio, with IGES holding 35%
- Newco will initially develop a phased c. 8MW project for an industrial client, to be followed by six other projects at different sites, to a total generation of up to 50MW.
- Initial Project Pipeline comprise of seven projects in place, and will utilise Pyrolysis technologies to convert waste non-recyclable plastics to syngas for the generation of energy:
    - Pyrolysis technology to be supplied by a local international technology firm in the form of a waste to energy conversion plant;
    - Syngas to be stored on site and fed into gas engines to generate electrical power; and
    - Off takers for all seven projects have been identified with Power Purchase Agreement ('PPA') negotiations underway

Project 1 – Most Advanced in Project Portfolio and Involves the Development, Construction and Operation of a c. 8MW Base Load Waste to Energy Generation facility

- MOU for the supply of energy signed with industrial client in Centurion (Pretoria, South Africa) - 10-year "Take or Pay" PPA negotiated subject to independent review;
- Fuel feedstock supply agreement signed with waste management operator for 100% of project's fuel requirement - intention to operate from a 9 – 12-month stockpile;
- Land acquisition and waste licensing completed, air emissions license submitted and grid connection approval process underway;
- Capacity to be scaled up from c. 2 MW to 8 MW, in 4 x 2 MW phases over three years;
- Project development duration for first phase of 2 MW expected to be no longer than 16 months including construction;

- Kibo will fund NEWCO, commencing with an amount of R11,145,000 (GBP560,000) as an Equity Loan to Newco for the development of this first project (Project 1- referred to above); and
- Kibo will be developing the project portfolio with Lesedi Nuclear Services (Pty) Ltd (https://lesedins.co.za/) as strategic partner for EPC and Operations and Management services

Louis Coetzee, CEO of KIBO said: *"This opportunity to enter the South African waste to energy market in strategic partnership with Lesedi and IGES, is a win - win for all parties. For Kibo, today's Agreement is in line with our strategy to integrate sustainable environmentally friendly energy generation into our portfolio, which could shortly include waste to energy projects in the UK currently the subject of a due diligence investigation. The 50MW project pipeline also positions Kibo squarely in the new and exciting renewable energy industry in South Africa and places us firmly on a programme to production and revenue in the short to medium term.*

For IGES, the company gains a partner in Kibo with a track record not only in project development but also in project finance. For South Africa, the Pyrolysis technology provides a perfect solution to the disposal of plastics in the country, which up until now is high cost and subject to cumbersome procedures and under most recent legislation prohibits the disposal of plastics with a CV (Calorific Value) of more than 20 in landfill facilities. In addition, Newco will enable South African industry to operate independently from the National Utility, Eskom and secure stable power supplies. With the above in mind, we are keen to get started at the earliest opportunity and I look forward to providing further updates on our progress."

Transaction Background

Kibo has entered into an agreement with IGES to jointly develop a series of Waste to Energy projects in South Africa to address the insecure energy supply environment in the country by enabling industries to operate independently. The Agreement resulted in the establishment of Newco, in which Kibo will hold 65% for an Equity Loan contribution of R11,145,000 which will serve as project development funding for the initial project and IGES will hold 35% for an equity contribution to the value of a seven - project portfolio and development expenditure to date. Newco will initially develop a phased c. 8MW project for an industrial client, to be followed by six other projects at different sites, to a total generation of up to 50MW.

The Waste to Energy concept entails the conversion of plastic waste (provided by leading waste disposal operators) by a Pyrolysis plant, into syngas. The syngas will be stored on site and fed into gas engines to generate electrical power.

Kibo, from the commencement date of the Agreement referred to above, will fund Newco, commencing with the equity loan of R11,145,000 referred to above, whereafter funding of Newco's approved budget will be funded through a combination of various standard commercial funding options, repayable from free cash generated by Newco from its Projects.

The first project, i.e., the project to supply power to an industrial client, is in an advanced project development stage, with access to land, key licenses and approvals acquired, and an offtake MOU and PPA negotiations concluded.

South African Energy Environment

Electricity is in short supply in South Africa and despite the efforts of the management of National Utility, ESKOM, rolling blackouts have remained an integral part of the industrial landscape in the country. Furthermore, several current coal-fired power plants will come to the end of their economic lifespan in the next ten years, further curtailing energy supply. An indicative near-term energy requirement of 11,800MW was recently envisaged by the President of South Africa.

Sustained power cuts, caused by under-investment and a shortage of generating capacity, have damaged the South African economy. The response has been a belated thrust towards more power supply, from a combination of coal-fired power plants, oil and gas, wind and solar, and potentially a fleet of new nuclear power stations.

Planners are now considering the addition of independent power producers (IPPs) to the energy mix and small-scale residential generation as citizens, increasingly frustrated by load-shedding and rising electricity prices, are starting to install their own generation systems.

Electricity generation is thus becoming decentralized, and the line between consumer and producer is beginning to blur and the electricity sector is moving away from a monopolistic model. New players are taking on roles and responsibilities historically controlled by national utility, Eskom, which is made more complex given the growing number of IPPs. (Extracted from *https://www.weforum.org/agenda/2015/09/how-do-we-solve-south-africas-energy-crisis*)

In response to this context, developers and industrial users are looking to various forms of embedded energy supply. These private initiatives, generally deployed in smaller-but-more-distributed units, will form an increasing part of the South African energy landscape over time as private enterprises seek to achieve some level of independence from the national grid.

Newco intends to operate in this space.

Waste Management

South African authorities have expanded the responsibility of a waste generator to ensure that the waste products from their activities are managed responsibly on a cradle-to-grave basis.

Secondly, the regulations continuously constrain the types of waste that are allowed to be sent to landfill. Certain plastics, for instance, can no longer be landfilled due to its high calorific value. Plastic generators therefore have to find alternatives for the disposal and/or recycling of these waste streams.

Primary Technology

Pyrolysis Technology is an advanced conversion technology that can produce a clean, high calorific value gas from a wide variety of waste and biomass streams. The hydrocarbon content of the waste is converted into a gas, which is suitable for utilization in gas engines, with associated electricity generation.

Conditions Precedent

The Agreement is subject to three conditions precedent, to be met by 15 June, 2021 (the “Longstop Date”) being:

- Kibo completing detailed Due Diligence with respect to the commercial viability and fundability of the Project(s);
- Kibo obtains written approval from its Board of Directors;
- Kibo Energy shall have advanced the full amount of a c. R11.1 million Equity Loan to Newco.

****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 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 ('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.

Johannesburg
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Corporate and Designated Adviser
River Group