

Kibo Energy PLC (Incorporated in Ireland)
(Registration Number: 451931)
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Share code on the JSE Limited: KBO
Share code on the AIM: KIBO
ISIN: IE00B97C0C31
("Kibo" or "the Company")



Dated: 22 March 2022

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

Acquisition of Brownhill International Limited and Suspension of Trading

Kibo Energy PLC (AIM: KIBO; AltX: KBO), the renewable energy focused development company, announces that pursuant to its strategic re-positioning as a renewable and clean energy company, the Company has signed a Share Purchase Agreement (“SPA”) to acquire the Victoria Falls Solar Park project in Zimbabwe (the “Project”) from Broomfield International Limited (“Broomfield”).

Kibo will acquire 100% of the issued share capital of Brownhill International Limited (“Brownhill”) and shareholder loan claims against Brownhill (the "Transaction") which holds the Project through its wholly owned subsidiary Power Ventures (Private) Limited. The Transaction will be for a consideration of GBP 10,000,000, payable in new ordinary shares of Kibo at an issue price of 5p per share, following an intended 1 for 10 share consolidation as part of the Transaction (equivalent to 0.5p pre consolidation).

The Transaction involves the acquisition of the Project that comprises a 100 MW solar power generation project located in Victoria Falls, Zimbabwe, which is expected to deliver an equity IRR of c.17.6% and total unlevered free cashflow (EBIT) of c. US\$107m. The first 25 MW of the Project is fully funded and currently under construction, with the first 5 MW of the 25 MW, expected to be in production by end of April 2022. Broomfield has additional renewable energy projects (hydro, wind and solar) under its portfolio, at various locations in Africa, with an installed capacity of 160.4 MW, in which a right of first refusal will be granted to Kibo as part of the Transaction.

The Project is a 100 MW green solar PV facility, connected to the Hwangwe-Victoria Falls national transmission line by way of a simple loop-in loop-out connection and, positioned at less than a kilometre from the solar facility. The Project roll out is being carried out in phases of 25MW, starting with 5 MW being connected to the grid in April 2022 and 20 MW before December 2022.

All necessary permits for the Project are in place (Generation License, Environmental Permit, Grid connection). The Project is underpinned by long term Power Purchase Agreements (“PPA”) for c.10-year terms. The PPA’s are all USD-denominated and with mining and industrial customers.

Further key terms of the Transaction are provided later in this announcement.

On completion of the Transaction, Kibo will have exposure to:

- the transition-to-renewable-energy market in the form of
 - reserve power in the UK market via its 55% controlling stake in Mast Energy (MAST.L); and
 - waste-to-energy (WTE) through its WTE project in South Africa and potential 54% acquisition of the Billingham WTE 25MWe syngas power generation plant in the UK
- the fully renewable energy growth market (solar power); and
- long duration storage.

The demand and need for fully renewable power in Zimbabwe are now recognized as a national priority and backed up by Zimbabwean government policy directed at infrastructure investment.

The Transaction constitutes a reverse takeover transaction pursuant to AIM Rule 14 and, accordingly, the Company has requested that its ordinary shares be suspended from trading on AIM and the AltX of the JSE with immediate effect. The Transaction will be subject to, inter alia, shareholder approval. The Company intends to publish an AIM Admission Document as soon as practically possible, which will contain a notice of general meeting at which shareholder approval shall be sought, following which the Company would seek restoration to trading on AIM and the AltX of the JSE of the enlarged Kibo ordinary shares (“Admission”).

The following information is included in accordance with the disclosure requirements of Schedule 4 to the AIM Rules for Companies:

Brownhill was incorporated for the sole purpose of being the holding company for Power Ventures (Private) Limited and the Project. There are no other assets within Brownhill apart from the de minimis share capital on incorporation. For the financial year ended 31 December 2021, Power Ventures (Private) Limited reported a loss after tax of US\$228,249, total assets of US\$7,702,779 and net assets of US\$459,841. The service contracts of any proposed directors are yet to be finalized and further detail on this will be included in the AIM Admission Document.

Louis Coetzee, CEO of Kibo Energy, commented:

"We are pleased to have been in a favourable position to participate in this Transaction, which is timely, following the Company's strategy to disinvest from fossil fuels and focus on renewable and clean energy projects. The successful completion of this Transaction will scale-up Kibo's footprint in Africa, with the potential addition of renewable energy projects in excess of 100 MW with the first 5 MW going into production at the end of April and the first 25 MW fully funded for construction and commissioning.

Drawing from our investments into the reserve power market through Mast Energy Development's, development of waste-to-energy projects in Southern Africa and the UK, as well as strategic partnerships with key long duration energy storage players, we are positioning the company for growth and are enhancing our ESG credentials, all of which drive value creation for investors, communities and the environment. This places Kibo at the heart of a very bright and renewable future for energy.

The Company has worked tirelessly over the past 6 months to reach the point where it will now have an asset portfolio with producing renewable energy assets and several near production assets. The near production renewable energy assets all have a time horizon of less than 18 months to first production."

A further announcement will be made in due course.

Other key terms of the Transaction:

The KIBO board will upon re-admission have a maximum of five directors of which at least two will be nominated by Broomfield.

The Transaction is subject to certain condition precedents including:

1. by no later than 31 March 2022, Kibo and Broomfield shall have delivered to each other written notice that they are satisfied with the results of their respective due diligence investigation;

2. by 31 March 2022, Broomfield shall have provided certified copies of resolutions authorising the sale of Brownhill;
3. by 31 March 2022, Kibo shall have entered into service agreements on mutually acceptable terms with the key individuals nominated by Broomfield to the board and executive management of Kibo for a period of at least 24 months;
4. by 29 April 2022, Kibo shall have received irrevocable subscriptions for ordinary shares in Kibo for gross proceeds of no less than GBP7,000,000;
5. by 20 May 2022 the shareholders of Kibo in a general meeting shall have approved the implementation of the Transaction, all documentation required to do so, and the 10:1 consolidation of the ordinary shares of Kibo on the basis that one new share shall be issued for every ten shares in issue;
6. by 31 May 2022, the ordinary shares of Kibo shall have successfully been admitted for trading on AIM and also dual listed on the AltX of the JSE Limited in South Africa;
7. by 31 May 2022, all regulatory and other approvals required in order to implement the Transaction shall have been obtained.

The conditions precedent 2; 4; 5 and 6 above have been inserted for the benefit of Kibo and condition precedent 3 for the benefit of Broomfield, each of which respectively will be entitled to waive fulfilment of any of the conditions precedent, in whole or in part, on written notice to the other party at any time.

The parties may agree to adjust the above-mentioned delivery dates for each condition precedent.

The Transaction will also require the approval of the Competition Authorities in Zimbabwe.

This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) no. 596/2014.

****ENDS****

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Corporate and Designated Adviser
River Group