Kibo Energy PLC (Incorporated in Ireland)
(Registration Number: 451931)
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('Kibo' or 'the Company')

Dated: 18 May 2023

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

Kibo Subsidiary MED Announces Joint Venture and Reprofiling of Loan Facilities

Kibo Energy PLC (AIM: KIBO; AltX: KBO), the renewable-energy-focused development company, is pleased to announce its subsidiary Mast Energy Developments ('MED'), a UK-based multi-asset operator in the rapidly growing flexible power market, has concluded a Heads of Terms ('HoT') with regard to a new Joint Venture ('JV') agreement between MED and a new institutional investor-led consortium (the 'Institutional Investor'). MED has furthermore agreed to the reprofiling of the outstanding balances on its existing loan facilities (the 'Acquisition Loan' and the 'Development Loan', and together as the 'Loans'). The Loans are held through an institutional investor group. The full announcement can be viewed at med.energy.

The HoT is subject to typical confirmatory due diligence to the satisfaction of both parties, concluding the associated definitive JV agreement and any regulatory and Board approvals. All JV deal numbers quoted herein are indicative and subject to the conclusion of a definitive JV agreement. Further details, including the parties subject to the definitive agreements will be announced at that time. It is expected that the JV agreement will be completed and executed around mid-June 2023 but there is no guarantee that a definitive agreement will be reached.

Louis Coetzee, CEO of Kibo Energy, says: *"MED's announcement below and recent performance in the Capacity Market Auction results (see RNS dated 27 February 2023) and its current flagship producing asset, the 9 MW Pyebridge gas-powered flexible generation facility, is a testament to the success of MED's strategy and long-term development plans to deliver flexible (reserve) power projects that are commercially viable and sustainable."*

The full text of the MED RNS release follows:

Dated: 18 May 2023

Mast Energy Developments PLC ('MED' or 'the Company')

MED Announces Joint Venture and associated Significant Investment, Appointment of New Corporate Broker, and Reprofiling of its Loan Facilities

Mast Energy Developments PLC, the UK-based multi-asset owner, developer, and operator in the rapidly growing flexible power market, is pleased to announce that it has recently concluded a Heads of Terms ('HoT') with regard to a new Joint Venture ('JV') agreement between MED and a new institutional investor-led consortium (the 'Institutional Investor'). Under the HoT, it is envisaged that the Institutional Investor will inject all required investment capital into the JV with an expected total investment value of c. £33.6m, with no funding contribution required from MED. MED will be providing the required projects to the JV, for a total portfolio of gas peaker plants with a combined generation output of c. 50 MW to be developed and/or acquired, constructed and in production and income generating within the next 12 months. An overview of the key highlights and terms of the JV are provided below.

Further, MED announces the appointment of Novum Securities Limited (‘Novum’) as corporate broker to the Company. Novum will be taking over from Clear Capital Markets Limited as sole broker with immediate effect.

Finally, MED announces that is has agreed to a reprofiling of the outstanding balances on its existing loan facilities (herein referred to as the ‘Acquisition Loan’ and the ‘Development Loan’, and together as the ‘Loans’) held through an institutional lender group (the ‘Institutional Lender’). The Loans’ details were previously announced by the Company in RNSs dated 5 October 2022 and 3 November 2022, respectively. The current aggregate balance outstanding on the Loans is £729,750 (the ‘Reprofiled Balance’), which was transferred to the new loan agreement (the ‘Reprofiling Agreement’) signed between the Company and the Institutional Lender on 17 May 2023 (the ‘Execution Date’). Under the terms of the Reprofiling Agreement, the Reprofiled Amount is deemed an initial advance on the Execution Date.

JV Key Highlights

The key terms of the JV agreement comprise the following:

- Institutional Investor will inject all required investment capital into the JV with an expected total investment value of c. £33.6m, with no funding contribution required from MED.
- Institutional Investor to hold 74.9% of the JV and MED to hold 25.1%, subject to the Institutional Investor recognising and reimbursing to MED its actual historic project acquisition and development related costs, totaling an expected c. £7.7m, as detailed below, and no requirement on MED to provide any further funding. MED will have joint control of the JV SPV Board and full operational control of the projects’ management and operations.
- Upon execution of the JVA, at Investment Tranche 1, consisting of three projects with a combined generation capacity of a minimum 26.5 MW that MED will provide to the JV, the Institutional Investor will then pay MED c. £3.7m as part repayment of the historic project acquisition and development related costs and inject c. £11m into the JV SPV to cover future capex on these projects.
- Upon satisfactory completion of Investment Tranche 1, at Investment Tranche 2, consisting of three projects with a combined generation capacity of a minimum 14 MW and up to 30 MW that MED will provide to the JV, the Institutional Investor will then pay MED c. £4m as part repayment of the historic project acquisition and development related costs and inject c. £15m into the JV SPV to cover future capex on these three projects.
- The Institutional Investor will receive a preferential entitlement to 90% of the profit of the JV until the investment provided under part (i) of the Investment Tranche’s 1 & 2 has been recovered in full, at which point any distribution of profits will return to the equity split.
- Therefore, MED will, assuming it can provide the projects as required, receive a c. 25% free stake in a portfolio of around c. 50 MW of assets that will be fully funded, constructed and revenue generating within the next 12 months.
- It is expected that upon completion of both Investment Tranches 1 and 2, the total expected average annual revenue to be generated by the associated assets in the JV portfolio will comprise c. £15m per annum.
- In addition, the JV will grant MED a five-year management services agreement (‘MSA’) and associated fee to manage the sites, which will further bolster MED’s share of income from the JV.

- It is MED's intention and plan to use the proceeds from the JV investment tranches to further bolster its own wholly owned portfolio of assets (outside of the JV), by way of further development, construction and new acquisitions.
- The HoT is subject to a typical confirmatory due diligence to the satisfaction of both parties, concluding the associated definitive JV agreement and any regulatory and Board approvals.
- All JV deal numbers quoted herein are indicative and subject to the concluding of a definitive JV agreement.
- It is expected that the JV agreement will be completed and executed around mid-June 2023 but there is no guarantee that a definitive agreement will be reached.

Second Drawdown on Development Loan

The Reprofiled Amount includes the aggregate outstanding principal and accrued interest amounts of £729,750 on the Loans, and the proceeds of a Second Advance under the terms of the Development Loan of £100,000 availed by the Company in conjunction with the signing of the Reprofiling Agreement on the Execution Date. The proceeds accruing from the Second Advance will be used by the Company for ongoing project development costs.

Details of the Reprofiling Agreement

The terms of repayment for the Reprofiled Balance (the 'Deemed Advance') and any additional subsequence drawdowns ('Further Advances') under the Reprofiling Agreement, comprise the following:

- The Reprofiled Balance will be subject to a six-month principal repayment holiday, followed by 18 equal monthly cash repayments of principal and the coupon thereafter on the maturity date, which falls 24 months from the Execution Date. It is noted that the first drawdown (or Deemed Advance) is the Reprofiled Balance, and the first drawdown date is the Execution Date. Further Advances will be the subject of mutual agreement between the Institutional Lender and the Company for the duration of the Commitment Period (defined as three (3) years from the Execution Date).
- The Institutional Lender may elect to avail of the following MED share conversions (a 'Conversion') during the duration of the Commitment Period:
  - During the first 12-month period following the Execution Date, it can convert 50% of the Reprofiled Balance plus applicable interest to MED ordinary shares at the lower of (a) a deemed price of £0.02 per MED share or (b) at the last Company share placing price for any third-party equity fundraising carried out prior to a Conversion during this period (the 'Fixed Price');
  - After the initial 12 months, during the Term, the Institutional Lender may elect to convert any outstanding amount on the Reprofiling Agreement at the Fixed Price; or
  - If the Company elects not to settle a monthly payment (each being a 'Unsettled Payment'), they will automatically grant a right for the monthly payment to be settled in shares, being that the lender will be granted subscription rights over such balances for a period ending on the later of (a) the remaining 24 months from the relevant drawdown date and (b) 12 months from the unsettled payment date, to convert the relevant Unsettled Payments to MED shares at 90 per cent of the one daily volume-weighted average price ('VWAP') of MED shares chosen by the Institutional Lender in respect of MED shares traded on the LSE during the 10 trading days immediately preceding the date of a share conversion notice with respect to the Unsettled Repayment. At the expiry of the Convertible Period, the portion of the Elected Unsettled Payment not redeemed will be paid to the Institutional Lender.
- The Company will grant senior fixed and floating security over its assets by way of debenture, save to the extent that any relevant MED Project SPV subsidiary companies that will be party

to the above referred JV agreement being currently considered by the Company will be excluded, provided the monies due to the Institutional Lender from the Company is reduced to the aggregate of £300,000, which the Company is permitted to do pursuant to the terms of the agreement or otherwise waived by the Institutional Lender.

- The Reprofiled Balance will be subject to a 9.5% fixed coupon over the 24-month term, such calculation being made for each annual period at the commencement of the relevant 12-month period.

Warrant Issue

The Institutional Lender has also been issued warrants under the terms of the Development Loan and the Reprofiling Agreement as follows:

Development Loan: 4,511,312 warrants calculated as 40% of the Second Advance divided by the Reference Price of £0.0088666 (being the average of the five (5) daily VWAPs preceding the Execution Date. The warrants are exercisable at 130% of the Reference Price, save that, in the event that the Issuer completes any share placing during the term of the Second Advance and the share placing price is below 130% of the Reference Price, the exercise price will be the share placing price. The exercise period is 36 months from the date of the grant.

Reprofiling Agreement: 82,303,250 warrants calculated as 100% of the Reprofiled Balance of the £729,750 divided by the Reference Price of £0.0088666 (being the average of the five (5) daily VWAPs prior to the Execution Date) and issued on or before the 30 July 2023. Half of the warrants will be exercisable at the relevant Reference Price and the other half will be exercisable at 200% of the relevant Reference Price. The exercise period will be 48 months from the date of issue.

The details of warrants to be issued for Further Advances will be agreed between the Institutional Lender and the Company at the time.

The exercise of the warrants may be offset against outstanding balances pursuant to the Reprofiling Agreement.

Pieter Krügel, CEO of MED, commented: *"We are very pleased to have signed a HoT with regards to the JV deal and excited to conclude the JV agreement in due course. The JV, outside of MED's own wholly owned portfolio of assets which we will continue to grow in parallel, will not only provide MED with a significant cash injection but also a significant stake in a portfolio of assets totaling an expected 50 MW that will be fully funded, constructed, in production and income generating in the next 12 months. MED's share of income from the JV portfolio revenue, and in addition its 5-year MSA fee, will provide MED with a significant long-term recurring income stream. The JV deal has been long in the making and follows a robust initial due diligence and negotiation process. The willingness of the Institutional Investor-led consortium to enter into the HoT with MED is testament of their confidence in the Company's strategy and long-term development plans to deliver flexible energy projects that are commercially viable.*

Further, we are pleased with the appointment of Novum as sole broker and to have Novum as a strategic partner to the MED-team.

Finally, we are pleased to have reached agreement with the Institutional Lender to implement the reprofiling of the existing loans and to secure a further funding advance. The reprofiling of the loans will simplify MED's repayment obligations and provide a meaningful runway to ensure the Company's financial and operational stability and to support its development plans."

ENDS

This announcement contains inside information for the purposes of the UK version of the Market Abuse Regulation (EU No. 596/2014) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ('UK MAR'). Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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

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****ENDS****

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Corporate and Designated Adviser
River Group