KIBO ENERGY PLC

Annual Report & Accounts 2018

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Corporate Directory

BOARD OF DIRECTORS:	Christian Schaffalitzky	Chairman (Non-Executive)
	Louis Coetzee	Chief Executive Officer
	Noel O'Keeffe	Technical Director (Non-Executive)
	Andreas Lianos	Financial Director (Non-Executive)
	Lukas Maree	Executive Director
	Wenzel Kerremans	Non-Executive Director

COMPANY SECRETARY:

Noel O'Keeffe

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Johannesburg Stock Exchange: JSE Alt X - (Share Code: KBO) – Secondary

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WEBSITE:	www.kibo.energy
DATE OF INCORPORATION:	17 January 2008
REGISTERED NUMBER:	451931

Kibo at a Glance

The Opportunity

Kibo is addressing the chronic under capacity and rising demand for long term affordable and sustainable electricity generation in Sub-Saharan Africa where:

60%
of Africa's population is without electricity

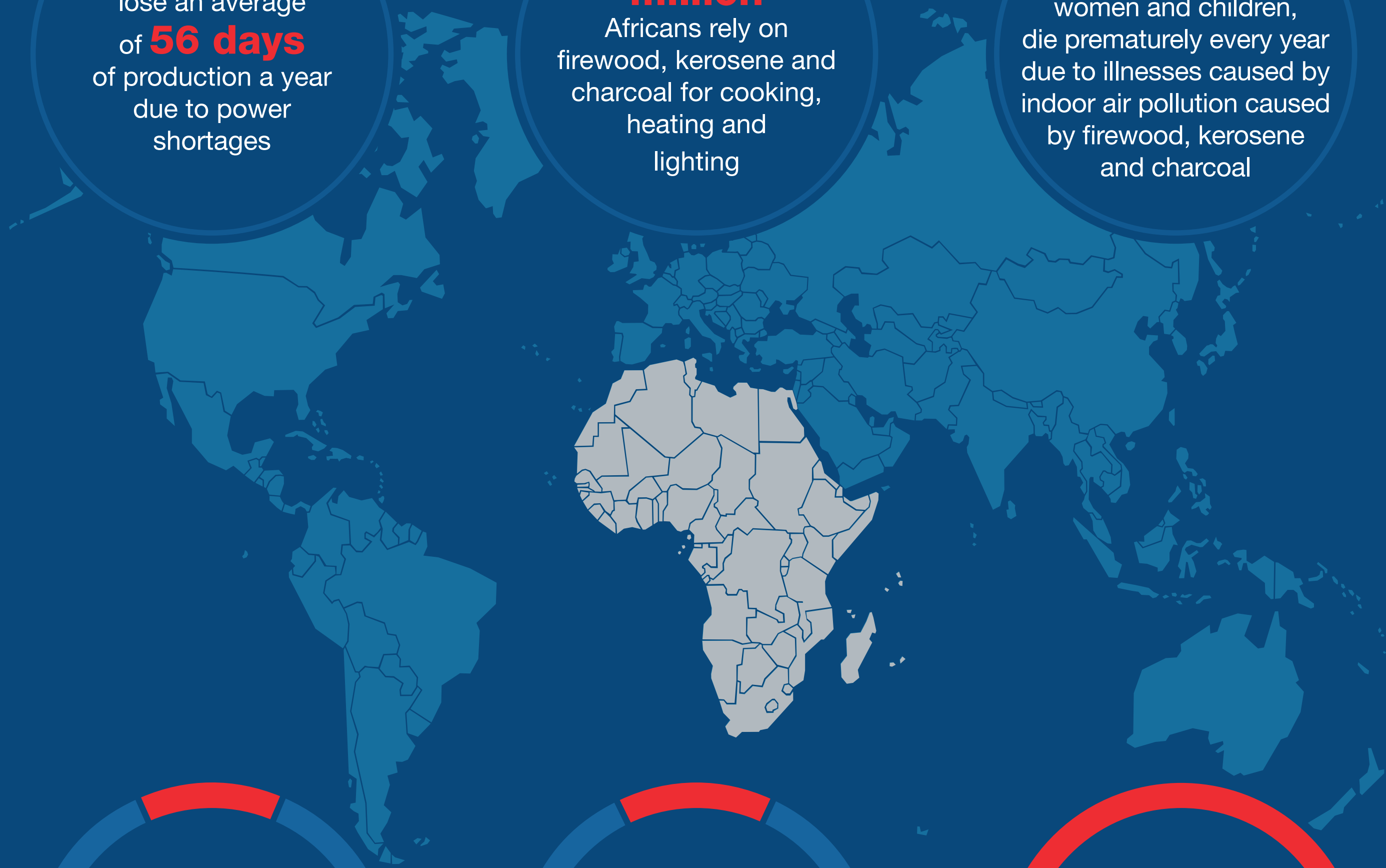
600 million
people in sub-Saharan Africa live without power

Power shortages cost Africa **2-4%** GDP growth annually

Manufacturers lose an average of **56 days** of production a year due to power shortages

620 million
Africans rely on firewood, kerosene and charcoal for cooking, heating and lighting

600,000
Africans, mainly women and children, die prematurely every year due to illnesses caused by indoor air pollution caused by firewood, kerosene and charcoal



13%
of World Population lives in Sub-Saharan Africa

14%
of World Population have no access to electricity

60%
of people in Sub-Saharan Africa have no access to electricity

World Bank Website, (data compiled from 2016 reports)

Kibo's Projects

Benga Project

Proposed 150 – 300 MW coal to power project in Mozambique where only 30% of population have access to electricity and around 81% of current supply comes from hydropower that's heavily influenced by recurring droughts, limited transmission and distribution networks.

Mabesekwa Project

Proposed co-located coal mine and up to 600 MW coal fired power plant in Botswana close to the South African border, ideally located to help alleviate the current under capacity in power generation in South Africa as well as supplying growing demand in the local electricity market.

Up to

1,250 MW

of power generation being developed across four countries

Ownership of

377 million

tonnes in-situ coal deposits in Tanzania & Botswana

Mbeya project

Large coal deposit in southern Tanzania well located to serve a coal fired power plant with an initial capacity of 300 MW for which a Definitive Feasibility Study has been completed. Potential opportunities include power export, local and export coal markets and coal to gas conversion.

Mast Energy project

Development of small-scale gas fired power plants in the UK with opportunity for revenue generation in the short term as a participant in the UK Reserve Power Market. The Company's longer term plan includes developing the UK Reserve Power Market model in the southern African electricity market.

Project Summaries

African Project Overview

Kibo is developing three thermal power projects: the "Benga Power Plant Project ("BPPP" or "Benga Project")" in Mozambique, the Mabesekwa Coal Independent Power Project ('MCIPP' or "Mabesekwa Project") in Botswana and the Mbeya Coal to Power Project ('MCPP' or "Mbeya Project") in Tanzania. It is well placed to benefit from its existing relationships, collaboration and strategic agreements with international blue-chip companies across its project portfolio, which include: SEPCO-III (China), General Electric (USA), Tractebel Engineering (Belgium), Minxcon Consulting (South Africa), ABSA Group Limited (Africa), and Hogan Lovells International LLP. The Company is rapidly progressing its strategy to become a leading regional energy player.

Mozambique:

Benga Project

Kibo holds an 65% interest in the Benga Project which is in the Tete province of northern Mozambique. Benga is the Company's first pure energy project and the intention is to develop a coal-fired power station with feedstock provided by regional coal producers. Already in place is authorisation by the Mozambique Ministry of Mineral Resources and Energy to proceed with the final feasibility on the Benga Project as well as an MoU with Electricidade de Moçambique; the major public electricity utility company in Mozambique to collaborate in the development of a coal-fired power plant.

Location:

Current Status:

Advancing development of 300 MW coal to power plant in northern Mozambique using coal feed from local mines where work to date and continuing includes:

- Definitive Feasibility Study completed and final review in progress (March 2019)
- Preliminary agreements, authorisation and support secured from Mozambican Government bodies for DFS, water availability, lease of site for power plant construction and grid integration
- Negotiations at an advanced stage with potential coal suppliers to plant and power off-takers
- Assessment of incorporating renewable energy technologies in power plant development progress particularly solar energy generation and storage

Botswana:

Mabesekwa Project

Kibo holds an 85% interest in the Mabesekwa Project which is approximately 40 km west of the village of Tonata and approximately 50 km south of Francistown, Botswana's second largest city. Kibo envisages the Project as a coal-based integrated mine-mouth power plant, with potential for incorporation of a solar component as part of the further planned studies to be conducted on the project. Many aspects of the Projects have been advanced, including water and land use permits and environmental certification which are now in place. The power plant fuel source is planned to be drawn from the Company's portion of the adjacent Mabesekwa coal deposit for which a mining right application has already been submitted.

Location:

Current Status:

Advancing development of co-located mine and up to 600 MW coal to power plant in northern Botswana where work to date and continuing includes:

- A pre-feasibility study on the coal mining element of the project completed
- A scoping study for the construction of the power plant has already been completed which indicates potential for up to 600 MW capacity based on coal delivery rate of 3.2 million tonnes per year over 30 years
- Water land use permits, and environmental certification are also already in place at the site
- Revised Coal Resource Statement of 303 million tonnes completed of which Kibo's attributable interest on 85% basis is 257 million tonnes
- Application for Mining Right submitted

Tanzania:

Mbeya Project

Kibo holds a 100% interest in the Mbeya Project in the Songwe Region of southern Tanzania. The project comprises a substantial coal deposit of approximately 120 million tonnes on which an Integrated Definitive Feasibility Study has been conducted for the development of a co-located coal mine and a 300-Megawatt coal fed thermal power plant. The Company is currently identifying off-takers for the proposed coal mine and power plant. Negotiations are progressing on a number of fronts.

Location:

Current Status:

120 Mt coal deposit in southern Tanzania where Kibo is investigating commercialisation opportunities. Work to date and in progress includes:

- Completion of Integrated Bankable Feasibility Study for the development of a 300 MW coal fed thermal power plant
- Currently exploring commercial opportunities for both power and coal comprising, inter alia, export of power, power supply to local off takers, coal to local and export markets and coal to gas conversion
- Awaiting issue of Special Mining Licence over coal deposit which has been recommended for grant by the Mining Commission of Tanzania

UK:

Mast Energy Projects

Kibo holds a 60% interest in UK company Mast Energy Developments which is developing small scale gas fired electricity generating plants to service the developing UK Reserve Power market. To date, it has acquired an exclusive option to evaluate and negotiate on the acquisition of three peaking power sites with total output capacity of 31.3 MW of which it is now completing Joint Development Agreements on two of these (total capacity 25.2 MW). The first of these is expected to come on stream during 2019.

Location:

Current Status:

- Foothold established in the developing UK Reserve Power Market with options to acquire eight peaking power plant sites (plants that run only when there is high electricity demand) totalling 57 MW from prospective developers
- Negotiations on Joint Development Agreements in progress on three sites totalling 31 MW
- Potential revenue generation from Q4 2019

Chairman's Statement

2018 was transformational for the Company as we reoriented our business and implemented our strategy to be a global energy developer with multiple power projects focused primarily on Africa. This strategy has helped us to spread country and project risk and should present us with many opportunities within the strongly growing African energy sector.

The new energy projects in which we acquired majority interests during 2018 include the Mabesekwa Coal Independent Power Project ("MCIPP" or "Mabesekwa Project") in Botswana, the Benga Power Plant Project ("BPPP" or "Benga Project") in Mozambique, and a 60% equity interest in Mast Energy Developments Limited ("MED") in the UK. The latter acquisition is expected to provide us with an opportunity for revenue streams in the short term, whilst also creating an ability to leverage MED's experience in electricity generation to develop new energy projects in Africa through introducing and developing the UK Reserve Power business model alongside our existing coal-to-power projects on the continent.

The country diversification offered by our current African project portfolio is strategically positioned to help insulate the Company from sovereign risk whilst also granting us the opportunity to participate in the opportunity arising from sub-Saharan Africa's urgent and increasing demand for reliable, sustainable and affordable electricity.

Our board and management teams have spent many years operating in the international mining and energy sectors. Currently, the energy sector is in a state of flux across the African continent: only some 700 million of its 1.3 billion population have access to an electricity supply. In Mozambique and Tanzania, this access is limited to 24.2% and 32.8% of the population respectively, while Botswana will need to add up to 500MW of committed, dispatchable electricity generating capacity by 2040, in order to keep pace with demand. Even the UK power landscape is undergoing transformational change, driven primarily by the decarbonisation, decentralisation and digitisation of the power market, which could create a £6 billion flexibility market by 2030.

Kibo's projects are positioned to address these concerns. To this end, we remain focused on navigating the intricate agreements needed to bring them to commercialisation and maintaining good relationships with the various governments and international organisations that are vital to their continued progress. Through our experience on the project development path for the Mbeya Coal to Power Project ("MCPP") in Tanzania, we have established and strengthened key relationships and collaboration agreements with international energy development, engineering and financial firms such as SEPCOIII, General Electric and ABSA. In 2018, we continued to develop and strengthen these relationships. We signed a Strategic Development Agreement ("SDA") with SEPCOIII in July which would place the resources of one of the world's largest energy project developers behind Kibo in enhancing its business strategy and the development of its African energy assets. This SDA was backed with a commitment for a two-stage equity investment in Kibo and while a final decision regarding the SDA has not been made, given all conditions have not been met, discussions are ongoing.

The Company also expanded its existing Collaboration Agreement with General Electric in August 2018 confirming it as the preferred technology partner and supplier to Kibo across all its current and future energy projects in Africa.

Our diversification strategy proved particularly prescient in February 2019 with the disappointing news that our MCPP did not qualify as one of the preferred applicants for the delivery of thermal coal power in Tanzania under a TANESCO tender round, delaying the construction of the project. While we strongly anticipated that the MCPP would be the first of our projects to be constructed, it is now on hold as we explore alternative options for it. I would like to remind shareholders that the failed tender bid only represented one opportunity to

Kibo Energy is progressing an advanced portfolio of power generation and mining projects in Mozambique, Botswana, Tanzania and the UK.

commercialise the MCPP and that alternative options such as power export to neighbouring countries, competing in any future coal to power tenders from TANESCO and negotiating power off-take agreements with local private enterprise are all potential revenue streams. We also continue to explore non-power related options to exploit the coal resource, including export, coal to gas production or coal sales to local off-takers.

We believe that the recent award of the pre-qualification tenders appears to reflect a political decision to keep closer national control of coal to power generation and does not denigrate the high quality of Kibo's tender bid, which we still believe offers the best and most advanced option for the fast-track development of a thermal coal plant in Tanzania. We are awaiting clarification from TANESCO as to why our bid failed despite repeated assurances that the MCPP was an integral part of Tanzania's plans for increased power capacity in the country, including a signed MOU in place for the negotiation of a Power Purchase Agreement ("PPA") between TANESCO and Kibo. There is still much uncertainty on what solutions will emerge to address Tanzania's electricity shortages, but the situation is dynamic and Kibo is well placed to be part of the mix at the appropriate time. What is certain, however, is the urgent demand for electricity and particularly substantial base load power generation in the country in the short term.

However, the Company has received confirmation from TANESCO that it can develop the MCPP for the export market. TANESCO has advised the Company that it is currently implementing interconnectors through Zambia, Tanzania and Kenya enabling power trade within the Eastern African Power Pool and Southern African Power Pool member countries. TANESCO has recommended that the Company engage these Power Pools to ensure participation in the high demand export market. Furthermore, the Company also remains engaged with TANESCO, regarding potential energy supply opportunities to the domestic market.

Although we are still committed to continue working closely with Government and all other local stakeholders on our project in Tanzania to our mutual benefit, the non-qualification of the MCPP's in the tender process means that we can, for the moment, focus more on our other projects in Africa and in the UK Reserve Power market where we have already achieved much progress.

The Benga Project in Mozambique (65% interest with an option to increase to 85%) is our first pure energy project, and we are very encouraged by its rapid progress. With Government support and a feasibility study completed and submitted to the Ministry of Mineral Resources and Energy ('MIREME') and Electricidade de Moçambique ('EDM') ahead of schedule, our focus is now on finalising the coal supply agreement ("CSA") and PPA with private off-takers.

The Mabesekwa Project in Botswana (85% interest) also presents an exciting opportunity for the Company and its shareholders. With a Mining Scoping Study complete, we are now progressing a feasibility study and waiting for a Mining Licence for the Mabesekwa Coal Mine.

Our final acquisition of the year was MED in the UK (60% interest), which is looking to support the UK energy mix with much needed flexible energy projects, a growing segment of the UK energy market. Most recently, MED executed a Sale and Purchase Agreement ("SPA") to acquire Bordersley Power Limited, a key milestone as it advances on its strategy to become a key player in the UK flexible power generation market. This transaction is expected to reach completion shortly.

On the corporate front, we completed the sale of our Haneti Nickel Project during 2018 to Katoro Gold PLC. This sale represented the divestment of the Company's last non-energy projects in line with our strategy of growing Kibo as a dedicated energy development company. Currently, Kibo currently holds a 57.57% majority interest in Katoro which, as well as Haneti, holds gold projects in northern Tanzania.

Kibo undertook three broker sponsored placings during 2018 and raised £2.75 million. It also completed full settlement of funds drawn down under its forward payment facility with Sanderson Capital Partners Limited signed in 2016. I would like to welcome First Equity Limited and SVS Securities Limited who we appointed as our new AIM joint brokers during 2018. I also note the internal re-assignment of roles on our Board and our appointment of Pieter Krugel as CFO of the Company during 2018, both of which have facilitated the seamless transition of the Company to a focused energy development company.

The result for the year amounted to a loss of £4,036,713 for the year ended 31 December 2018 (31 December 2017: £4,519,813) as detailed further in the Statement of Profit or Loss and Other Comprehensive Income.

Outlook

We remain focused on delivering our objective to build a leading multi-asset energy company and realising value from our four projects, which we anticipate will play major roles in the provision of energy to a variety of power-constricted markets. With our long-established international relationships, including the project financing agreement announced post period end with Wimmer Financial, we are well positioned to rapidly move onto the construction phases once we have, amongst other things, completed our already advanced PPA discussions. Our strength lies in our diversity. Each of our four projects represent a vast opportunity; I look forward with confidence to the time that our first project crosses the line.

Finally, I would once again like to thank our Board and especially our management under the stewardship of our CEO Louis Coetzee who continue to provide the drive and commitment to making Kibo a significant player in the African energy market.

Christian Schaffalitzky
Chairman
21 June 2019

Review of Activities

Introduction

During 2018 Kibo Energy PLC ("Kibo" or the "Company") focused primarily on advancing its African energy projects in Tanzania, Botswana and Mozambique. It also made significant progress under the management of MED in evaluating project sites to install small scale gas fired generators to serve the UK Reserve Power Market, where the Company anticipates opportunities to avail off revenue streams in the short term.

Mozambique – Benga Power Plant Project ("BPPP" or "Benga Project")

Kibo operates in Mozambique through a local joint venture company Benga Power Plant Limited ("BPPL") in which Kibo has 65% interest. BBPL holds the Benga Project in which Kibo's 65% beneficial interest is to be maintained by expenditure of up to £1 million towards the completion of a definitive feasibility study for the construction of a 250-300 MW coal fired thermal power plant in the north-western Tete province. During 2018, the Company finalised the BPPP acquisition with Termoeléctrica de Benga S.A. ("Termoeléctrica"), which holds the remaining 35% interest in the joint venture and mobilised resources to advance the Definitive Feasibility Study on the project. The Company has benefited from significant work already completed on the project by Termoeléctrica and its strong relationships with government agencies and other local stakeholders in the project. The following agreements, approvals and studies are already in place:

- authorisation from the Ministry of Mineral Resources and Energy to proceed with final feasibility study;
- a Memorandum of Understanding with Electricidade de Moçambique ("EDM"), the state-owned electricity generation and transmission company acknowledging and providing their support for its collaboration on the project;
- confirmation from the Zambesi River water authority (ARA Zambezi) that sufficient water will be available for the proposed coal fuelled power plant;
- preliminary 5-year leasel title over 59 hectares of land close to the two producing coal mines in the Tete Province which is expected to be extended to 50 years as a pre-requisite to power plant construction; and
- formal letters of comfort received from various power supply off-takers for up to 150 MW and positive response from nearby coal mines to discuss terms for the supply of coal to the proposed power station.

Benga Project - plans to construct a 200 to 300 MW coal fired power station well advanced.

Since acquiring its 65% interest and taking control of managing the project, Kibo has commenced a Definitive Feasibility Study ("Benga DFS"), which will take the project through completion of a pre-feasibility study, an environmental impact study, detailed engineering and design,

Benga Project – Located in the heart of Mozambique's major coal mining region (Tete)

and a comprehensive financial model (the Benga DFS was completed in March 2019 with a final review currently in progress). The Benga DFS was given significant impetus towards the end of 2018 when BPPL re-negotiated and expanded its MOU with EDM. The expanded MOU, which already provided for collaboration on the Benga DFS, set out both parties intention to negotiate a PPA for EDM to be anchor off-taker for the power, assist in finalising project financing and in negotiating related commercial contracts. The DFS is now being aggressively advanced following the appointment of STEAG, a German energy consultancy, to execute the studies, and EPC specifications and PNO Consultants from South Africa, to conduct a grid integration study. Other work

Mabesekwa Project – established potential for the construction of an up to 600 MW power plan fed from the adjacent Mabesekwa coal deposit

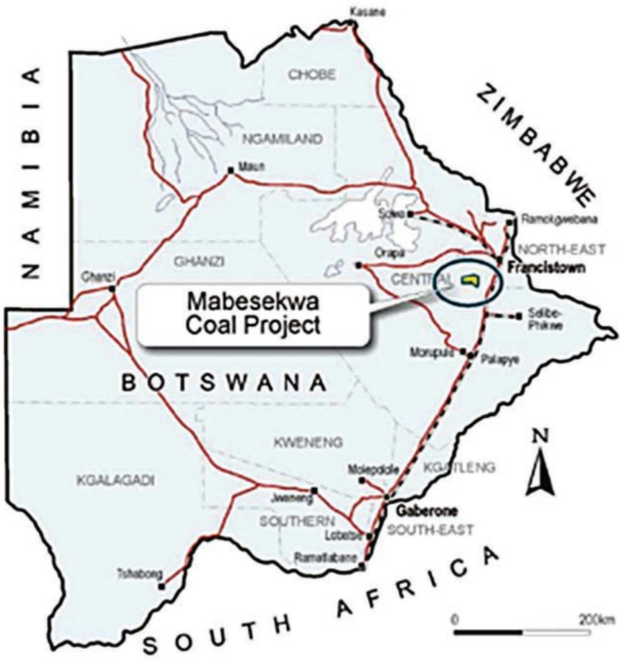
in progress includes the commencement of Phase 2 of the Environmental Impact Study and completion of a topographic survey (LIDAR survey) at the proposed power station site. In tandem with the engineering studies, negotiations on Coal Purchase Agreements with local mines and PPA negotiations with EDM and private power off-takers are also progressing well.

Botswana - Mabesekwa Project ("MCIPP" or "Mabesekwa Project")

Kibo established a strategic position in the Botswanan energy market with its acquisition of an 85% beneficial interest in the Mabesekwa Coal Independent Power Project in April 2018. The MCIPP is held in Botswanan registered company Kibo Energy Botswana (Pty) Limited in which Kibo and its joint venture partner, Sechaba Natural Resources Limited ("Sechaba"), from which it acquired its interest in the project, hold beneficial interests of 85% and 15% respectively. Kibo acquired its interest in the MCIPP from Sechaba by issuing it 153,710,030 new Kibo shares, thereby making it a 27.13% shareholder in Kibo at the date of the transaction (currently at 18.43%). As part of the transaction Sechaba also retained some small royalties of US$ 0.5 and US$ 0.0225 per metric tonne of coal sold and kilowatts per hour of power produced respectively payable from the assets of the project (coal mine & power plant). Additionally, for a period of 72 months from closure of the transaction, Kibo will have the right of first refusal to participate in any electricity generating projects within SADC countries that may be offered to Sechaba and on similar terms. Conversely, Sechaba will have the right of first refusal to participate in any coal export projects within SADC countries that may be offered to Kibo.

As per the announcement dated 21 June 2018, the assets of the MCIPP in which Kibo holds its 85% attributable interest include a 303 Mt Coal Resource and a concept study to construct a co-located coal fed thermal power plant with capacity of up to 600 MW located 64 km south-west of Botswana's second city, Francistown. The Company confirms that there has been no material change to the Mabesekwa Coal Resource since the Coal Resource estimate was first published as part of the announcement dated 21 June 2018. A pre-feasibility study on the coal mining element together with a scoping study for the construction of the power plant has already been completed. Water and land use permits and environmental certification are also already in place at the site.

On acquiring the project in early 2018, Kibo commissioned an Independent Competent Person's Report ("CPR") from



Mabesekwa Project – ideally located for export of power to South Africa under its cross-border power procurement plan.

Review of Activities continued

Gemecs (Pty) Ltd, South Africa, on the coal deposit that will form the feed stock to the planned thermal power plant. The CPR reported on washability tests carried out on the coal, which indicated potential to lower the ash content, increase the calorific value and lower the total sulphur content in order to maximise the coal yields for use in a thermal power plant. Additional testing of bulk samples from drill holes across the coal deposit yielded results which indicated that favourable coal quality for power generation can be achieved through industry standard beneficiation processes.

In November 2018, Kibo applied for a mining right over the Coal Resource and this is currently being processed by the Botswanan Department of Mines.

The Mabesekwa Project is ideally located to supply power to the South African market where there is an urgent demand for additional baseload power generation. The South African Government has provided for 3,750 MW to be supplied from independent cross-border coal to power projects in its Cross-Border Project procurement plan announced in 2016. The Mabesekwa Project is also well located to incorporate a solar energy component at the proposed thermal power plant and the Company will look to explore this further as part of the DFS.

Tanzania – Mbeya Project ("MCPP" or "Mbeya Project")

Kibo now has 100% interest in the Mbeya Project in southwest Tanzania, on which it has completed an Integrated Bankable Feasibility Study for the construction of a co-located coal mine and coal fired power station. During the first half of 2018, the Company continued to engage closely with TANESCO on finalising a PPA as a follow-on from the MOU on the terms for negotiating a PPA signed between the parties in February 2018. During this period, Kibo also continued to advance all other aspects of the MCPP in anticipation of concluding a PPA with TANESCO including the completion of the second phase of its school building & upgrade programme in villages close to the MCPP development site in southern Tanzania.

The announcement in September 2018 by TANESCO that it was issuing an open tender for companies to apply for pre-qualification to be considered as independent coal and gas power producers, and that companies with which it had already MOUs or was otherwise in negotiation with should also submit tenders, was unexpected. Following a subsequent cancellation and reinstatement of the tender process by TANESCO, Kibo re-submitted comprehensive and detailed documentation including its Integrated Bankable Feasibility Study for the MCPP in support of a tender application in December 2018. Regrettably, TANESCO informed Kibo by letter received on the 14th February 2019 that it had not pre-qualified from the tender process to be considered further as an independent coal to power producer. The Company is currently seeking full clarification from TANESCO on this decision and assessing alternative commercialisation options for the MCPP.

Mbeya Project – Integrated Bankable Feasibility Study in place for co-located coal mine & 300 MW thermal power plant

Mbeya Project – well located for local supply or export of coal and power to neighbouring countries.

Despite the non-qualification of the MCPP in the recent tender round by TANESCO for coal generated power, the Company continues to hold the Mbeya (formerly Rukwa) Coal Resource. In September 2018, it received notification that the Mining Commission of Tanzania had recommended grant of a Special Mining Licence over the Resource. With Kibo's anticipated anchor off-taker for the power, TANESCO being not currently in the picture, the Company continues to investigate and develop alternative or co-existing outlets for both power and coal comprising, inter alia, export of power, power supply to local off takers, coal to local and export markets, and coal to gas conversion. The Company has received confirmation from TANESCO that it can develop the MCPP for the export market. TANESCO has advised the Company that it is currently implementing interconnectors through Zambia, Tanzania and Kenya enabling power trade within the Eastern African Power Pool and Southern African Power Pool member countries. TANESCO has recommended that the Company engage these Power Pools to ensure participation in the high demand export market. Furthermore, the Company also remains engaged with TANESCO, regarding potential energy supply opportunities to the domestic market. Kibo confirms that there has been no material change to the Mbeya Coal Resource since the Coal Resource estimate was first published as part of the RNS dated 11 April 2016, and the Company's attributable interest in the Resource is still 100%.

United Kingdom - Mast Energy Developments Limited ("MED")

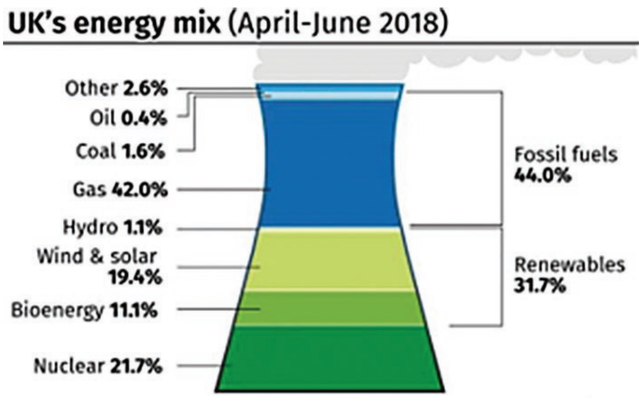
The Company took its first steps into the UK Reserve Power generation market in 2018 with the acquisition of a 60% interest in UK company MED. MED is targeting the acquisition of appropriate sites upon which it plans to develop and operate gas fired generators and ancillary structures , to supply power to the UK Reserve Power generation market. The Reserve Power generation market is a growing segment of the UK energy market primarily due to the increasing percentage of renewable resources, particularly wind, contributing to the total power output, which has caused periods of under capacity on the UK electricity grid.

The acquisition was completed in October 2018 through the issue of 5.7 million new Kibo shares to the sellers for a deemed consideration of £300,000, and an agreement that the sellers would also receive 5% of Kibo's share of gross

Mast Energy - developing modular gas fuelled peaking power plants to service the UK Reserve Power Market

projects' revenues (royalties) under terms which require them to invest the royalties by subscribing for Kibo shares on a monthly basis up to a subscription value of £2.2 million. Other material terms of the acquisition include terms for Kibo to buy out the royalties at a 6% discount to their present value at discrete time points related to the cumulative operating capacity reached within the asset portfolios, and reciprocal options to buy out each other's remaining interest in MED once the total generating capacity in the projects reaches 150 MW.

In December 2018, Kibo announced that MED had acquired an exclusive option to evaluate and negotiate on the acquisition of three peaking power sites with total output capacity of 31.3MW. MED has since completed due diligence on two of these sites with an aggregate capacity of 25.2MW and has signed a Sale and Purchase Agreement ("SPA") on one of them, Bordersley Power Limited ("Bordersley"), a 5 MW gas-fuelled power generation plant. In tandem with this, MED is evaluating potential Engineering, Construction & Procurement ("EPC") providers for Bordersley and conditional offers of debt financing from two financial institutions. Both sites are planned to be operational in the last quarter of 2019 and the first quarter of 2020 respectively (subject to the completion of the second acquisition).



Mast Energy - increasing use of Renewables in UK provides opportunity to service demand for reserve power during peak demand periods.

Corporate

During During 2018, the Company continued its strategy to divest its non-energy assets with the sale of its remaining exploration project, the Haneti Nickel project, to Katoro Gold PLC for a consideration of 15,384,615 newly issued shares in Katoro at a price per share of 1.3p valuing the project at £200,000. This follows the divestment of its gold assets, the Imweru & Lubando projects to Katoro during 2017.

Kibo undertook three broker sponsored placings during 2018 and raised £2.75 million through the issue of 55.742 million shares at prices of 4.25p and 5.25p per share. The Company also issued an additional 29.61 million shares in full settlement of funds drawn down under its forward payment facility with Sanderson Capital Partners Limited in the amounts of $568,712 and £1,115,067. On completion of the MCIPP and MED acquisitions, the Company issued a total of 159,424,316 consideration shares. Total new shares issued during 2018 came to 244,776,705 issued or deemed issued at price per share from 4.25p to 6.1p. During March 2019, Kibo has issued an additional 126,436,782 shares to Sanderson Capital Partners Limited ("Sanderson") to acquire the residual 2.5% equity interest that Sanderson held in the MCPP at a deemed price of 1.3p.

The Company undertook a Board re-structuring during 2018, which included the appointment of Pieter Krugel as Chief Financial Officer. The Company believes that this re-structuring will better align the core skill sets of management with Kibo's new positioning as a focused international energy project developer.

The Company also appointed First Equity Limited and SVS Securities Limited as its new joint corporate broker during 2018 to replace Beaufort Securities Limited. The Company changed its name at its AGM at the end of July from Kibo Mining plc to Kibo Energy PLC to reflect is new sole focus on energy project development and appointed Crowe UK LLP as its new statutory auditors.

Louis Coetzee
Chief Executive Officer
21 June 2019

Corporate Governance Report

The Kibo board (the "Board") aims to conform to its statutory responsibilities and industry good practice in relation to corporate governance of Kibo Energy PLC ("Kibo" or the "Company") and its subsidiaries (together with Kibo, the "Group"). The Board has adopted the latest version of the QCA Corporate Governance Code (2018) ("QCA Code") and endeavours to follow its ten principles ("the Principles") with due regard to the stage of development of the Company. The Company also seeks guidance from its Nomad on recommended best corporate governance practice for AIM companies.

In addition to my role as non-executive chairman of the Board, I am also the chairman of the Company's Governance Committee and retain primary responsibility for the design, implementation, articulation, review and updates of the Company's corporate governance policy. The Governance Committee meets at least once a year and makes recommendations to the Board to ensure the Company's corporate governance policy remains aligned with the Principles as it grows.

The following are the principal ways in which the Company meets these requirements.

1. Establish a strategy and business model which promotes long-term value for shareholders

The Company has established a strategy and business model which it believes will promote long term value for shareholders. This has recently been updated following the Company's decision to change its business model from being predominantly a mining exploration company operating exclusively in Tanzania to be an energy development company with energy projects in different countries but primarily focused on sub-Saharan Africa. This updated business model presents new challenges to the Group across financial, technical and operational areas as its project portfolio expands across different jurisdictions. In response to these challenges, the Company is updating its corporate governance policies and procedures to support recently completed re-assignment of director duties and appointment of new management and staff. The Company believes its new business model will deliver long term value to shareholders by providing diverse exposure to the growing demand-led energy markets in sub-Saharan Africa. It further believes that this business model is appropriate to protect the Company from unnecessary risk and secure its long-term future.

2. Seek to understand and meet shareholder needs and expectations

The Company seeks to understand and meet shareholder needs and expectations by engaging with them across a range of platforms including regular investor presentations, Q&A forums, investor relations company services, social media sites and at its Annual General Meeting where the Board encourages the active participation of shareholders on important and relevant matters, including the Group's strategy, financial performance, and operational and commercial developments. The Company provides phone numbers on its RNS and SENS announcements where shareholders can contact the appropriate senior Company representatives or advisors directly with their queries together with a dedicated email address for shareholder feedback. The Board receives regular shareholder feedback and provides prompt responses through all these communication channels and therefore believes it adequately meets its shareholders expectations in this regard.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company firmly believes that the energy development projects that form the basis of its business model will substantially benefit the countries and regions in which it operates. It fosters a culture of open communication with all stakeholders who may be impacted by its activities. Its strategy and business model are designed to minimise any negative impact of its activities on the communities where it operates and on the environment.

The Company's project areas until recently have been exclusively in Tanzania where it maintains a permanent administrative and operations office in Dar es Salaam and regional operations offices when field operations are in progress. Staff at these offices provide a first point of contact for stakeholders to receive information on the Company's activities and provide feedback on any issues or concerns they may have. The Company has appointed dedicated liaison officers to communicate with stakeholder groups e.g. local & regional government officials, central government departments, community groups and local suppliers to keep them continuously updated on project activities and plans. Management conveys to the Board in a timely manner through formal reporting channels and at operational review meetings any substantive concerns of stakeholders and where necessary, the Board mandates appropriate action be taken to address these concerns.

In support of the Company's social responsibility towards the local communities among which it works, it has implemented a Corporate Social Responsibility Plan ("CSR Plan"). The first phase of this plan is already completed through the building and refurbishment of school buildings in two local villages close to where its flagship MCPP project is in southern Tanzania. Successive phases of this CSR Plan will be implemented in conjunction with the construction and commissioning of the MCPP that will, in addition to education, include support of health care, employment opportunities, local business development and public infrastructure development. The Company has now commenced replicating its stakeholder liaison model and CSR commitment in Tanzania on its other African projects in Botswana and Mozambique.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has considered mechanisms by which the business and the financial risks facing the Group are managed and reported to the Board. The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable but not absolute assurance on the safeguarding of the Group's assets against misstatement or loss.

The major risks facing the Company are clearly identified in the Directors' Report on page 22. The Company relies on internal and external assessments of its systems for managing risk and it believes the continuous implementation of recommendations from these reviews provide the Board with adequate assurance that its systems for managing risks are effective.

The Company's Audit Committee is the primary body that is tasked with identifying, assessing and managing risk. The principal risks identified across all aspects of the Company's operation include, inter alia, risks associated with foreign exchange, strategy, funding, staffing, political stability and commercial activities. The Audit Committee regularly reviews reports from Management across all financial and operational activities enabling it to identify and assess risks and make recommendations to the Board where appropriate for mitigation. Similarly, it also informs the Board where it identifies business opportunities that may be beneficial to the Company. The Audit Committee's other core function is to review and, if in order, recommend the annual financial statement to the Board for approval. Where the Company's auditors have identified risks or any shortcomings in accounting procedures, the Audit Committee brings these to the Board's attention for mitigation and/or rectification. The Audit Committee Report on page 31 provides further details on the committee's activities during 2018.

To better assess and manage risks in line with the Company's recent change in its strategy and business development model, it has commenced compiling a Risk Register which will be updated quarterly. Henceforth, this document will be the cornerstone of the its Risk Management Policy and will be the key tool in monitoring the effectiveness of remedial action proposed by the Audit Committee on an on-going basis.

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board regularly meets to monitor and approve the strategy and business model for the Group.

The Board comprises a non-executive chairman, two executive directors and three non-executive directors. Two of the non-executive directors (Christian Schaffalitzky and Wenzel Kerremans), which includes the Chairman are considered by the Board to be independent directors. The Board considers non-executive directors to be independent when they are independent of Management and free from any business or relationship that would materially interfere with the exercise of independent judgment as a Board member.

The executive directors comprise the Company's CEO who dedicates 100% of his time to the Group and one other director who dedicates 50% of his time. The non-executive directors dedicate as much time as is required for them to fully carry out their duties for the Group including overseeing corporate governance arrangements and serving on board committees. One of the non-executive directors, Noel O'Keeffe, also serves as the Company secretary. The functions and composition of the various Board sub-committees are outlined in Section 9.

The Board alone is responsible for:

- formulatingformulating, reviewing and approving the Group's budgets and major items of capital expenditure;
- formulating the Group's major policies and strategy;
- monitoring and reviewing the Group's performance and achievement of goals;
- approval of Financial Statements and Annual Report;
- major contracts and transactions;
- board and management structure and appointments (the whole Board acts as the Nominations Committee);
- effectiveness and integrity of internal control and management information systems; and
- overall corporate governance of the Group.

An agenda and all supporting documentation is circulated to the directors before each Board meeting. Open and timely access to all information is provided to directors to enable them to bring independent judgement on issues affecting the Group and facilitate them in discharging their duties. The Board met 26 times during the last financial year to 31 December 2018 with on average >90% attendance during this period.

In accordance with the Articles of Association of the Company, one third of the Board is required to retire each year at the

Corporate Governance Report continued

Company's AGM but directors so resigning can put their name forward for re-election.

The Board sets the Group's strategy and monitors its implementation through management and financial performance reviews. It also works to ensure that adequate resources are available to implement strategy in a timely manner.

The Board is accountable to the shareholders for delivery of sustained value growth. In order to support its duties and responsibilities the Board implements control procedures, such as quarterly operational review meetings, that assess and manage risk and ensure robust financial and operational management within the Group.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board considers that there is an appropriate balance between the Executives and Non-Executive directors and that no individual or small group dominates the Board's decision making. The Board's members have a wide range of expertise and experience which the Board considers to be conducive to the effective leadership of the Group and to the optimisation of shareholder value.

The Board members' diverse range of skills and experience span technical, financial, operational and legal areas relevant to the management of the Company. Summary biographies of each Board member are shown on the Company's website and in the Directors' Report on pages 22-23. Directors keep their skill sets up to date by attendance at, and participation in, various events organised by their respective industry sectors and/or by participation in continuing professional development courses.

As the Company evolves, the Board composition will be reviewed to ensure appropriate expertise is always in place to support its business activities. It has recently undertaken a re-organisation of director responsibilities to better align skill sets with its new strategy and business model. While the Board has not yet adopted any formal policy on gender balance, ethnicity or age group it is committed to fair and equal opportunity and fostering diversity subject to ensuring appointees are appropriately qualified and experienced for their roles. The Company acknowledges that as it expands its operations across different countries, it will be to its benefit to align its Board composition to reflect balance in the ethnicity and gender of its members.

The Company retains the services of independent advisors across, financial, legal, investor relations, technical/engineering and IT fields that are always available to the Board These advisors provide support and guidance to the Board and complement the Company's internal expertise.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The performance of the Board and Management of the Company is evaluated on an on-going basis by the Remuneration Committee ("Remcom"). The results of these evaluations are reflected in changes in the Executive remuneration levels recommended by the Remcom from time to time and in awards under the Company's Share Option and Management Incentive Schemes where it considers such awards are warranted. Remuneration levels are benchmarked against peer companies while performance awards are based on meeting pre-defined milestones such as successful project acquisitions or completion of significant project development phases. As the Company grows, the Board will develop more comprehensive human resource policies to provide both internal and external performance evaluations of its Board, senior management and staff including the provision for upskilling where necessary and to provide for Board member succession planning.

The Board considers that the corporate governance policies it has currently in place for Board performance reviews is commensurate with the size and development stage of the Company.

8. Promote a corporate culture that is based on ethical values and behaviours

The Company operates across several countries including Ireland, UK, Cyprus, South Africa, Tanzania, Botswana and Mozambique. In line with its international reach the Company recognises the cultural diversity both internally and among its business partners, service providers and other stakeholders. The Board promotes corporate values that reflect its commitment to provide equal opportunity to all subject to its core principles that demand the adoption of ethical values and conduct at all times. In this regard it has developed robust whistle-blower and anti-corruption policies that Board, management, staff and service providers have signed up to. The Company's Anti-Corruption policy requires all Group personnel to declare conflicts of interest in any dealings on behalf of the Group and to excuse themselves from any negotiation on behalf of, or with, the Company in such circumstances.

While the Company has not adopted a formal Code of Conduct at board level, management and staff behaviour is governed by the terms of individual employment (and supplier) contracts whose terms reflect the ethics and values of the Group. Together with other Company policies such as its whistle-blower and anti-corruption policies noted above, these establish a high standard of values and behaviour to which all personnel working for, or on behalf, of the Group are expected to adhere to. The Board monitors compliance with its ethical values through feedback from Management and has disciplinary procedures in place to take corrective action where required.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Company has developed and adopted a variety of plans, policies, and procedures as part of its corporate governance framework to ensure that the Company is run in an efficient, effective and responsible manner. Key policies include:

Board Governance Plan

The Board Governance Plan is integrated into a Corporate Procedures Manual which sets out corporate governance structure and includes the terms of reference for the various Board Committees. In addition, the Corporate Procedures Manual outlines:

- high level financial controls;
- information system environment;
- forecasting & budget procedures;
- treasury operations;
- accounting policies;
- financial accounting procedures; and
- management reporting framework.

Securities Trading/Share Dealing Policy

The Company's Share Dealing Code sets out the Company's policy, procedures and restrictions for directors, management, staff and insiders in dealings in the Company's shares. It is compliant with AIM and FCA Rules and with the Company's obligations under the Market Abuse Directive (2016).

Continuous Disclosure and Market Communications Policy

The Company's policy is governed by the AIM Rules and the JSE Rules and all applicable national financial regulation in the UK, Ireland and South Africa.

Risk Management Policy

The Company is currently developing a Risk Register which will be reviewed on a quarterly basis. The Risk Register will review the risks around each aspect of management and operations and will be scored by each Executive member of the Board in terms of probability and impact to derive an overall risk profile for the Company. The Risk Register will also record the steps that are being taken to mitigate the major risks identified.

Health and Safety Policy & Procedures

All operating companies within the Group have their own Health and Safety Policy and Procedures ("HSE Policy") tailored to the particular jurisdiction and environment in which they are active. The Board retains overall responsibility to ensure appropriate HSE Policy is in place at all times and reviews this at its operations' review meetings.

Environmental Policy

Kibo is committed to high standards of environmental protection across our business. Our goal is to protect people, minimise harm to the environment, integrate biodiversity considerations and reduce disruption to our neighbouring communities. We seek to achieve continuous improvement in our environmental protection performance. The Company will significantly expand and escalate our actions to meet our commitment to environmental protection commensurate with the start of plant construction, mining operations and energy production on our projects. The results of environmental impact reports already completed and in progress across our projects will be used to carefully plan for environmental risk assessments and implement mitigating measures to protect the environment in association with relevant government bodies and local communities.

Anti-corruption and bribery Policy

The Company's Anti-corruption and bribery policy is in place to ensure that all directors, management, staff and suppliers to the Group conduct themselves in an honest and ethical manner at all times. It meets the requirements of the UK Bribery Act 2010.

Corporate Governance Report continued

Whistleblowing Policy

The Company's Whistleblowing Policy is informed by Whistleblowing Arrangements Code of Practice issued by the British Standards Institute and Public Concern at Work. Its objectives are:

- To encourage Group personnel to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected;
- To provide Group personnel with guidance as to how to raise those concerns; and
- To reassure Group personnel that they should be able to raise genuine concerns in good faith without fear of reprisals, even if they turn out to be mistaken.

IT, communications and systems procedures

IT, communications and systems procedures are included in the Company's Corporate Procedures Manual and are designed to ensure a robust, upgradeable and secure IT system, with appropriate back-up to ensure any system failure will not be catastrophic for the continued operations of the Company.

The Chairman is responsible for providing leadership to the Board while the day-to-day management of the Group is delegated to the Executive Committee lead by the CEO. The CEO is primarily responsible for the Group's business performance and manages the Group in accordance with the strategies and business plan. The independent non-executive directors are responsible for providing independent advice and are considered by the Board to be independent of Management.

The Board/senior officer committees are the Governance Committee, Executive Committee Remuneration Committee Audit Committee and the Nomination Committee.

Governance Committee: Comprises three non-executive directors. The Committee meets at least once a year to review the Company's ongoing compliance with the QCA Code and to make recommendations to the Board where it judges that there is a requirement to update, replace or expand corporate governance policies and procedures in line with current activities. The Governance Committee is chaired by Christian Schaffalitzky and the other members are Noel O'Keeffe and Wenzel Kerremans.

Executive Committee: Comprises two executive directors and two senior Company officers: The Committee meets at least once a month. The Executive Committee is the core senior management team in the Company responsible for day to day management and operations. Its terms of reference are defined in the Company's Corporate Procedures Manual. The Executive Committee is chaired by Louis Coetzee and the other members are Lukas Maree, Louis Scheepers (COO) and Pieter Krugel (CFO).

Remuneration Committee: Comprises three non-executive directors. The Committee meets at least once a year to determine Company policy on senior executive remuneration, to make detailed recommendations to the Board regarding the remuneration packages of the executive directors and to consider awards under the Company's Share Option and Management Incentive Award schemes. The Chief Executive Officer is consulted on remuneration packages and policy but does not attend discussions regarding his own package. The remuneration and terms and conditions of the appointment of non-executive directors are determined by the Board. The Remuneration Committee is chaired by Christian Schaffalitzky with the other members being Andreas Lianos and Wenzel Kerremans.

Audit Committee: Comprises three non-executive directors. The Committee meets at least twice a year to consider the scope of the annual audit and the interim financial statements and to assess the effectiveness of the Group's system of internal financial controls and risk management systems. It reviews the results of the external audit, its cost effectiveness and the objectives of the auditor. Given the size of the Group, the Audit Committee considers that an internal audit function is not currently justified. The Audit Committee is chaired by Andrew Lianos, ACA, CA(SA), ACMA, CIA. who serves as the Company's non-executive Financial Director. The other members of the Audit Committee are Christian Schaffalitzky and Wenzel Kerremans.

Nomination Committee: Comprises the entire Board. The principal objectives of the Committee are to monitor and review the Board structure, size, composition and the mix of skills and expertise to ensure that these are in line with the Group's strategies and to consider potential candidates for directorship. The selection criteria for selection and recruitment of the potential candidates for directorship shall include qualifications of the individual, experience, knowledge and achievements, credibility and background and ability of the candidates to contribute effectively to the Board and Group. The Nomination Committee also oversees succession planning of directors, taking into account the relative experience of each Board member in relation to the Company's requirements given its stage of development and strategies, with the goal of having in place an adequate and sufficiently experienced board at all times.

The Company's Corporate Procedures Manual includes a schedule of matters that are reserved as the sole responsibility of the Board. These matters, in addition to setting strategy for the Company, include, but are not limited to, Board nominations and appointments, approval of acquisitions and disposals and approval of annual budgets and financings.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board recognises the importance of establishing and maintaining good relationship with Kibo's shareholders and other stakeholders. The Board is responsible for ensuring satisfactory dialogue with shareholders throughout the year. In order to establish and maintain good relationships with the shareholders of Kibo, and to maintain transparency and accountability to its shareholders, Kibo uses various means to continuously communicate and disseminate timely information to shareholders and stakeholders:

- market announcements on regulatory platforms (RNS and SENS)
- annual and interim reports;
- circulars;
- annual general meetings of shareholders;
- investor presentations and briefings;
- Q&A forums and social media sites;
- website at www.kibo.energy; and
- via investor relations professionals at St. Brides Partners Ltd (contact person: Isabel de Salis / Gaby Jenner, Tel: +44 (0) 207236 1177).

The Company's Audit Committee Report is presented on page 31 and provides further details on the committee's activities during 2018, and while a separate report from the Remuneration Committee was not produced due to the size of the company, the Company intends to review this requirement on an annual basis.

Conclusion

The Company believes that its governance structures and practicesc as detailed above comply with the expectations of the QCA Code in all material respects. It also acknowledges its obligations under the Code to continually monitor and further develop the scope and suitability of its governance structures in line with its growth. During 2017/2018, the Company has undertaken a change in strategy from being dominantly a mineral exploration company based in Tanzania to be an energy development company with a project portfolio spanning Tanzania, Botswana, Mozambique and the UK. In line with these developments the Company has implemented key governance changes including a re-assignment of Board responsibilities and the recruitment of a Chief Financial Officer to manage the increased financial responsibilities within the Group. The Company continues to update its Plans, Policies and Procedures itemised at 9 above to ensure it remains in compliance with the QCA Code.

Christian Schaffalitzky
Chairman
Governance Committee
21 June 2019

Directors' Report

The Board of Directors present their Annual Report together with the audited annual financial statements for the year ended 31 December 2018 of Kibo Energy PLC ("Kibo" or "the Company") and its subsidiaries (collectively "the Group").

The Board comprises a non-executive chairman, two executive directors and three non-executive directors. As the Company evolves, the Board will be reviewed and expanded if necessary to ensure appropriate expertise is always in place to support its business activities.

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets, major items of capital expenditure and acquisitions. An agenda and all supporting documentation is circulated to all directors before each Board Meeting. Open and timely access to all information is provided to all directors to enable them to bring independent judgement on issues affecting the Company and facilitate them in discharging their duties.

At the date of this report, the board of directors comprised:

Christian Schaffalitzky - Chairman (non-executive)
Louis Coetzee - Chief Executive Officer (executive)
Andreas Lianos - Financial Director (non-executive)
Noel O'Keeffe - Technical Director (non-executive)
Lukas Maree - executive director
Wenzel Kerremans - (non-executive director)

Christian Schaffalitzky

BA (Mod), FIMMM, PGeo, CEng, Age 65 – Chairman (non-executive and independent)

Christian Schaffalitzky has over 40 years' experience in minerals exploration and is Executive Chairman of Eurasia Mining plc, a company trading on AIM. From 1984 to 1992, he founded and managed the international minerals consultancy, CSA Group, now CSA Global Pty Ltd., Christian was a founder of Ivernia West plc, where he led the exploration and led the discovery and development of the Lisheen zinc deposit in Ireland. More recently, he was a managing director of Ennex International plc, an Irish quoted mineral exploration company, focused on zinc development projects. He has also been engaged in precious and base metal mineral exploration and development in the former Soviet Union and is a former independent director on the boards of Russian companies, Raspadskaya Coal Company and Chelyabinsk Zinc and a director of one other listed investment company.

Louis Coetzee

BA, MBA, Age 55 – Chief Executive Officer (executive)

Louis Coetzee has over 25 years' experience in business development, promotion and financing in both the public and private sector. In recent years, he has concentrated on the exploration and mining arena where he has founded, promoted and developed a number of junior mineral exploration companies based mainly on Tanzanian assets. Louis has tertiary qualifications in law and languages, project management, supply chain management and an MBA from Bond University (Australia) specialising in entrepreneurship, and business planning and strategy. He has worked in various project management and business development roles mostly in the mining industry throughout his career. Between 2007 and 2009, he held the position of Vice-President, Business Development with Canadian listed Great Basin Gold (TSX: CBG).

Noel O'Keeffe

BSc (Hons), Geology, MBA, Age 55 – Technical Director (non-executive) and Company Secretary

Noel O'Keeffe has over 30 years' experience in mineral exploration and has worked on a variety of base metal and gold projects in Ireland, Canada, Australia and Africa. Prior to co-founding Kibo in 2008 he worked as a quality coordinator with Boston Scientific (Ireland) Ltd, a multinational medical device company. He also worked part-time for Irish geological services group, Aurum Exploration Ltd during 2003 and early 2004. During the mid-nineties he was exploration manager with Ormonde Mining plc in Tanzania, a company listed on the Irish Stock Exchange and on AIM. Previously Noel was a senior geological consultant with BDA Consultants Limited and worked on both government and private sector contracts. Earlier in his career, Noel worked as a geologist for Burmin Exploration and Development plc and for its Canadian and Australian subsidiaries. Noel is also a non-executive director of Cyprus company, River Capital plc.

Lukas Marthinus Maree

BLC, LLB, Age 57 – (executive)

Lukas Maree is a lawyer by profession. He has served on the boards of a number of public companies including Goldsource Mines Limited, Africo Resources Limited and Diamondworks Limited that have made significant successful investments in exploration projects in Africa and North America. More recently, he has served as the CEO of private investment companies Rusaf Gold Limited and Mzuri Capital Group Limited, both of which have successfully developed and sold mineral projects in Russia and Tanzania. He was also a founder principal of River Group, Designated Advisors to the Listing of Kibo on the JSE, and was responsible for its Canadian office until he retired from the Group in 2013 to pursue personal interests.

Wenzel Kerremans

B. Proc, LLB, LLM, Adv. Dip. Age 61 – (non-executive) and independent)

Wenzel Kerremans is a lawyer by profession with over 25 years international legal experience in mining, banking, project finance and international tax, advising clients who have invested in exploration and mining projects in Africa. He has also originated and successfully sold Veremo Holdings Limited, a billion ton titaniferous magnetite exploration project for the production of iron and titanium slag. Wenzel is also the principal and director of a gold, graphite and coal exploration project in Africa.

Andreas (Andrew) Lianos

CA(SA), ACA, ACMA, Age 52 – Financial Director (non-executive)

Andrew is a chartered accountant, certified management accountant, registered internal auditor and JSE qualified executive who started his professional career in 1989 with Grant Thornton International. Andrew entered the corporate finance industry in 1994 by joining Deloitte & Touche Corporate Finance. In 1996 he joined Merrill Lynch Corporate Finance, and was part of the team that founded Labyrinth Corporate Finance during 1997. He has been intimately involved in a number of IPO's since the bull market of the 90's to date, and has substantial transaction experience in the resources, food- and leisure industries. Andrew serves on the boards of a number of public companies and co-founded River Group in 1998. He has since been involved in a number of successful RTOs and IPOs on the JSE, TSX, ASX and LSE, cross-border restructurings and resources transactions in Canada, the Central African Republic, Angola, Zambia, Zimbabwe, Tanzania and South Africa.

Role of Technical Director & Financial Director

The Technical Director and Financial Director roles of Mr. O'Keeffe and Mr. Lianos respectively are not executive functions and neither are members of the executive committee of the Company. They provide their services in these roles on a part time consultancy basis independent of their positions as non-executive directors. They exercise these roles in a high level advisory capacity and are not involved in the day to day management of the Company. Mr. O'Keeffe's services as Company secretary are also provided on a part time basis.

Review of Business Developments

As set out in the Chairman's Report and Review of Activities, the Company consolidated its change in business strategy from being a mineral exploration company to an energy development company with the acquisition of energy projects in Africa and the UK during the period. To reflect this change in business strategy, the Company also changed its name from Kibo Mining PLC to Kibo Energy PLC at its 2018 AGM. The Company also divested itself of its remaining mineral exploration project, Haneti, in Tanzania to Katoro Gold PLC, a company in which Kibo holds a 57.57% interest as at 21 June 2019 (31 December 2018 – 55.53% interest) and furthered its feasibility studies towards mining and thermal coal plant development on its African projects.

The Company did not qualify as one of the preferred applicants for the delivery of thermal coal power in Tanzania under a TANESCO tender round during 2018 and so further delaying the construction of its heretofore flag ship Mbeya Coal to Power Project in southern Tanzania. While this was a major disappointment, the Company continues to investigate alternative options to commercialise the project including power export to neighbouring countries and non-power related options to exploit the coal including, export, coal to gas production or coal sale to local off-takers.

Post Statement of Financial Position events

Conversion of Sanderson Minority Interest in Mbeya Development Company Limited into Kibo Energy PLC Shares and Continuation of Forward Payment Facility

Kibo Energy PLC signed a binding term sheet with Sanderson Capital Partners where Kibo issued 126,436,782 new Ordinary Shares of par value €0.015 (the "Conversion Shares") to Sanderson in conversion of its 2.5% minority interest in Mbeya Development Company Limited into equity directly in Kibo Energy PLC effective from 11 March 2019 onward. Furthermore, the agreement provides for the continuation of Kibo's USD 2,940,000 Forward Payment Facility (the "Facility") signed between Kibo and Sanderson entered into during 2016. The Facility was available for a first immediate draw by Kibo, amounting to GBP100,000 and a second draw on or any time before 15 March 2019 amounting to no more than GBP400,000. These draw downs occurred to the extent of GBP420,000 in total thus far leaving GBP800,000 available under the second specified draw. Any additional draw-downs of the balance of the USD 2,940,000 limit are to be agreed between Kibo and Sanderson on a case by case basis, and all draw-down amounts will be subject to a facilitation and implementation fee of GBP5,000 per GBP100,000 drawn down. Kibo is not obliged to draw down any of the Facility and the initial fee payment of USD732,036 of ordinary shares in Kibo, made to Sanderson under the original Facility arrangement, was a one-off payment and is not required to be paid again.

Mbeya Coal to Power Project

Kibo received formal notice from the Tanzania Electric Supply Company Limited ('TANESCO') inviting it to develop the Mbeya Coal to Power Project for the export market and thereby enabling the Company to engage with the African Power Pools regarding off-take agreements.

Directors' Report continued

Principal Risks and Uncertainties

The realisation of coal mining and energy assets is dependent on the discovery and successful development of economic mineral reserves and/or completion of positive integrated bankable feasibility studies and is subject to a number of significant potential risks summarised as follows, and described further below:

- financial instrument & foreign exchange risk ;
- strategic risk;
- funding risk;
- commercial risk;
- operational risk;
- staffing and key personnel risks;
- speculative nature of mineral exploration and development;
- political stability;
- Uninsurable risks; and
- Foreign investment risks including increases in taxes, royalties and renegotiation of contracts.

Financial instrument and foreign exchange risk

The Company and Group are exposed to risks arising from financial instruments held and foreign exchange transactions entered throughout the period. These are discussed in Note 23 to the Annual Financial Statements.

Strategic risk

Significant and increasing competition exists for mineral and energy project acquisition opportunities throughout the world. Because of this competition, the Company may be unable to acquire and exploit additional attractive projects on terms it considers acceptable. Accordingly, there can be no assurance that the Company will acquire any interest in additional mining and/or energy development projects that would yield commercial opportunities. The Company expects to undertake comprehensive due diligence where warranted to help ensure opportunities are subjected to proper evaluation.

Funding risk

In the past the Company has raised funds via equity contributions from new and existing shareholders, thereby ensuring the Company remains a going concern until such time that revenues are earned through the sale or development of its projects. There can be no assurance that such funds will continue to be available on reasonable terms, or at all in future. The Directors regularly review cash flow requirements to ensure the Company can meet financial obligations as and when they fall due.

Commercial risk

The mining industry is competitive and there is no assurance that, even if commercial quantities of minerals are available to the Company, a profitable market will exist for the sale of such minerals. There can be no assurance that the quality of the minerals will be such that the Company mining assets can be mined at a profit or, where applicable, support its energy development projects. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Mineral prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. Ultimately, the Company expects that prior to a development decision, a project would be the subject of a feasibility analysis to ensure there exists an appropriate level of confidence in its economic viability.

Operational risk

Mining & energy development operations are subject to hazards normally encountered in exploration, development and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact any future production throughout. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Company's operations and its financial results. The Company will develop and maintain policies appropriate to the stage of development of its various projects.

Staffing and Key Personnel Risks

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties and in the development of energy projects is limited and competition for such persons is intense. While the Company has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities. Adverse changes in such legislation may have a material adverse effect on the Company's business, results of operations and financial condition. Staff are encouraged to discuss with management matters of interest to the employees and subjects affecting day-to-day operations of the Company.

Speculative Nature of Mineral Exploration & Energy Project Development

In addition to the above there can be no assurance that the current activities will result in profitable mining and energy production .

The recoverability of the carrying value of exploration and evaluation assets is dependent on the successful discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in market conditions could require material write downs of the carrying value of the Company's assets.

Development of the Company's assets is, amongst others, contingent upon obtaining satisfactory feasibility results and securing additional adequate funding. Mineral and energy project development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk reduces substantially when a Company's properties move from the exploration phase to the advanced feasibility phase. Management continuously assesses funding requirements against project viability and prioritise key projects over the short to medium term.

The development of mineral deposits is dependent upon a number of factors including the technical skill of the personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, including the size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, several years can elapse from the initial phase of drilling until commercial operations are commenced.

Political Stability

The Company is conducting its operational activities in Mozambique, Botswana, Tanzania and the UK. The directorsd believe that the governments of these countries support the development of natural resources and energy production by foreign investors and actively monitor the situation. However, there is no assurance that future political and economic conditions in these countries will not result in their governments adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, may affect the Company's ability to develop its projects.

Uninsurable Risks

The Company may become subject to liability for accidents, pollution and other hazards against which it cannot insure or against which it may elect not to insure because of prohibitive premium costs or for other reasons, such as amounts which exceed policy limits. The company chooses to manage these risks, as best possible, through cautious business practice, on a continuous basis.

Foreign investment risks including increases in taxes, royalties and renegotiation of contracts

The Group is subject to risk arising from the ever-changing economic environment in which its subsidiaries operate, mainly driven by the changing regulatory environment governing corporate taxation, transfer pricing and other investment related operational activities. The Group continues to re-assess its investment decisions to limit exposure to the ever-changing regulatory environment in which it operates.

Directors' Report continued

Directors' Interests

The interests of the directors and Company secretary (held directly and indirectly), who held office at the date of approval of the financial statements, in the share capital of the Company are as follows:

Ordinary Shares (held directly and indirectly)

Directors & Secretary	21/06/19	31/12/18	31/12/17
Christian Schaffalitzky	2,119,842	2,119,842	2,119,842
Noel O'Keeffe	3,591,447	3,591,447	3,591,447
Louis Coetzee	8,065,996	8,065,996	8,065,996
Lukas Maree	2,934,200	2,934,200	2,934,200
Wenzel Kerremans	376,241	376,241	376,241
Andreas Lianos	7,588,633	7,588,633	7,588,633

Share Options (held directly and indirectly)

Directors & Secretary	21/06/19	31/12/18	31/12/17
Christian Schaffalitzky	-	-	700,000
Noel O'Keeffe	-	-	2,200,000
Louis Coetzee	-	-	2,200,000
Lukas Maree	-	-	700,000
Wenzel Kerremans	-	-	700,000
Andreas Lianos	-	-	2,200,000

The above share options in issue were exercisable at a price of £0.050 at any time up to 1 June 2018. Subsequent to 1 June 2018, the resultant share based payment reserve in the amount of £514,279 was recycled in the Statement of Changes in Equity through Retained Deficit.

For further detail surrounding the ordinary shares and share options in issue, refer to Notes 14 and 16 of the annual financial statements.

Transactions Involving Directors

There have been no contracts or arrangements of significance during the period in which Directors of the Company, or their related parties, were interested other than as disclosed in Note 22 to the annual financial statements.

Directors meetings

The Company held twenty-six (26) Board meetings during the reporting period and the number of meetings attended by each of the directors of the Company during the year to 31 December 2018 were:

Director Name	Position	Number of Meetings Attended	Number of Meetings Eligible to Attend
Christian Schaffalitzky	Chairman	23	26
Louis Coetzee	Chief Executive Officer	26	26
Andreas Lianos	Non-Executive Financial Director	26	26
Noel O'Keeffe	Non-Executive Technical Director	26	26
Lukas Maree	Executive Director	22	26
Wenzel Kerremans	Non-Executive Director	22	26

Under the Company's Memorandum & Articles of Association, one third of directors are required to retire by rotation from the Board on an annual basis, through resignation at the Annual General Meeting (AGM) and may put themselves forward again for re-election at the AGM.

Committee meetings

Members of the Audit Committee, Remuneration Committee and Governance Committee were reconstituted during 2018 to reflect changes in directors' roles commensurate with the change in the Company's business plan to become an energy development company. These changes are reflected in the committee members listed hereunder.

The Company held two (2) Audit Committee meetings during the reporting period and the number of meetings attended by each of the members during the year to 31 December 2018 were:

Director Name	Position	Number of Meetings Attended	Number of Meetings Eligible to Attend
Andreas Lianos	Chairman (Non-Executive)	2	2
Christian Schaffalitzky	Non-Executive Director	2	2
Wenzel Kerremans	Non-Executive Director	2	2

The Company held two (2) Remuneration Committee meetings during the reporting period and the number of meetings attended by each of the members during the year to 31 December 2018 were:

Director Name	Position	Number of Meetings Attended	Number of Meetings Eligible to Attend
Christian Schaffalitzky	Chairman (Non-Executive)	2	2
Andreas Lianos	Non-Executive Director	2	2
Wenzel Kerremans	Non-Executive Director	2	2

The Company held one (1) Governance Committee meeting during the reporting period and the number of meetings attended by each of the members during the year to 31 December 2018 were:

Director Name	Position	Number of Meetings Attended	Number of Meetings Eligible to Attend
Christian Schaffalitzky	Chairman (Non-Executive)	1	1
Noel O'Keeffe	Non-Executive Director	1	1
Wenzel Kerremans	Non-Executive Director	1	1

Significant Shareholdings

The Company has been informed that, in addition to the interests of the directors, at 31 December 2018 and at the date of this report, the following shareholders own 3% or more beneficial interest, either direct or indirect, of the issued share capital of the Company, which is considered significant for disclosure purposes in the annual financial statements:

Percentage of issued share capital

	21/06/19	31/12/2018	31/12/17
Sanderson Capital Partners Ltd	23.38%	8.45%	4.15%
Sechaba Natural Resources Limited	18.43%	24.6%	-
Yakoub Yakoubov	3.31%	-	-

Subsidiary Undertakings

Details of the Company's subsidiary undertakings are set out in Note 21 to the annual financial statements.

Political Donations

During the period, the Group made no charitable or political contributions (2017: £ nil).

Directors' Report continued

Going Concern

The Company and Group's ability to continue as a going concern is dependent on the sourcing of additional funding by the directors for the foreseeable future. The future of the Company and the Group is dependent on the successful future outcome of its short- and medium-term ability to raise new equity funding and the successful development of its energy development assets and of the availability of further funding to bring these interests to production. All these dependencies are subject to material uncertainty but in preparing the financial statements, the Directors consider that they have taken into account all information that could reasonably be expected to be available. Consequently, they consider that it is appropriate to prepare the financial statements on the going concern basis.

The March 2019 extension to the Forward Payment Facility originally agreed with Sanderson Capital Partners in December 2016 has provided further cash resources in order to ensure operational activities are continued as planned without interruption. The recent engagement letter signed with Wimmer Financial LLP in April 2019 also provides the basis for project financing of the Company's African energy projects which, if successful, should also benefit cash-flow planning.

The directors are also following an active approach to continuously reduce administrative costs in order to alleviate the pressure on cash flow.

The directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review, are confident that the Company and the Group will have adequate financial resources to continue in operational existence for the foreseeable future.

Environmental responsibility

The Company recognises that its activities require it to have regard to the potential impact that it, its subsidiaries and partners may have on the environment. Where exploration and development works are carried out, care is taken to limit the amount of disturbance and where any remediation works are required they are carried out as and when required.

Dividends

There have been no dividends declared or paid during the current financial period (2017: £ nil).

Corporate Governance Policy

The Board is aware of the importance to conform to its statutory responsibilities and industry good practice in relation to corporate governance of the Group.

The Board is accountable to the shareholders for delivery of sustained value growth. In order to support its duties and responsibilities the Board implements control procedures that assess and manage risk and ensure robust financial and operational management within the Company. The principal risks that the Company is exposed to can be classified under the general headings of exploration risk, commodity risk, price risk, currency risk and political risk.

The Board also sets the Company's core values and ethical standards of business conduct ensuring these are effectively communicated to all staff and are monitored continuously by the Board.

The Board sets the Company's strategy and monitors its implementation through management and financial performance reviews. It also works to ensure that adequate resources are available to implement strategy in a timely manner.

The Company subscribes to the values of good corporate governance at all levels and is committed to conduct business with discipline, integrity and social responsibility. The Board of Directors is firmly committed to promoting Kibo Energy PLC's adherence to the principles contained in the QCA Corporate Governance Code (2018) ("QCA Code") and constantly reviews its performance against the QCA Code. The Directors are committed to the implementation of the principles and non-compliance is limited to the matter listed in this report. In compliance with its statutory, AIM & JSE listing obligations, the directors present a Corporate Governance Report on page 16.

Role of Directors

All Board members ensure that appropriate governance procedures are adhered to and there is a clear division of responsibilities at Board level to ensure a balance of power and authority so that no one individual has unfettered powers of decision making. The role of Chairman and Chief Executive Officer are not held by the same director. The Chairman is a non-executive director.

Board and Audit Committee meetings have been taking place periodically and the executive directors manage the daily Company operations with the Board meetings taking place on a regular basis throughout the financial period. During the current reporting period the Board met twenty six (26) times and provided pertinent information to the Executive Committee of the Company.

The Board is responsible for effective control over the affairs of the Company, including: strategic and policy decision-making financial control, risk management, communication with stakeholders, internal controls and the asset management process. Directors are entitled, in consultation with the Chairman, to seek independent professional advice about the affairs of the Company, at the Company's expense.

The composition, roles and responsibilities of the board committees established by the Company are set out in the Corporate Governance Report.

Internal Audit

The Company does not have an internal audit function. Currently the operations of the Group do not warrant an internal audit function, however the Board is assessing the need to establish an internal audit department considering future prospects as the Group's operations increase. During the period the Board has taken responsibility to ensure effective governance, risk management and that the internal control environment is maintained.

Health, Safety and Environmental Policy

The Group is committed to high standards of Health, Safety and Environmental performance across our business. Our goal is to protect people, minimise harm to the environment, integrate biodiversity considerations and reduce disruption to our neighbouring communities. We seek to achieve continuous improvement in our Health, Safety and Environmental performance.

Corporate Social Responsibility Policy (CSR)

The Group's policy is to conduct all our business operations to best industry standards and to behave in a socially responsible manner. Our goal is to behave ethically and with integrity and to respect cultural, national and religious diversity.

Governance of IT

The Board is responsible for IT governance as an integral part of the Group's governance as a whole. The IT function is not expected to significantly change in the foreseeable future. The Board has the required policies and procedures in place to ensure governance of IT is adhered to.

Integrated and Sustainability Reporting

Integrated Reporting is defined as a "holistic and integrated representation of the Group's performance in terms of both its finances and its sustainability". The Group currently does not have a separate integrated report. The Board and its sub-committees are in the process of assessing the principles and practices of integrated reporting and sustainability reporting to ensure that adequate information about the operations of the Group, the sustainability issues pertinent to its business, the financial results and the results of its operations and cash flows are disclosed in a single report.

Statement of Directors Responsibility

The directors are responsible for preparing the Group and Company financial statements in accordance with applicable Laws and Regulations.

Irish Company law requires the directors to prepare Group and parent Company financial statements for each financial period. As permitted by Company law, the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU IFRS) and have elected to prepare the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

The Group and Company financial statements are required by law and EU IFRS to present fairly the financial position and performance of the Group. References in the relevant part of the Companies Act 2014 to financial statements giving a true and fair view are provided for in the Act to mean such references to the financial statements achieving a fair presentation. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors confirm they have complied with the above requirements in preparing these accounts.

Directors' Report continued

Under applicable law the directors are also responsible for preparing a Directors' Report and reports relating to directors' remuneration and corporate governance that comply with that law and those rules.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that its financial statements are prepared in accordance with International Financial Reporting Standards, and comply with the Companies Act 2014, and European Communities (Companies: Group Accounts) Regulations 1992 and all regulations to be construed as one with those acts. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board

The Board is responsible for the supervision and control of the Company and is accountable to the shareholders. The Board has reserved decision-making on a variety of matters, including determining strategy for the Group, reviewing and monitoring executive management performance and monitoring risks and controls.

Accounting records

The measures taken by the directors to ensure compliance with the requirements in Sections 281 to 285 of the Companies Act 2014, regarding proper books of account, are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account of the Company are maintained at Kolonakiou, 37, Linopetra, P.C. 4103, Limmasol, Cyprus.

Compliance statement
The directors acknowledge that they are responsible for securing the Company's compliance with the Company's "relevant obligations" within the meaning of section 225 of the Companies Act 2014 (described below as the "relevant obligations").

The directors confirm that they have:

- drawn up a compliance policy statement setting out the Company's policies (that are, in the opinion of the directors, appropriate to the Company) in respect of the Company's compliance with its Relevant Obligations;
- put in place appropriate arrangements or structures that, in the opinion of the Directors, provide a reasonable assurance of compliance in all material respects with the Company's Relevant Obligations; and
- during the financial year to which this report relates, conducted a review of the arrangements of structures that the directors have put in place to ensure material compliance with the Company's Relevant Obligations.

On behalf of the Board

Christian Schaffalitzky
Date: 21 June 2019

Noel O'Keeffe
Date: 21 June 2019

Audit Committee Report

Dear Shareholders,

I am pleased to present this report on behalf of the Audit Committee and to report on the progress made by the Committee during the year. During 2018 the Company's internal financial reporting and control systems were both expanded and streamlined in compliance with good corporate governance guidelines outlined in the QCA Corporate Governance Code (2018) and with advice from our Nomad and auditors.

Aims of the Audit Committee

Our purpose is to assist the Board in managing risk, discharging its duties regarding the preparation of financial statements, ensure that a robust framework of accounting policies is in place and enacted and oversee the maintenance of proper internal financial controls.

The Audit Committee consists of myself (Chairman) and two other non-executive directors, Christian Schaffalitzky and Wenzel Kerremans. The Committee aims to meet at least once each year and its key responsibilities include monitoring the integrity of the Group's financial reporting and to approve and recommend the annual financial statements to the Board. The Chief Executive Officer and Chief Financial Officer are invited to attend meetings of the Committee.

The Audit Committee is committed to:

- Maintaining the integrity of the financial statements of the Company and reviewing any significant reporting matters therein;
- Reviewing the Annual & Interim Report and Accounts and monitoring the accuracy and fairness of the Company's financial statements;
- Ensuring compliance of financial statements with applicable accounting standards and the AIM & JSE Rules;
- Reviewing the adequacy and effectiveness of the internal financial control environment and risk management systems; and
- Overseeing the relationship with and the remuneration of the external auditor, reviewing their performance and advising the Board members on their appointment.

The Audit Committee met twice in 2018.

Activities of the Audit Committee during the year

On behalf of the Board, the Audit Committee has closely monitored the maintenance of internal controls and risk management during the year. Key financial risks are reported during each Audit Committee meeting, including developments and progress made towards mitigating these risks.

The Audit committee received and reviewed reports from the Chief Financial Officer, other members of management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The external auditors attended meetings to discuss the planning and conclusions of their work and meet with members of the committee. The committee was able to call for information from management and consult with the external auditors directly as required.

The objectivity and independence of the external auditors was safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Company and tracking the level of non-audit fees payable to the auditors. Significant attention was given to the level of non-audit fees provided.

As noted above, the committee met twice during the year, to review the 2017 annual accounts and the interim accounts to 30 June 2018 and audit planning for the year ended 31 December 2018. Members of the committee reviewed with the independent auditor its judgements as to the acceptability of the Company's accounting principles.

Since the year end the committee has met further with the auditors to consider the 2018 financial statements. In particular, the committee discussed the significant audit risks, accounting for acquisitions during the year, application of the new accounting standards, IFRS 9 and IFRS 15, and the future application of IFRS 16. In addition, the committee monitors the auditor firm's independence from Company management and the Company.

Andreas Lianos
Chairman
Audit Committee
21 June 2019

Independent Auditor's Report

Opinion

We have audited the financial statements of Kibo Energy PLC (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2018, which comprise:

- Consolidated statement of comprehensive income for the year ended 31 December 2018;
- Consolidated and parent company statements of financial position as at 31 December 2018;
- Consolidated and parent company statements of changes in equity for the year then ended;
- Consolidated and parent company statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to page 43 of the financial statements, which details the factors the company has considered when assessing the going concern position. As detailed in the relevant note on page 43, the uncertainty surrounding the availability of funds to finance ongoing working capital requirements indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £230,000, based on 5% of the Group loss.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £10,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

There are four significant components of the Group: Kibo Energy PLC as the parent entity, Kibo Mining (Cyprus) Limited, Mzuri Exploration Services Limited, and Katoro Gold Plc. The audit of the parent company and Katoro Gold Plc was conducted from the UK.

We engaged member firms of the Crowe Global international network to undertake the audit work on Kibo Mining (Cyprus) Limited and Mzuri Exploration Services Limited respectively under our direction. Following discussions held at the planning stage, we issued instructions to the network firms that detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported. Finally, we reviewed relevant working papers and discussed key findings.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Acquisition of Mabesekwa Coal Independent Power Project ("MCIPP") During the period the group acquired MCIPP from an independent third party through a share issue. The transaction was accounted for as an asset acquisition under IFRS 3. When planning our audit we considered the risk that this material transaction was not disclosed properly, that the accounting policy selected was inappropriate and that the assets acquired were materially misstated.	**We performed the following audit procedures:** • Obtained the Sale and Purchase agreement to validate the transaction price • Obtained evidence to support the legal title to the exploration rights acquired and detailed of the independent report supporting the potential coal reserves • Discussing the project directly with management to consider developments since acquisition including management's plans for commercialisation We considered the appropriateness of the accounting policy in line with IFRS guidance and ensuring that the policy selected reflected the commercial reality and therefore gave the most useful information to shareholders.
Acquisition of Mast Energy Developments Limited ("MED") During the period the group acquired MED from an independent third party through a share issue. The transaction was accounted for under IFRS 3. When planning our audit we considered the risk that this material transaction was not disclosed properly, that the accounting policy selected was inappropriate and that the assets acquired were materially misstated	**We performed the following audit procedures:** • Obtained the Sale and Purchase agreement to validate the transaction price • Challenged management to ensure there were no specifically identifiable intangibles that should be recognised on acquisition • Reviewed development on the projects post year end to support the carrying value of goodwill recognised We considered the appropriateness of the accounting policy in line with IFRS guidance and ensuring that the policy selected reflected the commercial reality and therefore gave the most useful information to shareholders.
Valuation of exploration and evaluation (E&E) assets The group has exploration activities in Tanzania (Mbeya Coal to Power (MCPP) and Lake Victoria Gold (LVG) Projects. The exploration assets at 31 December 2018 totalled £16.7m and an impairment of £0.9m was recognised in the year due to the slow progress in furthering the LVG development and deemed insufficient subsequent recoverability of the asset value. We considered the risk that there were further impairments that should be recognised in respect of these projects.	**We obtained details of management's impairment assessment and:** • Obtained supporting evidence regarding the carrying value of the LVG project to support the post impairment carrying value • Challenged management regarding the commercial prospects of MCPP following the announcement regarding the Tanesco tender and obtained evidence to support managements alternatives for the project • Reviewed the appropriateness of the disclosures in this area

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Independent Auditor's Report continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2004

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 29 and 30, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

M Stallabrass

Matthew Stallabrass
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
21 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		GROUP	
		31 December 2018 Audited	31 December 2017 Audited
	Note	**£**	£
Revenue		-	-
Administrative expenses		(2,045,613)	(1,871,697)
Impairment of intangible assets	10	(912,892)	-
Listing and Capital raising fees		(336,807)	(908,543)
Exploration expenditure		(779,443)	(1,741,018)
Operating loss		**(4,074,755)**	**(4,521,258)**
Investment and other income	2	38,042	1,445
Loss on ordinary activities before tax		**(4,036,713)**	**(4,519,813)**
Taxation	6	-	-
Loss for the period		**(4,036,713)**	**(4,519,813)**
Other comprehensive (lossloss) / gain:			
Items that may be classified subsequently to profit or loss:		-	-
Exchange differences on translation of foreign operations		(401,751)	16,985
Other Comprehensive (loss)/gain for the period net of tax		**(401,751)**	**16,985**
Total comprehensive loss for the period		**(4,438,464)**	**(4,502,828)**
Loss for the period		**(4,036,713)**	**(4,519,813)**
Attributable to the owners of the parent		(3,388,778)	(3,712,707)
Attributable to the non-controlling interest	18	(647,935)	(807,106)
Total comprehensive loss for the period		**(4,438,464)**	**(4,502,828)**
Attributable to the owners of the parent		(3,776,894)	(3,689,196)
Attributable to the non-controlling interest		(661,570)	(813,632)
Loss Per Share			
Basic loss per share	8	(0.006)	(0.010)
Diluted loss per share	8	(0.006)	(0.010)

All activities derive from continuing operations.

The Group has no recognised gains or losses other than those dealt with in the Statement of Profit or Loss and Other Comprehensive Income.

The accompanying notes on pages 50-70 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 21 June 2019 and signed on its behalf by:

On behalf of the Board

Christian Schaffalitzky
Date: 21 June 2019

Noel O'Keeffe
Date: 21 June 2019

Consolidated Statement of Financial Position

		GROUP	
		31 December 2018 Audited	31 December 2017 Audited (Restated)
	Note	**£**	£
Assets			
Non Current Assets			
Property, plant and equipment	9	20,240	7,650
Intangible assets	10	26,059,525	17,596,105
Goodwill	11	300,000	-
Total Non-current assets		**26,379,765**	**17,603,755**
Current Assets			
Trade and other receivables	12	89,349	59,046
Cash	13	654,158	766,586
Total Current assets		**743,507**	**825,632**
Total Assets		**27,123,272**	**18,429,387**
Equity and Liabilities			
Equity			
Called up share capital	14	17,240,017	14,015,670
Share premium account	14	39,205,318	28,469,750
Control reserve	15	(18,329)	(213,053)
Share based payment reserve	16	41,807	556,086
Translation reserve	17	(656,622)	(268,506)
Retained deficit		(29,399,788)	(26,534,653)
Attributable to equity holders of the parent		**26,412,403**	**16,025,294**
Non-controlling interest	18	409,171	927,107
Total Equity		**26,821,574**	**16,952,401**
Liabilities			
Current Liabilities			
Trade and other payables	19	301,698	266,218
Borrowings	20	-	1,210,768
Total Current Liabilities		**301,698**	**1,476,986**
Total Equity and Liabilities		**27,123,272**	**18,429,387**

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Date: 21 June 2019

Noel O'Keeffe
Date: 21 June 2019

Company Statement of Financial Position

		GROUP	
		31 December 2018 Audited	31 December 2017 Audited
	Note	**£**	£
Non Current Assets			
Investments in group undertakings	21	37,890,651	3,468,224
Trade and other receivables	12	333,495	24,402,788
Total Non-current assets		**38,224,146**	**27,871,012**
Current Assets			
Trade and other receivables	12	282	413
Cash	13	38,974	5,690
Total Current assets		**39,256**	**6,103**
Total Assets		**38,263,402**	**27,877,115**
Equity and Liabilities			
Equity			
Called up share capital	14	17,240,017	14,015,670
Share premium	14	39,205,318	28,469,750
Share based payment reserve	16	-	514,279
Translation reserves	17	-	14,723
Retained deficit		(18,277,005)	(16,434,811)
Total Equity		**38,168,330**	**26,579,611**
Liabilities			
Current Liabilities			
Trade and other payables	19	95,072	86,736
Borrowings	20	-	1,210,768
Total Liabilities		**95,072**	**1,297,504**
Total Equity and Liabilities		**38,263,402**	**27,877,115**

Equity includes a loss for the year of the parent company of £2,356,473 (2017: £3,269,920).

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Date: 21 June 2019

Noel O'Keeffe
Date: 21 June 2019

Consolidated Statement of Changes in Equity

GROUP	Share Capital	Share premium	Share based payment reserve	Control reserve (Restated)	Foreign currency translation reserve	Retained deficit	Non-controlling interest (Restated)	Total equity
	£	£	£		£	£	£	£
Balance as at 1 January 2017	**13,603,965**	**27,318,262**	**514,279**	**-**	**(285,491)**	**(23,625,367)**	**(1,435)**	**17,524,213**
Loss for the year	-	-	-	-	-	(3,712,707)	(807,106)	(4,519,813)
Adjustment arising from change in non-controlling interest	-	-	-	(213,053)	(302,117)	803,421	1,742,174	2,030,425
Other comprehensive loss - exchange differences on translating foreign operations	-	-	-	-	319,102	-	(6,526)	312,576
Share options issued during the current period	-	-	41,807	-	-	-	-	41,807
Proceeds of share issue of share capital	411,705	1,151,488	-	-	-	-	-	1,563,193
	411,705	1,151,488	41,807	(213,053)	16,985	(2,909,286)	928,542	(571,812)
Balance as at 31 December 2017 (Restated-Refer to note 26)	**14,015,670**	**28,469,750**	**556,086**	**(213,053)**	**(268,506)**	**(26,534,653)**	**927,107**	**16,952,401**
Loss for the year	-	-	-	-	-	(3,388,778)	(647,935)	(4,036,713)
Adjustment arising from change in non-controlling interest	-	-	-	194,724	-	9,364	143,634	347,722
Other comprehensive loss - exchange differences on translating foreign operations	-	-	-	-	(388,116)	-	(13,635)	(401,751)
Proceeds of share issue of share capital	3,224,347	10,735,568	-	-	-	-	-	13,959,915
Reclassification of share based payment reserve on expired share options	-	-	(514,279)	-	-	514,279	-	-
	3,224,347	**10,735,568**	**(514,279)**	**194,724**	**(388,116)**	**(2,865,135)**	**(517,936)**	**9,869,173**
Balance as at 31 December 2018	**17,240,017**	**39,205,318**	**41,807**	**(18,329)**	**(656,622)**	**(29,399,788)**	**409,171**	**26,821,574**
Note	14	14	16	15	17		18	

The notes on pages 50-70 form part of the financial statements.

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Date: 21 June 2019

Company Statement of Changes in Equity

COMPANY	Share Capital	Share premium	Share based payment reserve	Foreign currency translation reserve	Retained deficit	Total equity
	£	£	£	£	£	£
Balance as at 1 January 2017	**13,603,965**	**27,318,262**	**514,279**	**47,430**	**(13,164,891)**	**28,319,045**
Loss for the year	-	-	-	-	(3,269,920)	(3,269,920)
Other comprehensive loss - exchange differences on translating foreign operations	-	-	-	(32,707)	-	(32,707)
Proceeds of share issue of share capital	411,705	1,151,488	-	-	-	1,563,193
	411,705	**1,151,488**	**-**	**(32,707)**	**(3,269,920)**	**(1,739,434)**
Balance as at 31 December 2017	**14,015,670**	**28,469,750**	**514,279**	**14,723**	**(16,434,811)**	**26,579,611**
Loss for the year	-	-	-	-	(2,356,473)	(2,356,473)
Other comprehensive loss - exchange differences on translating foreign operations	-	-	-	(14,723)	-	(14,723)
Reclassification of share based payment reserve on expired share options	-	-	(514,279)	-	514,279	-
Proceeds of share issue of share capital	3,224,347	10,735,568	-	-	-	13,959,915
	3,224,347	**10,735,568**	**(514,279)**	**(14,723)**	**(1,842,194)**	**11,588,719**
Balance as at 31 December 2018	**17,240,017**	**39,205,318**	**-**	**-**	**(18,277,005)**	**38,168,330**
Note	14	14	16	17		

The accompanying notes on pages 50-70 form an integral part of these financial statements.

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On behalf of the Board

Christian Schaffalitzky
Date: 21 June 2019

Noel O'Keeffe
Date: 21 June 2019

Consolidated Statement of Cash Flows

	Note	GROUP 31 December 2018 Audited £	31 December 2017 Audited £
Cash flows from operating activities			
Loss for the period before taxation		(4,036,713)	(4,519,813)
Adjustments for:		-	-
Impairment of intangible assets	10	912,892	-
Foreign exchange (gain)/loss	2	(270,881)	249,437
Depreciation on property, plant and equipment	9	6,805	2,738
Cost settled through the issue of shares	16	126,966	260,000
Deal cost settled in shares		-	155,539
Movement in provisions		-	(115,663)
Deemed cost of listing		-	206,680
		(3,260,931)	**(3,761,082)**
Movement in working capital			
Increase in debtors	12	(30,303)	(8,413)
(Decrease)/Increase in creditors	19	35,480	119,838
		5,177	**111,425**
Net cash outflows from operating activities		**(3,255,754)**	**(3,649,657)**
Cash flows from financing activities			
Proceeds of issue of share capital	14	3,100,000	1,817,743
Repayment of borrowings	20	(200,000)	-
Proceeds from borrowings	20	251,565	1,751,928
Net cash proceeds from financing activities		**3,151,565**	**3,569,671**
Cash flows from investing activities			
Net cash flow from acquisition of subsidiaries	11	-	465,408
Purchase of property, plant and equipment	9	(21,494)	(1,175)
Net cash flows investing activities		**(21,494)**	**464,233**
Net increase in cash		(125,683)	384,247
Cash at beginning of period		766,586	382,339
Exchange movement		13,255	-
Cash at end of the period	13	**654,158**	**766,586**

The accompanying notes on pages 50-70 form an integral part of these financial statements.

Company Statement of Cash Flows

	Note	COMPANY **31 December 2018** **Audited** **£**	 31 December 2017 Audited £
Cash flows from operating activities			
Loss for the period before taxation		(2,356,473)	(3,269,920)
Adjusted for:			
Foreign exchange movement		12,437	-
Share based payments	16	104,302	195,000
Impairment of investment in subsidiary	21	1,633,628	1,891,777
Movement in provisions		-	(115,663)
		(606,106)	**(1,298,806)**
Movement in working capital			
(Increase) / Decrease in debtors	12	131	277
(Decrease) / Increase in creditors	19	8,336	51,733
		8,467	**52,010**
Net cash outflows from operating activities		**(597,639)**	**(1,246,796)**
Cash flows from financing activities			
Proceeds of issue of share capital	14	2,750,000	500,000
Repayment of borrowings	20	(200,000)	-
Proceeds from borrowings	20	251,565	1,748,840
Net cash proceeds from financing activities		**2,801,565**	**2,248,840**
Cash flows from investing activities			
Net cash flow from acquisition of subsidiaries		(75,000)	-
Cash advances to Group Companies		(2,095,642)	(1,018,436)
Net cash used in investing activities		**(2,170,642)**	**(1,018,436)**
Net increase/(decrease) in cash		**33,284**	**(16,392)**
Cash at beginning of period		**5,690**	**22,082**
Cash at end of the period	13	**38,974**	**5,690**

The accompanying notes on pages 50-70 form an integral part of these financial statements.

Summary of Significant Accounting Policies

General Information

Kibo Energy PLC ("the Company") is a Company incorporated in Ireland. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Company and its subsidiaries are related to the exploration for and development of coal and other minerals in Tanzania.

The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with the Companies Act 2014 which permits a Company that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 293 of the Companies Act 2014, from presenting to its members its Company Income Statement and related notes that form part of the approved Company financial statements.

Statement of Compliance

As permitted by the European Union, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (IFRS).

The IFRS adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective at 31 December 2018.

Statement of Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, other than the adoption of IFRS 9 and IFRS 15 in the current financial period. The adoption of these standards has not resulted in a material change.

Basis of Preparation

The Group and Company financial statements are prepared on the historical cost basis. The accounting policies have been applied consistently by Group entities, except for the adoption of new standards and interpretations which became effective in the current year. The Group and Company financial statements have been prepared on a going concern basis as explained in the notes to the financial statements.

The individual financial information of each Group entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial information of the Group is presented in Pounds Sterling, which is the presentation currency for the Group. The functional currency of each of the Group entities is the local currency of each individual entity.

Going Concern

The Group currently generates no revenue and had net assets of £26,821,574 (2017: £16,952,401) as at 31 December 2018.

The Directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review and the below, they are confident that the Company and the Group will have adequate financial resources to continue in operational existence for the foreseeable future.

Following receipt of the additional funding from Sanderson Capital Partners, the Company has or has access to sufficient funds to continue the development activities for its various projects.

In the event that the Company is not able to raise further funding, and before any mitigating actions are taken, the Company has sufficient funds for its present working capital requirements for the foreseeable future. The directors though continue to review the Group's options to secure additional funding for its general working capital requirements, alongside its ongoing review of potential acquisition targets and corporate development needs. The directors are confident in this light that such funding will be available, although there is no guarantee as to the terms of such funding or that such funding will be available. In addition, any equity funding may be subject to shareholder approvals in line with legal and regulatory requirements as appropriate. As a result, the directors continue to monitor and manage the Company's cash and overheads carefully in the best interests of its shareholders.

Whilst the directors continue to consider it appropriate to prepare the financial statements on a going concern basis the above constitutes a material uncertainty that shareholders should be aware of.

Summary of Significant Accounting Policies continued

Use of Estimates and Judgements

The preparation of financial statements in conformity with EU IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, there are significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

The following key areas of estimation uncertainty exist:

- Valuation of mining licence and intangible assets.

The following key areas of judgement exist:

- Recognition and measurement of exploration and evaluation expenditure;
- Consolidation of Joint Venture interest; and
- Acquisition accounting on acquisitions.

Valuation of mining licence and intangible assets– significant estimate concerning valuation

On the acquisition of Mabesekwa Coal the principal asset acquired was a mining licence for a prospective coal asset where previous work had identified an indicative resource. The asset is considered to be unique and a fair market price is not easily obtainable. The overall value of the transaction, however, was separately reviewed by the independent directors, as announced to the market on various occasions. Given this management have applied the provisions within IFRS 2 to value the asset based on the fair value of the instruments granted.

Exploration and evaluation expenditure – significant judgement concerning the choice of accounting policy

In line with the Group's accounting policy, all the exploration and evaluation expenditure has been charged to profit or loss, as in the judgement of the Directors the commercial viability of the mineral deposits had not been established. If a policy of capitalisation of exploration expenditure had been adopted an amount of £779,443 would have been capitalised in the current year (2017: £1,741,018).

Consolidation of Joint Venture interest

As described in note 11 Kibo entered into a Joint Venture Agreement ("JV") acquiring a 65% equity interest in the Benga Power Plant Project ("BPPP"). Although the agreement refers to the existence of a 65% equity stake, and Kibo's ability to appoint three of five management committee members, all decisions presented in front of the management committee requires absolute agreement by all committee members before it stands, failing which it would result in a decision to be made between the two respective CEO's of the participating entities in the JV. Furthermore, the participating interest only allows to partake in the net revenue of the JV.

Acquisition accounting – significant judgement concerning the choice of accounting policy

As described in note 10 the acquisition of Mabesekwa Coal does not meet the definition of a business combination under IFRS 3. Management have therefore had to determine an appropriate accounting policy. This has therefore been accounted for as an asset acquisition and the fair value of assets and liabilities acquired recognised on balance sheet. Management has determined that this accounting policy more faithfully reflects the underlying commercial substance of the transaction and therefore provides the most useful information to shareholders.

Consolidation

The consolidated annual financial statements comprise the financial statements of Kibo Energy Plc and its subsidiaries for the year ended 31 December 2018, over which the Company has control.

Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variance return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstance indicate that there are changes to one or more of the three elements of control listed above.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intragroup balances and any unrealised gains or losses or income or expenses arising from intragroup transactions are eliminated in preparing the Group financial statements, except to the extent they provide evidence of impairment.
The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Upon the loss of control, the Company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. If the Company retains any interest in the previous subsidiary, such interest is measured at fair value at the date that control is lost.

Any gain from the acquisition of a subsidiary or gain/loss from the disposal of subsidiary will be recognised through profit and loss in the current financial period.

Business combinations involving entities under common control

Business combinations involving entities under common control comprise business combinations where both entities remain under the ultimate control of the holding Company before and after the combination, and that control is not transitory. The Group applies merger accounting for all its common control transactions from the date that it obtains control. In terms of this:

- the assets and liabilities of the acquiree are recorded at their existing carrying amounts (not fair value);
- if necessary, adjustments are made to achieve uniform accounting policies;
- intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquiree in accordance with applicable IFRS;
- no goodwill is recognised. Any difference between the acquirer's cost of investment and the acquiree's equity is presented separately directly in equity as a common control reserve (CCR) on consolidation;
- any non-controlling interest is measured as a proportionate share of the carrying amounts of the related assets and liabilities (as adjusted to achieve uniform accounting policies); and
- any expenses of the combination are written off immediately in profit or loss, except for the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are recognised within equity.

When control is lost, resulting in the common control of entities, the balance of CCR recognised in respect of that acquisition is realised directly to retained earnings on the effective date when control is lost.

Intangible Assets

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets but they are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and it is subsequently carried at cost less accumulated impairment losses. Intangible assets comprise the acquisition of rights to explore in relation to the Group's exploration and evaluation activities. Intangible assets comprise fair value allocated to exploration projects purchased through business combination for which no useful life has been accurately determined.

Irrespective of whether there is any indication of impairment, the Group also tests intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the

Summary of Significant Accounting Policies continued

annual period and at the same time every period.

Exploration & Evaluation Assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Exploration and evaluation expenditure is charged to the Statement of Profit or Loss as incurred except in the following circumstances, in which case the expenditure may be capitalised:

- In respect of minerals activities:
  - the exploration and evaluation activity is within an area of interest which was previously acquired as an asset acquisition or in a business combination and measured at fair value on acquisition; or
  - the existence of a commercially viable mineral deposit has been established.

Capitalised exploration and evaluation expenditure considered to be tangible is recorded as a component of property, plant and equipment at cost less impairment charges. Otherwise, it is recorded as an intangible.

Intangible assets all relate to exploration and evaluation expenditure which are carried at cost with an indefinite useful life and therefore are reviewed for impairment annually and when there are indicators of impairment. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way or planned.

Impairment

Non-financial assets

Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit or Loss immediately.

Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment. The cost of self-constructed items of property, plant and equipment includes the cost of materials and direct labour, any other costs directly attributable to bringing the items of property, plant and equipment to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

- Office equipment between 12.5% to 37.5% straight line;
- Plant & machinery at 20% straight line;
- Furniture & fixtures at 12.5% straight line;

- Motor vehicles at 25% straight line; and
- I.T. Equipment at 20% straight line

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Useful lives are affected by technology innovations, maintenance programmes and future economic benefits. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

On disposal of property, plant and equipment the cost and the related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is taken to the Statement of Profit or Loss.

Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are made more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Foreign Currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated annual financial statements are presented in Sterling, which is the Group's presentation currency. This is also the functional currency of the Company and is considered by the Board also to be appropriate for the purposes of preparing the Group financial statements.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Summary of Significant Accounting Policies continued

- monetary assets and liabilities for each Statement of Financial Position presented are presented at the closing rate at the date of that Statement of Financial Position. Non-monetary items are measured at the exchange rate in effect at the historical transaction date and are not translated at each Statement of Financial Position date;
- income and expenses for each Statement of Profit or Loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction): and
- all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to shareholders equity. When a foreign operation is sold, such exchange differences are recognised in the Statement of Profit or Loss as part of the gain or loss on sale.

Finance income and expense

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of listed securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on forward exchange contracts that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Financial Instruments

Recognition

Financial instruments comprise loans receivable, trade and other receivables, cash and cash equivalents, trade and other payables, other financial liabilities and bank overdrafts.

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Classification

The Group classifies financial assets on initial recognition as measured at amortised cost as the Group's business model and objective is to hold the financial asset in order to collect the contractual cash flow and the contractual terms allows for cash flows on specified dates for the payment of the principal amounts outstanding.

Financial liabilities are classified at amortised cost.

Financial assets	Classification in 2018 (IFRS 9)	Classification in 2017 (IAS 32)
Loans to Group Companies	Financial assets at amortised cost	Loans and receivables at amortised cost
Trade and other receivables	Financial assets at amortised cost	Loans and receivables at amortised cost
Cash and Cash Equivalents	Financial assets at amortised cost	Loans and receivables at amortised cost

Financial liabilities	Classification in 2018 (IFRS 9)	Classification in 2017 (IAS 32)
Loans from Group Companies	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Bank overdraft	Financial liabilities at amortised cost	Financial liabilities at amortised cost

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the Group has an unconditional right to defer payment for more than 12 months from the reporting date.

Measurement on Initial recognition
All financial assets and liabilities are initially measured at fair value, including transaction costs.

Subsequent measurement
Financial assets held at amortised cost are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

De-recognition
Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire.

On de-recognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Impairment of Financial Assets not carried at Fair value – IFRS 9
Under IFRS 9 the Group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses.

To calculate ECLs the Group groups trade receivables and loans to Group companies by customer type and ageing. The Group applies the standard ECL approach to determine the ECL for trade receivables loans to Group companies. This results in calculating lifetime expected credit losses for trade receivables and loans to Group companies. ECLs for trade receivables is calculated using a provision matrix.

Impairment of Financial Assets not carried at Fair value – IAS 39
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows for that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Group's that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the profit or loss.

Share based payments
For such grants of share options qualifying as equity-settled share based payments, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are likely to vest, except where forfeiture is only due to market based conditions not achieving the threshold for vesting.

Share capital
Incremental costs directly attributable to the issue of ordinary shares are recognised directly in equity.

Segment reporting
The Group determines and presents operating segments based on the information that is internally provided to the Chief Executive Officer, who is the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of the other segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the reporting business units.

Notes to the Consolidated and Company Financial Statements

New standards and interpretations

Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases these standards and guidance have not been endorsed for use in the European Union.

Standard	Effective date, annual period beginning on or after
IFRS 16 Leases IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.	1 January 2019
IAS 28 Investments in Associates and Joint Venture Long-term interest in Associates and Joint Ventures: Clarification provided that an entity should apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, as the Group has no significant leases in excess of a 12 month period.

The Group expects to adopt all relevant standards and interpretations as and when they become effective.

Standards and interpretations which are effective in the current period (Changes in accounting policies):

The Group has adopted all new accounting standards that became effective in the current reporting period. IFRS 9 Financial Instruments (IFRS 9) is the only new standard which is applicable to the Groups operations at this stage.

IFRS 9 was issued by the IASB in July 2014 and is effective for accounting periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for:

- the classification, measurement and de-recognition of financial assets and financial liabilities;
- the impairment of financial assets and financial liabilities; and
- general hedge accounting.

Classification, measurement and de-recognition
There has been no change in the classification of the Company's financial assets and financial liabilities.

Impairment model

IFRS 9 introduces an expected credit loss model as opposed to an incurred credit loss approach in recognising any impairment of financial assets. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Financial impact

The Group has adopted the modified retrospective approach in applying IFRS 9 whereby no comparative figures are restated but instead, a cumulative catch up adjustment is recognised, if necessary, in opening retained earnings.

Other than disclosure, the above change in accounting policy has not resulted in a material difference for the year ended 31 December 2018 by performing the 2018 allowance calculation based on the IFRS 9 requirements and consequently the opening retained earnings have not been adjusted.

1. Segment analysis

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Chief Operating decision maker. The Chief Executive Officer is the Chief Operating decision maker of the Group.

Management currently identifies two divisions as operating segments – mining and corporate. These operating segments are monitored and strategic decisions are made based upon them together with other non-financial data collated from exploration activities. Principal activities for these operating segments are as follows:

2018 Group	Mining and Exploration	Corporate	31 December 2018 (£)
	Group	Group	Group
Revenue	-	-	-
Administrative cost	-	(2,045,613)	(2,045,613
Impairment of intangible assets	-	(912,892)	(912,892)
Listing and Capital raising fees	-	(336,807)	(336,807)
Exploration expenditure	(779,443)	-	(779,443)
Investment and other income	38,042	-	38,042
Tax	-	-	-
Loss after tax	**(741,401)**	**(3,295,312)**	**(4,036,713)**

2017 Group	Mining and Exploration	Corporate	31 December 2017 (£)
	Group	Group	Group
Revenue	-	-	-
Administrative cost	-	(1,871,697)	(1,871,697)
Capital raising fees	-	(908,543)	(908,543)
Exploration expenditure	(1,741,018)	-	(1,741,018)
Investment and other income	1,445	-	1,445
Tax	-	-	-
Loss after tax	**(1,739,573)**	**(2,780,240)**	**(4,519,813)**

2018 Group	Mining	Corporate	31 December 2018 (£)
	Group	Group	Group
Assets			
Segment assets	27,084,016	39,256	27,123,272
Liabilities			
Segment liabilities	206,626	95,072	301,698
Other Significant items			
Depreciation	6,805	-	6,805

2017 Group	Mining	Corporate	31 December 2017 (£)
	Group	Group	Group
Assets			
Segment assets	18,423,284	6,103	18,429,387
Liabilities			
Segment liabilities	264,562	1,297,504	1,562,066
Other Significant items			
Depreciation	2,738	-	2,738

Notes to the Consolidated and Company Financial Statements continued

Geographical segments

The Group operates in six principal geographical areas – Corporate (Ireland, Cyprus, South Africa, Canada & United Kingdom) and Mining (Tanzania).)

	Tanzania	Ireland, United Kingdom, South Africa, Cyprus and Canada	31 December 2018 (£)
	Group	Group	Group
Major Operational indicators			
Carrying value of segmented assets	27,084,016	39,256	27,123,272
Loss after tax	(766,748)	(3,269,966)	(4,036,713)

	Tanzania	Ireland, United Kingdom, South Africa, Cyprus and Canada	31 December 2017 (£)
	Group	Group	Group
Major Operational indicators			
Carrying value of segmented assets	18,423,284	6,103	18,429,387
Loss after tax	(1,626,824)	(2,892,989)	(4,519,813)

2. Investment and other Income

	31 December 2018	31 December 2017
	(£)	(£)
Foreign exchange gains	13,948	463
Other income	24,094	982
	38,042	**1,445**

3. Loss on ordinary activities before taxation

Operating loss is stated after the following key transactions:	31 December 2018	31 December 2017
	(£)	(£)
Depreciation of property, plant and equipment of Group financial statements	6,805	2,738
Auditors' remuneration for audit of Group and Company financial statements	45,000	35,000
Auditors' remuneration audit of the financial statements of the company's subsidiaries	22,000	2,500

4. Staff costs (including Directors)

	Group 31 December 2018	Group 31 December 2017	Company 31 December 2018	Company 31 December 2017
	(£)	(£)	(£)	(£)
Wages and salaries	663,470	876,628	353,484	502,677
Share based remuneration	-	260,000	-	260,000
	663,470	**1,136,628**	**353,484**	**762,677**

The average monthly number of employees (including executive directors) during the period was as follows:

	Group 31 December 2018	Group 31 December 2017	Company 31 December 2018	Company 31 December 2017
	(£)	(£)	(£)	(£)
Exploration activities	10	10	1	1
Administration	6	6	1	1
	16	**16**	**2**	**2**

5. Directors' emoluments

	Group 31 December 2018	Group 31 December 2017	Company 31 December 2018	Company 31 December 2017
	(£)	(£)	(£)	(£)
Basic salary and fees	441,558	464,210	353,484	338,578
Share based payments	-	195,000	-	195,000
	441,558	**659,210**	**353,484**	**533,578**

The emoluments of the Chairman were £15,963 (2017 £13,135).
The emoluments of the highest paid director were £198,552 (2017: £260,210).
Directors received shares to the value of £ NIL during the year (2017: £195 000).

Key management personnel consist only of the directors. Details of share options and interests in the Company's shares of each director are shown in the Directors' Report. The following table summarises the remuneration applicable to each of the individuals who held office as a director during the reporting period:

31 December 2018	**Salary and fees**	**Share based payments**	**Total**
	(£)	(£)	(£)
Christian Schaffalitzky	15,963	-	15,963
Louis Coetzee	198,552	-	198,552
Noel O'Keeffe	88,039	-	88,039
Lukas Maree	54,947	-	54,947
Wenzel Kerremans	13,272	-	13,272
Andreas Lianos	70,785	-	70,785
Total	**441,558**	**-**	**441,558**

31 December 2017	**Salary and fees**	**Share based payments**	**Total**
	(£)	(£)	(£)
Christian Schaffalitzky	13,135	-	13,135
Louis Coetzee	195,210	65,000	260,210
Noel O'Keeffe	125,632	65,000	190,632
Lukas Maree	13,772	-	13,772
Wenzel Kerremans	13,115	-	13,115
Andreas Lianos	103,346	65,000	168,346
Total	**464,210**	**195,000**	**659,210**

£195,000 convertible loan notes were issued to directors of the Company who are also members of its Executive Committee on 27 September 2017. The loan notes issued were in lieu of bonus shares due as part of an interim award approved by the Kibo board on 24 April 2017. On 28 September 2017, these directors elected to convert their loan notes into Kibo shares. These resultant number of shares issued amount to 3,900,000 ordinary shares at an issue price of £0.05 per share, calculated in accordance with the Note Term Sheet.

Notes to the Consolidated and Company Financial Statements continued

6. Taxation

Current tax	31 December 2018	31 December 2017
	(£)	(£)
Charge for the period in Ireland, Canada, Republic of South Africa, Cyprus, United Kingdom and Republic of Tanzania	-	-
Total tax charge	**-**	**-**

The difference between the total current tax shown above and the amount calculated by applying the standard rate of Irish corporation tax of 12.5% to the loss before tax is as follows:

	2018	2017
	(£)	(£)
Loss on ordinary activities before tax	**(4,036,713)**	**(4,519,813)**
Income tax expense calculated at 12.5% (2017: 12.5%)	(504,589)	(564,977)
Income which is not taxable	-	-
Expenses which are not deductible	114,111	97,199
Losses available for carry forward	390,478	467,778
Income tax expense recognised in the Statement of Profit or Loss	-	-

The effective tax rate used for the December 2018 and December 2017 reconciliations above is the corporate rate of 12.5% payable by corporate entities in Ireland on taxable profits under tax law in that jurisdiction.

No provision has been made for the 2018 deferred taxation as no taxable income has been received to date, and the probability of future taxable income is indicative of current market conditions which remain uncertain. At the Statement of Financial Position date, the Directors estimate that the Group has unused tax losses of £25,000,200 (2017: £21,876,379) available for potential offset against future profits which equates to an estimated potential deferred tax asset of £3,125,024 (2017: £2,734,547). No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely in accordance with the applicable taxation regulations ruling within each of the above jurisdictions.

7. Loss of parent Company

As permitted by Section 293 of the Companies Act 2014, the Statement of Profit or Loss of the parent Company has not been separately disclosed in these financial statements. The parent Company's loss for the financial period was £2,356,473 (2017: £3,269,920).

8. Loss per share

Basic loss per share

The basic loss and weighted average number of ordinary shares used for calculation purposes comprise the following:

Basic Loss per share	31 December 2018	31 December 2017
	(£)	(£)
Loss for the period attributable to equity holders of the parent	(3,388,778)	(3,712,707)
Weighted average number of ordinary shares for the purposes of basic loss per share	565,932,121	372,255,127
Basic loss per ordinary share	**(0.006)**	**(0.010)**

As there are no instruments in issue which have a dilutive impact, the dilutive loss per share is equal to the basic loss per share, and thus not disclosed separately.

9. Property, plant and equipment

GROUP

	Furniture and Fittings	Motor Vehicles	Office Equipment	I.T Equipment	Plant & Machinery	Total
Cost	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Opening Cost as at 1 January 2017	121,309	219,292	45,693	31,549	5,672	423,515
Additions	1,004	-	-	171	-	1,175
Exchange movements	(6,521)	(19,326)	(7,285)	(5,026)	1,745	(36,413)
Closing Cost as at 31 December 2017	**115,792**	**199,966**	**38,408**	**26,694**	**7,417**	**388,277**
Disposals	-	(114,927)	-	-	-	(114,927)
Additions	1,354	16,396	1,118	2,164	462	21,494
Exchange movements	5,837	5,340	1,419	1,658	942	15,196
Closing Cost as at 31 December 2018	**122,983**	**106,775**	**40,945**	**30,516**	**8,821**	**310,040**

	Furniture and Fittings	Motor Vehicles	Office Equipment	I.T Equipment	Plant & Machinery	Total
Accumulated Depreciation (“Acc Depr”)	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Acc Depr as at 1 January 2017	120,839	219,292	40,660	27,945	5,672	414,408
Depreciation	856	-	905	977	-	2,738
Exchange Movements	(6,897)	(19,326)	(7,333)	(4,708)	1,745	(36,519)
Acc Depr as at 31 December 2017	**114,798**	**199,966**	**34,232**	**24,214**	**7,417**	**380,627**
Disposals	-	(114,927)	-	-	-	(114,927)
Additions	314	3,712	1,254	1,063	462	6,805
Exchange movements	7,075	5,341	2,032	1,905	942	17,295
Acc Depr as at 31 December 2018	**122,187**	**94,092**	**37,518**	**27,182**	**8,821**	**289,800**

	Furniture and Fittings	Motor Vehicles	Office Equipment	I.T Equipment	Plant & Machinery	Total
Carrying Value	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Carrying value as at 31 December 2017	**994**	**-**	**4,176**	**2,480**	**-**	**7,650**
Carrying value as at 31 December 2018	**796**	**12,683**	**3,427**	**3,334**	**-**	**20,240**

Notes to the Consolidated and Company Financial Statements continued

10. Intangible assets

Intangible assets consist solely of separately identifiable prospecting and exploration assets acquired either through business combinations or through separate asset acquisitions. These intangible assets are recognised at the respective fair values of the underlying asset acquired, or where the fair value of the underlying asset acquired is not readily available, the fair value of the consideration.

The following reconciliation serves to summarise the composition of intangible prospecting assets as at period end:

	Mabesekwa Coal to Power Project	Mbeya Coal to Power Project	Lake Victoria Project	Total
	(£)	(£)	(£)	(£)
Valuation as at 1 January 2017	-	15,896,105	1,700,000	17,596,105
Impairment of prospecting asset	-	-	-	-
Reversal of impairment of licences	-	-	-	-
Carrying value as at 1 January 2018	**-**	**15,896,105**	**1,700,000**	**17,596,105**
Acquisition of an 85% equity interest in the Mabesekwa Coal Independent Power Project	9,376,312	-	-	9,376,312
Impairment of prospecting asset	-	-	(912,892)	(912,892)
Carrying value as at 31 December 2018	**9,376,312**	**15,896,105**	**787,108**	**26,059,525**

Intangible assets are not amortised, due to the indefinite useful life which is attached to the underlying prospecting rights and/or intellectual property acquired, until such time that active mining operations commence, which will result in the intangible asset being amortised over the useful life of the relevant mining licences.

Intangible assets with an indefinite useful life are assessed for impairment on an annual basis, against the prospective fair value of the intangible asset. The valuation of intangible assets with an indefinite useful life is reassessed on an annual basis through valuation techniques applicable to the nature of the intangible assets.

One or more of the following facts or circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- the period for which the entity has the right to explore the asset has expired during the period or will expire in the foreseeable future;
- substantial expenditure on the asset in future is neither planned nor budgeted;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In assessing whether a write-down is required in the carrying value of a potentially impaired intangible asset, the asset's carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The valuation techniques applicable to the valuation of the abovementioned intangible assets comprise a combination of fair market values, discounted cash flow projections and historic transaction prices.

The following key assumptions influence the measurement of the intangible assets' recoverable amounts, through utilising the value in use calculation performed:

- currency fluctuations and exchange movements applicable to model;
- commodity prices related to ore reserve and forward looking statements;
- expected growth rates in respect of production capacity;
- cost of capital related to funding requirements;
- applicable discounts rates, inflation and taxation implications;
- future operating expenditure for extraction and mining of measured mineral resources; and
- co-operation of key project partners going forward.

Through review of the project specific financial, operational, market and economic indicators applicable to the above intangible assets, as well as consideration of the various elements which contribute toward the indication of impairment of exploration and evaluation assets, a partial impairment of the Lake Victoria Gold intangible asset was identified, as detailed in the latter part of this note. A summary of the assessment performed for each of the intangible assets are detailed below.

Mbeya Coal to Power Project

The Group's flagship exploration/prospecting asset remains its Mbeya Coal to Power Project situated in the Mbeya region of Tanzania, which comprises the Mbeya Coal Mine, a potential 1.5Mt p/a mining operation, and the Mbeya Power Plant, a planned 300MW mine-mouth thermal power station. The Mbeya Coal Mine has a defined 120.8 Mt NI 43-101 thermal coal resource.

A Definitive Feasibility Study has been conducted on the project which underpinned its value and confirmed an initial rate of return of 69.2%. The 300MW mouth-of-mine thermal power station has long term scalability with the potential to become a 1000MW plant. The completed full Power Feasibility Study highlighted an annual power output target of 1.8GW based on annual average coal consumption of 1.5Mt.

An Integrated Bankable Feasibility Study report for the entire project indicated total potential revenues of US$ 7.5-8.5 billion over an initial 25-year mine life, post-tax equity IRR between 21-22%, debt pay-back period of 11-12 years and a construction period of 36 months.

During the 2018 financial period, the Group continued to pursue various avenues in order to securing a formal binding Power-Purchase Agreement with the Tanzania Electricity Supply Company ("TANESCO"). Subsequent to the completion of a compulsory tender process through TANESCO on the development of the Mbeya Coal to Power Project, the Group was informed that its bid to secure a Power-Purchase Agreement was unsuccessful.

Further engagement with TANESCO has subsequently culminated in the receipt of a formal notice from TANESCO inviting the Group it to develop the Mbeya Coal to Power Project for the export market and thereby enabling the Company to engage with the African Power Pools regarding potential off-take agreements.

As at year end, taking into account the various aspects listed above, the Group concluded that none of the impairment indicators had been met in relation to the Mbeya Coal assets.

Lake Victoria Project

During the year, the Group (through a 55.5% shareholding (as at 31 December 2018) owned in AIM-listed subsidiary, Katoro Gold PLC) completed all technical aspects of the pre-feasibility study ("PFS"). However, due to changes in the Tanzanian mining legislation and associated mining regulations the Group suspended completion of the other elements of the PFS to conduct further assessments to determine the extent to which the new legislation and regulations could impact the viability of the project.

Having completed this assessment, the Group concluded that there was still a upside in exploration and development potential for the further development of the project, however the immediate benefit to the Group would be through development of more advanced projects.

As at year end, taking into consideration the decision to suspend temporarily the further exploration of the Lake Victoria Project, the Group re-assessed the fair value of intangible assets with an indefinite useful life utilising an open market valuation based on offers received on the specific resource, concluding that there exists a potential impairment as the fair value of these intangible assets does not exceed the carrying value.

Thus, as at year end, an impairment amounting to ££912,892 was recognised, in relation to the Lake Victoria Project.

Mabesekwa Coal Independent Power Project

On 3 April 2018, the Group completed the acquisition of an 85% interest in the Mabesekwa Coal Independent Power Project, located in Botswana. The project comprises early stage development of a coal resource with the aim of developing a coal mine and associated thermal power plant This acquisition was in line with the Group's strategy of positioning itself as a strategic regional electricity supplier in Southern Africa and creates many synergies with the MCPP in Tanzania.

As a result of the acquisition, 153,710,030 ordinary shares in Kibo were issued to Sechaba Natural Resources Limited ("Sechaba"). Sechaba retained a 15% interest in the Mabesekwa Coal Independent Power Project and were granted the right to have its managing director (holding the role at the date of acquisition) gain a seat on Kibo's board of directors. (no Sechaba representative currently sits on the Kibo board with Mr Mashale Phumaphi's resignation). The intangible asset was recognised at the fair value of the consideration paid, which emanates from the fair value of the equity instruments issued as at transaction date, being £9,376,312.

The Mabesekwa Coal Independent Power Project is located approximately 40 km east of the village of Tonata and approximately

Notes to the Consolidated and Company Financial Statements continued

50 km southwest of Francistown, Botswana's second largest city. Certain aspects of the Project have been advanced previously by Sechaba Natural Resources Limited ("Sechaba"), including water and land use permits and environmental certification. Mabesekwa consists of a 300 Mt subset of a coal deposit which contained an insitu resource of approximately 777 Mt at the time of the Kibo acquisition (the balance of which the MCIPP holding company does not have any interest in).

A pre-feasibility study on a coal mine and a scoping study on a coal fired thermal power plant has been completed. Kibo is in possession of a Competent Persons Report on the project, which includes a SAMREC-compliant Maiden Resource Statement on the excised 300 Mt portion of the Mabesekwa coal deposit.

Kibo has furthermore, submitted a formal full mining right application to the Botswana's Department of Mines.

As at year end, taking into account the progress made in relation to the Mabesekwa Coal Independent Power Project since acquisition, the Group concluded that none of the impairment indicators had been met in relation to the Mabesekwa coal assets.

11. Acquisition and Disposal of interests in other entities

Mabesekwa Coal Independent Power Project

On 3 April 2018, the Group completed the acquisition of an 85% interest in the Mabesekwa Coal Independent Power Project, located in Botswana. This acquisition was in line with the Group's strategy of positioning itself as a strategic regional electricity supplier in Southern Africa and creates many synergies with the MCPP in Tanzania.

As a result of the acquisition, 153,710,030 ordinary shares in Kibo were issued to Sechaba Natural Resources Limited ("Sechaba"). Sechaba retained a 15% interest in the Mabesekwa Coal Independent Power Project and were granted the right to have its managing director (holding the role at the date of acquisition) gain a seat on Kibo's board of directors (no Sechaba representative currently sits on the Kibo board with Mr Mashale Phumaphi's resignation) . The intangible asset was recognised at the fair value of the consideration paid, which emanates from the fair value of the equity instruments issued as at transaction date, being £9,376,312.

MAST Energy Development Limited

The Group acquired a 60% equity interest in MAST Energy Development Limited for £300,000, settled through the issue of 5,714,286 ordinary shares in Kibo effective on 19 October 2018. The acquisition of MAST Energy Development Limited falls within the ambit of IFRS 3: Business Combinations. The net assets acquired were valued at Nil, with the resultant purchase price being allocated to Goodwill on date of acquisition.

Benga Power Plant Project

Kibo entered into a Joint Venture Agreement with Mozambique energy company Termoeléctrica de Benga S.A. to participate in the further assessment and potential development of the Benga Independent Power Project ('BIPP'). The assets associated with the acquisition were transferred into a newly incorporated entity in which Kibo and Termoeléctrica hold initial participation interests of 65% and 35% respectively, which Kibo obtained for no consideration on commencement. As disclosed in the significant judgement section of the financial results, Kibo is not able to exercise control over the operations of the newly incorporated entity, therefore the investment is recognised as a Joint Venture for financial reporting purposes, which requires the recognition of the participants interest in the net revenue of the Joint Venture's operations.

In order to maintain its initial participation interest Kibo is required to ensure funding of a maximum amount of £1 million towards the completion of a Definitive Feasibility Study.

Kibo Nickel Limited

The Group disposed of its entire interest in Kibo Nickel Ltd and its wholly owned subsidiary, Eagle Exploration Ltd (hereinafter referred to as "Kibo Nickel Group"), to Katoro Gold Plc for the purchase consideration of £200,000, settled through the issue of 15,384,615 ordinary shares in Katoro Gold Plc, effective from 3 December 2018.

The Group retained an indirect controlling equity interest (55.53%) in the Kibo Nickel Group, through its directly held subsidiary, Katoro Gold PLC. As the change in Kibo's equity interest in the Kibo Nickel Group did not result in a loss of control, the transaction was recognised as a transaction with owners in their capacity as owners.

12. Trade and other receivables

	Group 2018	Group 2017	Company 2018	Company 2017
	(£)	(£)	(£)	(£)
Amounts falling due over one year:				
Amounts owed by group undertakings	-	-	333,495	24,402,788
Amounts falling due within one year:				
Other debtors	89,349	59,046	282	413
	89,349	59,046	333,777	24,403,201

The nature of amounts owed by Group undertakings is such that the expected recovery thereof is in excess of one year, and is thus classified as amounts falling due after one year.

The carrying value of current trade and other receivables approximates their fair value.

Amounts owed by Group undertakings represent inter-company loans between the Company and its subsidiaries. They have no fixed repayment terms, bear no interest and are unsecured, resulting in the recognition of the receivable as a non-current asset due to settlement being extended beyond 12 months.

During the period the Board resolved to capitalise inter-company loans and convert the respective loans owed by subsidiaries into share capital in order to adhere to international transfer pricing regulation and this resulted in a corresponding decrease in amounts owed by group undertakings.

Trade and other receivables pledged as security

None of the above stated trade and other receivables were pledged as security at period end. Credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to historical repayment trends of the individual debtors.

13. Cash

Cash consists of:	Group 2018	Group 2017	Company 2018	Company 2017
	(£)	(£)	(£)	(£)
Short term convertible cash reserves	654,158	766,586	38,974	5,690
	654,158	766,586	38,974	5,690

Cash has not been ceded, or placed as encumbrance toward any liabilities as at year end.

14. Share capital - Group and Company

	2018	2017
Authorised equity		
1,000,000,000 (2017: 1,000,000,000) Ordinary shares of €0.015 each	€15,000,000	€15,000,000
3,000,000,000 Deferred shares of €0.009 each	€27,000,000	€27,000,000
	€42,000,000	€42,000,000
Allotted, issued and fully paid shares		
(2018: 640,031,069 Ordinary shares of €0.015 each)	£7,982,942	-
(2017: 395,254,364 Ordinary shares of €0.015 each)	-	£4,758,595
(1,291,394,535 Deferred shares of €0.009 each)	£9,257,075	£9,257,075
	£17,240,017	£14,015,670

Notes to the Consolidated and Company Financial Statements continued

	Number of Shares	Ordinary Share Capital	Deferred Share Capital	Share Premium	Treasury shares
		(£)	(£)	(£)	(£)
Balance at 31 December 2017	**395,254,364**	**4,758,595**	**9,257,075**	**28,469,750**	**-**
Shares issued during the period	244,776,705	3,224,347	-	10,735,568	-
Balance at 31 December 2018	**640,031,069**	**7,982,942**	**9,257,075**	**39,205,318**	**-**

All ordinary shares issued have the right to vote, right to receive dividends, a copy of the annual report, and the right to transfer ownership of their shares.

The Deferred Shares will not entitle holders to receive notice of, or attend or vote at any general meeting of the Company or to receive a dividend or other distribution or to participate in any return on capital on a winding up other than the nominal amount paid following a substantial distribution to the holders of the Ordinary Shares in the Company. Accordingly, for all practical purposes the Deferred Shares will be valueless, and it is the board's intention at the appropriate time, to purchase the Deferred Shares at an aggregate consideration of €1.

15. Control reserve

The transaction with Opera Investments PLC in 2017 represented a disposal without loss of control. Under IFRS this constitutes a transaction with equity holders and as such is recognised through equity as opposed to recognising goodwill. The control reserve represents the difference between the purchase consideration and the book value of the net assets and liabilities acquired in the transaction with Opera Investments.

16. Share based payments

Share based payment reserve

The following reconciliation serves to summarise the composition of the share based payment reserve as at period end:

	Group 2018	Group 2017
	(£)	(£)
Opening balance of share based payment reserve	556,086	514,279
Issue of share options and warrants	-	41,807
Reclassification of share based payment reserve on expired share options	(514,279)	-
	41,807	**556,086**

Share options and warrants in the current year relate to 1,208,333 ordinary shares in Katoro Gold PLC Group, issued to directors of Katoro Gold Plc. The fair value of the warrants issued have been determined using the Black-Scholes option pricing model. The fair value at the date of the grant per warrant was £0.06.

	Company 2018	Company 2017
	(£)	(£)
Opening balance of share based payment reserve	514,279	514,279
Reclassification of share based payment reserve on expired share options	(514,279)	-
	-	**514,279**

Expenses settled through the issue of shares

The Group recognised the following expense related to equity settled share based payment transactions:

	2018	2017
	(£)	(£)
Geological expenditure settled*	22,616	13,194
Listing and capital raising fees	104,302	908,543
	126,918	**921,737**

* The Group issued 779,878 (2017: 277,768) ordinary shares of €0.010 (2017: €0.015) par value each in the capital of the Company to exploration service providers in settlement of invoices for a total amount of £22,616 (2017: £13,194). The shares issued were in respect of invoices for geological and investor relations services by Katoro Gold PLC (2017: Kibo Energy PLC).

The Company recognised the following expense related to equity settled share based payment transactions:

	2018	2017
	(£)	(£)
Listing and capital raising fees	104,302	195,000
	104,302	**195,000**

At 31 December 2018 the Company had Nil options and Nil warrants outstanding. The previously issued Options and Warrants, as listed below, had all expired, with the corresponding share based payment charge being reclassified through equity in the Group & Company Statement of Changes in Equity.

	Date of Grant	Exercise start date	Expiry date	Exercise Price	Number Granted	Exercisable as at 31 December 2018
Options	02 Jun 15	02 Jun 15	1 Jun 18	5p	14,399,333	-
Warrants	20 Feb 15	24 Mar 15	23 Mar 18	9p	10,000,000	-
Total Contingently Issuable shares					-	-

Reconciliation of the quantity of share options in issue:

	Group 2018	Group 2017	Company 2018	Company 2017
Opening balance	**14,399,333**	**14,399,333**	**14,399,333**	**14,399,333**
Expiration of share options	(14,399,333)	-	(14,399,333)	-
	-	**14,399,333**	-	**14,399,333**

Reconciliation of the quantity of warrants in issue:

	Group 2018	Group 2017	Company 2018	Company 2017
Opening balance	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**
Warrants lapsed	(10,000,000)	-	(10,000,000)	-
	-	**10,000,000**	-	**10,000,000**

17. Translation reserves

The foreign exchange reserve relates to the foreign exchange effect of the retranslation of the Group's overseas subsidiaries on consolidation into the Group's financial statements, taking into account the financing provided to subsidiary operations is seen as part of the Group's net investment in subsidiaries.

	Group 2018	Group 2017	Company 2018	Company 2017
	(£)	(£)	(£)	(£)
Opening balance	**(268,506)**	**(285,491)**	**14,723**	**47,430**
Movement during the period	(388,116)	16,985	(14,723)	(32,707)
Closing balance	**(656,622)**	**(268,506)**	**-**	**14,723**

18. Non-controlling interest

The non-controlling interest carried forward relates to the 2.5% interest held by Sanderson Capital Partners Limited in the Mbeya Coal Development Limited and its subsidiaries and 44.47% equity in Katoro Gold PLC and its subsidiaries.

	Group 2018	Group 2017 (Restated)
	(£)	(£)
Opening balance	**927,107**	**(1,435)**
Disposal of interest in subsidiary without loss of control	(9,364)	1,742,174
Additional capital raised	152,998	-
Loss for the year allocated to non-controlling interest	(661,570)	(813,632)
Closing balance of non-controlling interest	**409,171**	**927,107**

Notes to the Consolidated and Company Financial Statements continued

The summarised financial information for significant subsidiaries in which the non-controlling interest has an influence, namely the Katoro Gold Group as at ended 31 December 2018, is presented below:

	Katoro plc Group 2018	Katoro plc Group 2017
	(£)	**(£)**
Statement of Financial position		
Total assets	622,231	566,658
Total liabilities	(175,499)	(175,284)
Statement of Profit and Loss		
Revenue for the period	-	-
Loss for the period	(479,205)	(1,888,464)
Statement of Cash Flow		
Cash flows from operating activities	(465,669)	(1,230,170)
Cash flows from investing activities	-	-
Cash flows from financing activities	313,560	1,783,753

19. Trade and other payables

	Group 2018	Group 2017	Company 2018	Company 2017
	(£)	**(£)**	**(£)**	**(£)**
Amounts falling due within one year:				
Trade payables	**301,698**	266,218	**95,072**	86,736
	301,698	266,218	**95,072**	86,736

The carrying value of current trade and other payables equals their fair value due mainly to the short term nature of these receivables.

20. Borrowings

	Group 2018	Group 2017	Company 2018	Company 2017
	(£)	**(£)**	**(£)**	**(£)**
Amounts falling due within one year:				
Short term loans	-	1,210,768	-	1,210,768
	-	**1,210,768**	-	**1,210,768**

	Group 2018	Group 2017	Company 2018	Company 2017
	(£)	**(£)**	**(£)**	**(£)**
Reconciliation of borrowings:				
Opening balance	**1,210,768**	251,928	**1,210,768**	251,928
Raised during the year	**251,565**	1,748,840	**251,565**	1,748,840
Repaid during the year	**(200,000)**	-	**(200,000)**	-
Settled through the issue of shares	**(1,262,333)**	(790,000)	**(1,262,333)**	(790,000)
Closing balance	**-**	1,210,768	**-**	**1,210,768**

During the current period the Group entered into a settlement agreement with Sanderson Capital Partners Limited ('Sanderson') in order to settle the outstanding balance owed on the forward payment facility (the "Facility") agreed on 20 December 2016. Accordingly, Sanderson was issued 8,370,716 and 21,239,375 new ordinary Kibo shares (the 'Conversion Shares') of par value €0.015 each, at a price of £0.05 and £0.0525 per Kibo share, on 1 May 2018 and 6 July 2018 respectively, in order to settle the outstanding balance owed to Sanderson.

21. Investment in group undertakings

Breakdown of Investments as at 31 December 2018

	Subsidiary undertakings
	(£)
Kibo Mining (Cyprus) Limited	37,406,177
Sloane Developments Limited	-
Katoro Gold PLC	484,474
Investments at Cost	**37,890,651**

Breakdown of Investments as at 31 December 2018

	Subsidiary undertakings
	(£)
Kibo Mining (Cyprus) Limited	1,700,000
Sloane Developments Limited	-
Katoro Gold PLC	1,768,224
Investments at Cost	**3,468,224**

Reconciliation of Investments at Cost

	Subsidiary undertakings
	(£)
At 1 January 2017	**1,700,000**
Additions in Katoro Gold PLC	3,710,000
Provision for impairment	(1,941,776)
At 31 December 2017	**3,468,224**
Additions in Kibo Mining Cyprus Limited	35,706,177
Additions in Katoro Gold PLC	349,878
Provision for impairment	(1,633,628)
At 31 December 2018	**37,890,651**

Notes to the Consolidated and Company Financial Statements continued

At 31 December the Company had the following undertakings:

Description	Subsidiary, associate or Joint Venture	Activity	Incorporated and Registered in	Interest held (2018)	Interest held (2017)
Directly held subsidiaries					
Sloane Developments Limited	Subsidiary	Holding Company	United Kingdom	100%	100%
Kibo Mining (Cyprus) Limited	Subsidiary	Treasury Function	Cyprus	100%	100%
Katoro Gold Plc	Subsidiary	Mineral Exploration	United Kingdom	55.53%	57%
Indirectly held subsidiaries					
MAST Energy Development Limited	Subsidiary	Power Generation	United Kingdom	60%	-
Kibo Gold Limited	Subsidiary	Holding Company	Cyprus	55.53%	57%
Savannah Mining Limited	Subsidiary	Mineral Exploration	Tanzania	55.53%	57%
Reef Miners Limited	Subsidiary	Mineral Exploration	Tanzania	55.53%	57%
Kibo Nickel Limited	Subsidiary	Holding Company	Cyprus	55.53%	100%
Eagle Exploration Limited	Subsidiary	Mineral Exploration	Tanzania	55.53%	100%
Mzuri Energy Limited	Subsidiary	Holding Company	Canada	100%	100%
Mbeya Holdings Limited	Subsidiary	Holding Company	Cyprus	97.5%	97.5%
Mbeya Development Limited	Subsidiary	Holding Company	Cyprus	97.5%	97.5%
Mbeya Mining Company Limited	Subsidiary	Holding Company	Cyprus	97.5%	97.5%
Mbeya Coal Limited	Subsidiary	Mineral Exploration	Tanzania	100%	100%
Mzuri Power Limited	Subsidiary	Holding Company	Cyprus	100%	100%
Mbeya Power Tanzania Limited	Subsidiary	Power Generation	Tanzania	97.5%	97.5%
Kibo Mining South Africa (Pty) Ltd	Subsidiary	Treasury Function	South Africa	100%	100%
Kibo Exploration (Tanzania) Limited	Subsidiary	Treasury Function	Tanzania	100%	100%
Kibo MXS Limited	Subsidiary	Holding Company	Cyprus	100%	100%
Tourlou Limited	Subsidiary	Holding Company	Cyprus	100%	100%
Mzuri Exploration Services Limited	Subsidiary	Exploration Services	Tanzania	100%	100%
Protocol Mining Limited	Subsidiary	Exploration Services	Tanzania	100%	100%
Jubilee Resources Limited	Subsidiary	Mineral Exploration	Tanzania	100%	100%
Kibo Energy Botswana Limited	Subsidiary	Holding Company	Cyprus	100%	100%
Kibo Energy Mozambique Limited	Subsidiary	Holding Company	Cyprus	100%	100%
Pinewood Resources Limited	Subsidiary	Mineral Exploration	Tanzania	100%	100%
Makambako Resources Limited	Subsidiary	Mineral Exploration	Tanzania	100%	100%
Benga Power Plant Ltd	Joint Venture	Power Generation	Mozambique	65%	-

In the current period, the Group applied the approach whereby loans to Group undertakings and trade receivables from Group undertakings were capitalised to the cost of the underlying investments. The capitalisation would result in a decrease in the exchange fluctuations between Group companies operating from various locations.

22. Related party transactions

Related parties of the Group comprise subsidiaries, joint ventures, significant shareholders, the Board of Directors and related parties in terms of the listing requirements.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Board of Directors/ Key Management

Name	Relationship (Directors of:)
Andreas Lianos	River Group, Boudica Group, and Namaqua Management Limited

Other entities over which directors/key management or their close family have control or significant influence:

River Group	River Group provide corporate advisory services and is the Company's Designated Advisor
Boudica Group	Boudica Group provides secretarial services to the Group.

Kibo Energy PLC is a shareholder of the following companies and as such are considered related parties:

Directly held subsidiaries:	Sloane Developments Limited
	Kibo Mining (Cyprus) Limited
	Katoro Gold PLC

Indirectly held subsidiaries:	Kibo Gold Limited
	Kibo Mining South Africa Proprietary Limited
	Savannah Mining Limited
	Reef Miners Limited
	Kibo Nickel Limited
	Eagle Exploration Limited
	Mzuri Energy Limited
	Rukwa Holdings Limited
	Mbeya Development Company Limited
	Mbeya Mining Company Limited
	Mbeya Coal Limited
	Mbeya Power Limited
	Kibo Exploration (Tanzania) Limited
	Mbeya Power (Tanzania) Limited
	Kibo MXS Limited
	Mzuri Exploration Services Limited
	Katoro Cyprus Limited
	Kibo Energy Mozambique Limited
	Pinewood Resources Limited
	Makambako Resources Limited
	Jubilee Resources Limited
	Kibo Energy Botswana Limited
	MAST Energy Developments Limited

The transactions during the period between the Company and its subsidiaries included the settlement of expenditure to/from subsidiaries, working capital funding, and settlement of the Company's liabilities through the issue of equity in subsidiaries. The loans to/ from group companies do not have fixed repayment terms and are unsecured.

The following transactions have been entered into with related entities, by way of common directorship, throughout the financial period.

Notes to the Consolidated and Company Financial Statements continued

River Group was paid £46,145 (2017: £78,294) for designated advisor services, corporate advisor services and corporate finance fees during the year settled through cash. No fees are payable to River Group as at year end. The expenditure was recognised in the Company as part of administrative expenditure.

During the year, Namaqua Management Limited or its nominees, was paid £629,293 (2017: £573,438) for the provision of administrative and management services. £ NIL was payable at the year-end (2017: £48,824).

The Boudica Group was paid £38,038 (2017: £59,358) in cash for corporate services during the current financial period. No fees are payable to Boudica Group at year end.

23. Financial Instruments and Financial Risk Management

The Group and Company's principal financial instruments comprises cash at hand and in bank. The main purpose of these financial instruments is to provide finance for the Group and Company's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the 2018 and 2017 financial period, the Group and Company's policy not to undertake trading in derivatives.

The main risks arising from the Group and Company's financial instruments are foreign currency risk, credit risk, liquidity risk, interest rate risk and capital risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

Financial instruments of the Group are:	**2018 Loans and receivables**	**2018 Financial liabilities**	**2017 Loans and receivables**	**2018 Financial liabilities**
	(£)	**(£)**	**(£)**	**(£)**
Financial assets at amortised cost				
Trade and other receivables	89,349	-	59,046	-
Cash	654,158	-	766,586	-
Financial liabilities at amortised cost				
Trade payables	-	301,698	-	266,218
Borrowings	-	-	-	1,210,768
	743,507	**301,698**	**825,632**	**1,476,986**

Financial instruments of the Company are:	**2018 Loans and receivables**	**2018 Financial liabilities**	**2017 Loans and receivables**	**2018 Financial liabilities**
	(£)	**(£)**	**(£)**	**(£)**
Financial assets at amortised cost				
Trade and other receivables – non current	333,495	-	24,402,788	-
Trade and other receivables – current	282	-	413	-
Cash	38,975	-	5,690	-
Financial liabilities at amortised cost				
Trade payables – current	-	95,072	-	86,736
Borrowings	-	-	-	1,210,768
	372,752	**95,072**	**24,408,891**	**1,297,504**

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies and exposures to exchange rate fluctuations therefore arise. Exchange rate exposures are managed by continuously reviewing exchange rate movements in the relevant foreign currencies. The exposure to exchange rate fluctuations is limited as the Company's subsidiaries operate mainly with Sterling, Euros, South African Rand, US Dollar and Tanzanian Shillings.

At the period ended 31 December 2018, the Group had no outstanding forward exchange contracts.

Exchange rates used for conversion of foreign subsidiaries undertakings were:

	2018	2017
ZAR to GBP (Spot)	0.0545	0.0599
ZAR to GBP (Average)	0.0593	0.0593
USD to GBP (Spot)	0.7871	0.7411
USD to GBP (Average)	0.7499	0.7755
EURO to GBP (Spot)	0.0095	0.8877
EURO to GBP (Average)	0.8848	0.8699
CAD to GBP (Spot)	0.5782	0.5903
CAD to GBP (Average)	0.5786	0.5964

The Executive management of the Group monitor the Group's exposure to the concentration of fair value estimation risk on a monthly basis.

Group Sensitivity Analysis

If the GBP:EURO/ EURO:USD exchange rate was to increase/decrease by 10%, the effect on foreign currency translation would be £Nil (2017: £2.2 million) and £Nil (2017: £0.48 million) respectively. During the current period the Group capitalised the advances to/(from) group companies as part of the cost of the underlying investments, thereby significantly decreasing the potential impact from foreign currency fluctuations.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. As the Group does not, as yet, have any sales to third parties, this risk is limited.

The Group and Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group and Company's exposure to credit risk arise from default of its counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents in its consolidated statement of financial position. Expected credit losses were not measured on a collective basis. The various financial assets owed from group undertakings were evaluated against the underlying asset value of the investee, taking into account the value of the various projects undertaken during the period, thus validating, as required the credit loss recognised in relation to amounts owed by group undertakings.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected or related entities.

Financial assets exposed to credit risk at period end were as follows:

Financial instruments	Group 2018	Group 2017	Company 2018	Company 2017
	(£)	(£)	(£)	(£)
Trade & other receivables	89,349	59,046	333,777	24,403,201
Cash	654,158	766,586	38,974	5,690

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group and Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are regularly produced to identify the liquidity requirements of the Group.

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The Group and Company's financial liabilities as at 31 December 2018 were all payable on demand, other than the trade payables to other Group undertakings.

Group	Less than 1 year	Greater than 1 year
	(£)	(£)
At 31 December 2018		
Trade and other payables	301,698	-
At 31 December 2017		
Trade and other payables	266,218	-
Borrowings	1,210,768	-

Company		
	(£)	(£)
At 31 December 2018		
Trade and other payables	95,072	-
At 31 December 2017		
Trade and other payables	86,736	-
Borrowings	1,210,768	-

Interest rate risk

The Group and Company's exposure to the risk of changes in market interest rates relates primarily to the Group and Company's holdings of cash and short term deposits.

It is the Group and Company's policy as part of its management of the budgetary process to place surplus funds on short term deposit in order to maximise interest earned.

Group Sensitivity Analysis:

Currently no significant impact exists due to possible interest rate changes on the Company's interest bearing instruments.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the period ended 31 December 2018. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the consolidated statement of changes in equity.

Fair values

The carrying amount of the Group and Company's financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value.

Hedging

At 31 December 2018, the Group had no outstanding contracts designated as hedges.

24. Post Statement of Financial Position events

Conversion of Sanderson Minority Interest in Mbeya Development Company Limited into Kibo Energy PLC Shares and Continuation of Forward Payment Facility

Kibo Energy PLC ("Kibo" or the "Company") signed a binding term sheet with Sanderson Capital Partners where Kibo issued 126,436,782 new Ordinary Shares of par value €0.015 (the "Conversion Shares") to Sanderson in conversion of its 2.5% minority interest in Mbeya Development Company Limited into equity directly in Kibo Energy PLC effective from 11 March 2019 onward. Furthermore, the agreement provides for the continuation of Kibo's USD2,940,000 Forward Payment Facility (the "Facility") signed between Kibo and Sanderson entered into during 2016. The Facility was available for a first immediate draw by Kibo, amounting to GBP100,000 and a second draw on or any time before 15 March 2019 amounting to no more than GBP400,000 with the first draw completed and the second draw up to GBP320,000 leaving GBP80,000 available under the second specified draw. Any additional draw-downs of the balance of the USD2,940,000 limit are to be agreed between Kibo and Sanderson on a case by case basis, and all draw-down amounts will be subject to a facilitation and implementation fee of GBP5,000 per GBP100,000 drawn down. Kibo is not obliged to draw down any of the Facility and the initial fee payment of USD732,036 of ordinary shares in Kibo, made to Sanderson under the original Facility arrangement, was a one-off payment and is not required to be paid again.

Mbeya Coal to Power Project

The Tanzania Electricity Supply Company ("TANESCO"), informed the Company during February 2019, without providing any reasons or explanation, that it did not qualify to compete in the next stage of the bidding process. TANESCO announced the tender during Q3 2018 and called for tender qualification applications by interested parties, to develop some of the planned Coal Power Projects with a total capacity of 600 MW.

Kibo subsequently received formal notice from TANESCO inviting it to develop the Mbeya Coal to Power Project for the export market and thereby enabling the Company to engage with the African Power Pools regarding off-take agreements.

25. Commitments and Contingencies

Benga Power Project

Kibo entered into a Joint Venture Agreement (the 'Benga Power Joint Venture' or 'JV') with Mozambique energy company Termoeléctrica de Benga S.A. to participate in the further assessment and potential development of the Benga Independent Power Project ('BIPP'). In order to maintain its initial participation interest Kibo is required to ensure funding of a maximum amount of £1 million towards the completion of a Definitive Feasibility Study, however this expenditure is still discretionary.

Mabesekwa Coal Independent Power Project

Under the terms of the agreement, Sechaba, a subsidiary of Shumba Energy Limited, will retain the benefit of the following royalties from MCIPP should it go into production:

- USD0.50 from revenue received per metric tonne of coal sold from the area covered by the MCIPP coal resource; and
- USD0.0225 from revenue received per kilowatt hour produced and sold by any power plant owned by Kibo Energy Ltd (Botswana), the entity holding the MCIPP in Botswana or using coal procured from the area covered by the MCIPP coal resource.

It should be noted that these royalties are not payable by Kibo, but by the joint venture, in which Kibo holds its 85% interest.

Other than the commitments and contingencies noted above, the Group does not have identifiable material commitments and contingencies as at the reporting date. Any contingent rental is expensed in the period in which it is incurred.

26. Correction of prior period error

Kibo incorrectly allocated the minorities' share of the net asset acquired relating to the Katoro Gold PLC acquisition in the 2017 financial period. The impact affected classification within equity with no impact on the reported result for the prior period, cash flows or net assets. There was no impact on the balance sheet at the beginning of the comparative period.

Notes to the Consolidated and Company Financial Statements continued

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

Group	Balance as at 31 December 2017	Restatement	Restated balance as at 31 December
	(£)	(£)	(£)
Control reserve	2,097,442	(2,310,495)	(213,053)
Non-controlling interest	(1,383,388)	2,310,495	927,107

Annexure 1: Headline Earnings per Share

Accounting policy

Headline earnings per share (HEPS) is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 4/2018 issued by the South African Institute of Chartered Accountants (SAICA).

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Reconciliation of Headline earnings per share

Headline loss per share

Headline loss per share comprises the following:

Group	31 December 2018	31 December 2017
	(£)	(£)
Loss for the period attributable to normal shareholders	(3,388,778)	(3,712,707)
Adjustments		
Impairment of the Intangible Assets	912,892	-
Deemed cost of listing	-	206,680
Headline loss for the period attributable to normal shareholders	(2,475,886)	(3,506,027)
Headline loss per ordinary share	(0.004)	(0.010)

In order to accurately reflect the weighted average number of ordinary shares for the purposes of basic earnings, dilutive earnings and headline earnings per share as at year end, the weighted average number of ordinary shares was adjusted retrospectively.

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