

Kibo Mining Plc (Incorporated in Ireland)  
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("Kibo" or "the Company")



**Dated: 30 November 2017**

**Kibo Mining Plc ('Kibo' or the 'Company')**  
**Evolving Strategy to Re-Position as an Energy Company**  
**With Acquisition of Strategic Botswana Power Project**

Kibo Mining Plc (AIM:KIBO; AltX:KBO) is pleased to announce the agreed acquisition of an 85% interest in the Mabesekwa Coal Independent Power Project in Botswana ('the Project' or 'Mabesekwa') in an all share transaction (the "Transaction"). This is a major part of Kibo's strategy focused on re-positioning itself as a strategic regional electricity supplier on the back of its flagship Mbeya Coal to Power Project ('MCP') in Tanzania.

**Overview**

- 85% interest in Mabesekwa to be acquired from Sechaba Natural Resources Limited ("Sechaba"), a subsidiary of Shumba Energy Limited (BSE:SHUMBA) ("Shumba"), for 153,710,030 new ordinary shares in Kibo ("Consideration Shares") that shall rank pari passu with the existing ordinary shares in Kibo
- The Project will consist of a 300Mt subset of the current insitu 777Mt coal Mineral Resource (SAMREC) defined by Shumba at Mabesekwa ("MCIPP Resource"). The Resources that comprise the MCIPP Resource will be defined during the detailed due diligence process
- Kibo's intention is to build on the work completed to date investigating the construction of an integrated power project at Mabesekwa
- Notable synergies with Kibo's flagship Mbeya Coal to Power Project in Tanzania, providing considerable benefits including economies of scale in equipment, execution, project finance and strong existing MCP strategic partnerships
- Project perfectly placed to address the chronic power shortages in Southern Africa
- Water and land use permits and environmental certification in place at the Project, previous studies include a Pre-Feasibility Study on the coal mine and a Scoping Study on the power plant
- Sechaba to retain a 15% interest in the Project and gain a seat on Kibo's Board of Directors
- Kibo to be given first right of refusal to participate on terms and conditions no more onerous than those available to Sechaba in any energy projects that Shumba may pursue over a six year period from transaction completion and Shumba to be granted a reciprocal first right of refusal on any coal export projects that Kibo may pursue over the same period
- Project backed by leading African and international institutional investors through Shumba's investor base

- Acquisition is part of Kibo's strategy to build a portfolio of near-term energy production assets in multiple geographies
- Kibo to rebrand to reflect the expanded strategy

Should the Transaction complete and the Consideration Shares be issued Kibo will have 548,964,394 ordinary shares on issue and Sechaba would hold 153,710,030 ordinary shares in Kibo, which would represent 28.00% of the enlarged share capital of the Company as at Transaction completion, and thus be a Substantial Shareholder. This assumes no further ordinary shares in Kibo are issued prior to Transaction completion.

*Kibo's CEO, Louis Coetzee, said: "This is a fantastic opportunity for Kibo as we focus on building an energy business with producing assets in multiple geographies. Given this is the first step in pursuing our expanded strategy, we are pleased that the Project is ideally located in Botswana, which has one of the best credit ratings in sub-Saharan Africa and a business-friendly environment. The synergies with our flagship MCPP project in Tanzania are impossible to ignore, placing us in a strong position to utilise our knowledge and contacts to rapidly advance both projects to production in a short time-frame. By combining our own strengths with the experience of GE as our OEM partner and our Chinese development partner, SEPCO III, combined with Shumba's international recognition and institutional support, I believe we have a winning formula! I look forward to providing further updates on our progress as we build and expand our existing strategic partnerships and intrinsic strengths, to transform Kibo into a leading, vertically integrated energy business with sustainable strategic assets across Africa."*

## **Strategy & Acquisition**

The Company is focused on building a diversified portfolio of strategically located, near-term energy production assets spanning the entire spectrum of electricity generation across Africa, that can solve the increasing acute energy shortages on the continent. Its flagship asset is the MCPP in Tanzania, which comprises the development of the Mbeya Coal Mine, a 1.5Mt p/a mining operation and the Mbeya Power Plant, a 300MW mine-mouth thermal power station anticipated to be in production in 36 months from the date of achieving financial close.

As part of this strategy, the Company has agreed to acquire an 85% interest in the company that will hold the Mabesekwa Coal Independent Power Project in Botswana from Sechaba, a Botswana registered 100% subsidiary of Shumba, with the Project to consist of 300Mt of the existing 777 Mt Mabesekwa coal Mineral Resource. The 85% interest will be acquired for a consideration of 153,710,030 new ordinary shares in Kibo. The Consideration Shares will be issued and credited as fully paid by Kibo to Sechaba on the completion date at an issue price being the higher of GBP0.06 or the volume weighted average price at which the Ordinary Shares shall have traded on AIM for the 30 trading days immediately preceding the completion date. Completion will take place at 14h00 London Time on the fourth Business Day after the fulfilment of the last of the conditions, or such other date as Kibo and Sechaba may agree to in writing, at the offices of Kibo's London Solicitors, Messrs Ronaldsons LLP of 55 Gower Street, London, WC1E 6HQ ("Completion"). The conditions that must be met before the transaction can complete, and on or before the Long Stop Date of 1 June 2018, which date may be extended by agreement in writing between the Parties, include amongst others the following:

- Sechaba having incorporated a new 100% subsidiary ('NewCo') of Sechaba and having transferred the Project to NewCo, free of every and all encumbrances and with all permits and authorisations current and in good standing;
- Kibo having delivered a notice in writing to Sechaba to the effect that it is satisfied in its sole discretion with the results of the due diligence investigation into the Project, the incorporation of NewCo, the acquisition by NewCo of the Project and the procurement by NewCo of the Project Authorisations and or Permits;
- Kibo having received the advice of its Nominated Advisor in writing in respect of the matters for which its advice is required in accordance with the AIM Rules; and
- The Parties having received the approval of any regulatory authority with jurisdiction regarding the transaction and whose approval is required to implement its provisions.

Under the terms of the agreement, Sechaba will retain a 15% interest in NewCo and will be given a seat on Kibo's Board of Directors; this nomination will be advanced in due course, and details of the service contract of the director to be appointed will be notified as soon as it has been finalised. As part of the transaction, Kibo will have first right of refusal over any energy projects that Shumba may pursue over the next six years after Completion. Additionally, Shumba will be granted first right of refusal on any coal export projects that Kibo may pursue over the same time period. The Project also enjoys strong institutional investment support through Shumba's shareholder base.

Sechaba will retain the benefit of the following modest royalties from NewCo should the Project go into production:

- USD 0.50 from revenue received per metric tonne of coal sold from the area covered by the MCIPP Resource; and
- US 0.225 cents from revenue received per kilowatt hour produced and sold by any power plant owned by NewCo in Botswana or using coal procured from the area covered by the MCIPP Resource

Other material terms include:

- Kibo to use reasonable commercial endeavours on reasonable commercial terms and on an arm's length basis to free-carry Sechaba for the reasonable funding requirements of the MCIPP until financial close of a project financing, after which Sechaba may be diluted
- For a period of one year after Completion, Sechaba is subject to lock up and orderly market arrangements for any sale of Consideration Shares, with a maximum disposal of 5% in any calendar month permitted
- Sechaba may distribute up to 50% of its Consideration Shares in specie to its shareholders (currently another subsidiary of Shumba) on condition that the recipient(s) comply with the lock up and orderly market arrangements or distribute the Consideration Shares in specie to Shumba, who must immediately distribute the Consideration Shares in specie to its own shareholders
- Warranties, representations and undertakings typical of a transaction of this nature

The Board believes that the Project presents a highly synergistic opportunity, being perfectly placed to address the chronic power shortages in Southern Africa. Furthermore, it has many similarities to Kibo's flagship asset,

the MCPP, where a 300MW ‘mine mouth’ power station is anticipated to be in production in 36 months from the date of achieving financial close. It is envisaged that with Kibo developing two similar power projects, considerable benefits will be realised including economies of scale both in equipment, execution and project finance.

### Mabesekwa Coal Independent Power Project

The Project is located approximately 40km east of the village of Tonata and approximately 50km southeast 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 studies to be conducted on the Project by Kibo. Certain aspects of the Projects have been advanced previously by Sechaba, including water and land use permits and environmental certification which are now in place.

The power plant fuel source is envisaged to be drawn from the MCIPP Resource. As earlier stated, the Project will consist of a 300Mt subset of this current 777Mt coal Mineral Resource, with the precise subset comprising the MCIPP Resource to be defined during the detailed due diligence. Given the MCIPP Resource is yet to be technically defined, Kibo has not yet estimated a standalone Mineral Resource for the MCIPP Project, however the Mineral Resources as estimated by Sechaba for the entire Mabesekwa Project are set out in the table below on a 100% basis (noting that it is not yet possible to determine which subset of these Resource will comprise the MCIPP Resource):

**Table 1: Mabesekwa Resource Statement (SAMREC, dated 4 June 2015, 100% basis)**

SEAM	SEAM THICKNESS	SAMREC CATEGORY	IN SITU Megatons No discount	% GEOLOGICAL DISCOUNT	IN SITU Megatons with discount	RAW QUALITIES (AIR DRIED)					
						RD	ASH	IM	VM	CV	TS
						gm/cc	%	%	%	%	%
SE	2.70	Measured	2.05	5	1.95	1.94	47.7	5.9	18.0	11.2	1.30
SD	3.81	Measured	8.30	5	7.88	1.93	48.5	4.9	18.2	11.4	1.30
SC	4.48	Measured	22.31	5	21.19	1.90	45.4	5.6	19.2	12.2	1.64
SB	6.32	Measured	41.56	5	39.48	1.87	45.9	5.2	18.9	12.0	1.48
SA	7.53	Measured	38.22	5	36.31	1.72	32.0	4.9	19.2	18.2	2.30
<b>Measured</b>			<b>112.44</b>	<b>5</b>	<b>106.81</b>	<b>1.83</b>	<b>41.3</b>	<b>5.2</b>	<b>19.0</b>	<b>14.1</b>	<b>1.77</b>
SE	3.08	Indicated	25.10	10	22.59	2.03	52.8	5.0	17.4	9.6	0.87
SD	3.40	Indicated	48.14	10	43.32	1.91	46.4	5.5	18.7	11.9	1.28
SC	4.58	Indicated	105.43	10	94.88	1.96	49.5	5.3	18.0	11.1	1.40
SB	6.61	Indicated	214.24	10	192.82	1.84	42.0	5.7	19.2	13.4	1.59
SA	6.49	Indicated	154.00	10	138.60	1.74	34.5	5.1	19.0	17.0	2.09
<b>Indicated</b>			<b>546.91</b>	<b>10</b>	<b>492.21</b>	<b>1.85</b>	<b>42.2</b>	<b>5.4</b>	<b>18.8</b>	<b>13.7</b>	<b>1.63</b>
SE	3.92	Inferred	37.61	15	31.97	1.96	49.1	5.6	18.6	10.9	1.41
SD	2.79	Inferred	12.17	15	10.35	1.91	46.4	5.9	18.6	11.7	1.22
SC	4.16	Inferred	32.89	15	27.96	1.97	49.8	5.5	17.8	11.1	1.47
SB	6.22	Inferred	75.91	15	64.52	1.86	44.8	5.5	18.3	12.6	1.35
SA	5.63	Inferred	51.19	15	43.51	1.73	34.8	4.8	18.7	17.3	2.02
<b>Inferred</b>			<b>209.77</b>	<b>15</b>	<b>178.31</b>	<b>1.87</b>	<b>44.0</b>	<b>5.4</b>	<b>18.4</b>	<b>13.2</b>	<b>1.54</b>
<b>GRAND TOTAL</b>			<b>869.12</b>		<b>777.33</b>	<b>1.85</b>	<b>42.5</b>	<b>5.4</b>	<b>18.7</b>	<b>13.56</b>	<b>1.63</b>

### Technical Notes:

- Minimum Seam thickness cutoff = 1.0m
- Dry Ash Free Volatile cut-offs (insitu raw qualities) = 26%
- Borehole densities:
  - ✓ Measured >8bh/100ha
  - ✓ Indicated 4-8bh/100ha
  - ✓ Inferred 1bh/100ha

→ *Geological Discount for unforeseen geological features*

- ✓ *Measured Resources - 5%*
- ✓ *Indicated Resources -10%*
- ✓ *Inferred Resources -15%*

## **Shumba Energy**

Shumba Energy, a Botswana based, locally owned coal and energy development company listed on the Botswana Stock Exchange and the Stock Exchange of Mauritius, controls a significant portion of advanced energy projects in Botswana. It offers the advantage of being based in a country with the best credit rating in sub-Saharan Africa with a stable fiscal and political setting and has a highly experienced management team with extensive global knowledge of project development and financing.

**\*\*ENDS\*\***

For further information please visit [www.kibomining.com](http://www.kibomining.com) or contact:

Louis Coetsee	+27 (0) 83 2606126	Kibo Mining Plc	Chief Executive Officer
Andreas Lianos	+27 (0) 83 4408365	River Group	Corporate Adviser and Designated Adviser on JSE
Jon Belliss	+44 (0) 207 382 8300	Beaufort Securities Limited	Broker
Andrew Thomson	+61 8 9480 2500	RFC Ambrian Limited	NOMAD on AIM
Isabel de Salis / Priit Piip	+44 (0) 207 236 1177	St Brides Partners Ltd	Investor and Media Relations Adviser

### **Notes to editors:**

Kibo Mining is a multi-asset resource development and energy company focused on South West Tanzania, listed on London's AIM market and the AltX in Johannesburg. The Company's flagship asset is the Mbeya Coal to Power Project ('MCPP'), which comprises the development of the Mbeya Coal Mine, a 1.5Mt p/a mining operation and the Mbeya Power Plant, a 300 MW 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 underpins its value with an indicated IRR of 69.2%. The 300 MW mouth-of-mine thermal power station has long term scalability to 1,000 MW, with a full Power Feasibility Study that has been published highlighting an annual power output target of 1,8 GW based on annual average coal consumption of 1.5 Mt. 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.

To assist in the execution this critical power project of the MCPP, Kibo has assembled a team of international advisors and partners including Engineering Procurement and Construction ('EPC') contractors and financial teams that are assisting in the development of. These include ABSA/Barclays as Financial Advisor, China based EPC contractor SEPCO III, General Electric, Tractebel Engineering (Power), Minxcon Consulting (Mining) and legal advisors Norton Rose Fulbright.

Kibo also holds the Haneti Project on which the latest technical report confirms prospectivity for nickel, PGMs, gold and strategic metals including lithium and Rare Earth Elements.

Kibo Mining's projects are located in central Tanzania and in the Mtwara Corridor in southern Tanzania where the Government has prioritized infrastructural development attracting significant recent investment in coal and uranium. The Company has a positive working relationship with the Tanzanian Government at local, regional and national levels and works hard to maintain positive relationships with all communities where company interests are held. Kibo Mining recognises the potential to enhance the quality of life and opportunity for Tanzanian citizens through careful development of its projects.

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

### **Review by Qualified Persons**

The information in this announcement that relates to the Mabesekwa Coal Mineral Resource is taken from a report by CD van Niekerk Director and Principal Geologist with the firm GEMECS (Pty) Ltd. Mr van Niekerk is a Professional Natural Scientist with the South African Council for Natural Scientific Professions (SACNASP), Registration No. 400066/98 and a Fellow Member of the Geological Society of South Africa. He has relevant experience and technical qualifications to be a "Qualified Person" for reporting coal resources to the SAMREC Standard and for the purposes of the AIM Rules for Companies.

The Company's Exploration Director, Noel O'Keeffe, B.Sc.(Hons) Geology P.Geo and a member of the Institute of Geologists of Ireland, a director of Kibo and a Qualified Person within the meaning of SAMREC and the AIM Rules for Companies has reviewed the resource report and the references to them in this announcement.

### **Glossary of Technical Terms**

"air-dried"	In equilibrium with a standard environment or with the normal surroundings. Includes inherent (equilibrium) moisture content for coal
"ash"	A measure of the non-combustible material in coal, expressed as a percentage. Determined by proximate analyses tests
"CV"	Calorific Value. A measure of the heat content of a sample. Normally measured in MJ/kg
"density"	Measure of the relative "heaviness" of objects in terms of constant volume. Density =-mass/volume
"IM"	More correctly termed 'equilibrium' moisture. Moisture content bound up in a coal sample which remains after that sample has been air-dried.
"Indicated Resource"	That part of a coal resource for which tonnage, densities, shape, physical characteristics, grade and coal quality can be estimated with a moderate level of confidence. Based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes. The data-point locations are appropriate to confirm physical continuity, while they are too widely or inappropriately spaced to confirm quality continuity. However, such locations are spaced closely enough for quality continuity to be assumed.
"Inferred Resource"	That part of a coal resource for which tonnage, grade and coal

	quality can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified physical continuity with or without coal quality continuity. Based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes which is limited or of uncertain quality or reliability.
“insitu”	In its original place. Most often used to refer to the location of Mineral Resources
“insitu tonnage”	Measure of mass of coal or other mineral in the ground
“megaton”	Million tonnes (measure of weight)
“Measured Resource”	A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit
“Mineral Resource”	A “Mineral Resource” is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilised organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
“Mj/kg”	Mega-Joule per kilogram (unit of energy)
“Mt”	Million tonnes (measure of weight)
“MW”	Million watts (unit of power, measure of rate at which energy is generated or consumed)
“RD”	Relative Density.
“SAMREC”	South African Code for Reporting Mineral Resources and Mineral Reserves
“tonnage”	Quantities where the tonne is an appropriate unit of measure. Typically used to measure or estimate quantities of in situ material or quantities of material mined, transported, processed or sold.
“TS”	Total sulphur, a coal quality measure
“volatiles/volatile Matter/VM”	A measure of the volatile component of coal as determined under fixed conditions in a laboratory as part of proximate analysis.