

Kibo Mining Plc (Incorporated in Ireland)
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(‘Kibo’ or ‘the Company’)



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**Kibo Mining Plc (‘Kibo’ or the ‘Company’)
Mbeya Coal to Power Project MOU and PPA Update**

Kibo Mining Plc (AIM:KIBO; AltX:KBO), the multi-asset African focused energy and resource company, is pleased to announce that the newly formed Tanzania Ministry for Energy (‘The Ministry’) has committed to an indicative timeline for the completion of the MOU for the fast-tracking of the Mbeya Coal to Power Project (‘MCP’).

Overview

- Positive briefing between Kibo, General Electric (‘GE’), the Tanzania Electric Supply Company (‘TANESCO’) and the Deputy Minister for Energy (‘The Deputy Minister’) on 14 December 2017 and subsequent follow-up meeting between Kibo and the Deputy Minister
- Discussed strategic importance of the MCP within the successful and expeditious execution of the Tanzanian energy strategy and establishing targeted deliverables towards its implementation
- MCP viewed as the most advanced Independent Power Producer (‘IPP’) coal power project in the Tanzanian generation projects pipeline and expected to make a significant contribution towards achieving the 2020 targets and beyond, through further development of MCP Phases II and III
- Full support for the MCP: focus on signing MOU with TANESCO within the next 10 to 12 working days; and agreeing a final Power Purchase Agreement (‘PPA’) during Q1 2018
- Confirmation that priority generation projects are being fast-tracked as the Tanzanian Government targets the delivery of 5GW installed generation capacity by 2020, with a further 7GW to be added in the following five years (EWURA, 2016, p 47)¹

Kibo’s CEO, Louis Coetzee, said: *“Our focus on positioning Kibo as a strategic regional electricity supplier gained further momentum as we continue to strengthen our relationships with TANESCO, the Ministry of Energy, and General Electric for assisting in the structure and implementation of the country’s new energy policy and the resultant fast-tracking and development of the MCP. We were delighted with the commitment to sign a MOU within 10 to 12 working days and the prospect to finalize the PPA in Q1 2018, which will allow us to materially advance the project level financing talks we have been conducting. I*

¹ EWURA (2016) POWER SYSTEM MASTER PLAN 2016 UPDATE. Dar Es Salaam. Available at: <http://www.ewura.go.tz/wp-content/uploads/2017/01/Power-System-Master-Plan-Dec.-2016.pdf>.

understand that there has been frustration with the delays we have been experiencing, however we believe these latest very positive outcomes reiterate the strong commitment from all the MCPP stakeholders to see the MCPP come to fruition in the shortest possible time, given the complex procedural and bureaucratic environment of the current development phase of the MCPP.”

Over the course of the past three months a series of meetings have been held with the Ministry for Energy in Dar es Salaam between representatives of Kibo, TANESCO, the Minister for Energy and the Deputy Minister to discuss the progress made with regard to previously agreed milestones and deliverables towards the completion of the MCPP. The latest meeting, held on 14 December 2017, also had General Electric (‘GE’), one of Kibo’s strategic partners, in attendance and confirmed the Ministry’s strategy to fast-track all priority generation projects as it focused on delivering 5GW installed generation capacity by 2020, with a further 7GW to be added in the following five years. The bulk of the first 5GW is to be developed as base load capacity, with coal fired power forming the backbone of all base load power facilities.

Accordingly, the Ministry confirmed the strategic importance of the MCPP in the successful and expeditious execution of its energy strategy. The MCPP is considered as one of the most advanced IPP coal power projects in the Tanzanian generation projects pipeline and it is expected to make a significant contribution towards achieving the 2020 target and beyond, through further development of MCPP Phases II and III.

To take advantage of the current favourable funding window of opportunity created by Kibo through the use of innovative strategic partnerships, the Ministry reiterated its full support for the MCPP and acknowledged the urgency to complete the PPA process for the MCPP in the shortest possible time. To this end, and following the recent approval of the MOU by the Board of TANESCO, the Ministry provided a firm undertaking to complete the remaining administrative process and signing of the MOU within the next 10 to 12 working days. The Ministry also confirmed its intention to fast-track the PPA negotiations and agree a final PPA during Q1 2018.

****ENDS****

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

Notes to editors:

The Mbeya Coal to Power Project ('MCP'), 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 1000MW, with a full Power Feasibility Study that has been completed, 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 MCP, Kibo has assembled a team of international team of 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.

Johannesburg

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Corporate and Designated Adviser

River Group