

Kibo Mining

Update
30th October 2013

New Imweru Drill Project; Appointments at Rukwa

Kibo has commenced a 3,000m drilling program at Imweru where it is confident it can increase and improve the existing resources, and potentially discover new targets. Kibo has also appointed an executive team and financial adviser at Rukwa. These developments demonstrate the company's commitment to progress its exploration portfolio, yet the shares trade at a material discount to the portfolio's intrinsic value, in our view. Our stance is Speculative Buy with a 9.7p target price.

3,000m Drill Programme at Imweru

Kibo has started a 3,000m drill project at Imweru, one of the two Brownfield exploration programmes acquired at the gold-rich Lake Victoria Goldfield that currently hosts a 630Koz Au Inferred NI 43 – 101 Resource. The new drilling project will comprise 750m of diamond drilling and 2,250m of reverse calculation drilling in 20 holes to further evaluate the previously identified mineralised zones that extend over 10km along strike. It will evaluate the site at depths below the previous 200m threshold and should be quick to complete (i.e. within two months). Kibo intends to enlarge and potentially upgrade its resources, remodelling the existing resource estimate using the new geological data and the current gold price of >\$1,300/oz vs. \$850/oz used previously.

Experienced Management Team and Advisor Appointed at Rukwa

Kibo has appointed an executive management team for Rukwa, chaired by Kibo CEO, Louis Coetzee who will sit alongside COO, Louis Scheepers and external members, Roy Adair and Casper Van Wyk. Roy Adair most recently served as CEO for a \$5bn energy company in Tasmania; he will be Program Executive responsible for delivering the Rukwa Development Plan, and Casper Van Wyk brings extensive corporate finance and structuring experience. Standard Bank has also been appointed as financial adviser to Rukwa. It will develop a financial model and deliver the development and financing strategy for the coal to power project. It also has rights of first refusal to lead the arrangement of debt financing and to remain lead financial adviser after the first twelve months. Kibo now has a coal resource, government support, an energy development partner (EWP) and a lead financial advisor at Rukwa.

Conclusion

The new drilling programme has significant potential in our view, given that the targets lay on strike with AngloGold Ashanti's significant Geita gold deposits. The experienced appointments at Rukwa also mark a material step towards the completion of a BFS at the coal mine and a PFS at the power plant (both expected in December 2014). Kibo has also settled all creditors by issuing 2.4m shares, which we believe de-risks the shares and offsets the dilution. We maintain our 9.7p target price.

Speculative Buy

Target price 9.7p

Key data

Share price	4.625p
52 week high/low	23.25p/2.375p
Primary exchange	AIM
EPIC	KIBO
Shares in issue	141.1m
Market Cap	£6.53m
Sector	Mining

Valuation

SOTP Valuation £13.5m

Share price chart



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Table: Financial overview

Year to 30 th Sept.	2009A*	2010A	2011A	2012A**
Revenue (£000)	0	0	0	0
EBITDA*** (£000)	(56)	(478)	(2,030)	(3,193)
PBT*** (£000)	(56)	(475)	(2,024)	(3,193)
EPS**** (p)	(0.39)	(3.38)	(11.10)	(12.42)

Source: GECR and company.

Notes: * Six months to 30th September 2009, ** 15 months to 31st December 2012

*** Excluding non-cash movements, **** All EPS restated for 15:1 share consolidation

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