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Dear Shareholder

The Board of Kibo Mining is pleased to report on a highly productive 2015, which saw the Company significantly advance work across our project portfolio. This progress has been achieved against the backdrop of persistent challenges for mining companies.

As one of the best performing mining stocks on London's Alternative Investment Market in 2015, Kibo continues to create value in a low commodity price environment. Our flagship project, the Mbeya-Coal-to-Power-Project (MCP), built good momentum during the year, and will show clear catalysts for value in 2016.

Whilst progress this year has been pleasing, we remain focussed on ensuring the value we believe our assets hold is properly recognised in our share price going forward.

Highlights of the year include:

- Signing of a Joint Development Agreement with SEPCOIII on the MCP
- Completion of Mining Pre-Feasibility Study on MCP
- Appointment of Tractebel to conduct Power Feasibility Study on MCP
- Commencement of Definitive Feasibility Studies on both the mining and power components of the MCP
- Signing of Joint Venture agreements on the Morogoro gold and Pinewood uranium projects with Metal Tiger plc
- Encouraging results from Haneti geochemical and geophysical interpretations producing a substantially bigger area of interest and additional drill targets

Financing strategy

In challenging current market conditions, we remain committed to our financing strategy as we build the business and prepare the MCP for funding. We continue to focus on recovering funds following Hume Capital's liquidation, however we prepared for the possible delays by ensuring that our cash flow was not impacted. We have made alternative financial arrangements to provide short-term cash flow stability, and we anticipate resolution and release of funds in January 2016.

Directors

Christian Schaffalitzky (Chair); Louis Coetzee (CEO); Noel O'Keefe; Tinus Maree; Wenzel Kerremans; Andreas Lianos

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As previously stated, we believe it is a primary responsibility of natural resource exploration and development companies to ensure sufficient capital is available to maintain and, where justifiable, advance projects to create value. With current shareholders' interests in mind, we continue to explore alternative sources of finance to ensure our operational goals can be achieved whilst maintaining value. We will continue to examine the structure of our business in 2016 to ensure that it remains appropriately funded and continues to create shareholder value. The advances that were made on the MCPP over the past year attracted significant interest from potential investors and have also opened up new funding options to Kibo which are currently all being investigated.

Mbeya Coal to Power Project

The Mbeya Project is seen by the Tanzanian Government as a key part of its strategy to address the country's increasing power demand in line with rapid economic growth. We are therefore pleased with the progress achieved over the past year. The completion of the Mining and Power Pre-Feasibility Studies established project fundamentals, across all technical, financial and operational aspects, surpassing those indicated in an earlier Concept Study. Coupled with the signing of a Joint Development Agreement with China based SEPCOIII and the appointment of Tractebel to conduct the Power Feasibility Study, the project is now in Bankable Feasibility Stage, with scheduled completion and Financial Close during Q1 2016, construction commencement in H2 2016 and the first power delivered to the grid in Q1 2019.

As we approach Financial Close and the commencement of construction, we ask that shareholders take into consideration the intricate process by which we need to negotiate and finalize the Power Purchase Agreement and grid connection agreement. Both of which are major catalysts for value in the stock and with which we have been able to make rapid and substantial progress during Q4 of 2015.

Other projects

Despite our strategy of directing funds towards the MCPP, work is continuing at a steady pace on all of Kibo's other projects, applying sensible risk management and ensuring significant value is generated across multiple projects. Key to this approach has been our relationship with Metal Tiger, which has enabled us to continue work at all our pure exploration assets.

At the Imweru gold project, we commenced a Pre-Feasibility Study in April following encouraging results from a Preliminary Economic Assessment report in February which confirmed the potential of Imweru to sustain a minimum economic mine life of approximately ten years, based on an existing Mineral Resource of c.550,000oz. In light of the effects of the continued weakness in the gold price, Kibo is proceeding cautiously with the PFS and is principally focussing on further modelling and desktop studies to test the economics of the project under various gold price scenarios. The primary objective with the first production phase of Imweru is still to generate sufficient cash to expand the resource to its full potential and extend the life of mine and production capacity substantially during the second phase of production. The first production phase should also generate enough cash to fund ongoing exploration activities on Kibo's early stage exploration projects.

During the first six months of 2015, we successfully negotiated two joint venture agreements with AIM-listed Metal Tiger plc on the Morogoro Gold Project and Pinewood Uranium Project. Preliminary exploration programmes and budgets for both projects have been agreed and exploration has commenced.

Following positive results from geochemical and geophysical studies during the year, which doubled the prospective target area in size and increased the number of drill targets significantly, the Haneti Project is at drill ready stage. These plans are however currently on hold until the New Year due to the imperative focus of resources, in the short term, on the completion of the MCPP.

Outlook

With the progress made in 2015, particularly at the Mbeya project, we look forward to 2016 with optimism and confidence.

One of the fundamental reasons why Kibo decided during Q3 2014 to become a developer was to demonstrate the value of its flagship projects via independent expert opinions, i.e. feasibility studies. These independent studies, which were conducted over the past year in accordance with internationally accepted standards, now value Kibo's flagship projects at approximately USD 500 Million. With several of these studies now in their definitive stage and very near completion, this value is expected to further improve significantly and simultaneously open funding options to Kibo that has to date not been accessible to the company.

The appointment of Tractebel at the MCPP marks a major strategic breakthrough in the development of the project. The project will benefit, not only from the wealth of experience and knowledge in Tractebel, but also from the favourable commercial terms on which Tractebel was engaged. Relieving pressure on Kibo's short term cash flow and funding requirements will potentially enable us to maintain our 100% ownership of the project through the Bankable Feasibility Study. The appointment also completes the process of providing Kibo with the capacity to develop, construct and commission the MCPP. The project now has the benefit of reputable capabilities of MinXcon to complete mining feasibility work, Tractebel to complete the power feasibility studies, SEPCOIII as the preferred EPC contractor and Standard Bank as the financial advisor. With these capabilities in place and progress on track we look forward to updating shareholders on Financial Close and the commencement of construction in the New Year.

On behalf of the Board I would like to thank you for your continued support and commitment to Kibo. As we continue to deliver key milestones at Mbeya, our flagship project, whilst maintaining steady progress in our diverse portfolio we remain committed to building value for shareholders.

Yours faithfully

LOUIS L COETZEE
CHIEF EXECUTIVE OFFICER