



UK company Kabanga Nickel Limited signs binding Framework Agreement with Government of Tanzania for development of the Kabanga Nickel Project, the world's largest development-ready battery grade nickel sulphide deposit

Highlights:

- *Landmark Framework Agreement between Kabanga Nickel Limited ("Kabanga Nickel") and Government of Tanzania ("GOT") to establish Tembo Nickel Corporation ("Tembo") to develop, mine and process the highly prospective Kabanga nickel deposit*
- *Tembo is set up as partnership for the equitable sharing of economic benefits between Tanzania and Kabanga Nickel*
- *Kabanga deposit is the world's largest development-ready high grade nickel sulphide deposit with significant cobalt and copper*
- *Extensive exploration and resource definition completed*
- *Proven hydrometallurgical (hydromet) processing technology*
- *Management and technical team has proven track record of developing large mining operations and building/operating hydromet processing facilities*
- *Hydromet process will reduce carbon footprint and minimise environmental impact, lower capital and production costs, and contribute significantly to the economic growth of Tanzania*

[Bukoba, London, 19 January 2021], Kabanga Nickel has today signed a binding Framework Agreement¹ ("FA") with the Government of Tanzania for the development of the Kabanga nickel deposits in the Ngara District in the Northwest of Tanzania. Under the FA terms, a joint stock company called Tembo (owned 84% by Kabanga Nickel and 16% by GOT) has been formally established for the mining, processing and refining of Class 1 nickel with cobalt and copper co-products. In accordance with the FA, a Special Mining Licence and a Refinery Licence will be granted to Tembo by the GOT and it has been agreed that economic benefits from the development of the project will be equitably shared between the two shareholders.

In parallel, Kabanga Nickel has concluded an agreement with Barrick and Glencore, the previous joint owners of the Kabanga project. In terms of this agreement, Kabanga Nickel has exclusively acquired all data and information relating to the previous mineral resource estimation, all metallurgical test work and piloting data, analyses and studies, including a comprehensive draft feasibility study report produced in 2014 and subsequent updates.

Located in the north-west of Tanzania, Kabanga is the world's largest development-ready high grade (>2.5% Ni) nickel sulphide deposit, unmatched in scale and grade, that hosts an in situ mineral resource² of 58 million tonnes at 2.62% Ni containing more than 1.52 million tonnes (3.3 billion

¹ The Framework Agreement has been signed by LZ Nickel Limited, which subsequently changed name to Kabanga Nickel Limited in the region.

² Based on total Measured, Indicated and Inferred [Resources Statement published in 2014](#) by Barrick and Glencore of 58 million tonnes of ore at an average in-situ nickel grade of 2.62% (prevailing in-situ nickel equivalent grade is 3.14% including cobalt and copper co-products).

pounds) of nickel. It will support a mine life of at least 30 years with further exploration potential. Kabanga also contains significant amounts of cobalt and copper as co-products.

Once developed, Kabanga will produce Class 1 nickel and cobalt products – two of the key elements used in electric vehicle (EV) batteries – and LME Grade A copper cathode. The World Economic Forum has estimated that demand for high-purity nickel for EV battery production “*will increase by a factor of 24 in 2030 compared to 2018 levels*”.

Tembo will adopt proven hydromet technology in-country to process nickel concentrate, a method far removed from the conventional, energy-intensive pyrometallurgical processing route of smelting and refining. This process will eliminate the need to export concentrate long distances to European or Asian smelters and refineries, thus reducing capital and operating costs with significantly less environmental impact, while maximizing value within Tanzania.

Keith Liddell, Chairman of Kabanga Nickel, said: “*We are excited to start our journey to develop Kabanga into a unique, ESG compliant, responsible mine of the future. Our board, management and technical teams have proven capabilities to bring the Kabanga resource into production, and, most importantly, the necessary skills in hydromet processing to unlock the value of this world class nickel sulphide deposit. This mine will contribute significantly towards supplying critical and traceable battery metals for the transition to a low carbon world economy.*”

“As the world forges ahead with plans to decarbonize, it is increasingly looking towards more sustainable means to satisfy today’s growing demand for greener inputs to manufacture electric vehicles and specifically their batteries. Equally, we are ever more conscious of the importance of sourcing traceable raw materials responsibly with focus on high ESG standards.”

At the signing in Bukoba today, Kabanga Nickel CEO Chris Showalter said, “*We are delighted to be partnering with the Tanzanian Government to develop this exciting nickel project which will create shared value for all our stakeholders. This landmark partnership, based on shared objectives and trust, has been set up between the Tanzanian government and Kabanga Nickel to ensure the economic benefits from Tembo will be shared equitably between all stakeholders, and to maximise the value that will stay and grow in Tanzania. This is a world class project and we have the team that can deliver it and the partnership model that will underpin that delivery.*”

The Hon. Minister Kabudi, Minister of Foreign Affairs and Chairman of the Tanzanian Government Negotiating Team, said: “*We welcome our new partners who bring special technical expertise to unlock the value of this great asset. Tanzania is ready, willing and supportive of this important partnership on an equitable share of economic benefits. His excellency President John Pombe Magufuli, who presided over the signing ceremony, enthusiastically endorsed this win-win partnership agreement.*”

An extensive amount of exploration and resource definition has been completed to date with c.600km of drilling completed. Based on the existing definitive feasibility study, the Kabanga Project has a resource estimate² (Measured, Indicated and Inferred) of 58 million tonnes of ore at an average grade of 2.62% nickel with contained nickel metal content of 1.52 million tonnes. The cobalt grade is also comparatively high, at 0.20% cobalt and contained metal of over 100,000 tonnes of responsibly sourced, non-conflict cobalt. Tembo will now work to update the earlier study following publication of a revised Mineral Resource Statement.

Once Kabanga is developed and operational, Tanzania will host the production of a significant proportion of the world’s Class 1 refined nickel, as well as significant amounts of refined copper and

cobalt. These strategic metals will be exported around the world for battery usage in electric vehicles and renewable energy generation, while significant value and flow-on benefits will be retained within the country. Kabanga Nickel will create skilled and technical jobs and provide the highest standards of support for the local communities in the vicinity of the Kabanga project.

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About Kabanga Nickel Limited

Kabanga Nickel (formerly LZ Nickel Limited) is a privately owned company established in 2019 to acquire and develop the Kabanga Nickel Project in Tanzania and to bring it to production. Its controlling shareholders, board and management team have a unique combination of commercial and technical experience in resources and mining, strong technical expertise in mineral processing and a proven record of bringing mining projects into production. For more information please visit: www.kabanganickel.com