



12 SEPTEMBER 2019

ASX ANNOUNCEMENT

Epanko Debt Financing Update

Resolution of Remaining Regulatory Aspects Expected Shortly

Highlights

- Meetings held with KfW IPEX-Bank in Germany to review commercial due diligence activities for the Untied Loan Guarantee process
- Further meetings with the Tanzanian Government confirm positive support for Epanko and expected near-term resolution of remaining regulatory matters
- Targeting total project debt finance of up to US\$60 million
- Epanko forecast to contribute over US\$1 billion to the Tanzanian economy in the first 20 years of operation, with the potential to operate for 40+ years

Kibaran Resources Limited (“Kibaran” or the “Company”) (ASX: KNL), is pleased to report on progress with debt financing activities for the Epanko Graphite Project (“Epanko” or “the Project”).

Proposed senior lenders to the Project are advancing commercial due diligence processes to support credit submissions and meetings were recently held with KfW IPEX-Bank in Germany to review progress with the submission for the Untied Loan Guarantee. This program is focussed on the legal, market and financial modelling aspects of the financing transaction, supported by reports and expert advice from legal counsel, professional advisors and consultants.

Regulatory aspects of the due diligence are being undertaken in conjunction with input from the Ministry for Minerals, Mining Commission and Bank of Tanzania (refer ASX announcement *Kibaran Receives Government Support for Epanko Debt Financing Arrangements* 23 May 2019). In recent weeks further meetings and discussions have been held with the Bank of Tanzania, Ministry for Minerals, Mining Commission and Ministry of Constitutional and Legal Affairs to advance this process.

As Barrick Gold Corporation and Acacia Mining PLC are now expected to make their Scheme of Arrangement effective on 17 September, resolution of the remaining regulatory matters is anticipated to occur in conjunction with settlement of this transaction. The Government of Tanzania has re-affirmed its support for the Epanko development and that it is currently addressing legislative areas within the mineral sector to encourage new investment and Kibaran is confident of a successful outcome that will enable Epanko to be developed for the benefit of all stakeholders.

Progress on the loan due diligence activity is assisted by the high level of project definition developed during the rigorous 3-year feasibility study completed by GR Engineering in 2017 and the extensive Independent Engineer’s Review conducted by SRK Consulting (UK) on behalf of KfW IPEX-Bank.

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That program has significantly de-risked the proposed development, concluding that the feasibility study adequately addresses all technical matters and that the social and environmental planning aspects satisfy International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines, collectively referred to as the Equator Principles.

A number of value-adding opportunities were identified during the SRK program, which will be incorporated as the Project is developed.

Financing support for Epanko is underpinned by sales commitments from Germany's Thyssenkrupp and Japan's Sojitz Corporation (refer ASX announcement *Updated 60ktpa Bankable Feasibility Study* 21 June 2017), demonstrating customer recognition of the high quality Epanko graphite mineralogy, the conservative processing flowsheet design parameters and the level of technical analysis undertaken by GR Engineering and SRK.

The Epanko product marketing strategy is based on initially supply the established industrial graphite markets within Europe, Japan and Korea, combined with a scalable plant design that positions Kibaran for future expansion to support the emerging growth market for lithium-ion battery anode material, which is forecast to grow by over 700% to more than 800,000 tonnes per annum by 2025.

European demand for battery materials continues to accelerate and the German Government announced on 6 September that it will provide subsidies totalling 1 billion euros (US\$1.1 billion) to enhance and preserve the automotive value chain in Germany and Europe, with Economy Minister Peter Altmaier stating that "Germany and Europe need to develop and build competitive, innovative and environmentally sustainable battery cells". This strategic support is consistent with the developing trade cooperation between Germany and Western Australia for the future supply of high quality, ethically sourced battery minerals.

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