

Kibaran set to complete Project Financing for Epanko graphite project after raising \$2.0m in share placement

Kibaran Resources (ASX: KNL) is pleased to advise that it is poised to finalise project financing for development of its Epanko Graphite Project in Tanzania after raising \$2.0 million via a share placement at 15 cents a share. As an additional funding mechanism the placees will receive one free attaching option for every two shares subscribed. The options are exercisable at 20 cents a share and expire six months from the date of issue.

The proceeds will be used in part to complete the due diligence process on Epanko being undertaken by KfW IPEX-Bank, the development funding agency of the German Government, and independent engineering firm SRK.

KfW has provided indicative terms and conditions to Kibaran concerning US\$40 million in debt funding for Epanko. Finalisation of this debt facility is subject to a due diligence process, including a peer review of the project's feasibility study.

Epanko has an estimated capital cost of US\$77.5 million, of which US\$40 million is expected to be funded by the KfW facility. African resources financier Nedbank has given Kibaran an expression of interest in respect to providing a further US\$30 million debt facility.

Completion of these two debt facilities will pave the way for Kibaran to secure complementary project equity finance. KfW, Nedbank and SRK undertook a site visit at the end of January as part of the due diligence process.

The bankable feasibility study on Epanko found the project had an estimated capital cost of US\$77.5 million with a pre-tax net present value of US\$197.4 million and a payback period of just 2.7 years (see ASX announcement dated 23 July 2015).

This is based on initial annual production of 40,000 tonnes of natural flake graphite concentrate, generating annual EBITDA of US\$33.6 million.

Site works are scheduled to start within three months of securing debt and equity finance with first production forecast to take place nine months from then.

Kibaran has signed a binding long-term offtake agreement with German integrated materials and technology company ThyssenKrupp for 20,000 tonnes of graphite concentrate a year and recently announced a Memorandum of Understanding with Sojitz Corporation, one of Japan's largest trading conglomerates.

The MoU with Sojitz is aimed at using Epanko graphite in the high-growth lithium battery industry that is expected from the electric vehicles and energy storage markets.

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