

Debt Financing update by Australia's Kibaran for its US\$77m Tanzanian graphite start-up

Emerging Australian graphite and battery market supplier, Kibaran Resources Limited (ASX:KNL) ('Kibaran' or the 'Company') is pleased to provide an update on current senior debt financing negotiations with two major finance houses aimed at establishing the Company's initial US\$77 million Epanko start-up graphite mining and processing operation in Tanzania on the East African coast.

- Expression of Interest (EOI) received from African resources financier, Nedbank, for debt funding of up to US\$30 million of additional funding for the development of Epanko Graphite Project
- Summary of indicative terms and conditions of Senior Debt Financing received from KfW IPEX-Bank (outlining indicative debt financing terms)
- Epanko due diligence process by Germany's KfW IPEX-Bank underway and progressing on schedule
- Independent engineering firm appointed with Epanko site visit scheduled this month

A summary of indicative terms and conditions has been received from KfW IPEX-Bank in support of Kibaran's Epanko graphite mining aspirations, following the announcement late last year that the project had secured the "in-principle eligibility for cover" of the Untied Loan Guarantee Scheme ("UFG") from the Federal Republic of Germany for up to US\$40m.

In addition the development of Epanko has attracted in the opening weeks of calendar 2016, further support following receipt of an EOI to potentially fund up to a total of US\$30 million of Epanko's mine capex from one of Africa's financing powerhouses for resources projects Nedbank.

Nedbank is a South African-based global resources lender and the EOI in assisting finance Epanko has been via Nedbank's Corporate and Investment Banking Division.

Nedbank Senior Investment Banker, Mr Mark Tyler commented:

"Having followed the graphite sector and the many global graphite projects over the past 2 years, Nedbank is delighted with the prospect of partnering with Kibaran Resources in Tanzania. Given their blue chip off-take partners, combined with their realistic business plan and suitably experienced management, we believe it's currently the best credentialed project for development in the graphite space."

The mine's initial staged build-up in annual output has already attracted 10-year offtake deals with German global industrial conglomerate, ThyssenKrupp (20,000tpa) and a sophisticated European graphite trader (10,000tpa).

Final outcomes of negotiations with both KfW IPEX-Bank and Nedbank are subject to due diligence. Kibaran and KfW IPEX-Bank have appointed global science and engineering consultancy, SRK Consulting, as the independent engineers to review the Epanko Bankable Feasibility Study (BFS) completed in 2015 together with the Environmental and Social Impact Assessment (ESIA). The review process is well underway with a site visit scheduled for the end of the month.

Kibaran continues to have ongoing discussions with other financial providers including bilateral agencies, commercial banks, institutions and private fund managers.

The Company plans to be in production in 2017 after a very positive Bankable Feasibility Study (BFS) completed in 2015 based on an open cut mining project with a conventional flotation processing plant to produce annual graphite concentrate of 40,000tpa with annual EBITDA of US\$33.6m for 15 years, a NPV (pre-tax) of US\$197.4 million, an Internal Rate of Return of 41.2%, an Opex Free On Board cost via the port of Dar es Salaam of just US\$570/t, and with a payback period of 2.7 years from a 25 year mine life.

Kibaran Managing Director, Mr Andrew Spinks commented:

“The progress being made with KfW IPEX-Bank and Nedbank on the senior debt financing together with production offtake agreements with major German groups supports the strategy that our Tanzanian Graphite Projects will be a major supply chain to the European markets led by Germany.”

“Germany, in parallel with Japan and Korea, is the lead innovator and developer in the renewable energy sector, largely led by battery development for electric vehicles and energy storage systems. Recent talks by Tesla with the German Government to potentially establish a battery manufacturing facility there in addition to the US plant now under construction, highlight the importance of the battery market.”

“Kibaran remains focussed and on track to be a major long-term, stable supply alternative to existing graphite supply globally and is progressing discussions for additional strategic alliances and agreements.”

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