

12 July 2017

ASX Announcement

## Epanko Project Funding Update – Response to New Legislation

**Kibaran Resources Limited** (“**Kibaran**” or the “**Company**”) (ASX: KNL), wishes to provide an update in relation to the Tanzanian legislative changes reported in its announcement to the ASX on 5 July 2017.

Subsequent to that announcement, the Company has held discussions with its international banking partners, Germany’s KfW IPEX-Bank and South Africa’s Nedbank, acting through its Corporate & Investment Banking Division (“**Nedbank CIB**”).

The banks have supported the Company throughout the process it has undertaken over the last 12 months to complete its 2017 Bankable Feasibility Study (“**2017 BFS**”), released to the ASX on 21 June 2017 and each remains supportive of the debt financing process that was recently commenced.

KfW IPEX-Bank and Nedbank CIB have confirmed their intention to continue to progress the debt financing program and in drawing on their extensive African experience and relationships, remain of the view that the parties can develop a bankable debt financing structure for the planned development of the Company’s Epanko Graphite Project (“**Project**”). The proposed international financing arrangements will address the new legislative provisions dealing with in-country banking of product sales proceeds, financial reporting integrity and retained earnings following the release of the detailed regulations.

As the recently completed 2017 BFS is robust and conforms to the highest global standards, including stringent global Performance Standards prescribed by the International Finance Corporation, World Bank Group Environmental Health and Safety Guidelines and global risk management standards adopted by leading international financial institutions (Equator Principles), the Company remains confident that it is well positioned to accommodate the new Tanzanian mining provisions in its development plans.

Discussions have been held with the World Bank Group, which has recently provided a US\$345m loan to the Government of Tanzania for the expansion of port facilities in Dar es Salaam (for more information refer to [http://www.worldbank.org/en/news/press-release/2017/07/02/new-financing-to-improve-efficiency-and-improve-capacity-at-port-of-dar-es-salaam?cid=EXT\\_WBEmailShare\\_EXT](http://www.worldbank.org/en/news/press-release/2017/07/02/new-financing-to-improve-efficiency-and-improve-capacity-at-port-of-dar-es-salaam?cid=EXT_WBEmailShare_EXT)). The World Bank Group has monitored the progress of Kibaran’s Epanko Graphite Project and the Company intends to work closely with it as the financing process advances.

Kibaran has built a strong presence in Tanzania and has maintained excellent relations with District, Regional and national Government representatives. As a result, the Company is confident of engaging constructively with the Tanzanian Government during the financing process, to agree on terms for the development and operation of the Project for the benefit of all stakeholders.



## GRAPHITE MARKET UPDATE

In addition to engaging with its international banking partners, the Company has also held discussions with its product offtake customers in Germany and Japan. Importantly, our customers have re-affirmed their support for the development of the Project and while the 2017 BFS business case is conservatively based on sales into established graphite product markets, the Company notes the following recent and positive global developments:

- Price increases over the last month of up to 20% for large flake graphite produced in China
- Volvo's announcement to move to 100% electric vehicle production from 2019 and to sell at least 1 million new electric vehicles by 2025
- A declaration by the French Government that it will ban the sale of all petrol and diesel vehicles by 2040
- New regulations under China's 2016 Environmental Protection Tax Law to be implemented from 1 January 2018 that are expected to increase the cost of graphite produced in China, which currently accounts for over 70% of global graphite production. These changes are forecast to support graphite product price growth across all markets as the higher environmental standards become more widely adopted in China.
- Agreement between the State of South Australia and Tesla to install the world's largest lithium-ion battery facility by the end of 2017 to provide 100MW of power storage capacity

It is expected that the increasing momentum of global climate change policy and energy efficiency initiatives will drive a transformational acceleration in the demand for lithium-ion batteries and graphite products.

The Company continues to advance discussions with additional potential customers in these growing markets.

## RESEARCH & DEVELOPMENT CASH REFUNDS

An amount of AU\$963,000 was received by the Company this week relating to its expenditures on research and development activities for the financial year ended 30 June 2016. The submission in relation to the year ended 30 June 2017 is well advanced and is expected to result in a similar cash refund in coming months.

These amounts, together with existing cash deposits, are forecast to provide the Company with sufficient cash reserves to undertake its planned Project debt and equity financing program.

### Further information, please contact:

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