

24 April 2018

ASX Announcement

## Positive Meetings with Government Defines Way Forward

Kibaran Resources Limited (“Kibaran” or the “Company”) (ASX: KNL) is pleased to provide an update on recent events and high-level meetings.

### KEY POINTS

- **High level government and diplomatic meetings held in Tanzania, Korea and Japan over last week including:**
  - Honourable Ms Angellah Kairuki (MP), Minister of Minerals in Dodoma, Tanzania
  - HE Matilda Masuka, Tanzania’s Ambassador to South Korea in Seoul
  - Minister Plenipotentiary, Bernadetha Malima at Tanzania’s Embassy in Tokyo, Japan
- **Mining Commission appointed by the President of Tanzania HE Dr John Pombe Magufuli on Tuesday 17 April 2018**
- **Kibaran well positioned to present its development plans to the Mining Commission**
- **Tanzanian Government encouraging foreign investment by recently opening an Embassy in South Korea to foster investment**
- **Germany supporting investment in Tanzania by opening an office of the Association of German Chambers of Commerce and Industry in Tanzania to foster business relations**

The Company is pleased to report that His Excellency President Dr John Pombe Magufuli has announced the appointment of the Mining Commission, paving the way for the Company to present its development strategy to the Government.

Kibaran has received strong support for the development of the Epanko Graphite Project (“Epanko” or the “Project”) via high level meetings with Tanzanian Minister of Minerals in Dodoma and Tanzanian Diplomats in Japan, South Korea and Australia. Epanko downstream manufacturing, via micronisation and spheronisation of graphite, supports the Government’s 5th Phase Industrialisation initiative.

### Minister of Minerals Meeting

Grant Pierce, Project Director met with the Minister of Minerals, Honourable Ms Angellah Kairuki (MP) in Dodoma on Wednesday 18 April. The meeting provided an opportunity for an open and constructive discussion on various aspects of the legislation that presented challenges for the debt financing of the Project. The Minister confirmed the Government’s support for Epanko and her wish to see it commence as soon as possible.

Kibaran will now meet with the newly appointed Mining Commission to present its development strategy for the Project.

The Regulations supporting the new legislation were gazetted by the Tanzanian Government in January 2018. The Minister indicated at the meeting that further Regulations are being prepared that clarify aspects of the legislation that weren’t covered in the recent Regulations and to take into consideration feedback from stakeholders.



**Figure 1:** (L to R) Nassor Said (TanzGraphite), Grant Pierce (TanzGraphite), Minister of Minerals Hon Angellah Kairuki, Commissioner of Minerals Prof Shukrani Manya in Dodoma, Tanzania on Wednesday 18 April 2018

### **Tanzanian South Korea and Japan Embassy Meetings**

The Company is pleased to note that Tanzania opened its inaugural Embassy in Seoul recently, laying the foundation for comprehensive and first-hand engagement with South Korea after the two countries marked the silver jubilee of bilateral relations last year.

As a result of advanced discussions with the Korean graphite industry, the Company took the opportunity to meet with HE Matilda S Masuka, the newly appointed Tanzanian Ambassador to South Korea.

The meeting was positive, and the Company outlined the interest and demand for the value-added battery (spherical) graphite from Korean companies to support the manufacturing of battery graphite in Tanzania.



**Figure 2:** (L to R) Christoph Frey (Kibaran), Howard Rae (Kibaran), Her Excellency Matilda S Masuka, Tanzania's Ambassador to South Korea, Andrew Spinks (Kibaran) and John Masuka in Seoul on Tuesday 17 April 2018

### **German Chamber of Commerce and Industry Opens Office in Tanzania on 18 April 2018**

Kibaran is pleased to report that a high-ranking delegation from Germany visited Tanzania to open the Association of German Chambers of Commerce and Industry (DIHK) in Dar es Salaam.

The Company is a member of the German Chamber of Commerce and Industry in Australia and will support the new Chamber and its promotion of strong partnerships with German industry.

Germany and Tanzania have a long history of trade and the Chamber recognises that Tanzania is a rapidly growing, emerging market that offers tremendous opportunities for German businesses.

### **Epanko Graphite Project Background**

In all meetings the Company presented the significant benefits of the development of the Epanko Graphite Project:

- Direct employment and training of 250 Tanzanians during construction and over 200 Tanzanians during operations. The multiplier effect is expected to reach 10-15 times, benefitting up to 3,000 people.
- New investment of over US\$500m in Tanzania via taxes, royalties, inspection fees, salaries and wages, purchases of goods and services and social development in the first 20 years of operation.
- Positive economic and social impacts for the Ulanga District and Morogoro Region.

Kibaran is well positioned to comply with the new mineral legislation in Tanzania, having completed an Equator Principles compliant bankable feasibility study that satisfies the stringent International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines. The Project development plans are consistent with the standards required by the new legislation and have been subjected to rigorous independent due diligence by bank appointed engineers. The bankable feasibility study incorporates conservative design principles, costing and pricing parameters, significantly de-risking the proposed development and Epanko is the only new graphite project globally to have satisfied this degree of independent scrutiny.

Project finance discussions are well advanced, with prospective lenders awaiting clarification from the Mining Commission on various aspects of the legislation affecting lending arrangements. The Australian Government via the Department of Foreign Affairs and Trade and the Australia-Africa Minerals and Energy Group are continuing to assist Australian companies with investments in the Tanzanian resource sector to work with the Government for a win-win outcome.

The Company is very encouraged by recent developments in Tanzania and is confident that arrangements to enable the Project to proceed, will now be able to be finalised with the Mining Commission.

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