

## German Bank in 2<sup>nd</sup> move over Financing of US\$77m Tanzanian Graphite Mine for Australia's Kibaran

German bank KfW IPEX-Bank has signed a formal mandate letter with Australia's **Kibaran Resources Limited** (ASX:KNL) ('Kibaran' or the 'Company') to explore financing options to fund the construction of the Company's proposed US\$77 million Epanko graphite mine in Tanzania.

Kibaran is pleased to report the signing of the mandate letter with Germany's KfW IPEX-Bank under which the Bank will provide advice and structuring support in relation to previously announced UFK cover and, subject to due diligence, consider an initial senior loan of up to US\$40 million towards Epanko's capex.

This is the second move by KfW IPEX-Bank in support of Kibaran's Epanko graphite mine development plans and follows the announcement last month that the project had secured the "in-principle eligibility for cover" of the Untied Loan Guarantee Scheme ("UFK") of the Federal Republic of Germany.

### **Kibaran Managing Director, Mr Andrew Spinks:**

*"The mandate is a further step forward for Epanko and formally confirms KfW IPEX-Bank's interest in participating in financing for the project after it received confirmation of the 'in-principle eligibility for cover' under the UFK Scheme early in September.*

*"We do not wish to pre-empt the Bank's current due diligence assessment over, if and how this project can be financed through to completion of mine construction. We are heartened, however, by the sentiments expressed by the Bank to Kibaran over recent weeks leading up to this agreement's signing.*

*"Our current discussions include KfW IPEX-Bank also assisting in arranging further debt financing arrangements to progress completion of Epanko mine development.*

*"KfW is one of the world's leading promotional banks and its subsidiary bank, KfW IPEX-Bank with whom we are negotiating, has a strong track record in the mining sector, including in Africa. This parallels Kibaran's drive to establish our three Tanzanian graphite projects as an East African graphite 'hub' best positioned to service growing European market demand."*

Kibaran earlier this month received confirmation of the in-principle eligibility for cover under the UFK Scheme. The confirmation is based on ThyssenKrupp and an European trader supplying the German industry with approximately half of their graphite offtake totalling 30,000 tpa. The UFK cover is subject to further due diligence and final approval by the German Government.

It is Kibaran's strategy to achieve an UFK Guarantee to support the debt component of funding development of Epanko.

Kibaran recently released an updated production growth strategy which confirmed that it's Epanko and Merelani-Arusha graphite projects in Tanzania have the potential to produce a combined 150,000tpa of graphite concentrate by the 6<sup>th</sup> year of mining and processing operations – a 50% increase over initial estimates this year of a headline rate of 100,00tpa.

## **BACKGROUND ON THE UFK SCHEME**

The German Federal Government provides UFK coverage in form of loan guarantees for the financing of eligible projects. An Untied Loan Guarantee insures project's lenders against losses incurred due to commercial and political risks.

Eligible projects contribute to the supply of critical natural resources to Germany in form of long-term off-take contracts between the borrower and German off-takers. The project has to be economically viable and comply with international environmental and social standards (e.g. Equator Principles).

More information on the UFK Scheme is available under [http://www .agaportal.de/en/ufk/index.html](http://www.agaportal.de/en/ufk/index.html)

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