Kibaran begins studies on expanding Epanko Graphite Project by 50%

Kibaran Resources Limited (ASX: KNL), ('Kibaran' or the 'Company') is pleased to announce that it has started studies on expanding its Epanko Graphite Project in Tanzania.

The studies, which will focus on increasing Epanko's capacity from 40,000 tonnes a year of graphite concentrate to 60,000t, follow the recently announced binding agreement with Japanese commodities giant Sojitz.

Under the agreement, Kibaran will supply battery grade graphite to growing battery markets including Japan, Korea and Taiwan.

Kibaran decided to start the expansion studies after securing binding agreements covering all of the project's forecast 40,000tpa production. These agreements reflect the high quality of Epanko's graphite and will underpin final project funding discussions.

The expansion related work programs now underway include;

- Expansion and pre-development activites such as engineering design to BSF standards for mining and processing, grade control, mineral resource drilling and mine planning.
- Acceleration of Environmental and Social Impact Work
- Definitive Feasibility Study on downstream processing of Epanko graphite, including the production of battery-grade graphite for sale to the lithium battery industry
- Product development and marketing

Epanko Expansion & Pre-Development

A significant work program associated with the expansion and pre-development activities to provide a seamless timeline from debt financing to development of the Epanko Graphite Project has commenced.

Drilling has now commenced and is aimed at the following

- Increasing the Mineral Resource to support the upgraded mining rates
- Grade Control, Hydrological and Geotechnical aspects to support the increased mine plan

The expansion and plant upgrade studies will be completed using company's existing technical consultants managed by GR Engineering to BFS standards.

The design of plant and costings for expansion will consider allowing for a larger crusher and designing space for an additional rod mill and flotation cells.

In conjuction with the expansion work, additional metallurgical testwork is being carried out on the lower grades. This may allow for lower grade material being treated as ore rather than waste and stockpiled for future processing.

The upgraded mining plan will include a revised pit design, new mining schedule and the planned work program is expected to be completed during the December 2016 quarter.

Environmental and Social Impact Work

The Company will also focus on accelerating the relocation and compensation process. Strong support has been shown by the District and Regional Governments and the Ministry of Energy and Minerals.

Work is now focused on the relocation and compensation of land occupiers who will be affected by mine development. A Relocation Action Plan (RAP) is being completed in accordance with IFC Equator Principles as a condition precedent to project finance and mine development. Compensation to land owners is included in the Company's BFS budget.

The RAP process has strong support from the District and Regional Governments and the Ministry of Energy and Minerals. The Company has appointed international consultants who specialise in Equator Principal RAPs. The Company has also recently appointed a full time Community Liaison Manager. After several months of community consultation, a Resettlement Working Group (RWG) has been established, representing all stakeholders including the Ministry of Energy and Minerals, Regional and District Government, District Land Officer, Chairman of the Ulanga District Council and affected community representatives and a third RWG meeting was held on Friday, 19 August. Identifying alternative areas for resettlement was a key item on the agenda.

As previously noted, an ambit legal claim has been lodged by four landowners directed at the Government, Regional and District Commissioners, District Executive Director, National Environmental Management Council, MTL Consultants and the Company, seeking a court ruling that compensation and relocation of affected residences is completed in accordance Tanzanian legislation, prior to commencement of mining.

The aim of this claim is that no mining should take place until compensation and reloction is settled in accordance with legislation. As the Company has no intention of commencing mining prior to fulfilling compensation and relocation commitments to IFC Equator Principles, the claim itself is considered by the Company's legal advisors in Tanzania as vexatious and lacks credibility. A Court hearing is scheduled for 25 August where it will initially be determined whether the applicants have standing to proceed with the action. If the applicants are granted standing, the Company does not expect that this action, if it proceeds, will impact on the pre-development project work being undertaken and the Company will continue to work with all stakeholders in the RAP process in a consultative and professional manner.

Kibaran continues to make positive contributions to the local community as part of its ongoing corporate and social investment in the Ulanga District community. The Ulanga District Commissioner was guest of honour last week, when the Company made a contribution to the Celina Kombani Secondary School, as part of its Keep a Girl in School program. This program helps girls complete their education, aiding the development of the local community.

Downstream Processing Feasibility Study

The company has now finalised the framework for the commencement of a Definitive Feasibility Study (DFS) for downstream processing including the production of Battery (Spherical) Grade Graphite to the growing Lithium-Ion Battery Market. The study will include other value added products (i.e graphite foils) and the battery (Spherical) testwork.

The study will specifily evaluate the spheronization technology with its identified partners. Coated graphite will also be considered

The company expects to report the results and the progress of its production scale testwork regarding battery grade graphite over the comining weeks which will be central to the DFS.

Product Marketing

The company has secured binding agreements with the three largest graphite traders in the two largest markets outside China and continues to focus on these markets and believes there is opportunity to secure further strategic alliances and partnerships.

The company has commenced further testwork to allow the provision of samples to these groups.

Photo: *Ulanga District Commissioner, Honorable Jacob Kassema at the Celina Kombani Secondary School handover (Photo by John Nditi).*

Further information, please contact:

Managing Director
Andrew Spinks

Media
Paul Armstrong
Read Corporate
+61 8 9388 1474

Kibaran Resources Limited | ABN: 15 117 330 757
338 Hay Street Subiaco WA 6008 | PO Box 2106 Subiaco WA 6904
T: +61 8 6380 1003 | E: info@kibaranresources.com | www.kibaranresources.com