

Kibaran progresses pre-development activity at Epanko Graphite Project in Tanzania

Feasibility study now underway on expanding Epanko's production capacity by 50% to 60,000tpa of graphite concentrate

Kibaran Resources Limited (ASX: KNL) is pleased to provide the following update on the pre-development activity and expansion studies on its Epanko Graphite Project in Tanzania.

Following receipt of the independent engineers' report, which was undertaken by SRK of behalf of KfW IPEX-Bank, and subsequent meetings with KfW IPEX-Bank, Kibaran has been completing some additional technical work to comply with the Bank's lending criteria and due diligence requirements.

Kibaran commenced this work, along with some pre-development activities at Epanko, in July and has made rapid progress.

Activities included infill and extension resource drilling, establishment of water bores, development of the Relocation Action Plan ("RAP") and other measures designed to ensure a seamless timeline and transition to project development.

Pre-development

Following a meeting with KfW IPEX-Bank and other lenders, it was noted that the RAP was one of the pre-requisite to defining funding terms and that the RAP process also needed to be completed before KfW IPEX-Bank's submission could be made to obtain the UFG (UFG = Untied Loan Guarantee).

Kibaran decided to utilise this time and progress the pre-development activity, including technical work. As a result, the pre-development work is now well advanced across several areas of the Epanko Project.

The Kibaran has almost completed a diamond and RC drilling program, with 5,693m of drilling completed in 45 holes and a further 1,350m due to be finished by mid-November.

Five water bores which should supply sufficient water for the graphite processing plant have been completed.

Additional drilling has been undertaken in both the Eastern and Western zones, increasing the confidence of the reserves as part of planning for the first stages of production. Many of these holes have also provided additional geotechnical data for incorporation into the pit designs.

Geotechnical data and metallurgical drilling will provide additional information for final pit and process plant designs.

Kibaran also took the opportunity to complete a geophysical EM survey, which identified exploration targets along strike of the East pit area. Kibaran expects that drilling of these targets will increase Epanko's resource base.

In addition to better positioning the project for development, this pre-development work is being fed into an engineering study on the project expansion. Under this plan, annual production capacity at Epanko will be increased from 40,000 to 60,000 tonnes of graphite concentrate.

Once the fieldwork is completed, GR Engineering will produce an addendum to the existing feasibility study.

Relocation Action Plan

Kibaran has engaged a specialist international environmental and social consultancy group with extensive Tanzanian experience to ensure the RAP meets IFC Performance Standards. This group have worked with the World Bank and other international lenders.

The Company has now defined the area of impact which Epanko will have on the community and is currently finalising the socio-economic survey of the communities affected both directly and indirectly. In addition, the land and asset survey is well underway. The engagement of both local and international specialists working on this program will ensure that the work is done to the highest standards.

Potential replacement land and resettlement sites have been identified and are currently being reviewed by the Relocation Working Group (RWG), which consists of representatives from all stakeholder groups, including the Epanko community, Regional and Local Government, Ministry of Energy and Minerals and minority groups.

As an integral part of the RAP process, the Company has engaged an experienced consultant to undertake the preliminary valuation of the land and assets identified in the land and asset survey. The results from the surveys and preliminary valuations will feed into a Resettlement Policy Framework. The framework and completion of the technical work is required by KfW IPEX-Bank for the UFK submission. Kibaran is targeting Q1 2017 for completion of this work.

A formal valuation by the Government Valuer is also expected to take place in Q1 2017. This is essentially a verification of the work undertaken by the Company's valuer.

This formal valuation will enable the completion of the Relocation Action Plan, providing a detailed roadmap of the process for compensation and relocation and the monitoring and evaluation of the RAP implementation.

Downstream Processing

At the same time, the feasibility study on downstream processing of Epanko graphite, including the production of battery-grade (spherical) graphite for the lithium-ion battery market is underway (refer ASX announcement 27 September 2016).

Kibaran Managing Director Andrew Spinks said the widespread activity at Epanko was paving the way for completion of the funding agreement.

"We are making rapid progress on numerous fronts at the same time," Mr Spinks said. "This will ultimately enable us to keep the construction timetable tight.

"It will also ensure we are in a position to expand production quickly and efficiently to capitalise on opportunities in the growing graphite market."

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