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ASX ANNOUNCEMENT **19 January 2015**

Epanko Graphite Project Update

- **Epanko growth strategy developed**
- **2 stage production upgrade from 40,000tpa to 100,000tpa**
- **Internally funded 5 year expansion plan indicates an NPV of $251m**
- **Feasibility Study on schedule and within budget**
- **Environmental Certification in the final stage of the approval process**

Kibaran Resources Limited (ASX:KNL), is pleased to provide the following update on its flagship Epanko Graphite Project within the Mahenge Graphite Province in Tanzania.

Epanko Growth Strategy

Kibaran initiated a review of its mining and processing schedule with the view to developing a growth strategy for the project, which would cater for future increases in demand for premium quality large flake graphite. The study was undertaken by Intermine Engineering Consultants and confirmed that the Eastern and Western zones can easily support an annual production rate of 100,000tpa of concentrate.

Whilst production can, from a technical perspective, commence at the rate of 100,000tpa, Kibaran believes meeting current demand by commencing at 40,000tpa is prudent and coupled with a sound 100,000tpa growth strategy, places the company in a prime position to respond quickly to future increases in demand.

The study scheduled the ramp up in two (2) stages, with upgrade capital being self-funded as shown in the table below.

	Concentrate (tpa)	Timeframe
Initial Start-up	40,000	
Stage 1	75,000	2-4 years
Stage 2	100,000	4-5 years

In terms of NPV, the scoping study showed at 40,000tpa, an NPV of $213m over a 27 year mine life (refer announcement 18 August 2014). The expansion strategy to 100,000tpa has increased the NPV to $251m at the current resource base; as and when required, the company can in a relatively short timeframe and with minimal expenditure, increase the resource both along strike and at depth to extend the mine life further.

The production growth strategy has been based on both the Company's and independent modelling for new graphite demand for premium quality large flake graphite. Epanko's current Mineral Resource easily supports this growth strategy.

Feasibility Study

The feasibility study being managed by GR Engineering Services (GRES) is progressing well and is on schedule and within budget. Work to date has focussed on finalising the plant site, ROM pad, tailings storage facility and access road alignment, the key criteria being minimising earthworks and environmental impact.

Representatives of GRES and Knight Piesold completed their initial site visit in November and subsequent to that, diamond drilling and test pits have been completed on the proposed plant and TSF sites and samples sent to the laboratory for geotechnical analysis.

The metallurgical testwork program for the study has been finalised in conjunction with GRES, Independent Metallurgical Operations Pty Ltd (IMO), Australia's largest metallurgical services group and Kibaran's off-take and sales partners. Samples have arrived in Australia from Tanzania and work has commenced, being undertaken by IMO in Perth. Comminution testwork is mostly complete and sample characterisation has begun.

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Environmental and Social Impact Assessment

The Company received the formal feedback on 9th January 2015, from NEMC's Technical Audit Committee related to their site visit undertaken last quarter. The ESIA has subsequently been updated to address points raised with appropriate mitigations and was resubmitted to NEMC on 16th January 2015. Kibaran expects that NEMC will now be in a position to recommend to the Ministry of Environment that the Environmental Certificate for the Epanko Project be issued.

Kibaran's Chairman Mr John Park commented, "The development of a 100,000tpa expansion strategy is an extremely exciting advance for Kibaran and allows for manageable step changes in production to meet anticipated growth in the market.

Whilst the company has always believed and has demonstrated its graphite is amongst the best quality in the world, the Epanko project can now be considered competitive in terms of scale, to some of the large deposits currently being explored in other countries. We are poised and ready to react to future demand increases and have the ability to act quickly, given our lean structure and in house expertise.

The progress we are making in terms of statutory permitting and the feasibility study is equally as pleasing; we remain diligently on track to deliver on our commitments in this regard."

For further information, please contact:

Company Secretary
Robert Hodby
Kibaran Resources
P: + 61 8 6380 1003

Media Relations
Rebecca Lawson
M&C Partners
P: +61 2 8916 6124
E: rebecca.lawson@mcpartners.com.au

About Kibaran Resources Limited:

Kibaran Resources Limited (ASX: KNL or "Kibaran") is an exploration company with highly prospective graphite and nickel projects located in Tanzania.

The Company's primary focus is on its 100%-owned Epanko deposit, located within the Mahenge Graphite Project. Epanko currently has a total Indicated and Inferred Mineral Resource Estimate of 22.7Mt, grading 9.8% TGC, for 2.2Mt of contained graphite, defined in accordance with the JORC Code. This initial estimate only covers 20% of the project area. Metallurgy has found Epanko graphite to be large flake and expandable in nature.

Kibaran also has rights to the Merelani-Arusha Graphite Project, located in the north-east of Tanzania. Merelani-Arusha is also considered to be highly prospective for commercial graphite.

Graphite is regarded as a critical material for future global industrial growth, destined for industrial and technology applications including nuclear reactors, lithium-ion battery manufacturing and a source of graphene.



In addition, the Kagera Nickel Project remains underexplored and is located along strike of the Kabanga nickel deposit, owned be Xstrata, which is considered to be the largest undeveloped, high grade nickel sulphide deposit in the world

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Spinks, who is a Member of The Australasian Institute of Mining and Metallurgy included in a list promulgates by the ASX from time to time. Andrew Spinks is a director of Kibaran Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Andrew Spinks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr David Williams, who is a Member of The Australasian Institute of Mining and Metallurgy included in a list promulgated by the ASX from time to time. David Williams is employed by CSA Global Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.