

Kibaran Resources Limited: Tanzanian Legislative Changes

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5 July 2017 - [Kibaran Resources Ltd.](#) ("Kibaran" or the "Company") (ASX: KNL), wishes to provide an update on the implications of changes to the mineral resource sector legislative framework in Tanzania.

On 29 June 2017 the Tanzanian Government tabled three Bills in the National Assembly, being the Natural Wealth and Resources (Permanent Sovereignty) Act 2017, the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act 2017 and the Written Laws (Miscellaneous Amendments) Act 2017. Full details are available at: <http://www.parliament.go.tz/bills-list>

These Bills were passed by the Tanzanian Parliament on 3 and 4 July 2017 and Kibaran has undertaken a review of the potential impact arising from the legislation in collaboration with its advisors, a leading international legal firm with offices in Dar es Salaam.

Kibaran understands that the legislation is designed to address the mining and export of precious metals and metal concentrates from existing operations in Tanzania, that have been the focus of a recent review conducted by Presidential Committee.

The Company's Epanko Graphite Project will produce an industrial mineral product of 96% carbon that will be sold as a final product directly to customers in Germany, Japan and South Korea. As graphite is classified as an industrial mineral, it is not a product that is traded on a quotable terminal market, but is manufactured to individual customer specifications and sold under long term bi-lateral sales agreements. As an industrial mineral operation, the majority of the new provisions are not expected to impact the Company as they appear targeted at mining operations for metals, precious metals, metal concentrates and gemstones.

In terms of the specific provisions of the new legislation, the requirements relating to the export of raw materials, storage and valuation of materials for further processing, beneficiation of metals and mineral concentrates and increase in the metallic mineral royalty rates do not impact Kibaran because the Epanko Graphite Project involves the production and sale of an industrial mineral graphite as a final product in Tanzania.

Kibaran has recently completed a 2017 Bankable Feasibility Study (released to the ASX on 21 June 2017) that is fully compliant with International Finance Corporation Performance Standards, World Bank Group Guidelines and Equator Principles relating to social engagement, social development and environmental management, health and safety.

The Tanzanian re-investment, local content, corporate social responsibility, employment, training and environmental protection provisions of the new legislation are all consistent with the plans and principles contained within the recently completed Bankable Feasibility Study and in relation to environmental management, are already a condition of the Company's Environmental Certificate. It is not expected that these legislative aspects will adversely impact the planned development of the Epanko Graphite Project.

Kibaran holds a 10 year Mining Licence applicable to projects with a capital cost of less than US\$100m as opposed to the 21 year Special Mining Licences which are eligible for concessional tax arrangements via a Mineral Development Agreement.

Following initial discussions with our legal advisors, the Company intends to seek clarification as to how the 16% free carry interest provision contained in the new legislation will in practice affect its class of Mining Licence. The clarification of this issue is not expected until the regulations to the new legislation, together with the mechanics and definition of its implementation, are released by the Tanzanian Government.

It is our legal advice that the option of the Tanzanian Government to acquire an additional interest, beyond any applicable free carry interest referred to above, up to a maximum of 50%, does not apply to the Epanko Graphite Project because no tax incentives have been granted to the Project.

The new royalty provisions do not apply to industrial minerals and the royalty rate applicable to the Epanko Graphite Project remains at 3% as provided for in the Bankable Feasibility Study.

The Company does not anticipate any concerns with the new legislative initiative to create a central geological database in Tanzania or with the requirement for approval prior to export of mineral core, cuttings, rock, fluid samples or other data.

Due to the international debt financing structure planned for the Epanko Graphite Project, Kibaran is presently obtaining financial advice in regard to the legislative impacts relating to retained earnings, financial accounting and the use of financial institutions operating in Tanzania for the receipt of proceeds from the sale of products and will not be in a position to determine the impact of these provisions until the Company receives further advice on these matters.

The Company's shares will remain in voluntary suspension until it provides a further announcement on this aspect shortly.

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