



31 OCTOBER 2019

ASX ANNOUNCEMENT

SEPTEMBER 2019 QUARTERLY REPORT

EcoGraf[®] Pre-Development Program Commenced

Kibaran Resources Limited (“Kibaran” or “the Company”) (ASX: KNL) is pleased to release its activities and cash flow report for the three months ended 30 September 2019. The Company made significant progress during quarter on all key business areas.

HIGHLIGHTS

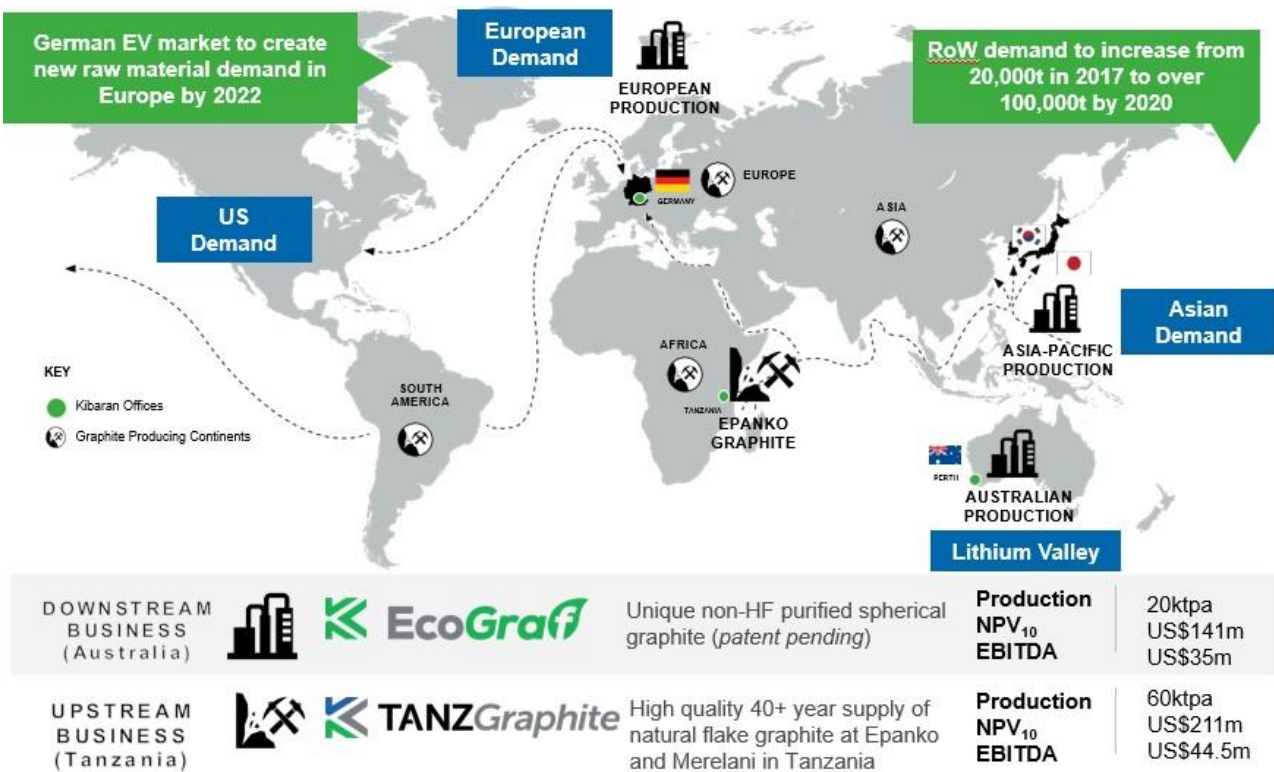
- **EcoGraf[®] development to produce battery graphite for the lithium-ion battery market**
 - ✓ Proposed Kwinana battery graphite processing plant granted "Lead Agency Support" by WA Government.
 - ✓ Testwork underway to obtain independent verification of the process flowsheet and produce samples for third party vendor testwork.
 - ✓ Work programs commenced with Government departments with respect to securing approvals and licenses to develop the processing facility.
 - ✓ Final Investment Decision for Kwinana scheduled for the first half of 2020.
- **Proposed name change to EcoGraf Limited to reflect Company's focus and strategy of responsibly produced, high quality natural flake and battery (spherical) graphite products**
 - ✓ EcoGraf trademarks successfully registered in Japan, Germany, Korea, China, Australia and USA.
 - ✓ ASX stock code reserved.
- **Epanko debt financing**
 - ✓ Meetings held with KfW IPEX-Bank in Germany to review commercial due diligence activities for the Untied Loan Guarantee process, targeting total project debt finance of up to US\$60 million.
 - ✓ Resolution of remaining Tanzanian legislative issues for Epanko debt financing expected shortly.
- **Company's website updated to reflect the move towards downstream graphite processing**
- **Investment continues in Europe to transition towards renewable energy for vehicle and industrial applications, supporting the shift to new raw material supplies**
- **Battery (spherical) graphite pricing remains positive with prices up 20% since 2018**
- **Share placement completed supported by major shareholder Mitsubishi UFJ Financial Group Inc and director John Conidi**

BUSINESS STRATEGY

Kibaran's aim is to be a preferred partner for the long-term supply of eco-friendly natural flake and battery (spherical) graphite products to customers in both established (refractory, recarburiser, lubricant) and emerging (lithium-ion battery) global markets. It holds 100% interests in a combination of attractive upstream and downstream graphite businesses that are poised for development, highly profitable and scalable.

Once established, Kibaran will operate a diversified graphite portfolio, supplying high quality Tanzanian natural flake graphite products through **TANZGraphite** to established markets in Asia and Europe, together with **EcoGrafi** which is a multi-hub downstream development that provides a global new supply of environmentally responsible battery graphite for lithium-ion batteries.

US\$25 million invested over 6 years to create two highly attractive, development ready graphite businesses.



QUARTERLY ACTIVITY UPDATE

EPANKO GRAPHITE PROJECT

The Epanko Graphite Project (“Epanko” or “the Project”) is a development ready Tanzanian natural flake graphite project. Key milestones achieved to date include:

- Bankable Feasibility Study (“BFS”) completed by GR Engineering;
- Bank appointed Independent Engineer’s Review completed by SRK Consulting (UK), confirming that the BFS adequately addresses all technical aspects of the proposed development and that the social and environmental planning aspects satisfy IFC Performance Standards and World Bank Group Environmental, Health and Safety Guidelines;
- Offtake commitments for the planned production secured in Asia (Sojitz Corporation) and Europe (Thyssen Krupp and European Trader);
- Resettlement Action Plan approved by the Tanzanian Government;
- Granted Mining Licence; and
- Letter of Intent with GR Engineering for early works program and EPC construction contract.



Debt Financing

During the quarter, the Company progressed the debt financing activities for the Epanko Graphite Project. Proposed senior lenders to the Project are advancing commercial due diligence processes to support credit submissions and meetings were held with KfW IPEX-Bank in Germany to review progress with the submission for the Untied Loan Guarantee.

The program is focused on the legal, market and financial modelling aspects of the financing transactions, supported by reports and expert advice from legal counsel, professional advisors and consultants.

Regulatory aspects of the due diligence are being undertaken in conjunction with input from the Ministry for Minerals, Mining Commission and Bank of Tanzania (refer ASX announcement *Kibaran Receives Government Support for Epanko Debt Financing Arrangements* 23 May 2019).

Barrick Gold Corporation and Acacia Mining PLC made their Scheme of Arrangement effective on 17 September 2019, with Barrick recently reporting it had reached a partnership agreement with the Government on its future operations in Tanzania and the formation of Twiga Minerals Corporation. The Government of Tanzania has re-affirmed its support for the Epanko development and that it is currently addressing legislative areas within the mineral sector to encourage new investment and Kibaran is confident of a successful outcome that will enable Epanko to be developed for the benefit of all stakeholders.

Progress on the loan due diligence activity is assisted by the high level of project definition developed during the rigorous 3-year feasibility study completed by GR Engineering in 2017 and the extensive Independent Engineer's Review conducted by SRK Consulting (UK) on behalf of KfW IPEX-Bank.

In addition to KfW IPEX-Bank, the Company is also currently working with a second lender to secure an additional US\$20 million in senior debt funding on similar terms and conditions. The second lender credit approval process is being conducted in conjunction with the KfW IPEX-Bank due diligence program.

Government Relations and Corporate Social Responsibility

The Company continued its engagement with community stakeholders, to actively work on building and fostering constructive relations, with activities during the quarter including;

- A visit by Prime Minister Hon Kassim Majaliwa Kassim to the Morogoro Region. Whilst in Mahenge he spoke highly of TanzGraphite at a public meeting and mentioned the benefits that will come as a result of the Epanko Graphite mine;
- Professor Kikula, the Chairman for Tanzania Minerals Commission visiting the Ulanga District and meeting with the TanzGraphite community relations team;
- Hon Steven Nyongo the Deputy Minister for Minerals launching the minerals market in Mahenge which was facilitated with the assistance of TanzGraphite; and
- Conducting a meeting at Luli hamlet in the Epanko valley to discuss the Resettlement Action Plan and the transfer of Luli based pupils from Epanko primary school to Kisewe primary school once the Epanko primary school is relocated.

The Company has completed the construction of the two demonstration houses, which were officially opened in October by Hon. Ngollo Malenya, District Commissioner for Ulanga. The demonstration houses were built so that those persons being relocated could physically see and appreciate the standard of housing they would be receiving rather than trying to envisage it from architectural drawings.

The demonstration houses are part of the landholder resettlement program which will be completed in compliance with International Finance Corporation Performance Standards for social and environmental planning and also World Bank Group Environmental, Health and Safety Guidelines.





Photo: Completed demonstration house as basis of the relocation



Photo: Existing residence

Other community development activities included:

- Completion of 16 new pit latrines for Epanko primary school;
- Donations to support the Catholic Diocese of Mahenge women’s business capacity building;
- Sponsorship of 53 students to participate in short courses at Vocational Educational and Training Authority (“VETA”) in Mikumi. The majority of these students were selected by the respective village leaders; and
- Provision of new mattress covers to the Ulanga District Hospital.



Photo: TanzGraphite’s VETA sponsored students (left) and Epanko primary school pupils, teachers and village leaders at latrine handover (right)

EcoGraf BATTERY GRAPHITE

KWINANA DEVELOPMENT

The Company made considerable progress advancing pre-development activities with its proposed battery graphite production facility in the Kwinana Industrial Area (“KIA”) of Western Australia, located 30km south of Perth.

The proposed plant has a forecast up-front capital cost of US\$22.8 million for an initial 5,000tpa, followed by a further US\$49.2 million to expand production to 20,000tpa of battery-grade graphite. Pre-tax net present value is US\$141m, generating an internal rate of return of 36.6 per cent and EBITDA of US\$35m.

The project’s forecast economic contribution to Western Australia is significant on both an economic and strategic front and is expected to employ more than 250 construction workers and more than 125 direct employees during production as well as its ability to generate sales revenue for over 20 years.

During the quarter, the Company undertook testwork to obtain independent verification of the process flowsheet and produce suitable samples for third party vendor testwork. This is expected to be completed shortly and will support financing discussions and permitting program, while also providing data for the detailed engineering design work.

Kibaran has continued discussions with several organisations and Government departments with respect to obtaining approvals and licenses for the construction phase. The Western Australian Government recognises that the development of the **EcoGraf** facility will provide broader benefits to Western Australia’s industrialisation plans, including:

- Potential production of battery anode material, which is the precursor for battery anode production and consistent with the Future Battery Industry Strategy; and
- Supporting Western Australia as a location for specialized lithium-ion battery manufacturing.

Sales and Offtake

Advanced discussions continued to secure sales and offtake agreements with potential customers and based on the feedback, the Company is confident that sales agreements will be secured. Positive feedback continues to be received from the extensive customer product qualification program undertaken and the strong European customer support for an alternative and ethical supply of graphite anode material.

Development Timetable

The Kwinana development schedule was finalised during the quarter and subject to a Final Investment Decision, is scheduled for the first half of 2020.

The Company expects, based on the current timetable, commercial production to commence after 11 months for the initial 5,000tpa process plant. This production will provide commercial quantities to enter the battery manufacturers’ production lines as a precursor to the 15,000tpa expansion program to achieve a production output of 20,000tpa.



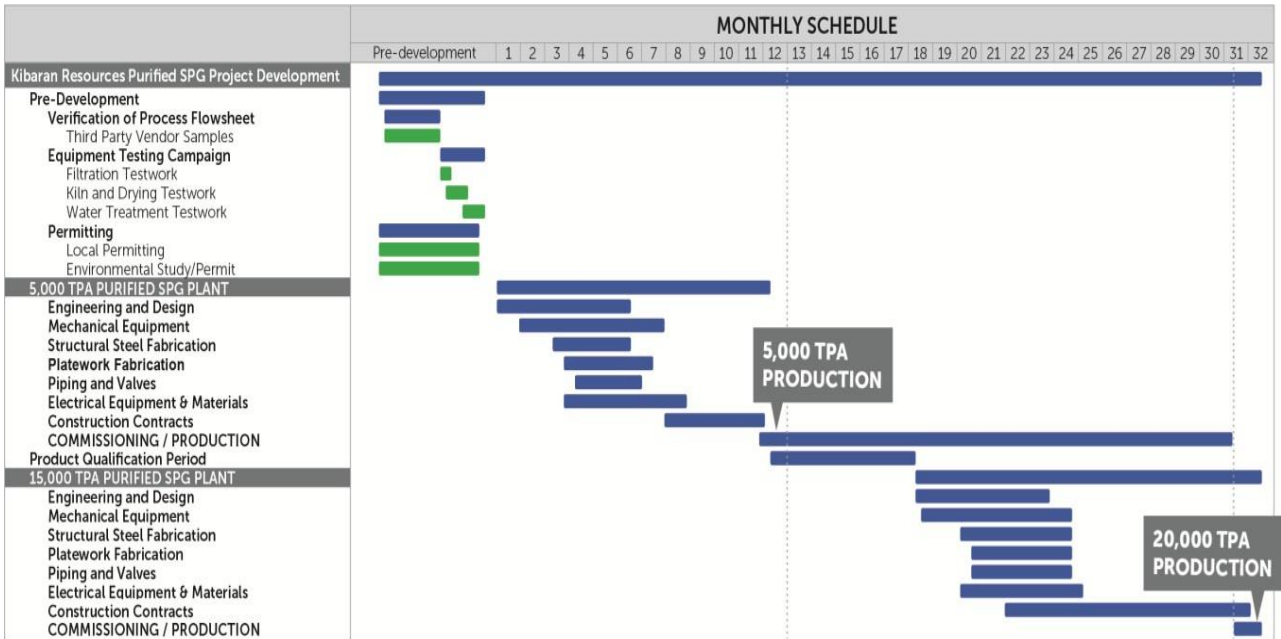


Figure 1: Kwinana development schedule



Figure 2: Kwinana Industrial Area – Aerial view (Looking south)

Demand and Pricing Update

The long-term battery (spherical) graphite demand remains positive with Benchmark reporting EV penetration rates increasing from 2% in 2018 to 25% by 2025, requiring approximately 800,000 tonnes of battery (spherical) graphite, more than six times the volume currently produced.

Prices during 2019 have maintained their 2018 increases where the standard grade price increased 20% from US\$3,000/tonne to US\$3,600/tonne.

BENCHMARK MINERAL INTELLIGENCE

GRAPHITE PRICES (USD/TONNE) : JAN 2018 - SEP 2019

■ SPHERICAL UNCOATED (99.95% 15 MICRONS)



Currently all the world's supply of battery graphite is produced in China using a highly toxic purification process that utilises hydrofluoric acid. There is strong demand from automobile and lithium-ion battery manufacturers in Japan, South Korea and Europe who are looking to diversify battery mineral supply chains to include an alternate, environmentally responsible supply of battery graphite that reduces their dependency on Chinese supply and the related environmental impacts.

German Government Supporting Battery Manufacturing

During the quarter the German Government announced support for three battery cell alliances to reduce automobile manufacturers' dependence on Asian markets and support a battery industry in Europe.

Investment is underway globally to transition towards renewable energy for vehicle and industrial applications.

2019 LATEST MARKET NEWS

Major investment in Europe requiring ethical raw material underway.

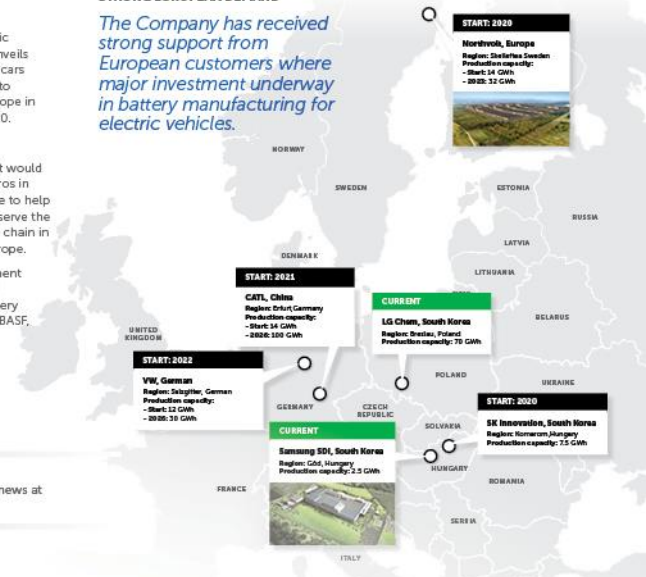
- JUN 15** Toyota increases EV production and Volkswagen invests €900m to establish a new battery production facility with Northvolt.
- JUN 18** Germany will award to three consortiums 1 billion euros in funding it earmarked last year to support domestic battery cell production.
- JUN 28** CATL hikes investment in German battery plant 1.8 billion euros from a previous plan of 240 million euros to expand output.
- SEP 02** By 2030, Daimler aims to have all-electric and plug-in hybrids make up more than half of its car sales.

- SEP 10** VW begins electric makeover as it unveils the ID3. The first cars will be delivered to customers in Europe in the spring of 2020.
- SEP 06** Germany Gov't announced that it would make 1 billion euros in subsidies available to help enhance and preserve the automotive value chain in Germany and Europe.
- SEP 06** German government supports second European EV battery consortium with BASF, BMW.

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STRONG EUROPEAN DEMAND

The Company has received strong support from European customers where major investment underway in battery manufacturing for electric vehicles.



CORPORATE

Annual General Meeting

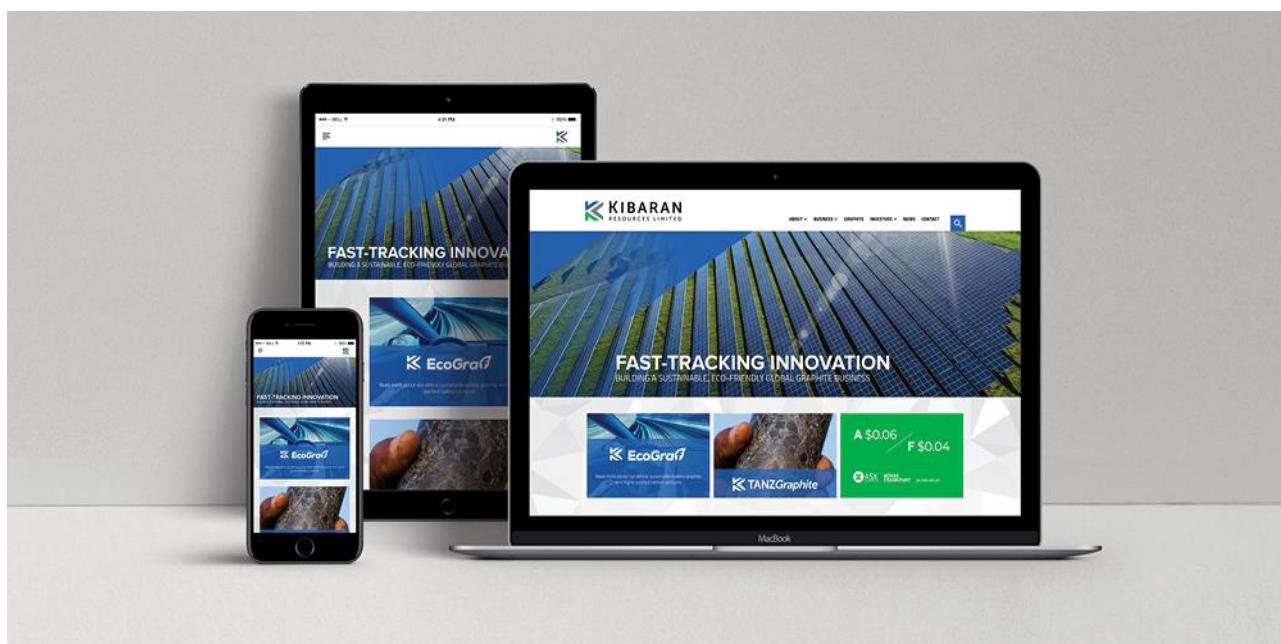
The Company's Annual General Meeting will be held at 10am on Friday 29 November 2019 at the Celtic Club, 48 Ord Street, West Perth in Western Australia and all shareholders who are able to attend are encouraged to do so and have an opportunity to meet with the directors and receive an update on the Company's business activities.

EcoGraf Limited

At the Annual General Meeting the Company will seek to change its name to EcoGraf Limited to clearly reflect its strategy to be a preferred partner for the long-term supply of responsibly produced, high quality natural flake and battery (spherical) graphite products. The new name will provide clear brand recognition in these markets, particularly in the manufacture of anode materials for lithium-ion batteries, as part of the massive investment underway globally to transition towards renewable energy for vehicle and industrial applications.

Website

During the quarter the Company released an updated its website and investor presentation detailing the recent developments.



Cash

Cash at 30 September 2019 was \$1.42 million. Cash flow details are contained in the attached ASX Appendix 5B. Expenditures during the quarter reflected an acceleration of EcoGraf pre-development activities, as Kibarano works towards a Final Investment Decision next year.

Share Capital

During the quarter, the Company completed a share placement to raise \$1.3 million through a placement of fully paid ordinary shares at an issue price of \$0.09 per share. The placement was strongly supported by Kibarano's major shareholder Mitsubishi UFJ Financial Group, Inc. (previously Colonial First State Global Asset Management Limited) and a new large Australian institutional investment fund also participated. The shares were issued on 4 October 2019 and Kibarano wishes to thank its shareholders for their ongoing support and welcomes its new shareholders.

Kibarano director John Conidi supported the placement through an investment of \$50,000 and the Company will issue 555,556 shares to him following the receipt of shareholder approval at the Company's upcoming Annual General Meeting on 29 November 2019.



Share Capital

As at 30 September 2019, share capital comprised:

Issued fully paid ordinary shares: 281,620,967

Issued fully paid ordinary shares subject to escrow: 11,000,000

Unlisted options:

Number	Exercise price	Expiry
1,050,000	23 cents	6 March 2020

SCHEDULE OF TENEMENTS

Licence	Ownership interest	Acquired/disposed during the quarter	Area (km ²)	Location
ML 548/2015	100%	No change	9.62	Mahenge, Tanzania
PL 7906/2012	100%	No change	59.24	Merelani-Arusha, Tanzania
PL 7907/2012	100%	No change	26.42	Merelani-Arusha, Tanzania
PL 7915/2012	100%	No change	41.47	Merelani-Arusha, Tanzania
PL 9306/2013	100%	No change	17.53	Mahenge, Tanzania
PL 9331/2013	100%	No change	2.76	Mahenge, Tanzania
PL 9537/2014	100%	No change	84.00	Tanga, Tanzania
PL 10090/2014	100%	No change	44.88	Merelani-Arusha, Tanzania
PL 10091/2014	100%	No change	114.22	Merelani-Arusha, Tanzania
PL 10092/2014	100%	No change	23.23	Merelani-Arusha, Tanzania
PL 10388/2014	100%	No change	2.57	Mahenge, Tanzania
PL 10390/2014	100%	No change	2.81	Mahenge, Tanzania
PL 10394/2014	100%	No change	9.74	Merelani-Arusha, Tanzania
PL 10752/2016	100%	No change	23.45	Mahenge, Tanzania
PL 10868/2016	100%	No change	72.82	Merelani-Arusha, Tanzania
PL 10869/2016	100%	No change	29.95	Merelani-Arusha, Tanzania
PL 10872/2016	100%	No change	2.60	Merelani-Arusha, Tanzania
PL 10972/2016	100%	No change	3.83	Mahenge, Tanzania
PL 11081/2017	100%	No change	2.08	Merelani-Arusha, Tanzania
PL 11082/2017	100%	No change	20.77	Merelani-Arusha, Tanzania
PL 11083/2017	100%	No change	50.73	Merelani-Arusha, Tanzania
PL 11143/2017	100%	No change	2.62	Merelani-Arusha, Tanzania
PL 11511/2016	100%	No change	46.72	Merelani-Arusha, Tanzania
PL 11254/2016	100%	No change	6.73	Merelani-Arusha, Tanzania

For further information, please contact:

INVESTORS

Andrew Spinks

Managing Director

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Production targets and forecast financial information referred to in this ASX announcement were originally reported to the ASX by the Company on 21 June 2017, 5 December 2017 and 17 April 2019. All material assumptions underpinning the production targets and forecast financial information reported in those ASX announcements continue to apply and have not materially changed.

Various statements in this announcement constitute statements relating to intentions, future acts and events. Such statements are generally classified as "forward-looking statements" and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. The Company gives no assurances that the anticipated results, performance or achievements expressed or implied in these forward-looking statements will be achieved.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Kibaran Resources Limited

ABN

15 117 330 757

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(478)	(478)
(b) development	-	-
(c) production	-	-
(d) staff costs	(108)	(108)
(e) administration and corporate costs	(247)	(247)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (financing, product marketing and business development)	(340)	(340)
1.9 Net cash from / (used in) operating activities	(1,173)	(1,173)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(2)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,135	1,135
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,133	1,133

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,462	1,462
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,173)	(1,173)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,133	1,133
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of period	1,418	1,418

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,418	1,462
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,418	1,462

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	249
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' remuneration and consulting fees.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

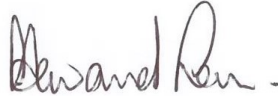
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(250)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(150)
9.5 Administration and corporate costs	(175)
9.6 Financing, product marketing and business development	(275)
9.7 Total estimated cash outflows	(850)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: _____
Company secretary

Date: 31 October 2019

Print name: Howard Rae

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.