

Highlights of the quarter include:

- Signing of a binding off-take and partnership agreement with a major European graphite trader
- Off-take agreement to purchase 10,000 tonnes of flake graphite concentrate per year*, over a 5 + 5 year period
- Agreement represents independent endorsement of the quality and commercial appeal of graphite at the Epanko deposit
- Kibaran is the first ASX listed company to sign a binding off-take agreement for graphite sales and the first company globally to sign a binding agreement for graphite sales in the sophisticated European market

During the December quarter, Kibaran Resources Limited (ASX: KNL) achieved a significant milestone with the signing of a landmark binding off-take agreement for its Epanko deposit within the Mahenge Graphite Project in south-east Tanzania.

The signing of the agreement with a major European graphite trader (EGT) demonstrates the significance of the Epanko graphite deposit with interest driven by its large flake with ‘expandable’ properties – graphite with these key attributes commands a premium price in the graphite market.

**MAHENGE GRAPHITE PROJECT
(100% KNL)**

The Mahenge Graphite Project is located 245km south-west of Morogoro in south-east Tanzania. Work during the quarter was focused on the flagship Epanko deposit.

Landmark Binding Off-take Agreement

During the quarter, the Company signed a landmark binding off-take and partnership agreement with a major EGT. Under the terms of the binding off-take agreement, the EGT guarantees the purchase of 10,000 tonnes of graphite concentrate per year* from Kibaran, for an initial period of five years with the option to renew for a further five years, on a market-based pricing mechanism.

*This is a contractual provision and not a production target.

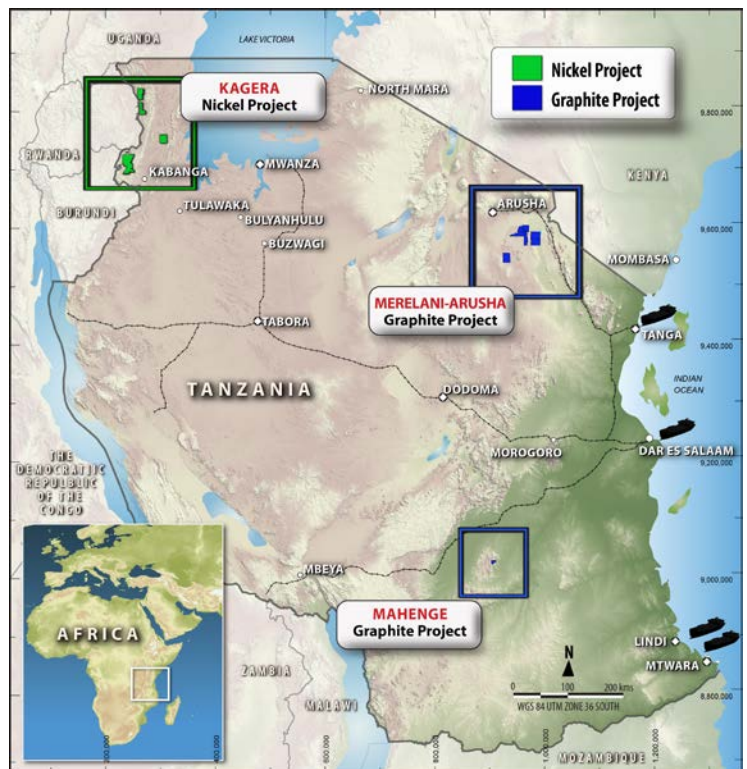


Figure 1: Map showing location of Tanzanian projects

The off-take agreement represents a major milestone for Kibaran with the significant de-risking of the development of a commercially viable graphite project in Tanzania. It provides independent endorsement of the quality and commercial appeal of the large flake graphite identified at Kibaran’s Epanko graphite deposit, which has an Inferred Mineral Resource estimate of 14.9Mt at 10.5% TGC (total graphitic carbon) for 1,560,000t of contained graphite. Furthermore, the longevity of the off-take agreement supports a strong long-term outlook for natural graphite demand, particularly for large flake expandable graphite.

The agreement provides Kibaran with a significant partner in the graphite industry to jointly market and sell graphite with the security of an overriding off-take guarantee from the EGT. It also provides Kibaran with a significant advantage in getting a foothold in the tightly-controlled graphite market.

MERELANI-ARUSHA GRAPHITE PROJECT (100% KNL)

The Merelani-Arusha Graphite Project consists of seven tenements and covers 973.4 km² in an area 55km south-east of Arusha, Tanzania. Like Mahenge, the project area is located in geological settings favourable for graphite mineralisation. The Company is of the opinion that the Merelani-Arusha region has strong potential for new discoveries of graphite mineralisation.

During the quarter, Kibaran continued discussions with neighbouring tenement holders with the view of consolidating its tenement position in the Merelani-Arusha region.

KAGERA NICKEL PROJECT (100% KNL)

The Kagera Nickel Project is a secondary focus for Kibaran. Kagera is located along the western border of Tanzania, covering an area of 864km². The key tenements are located approximately 10km north-east of the world-class Kabanga Nickel deposit, operated by Xstrata Nickel. Kabanga is known as one of the largest undeveloped high-grade nickel sulphide deposits in the world, and is currently in the feasibility study stage.

The Company views the Kagera Project as a future growth asset and is committed to unlocking the project’s nickel-sulphide (NiS) potential and financial value.

During the quarter, Kibaran continued its Nickel Prospectivity studies and discussions with neighbouring tenement holders with the view of consolidating its tenement position.

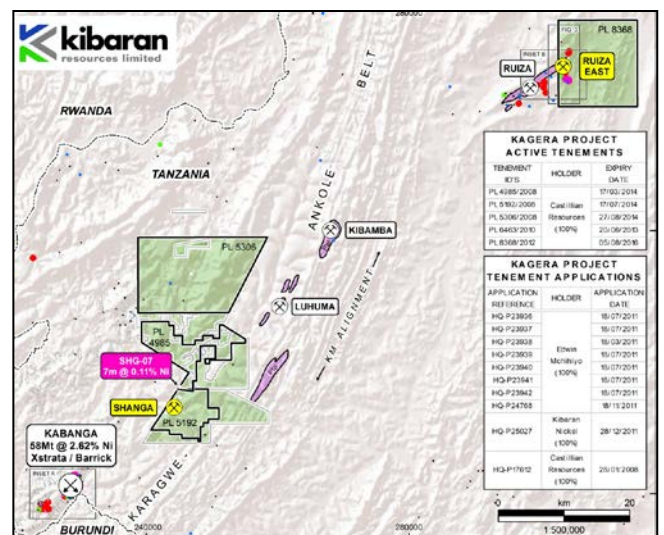


Figure 2: Kagera Nickel Project prospect map

CORPORATE

The Company is monitoring its cash reserves and has systematically reduced its monthly corporate expenditure. As at 31 December 2013, the Company had cash at bank balance of \$0.67 million.

Under the off-take agreement signed during the quarter, the EGT has the right to acquire 5,000,000 KNL shares at a price of A\$0.10 per share, representing a premium to the market price on 23 December 2013 when the off-take was announced. The EGT will also have the right to participate in any future capital raisings by Kibaran to maintain its equity level in the Company.

SCHEDULE OF TENEMENTS

As at 31 December 2013

Ministry ID	Holder	Ownership	Project, Location
PL 4985/2008	Castillian Resources (Tanzania) Ltd	100%	Kagera, Tanzania
PL 5192/2008	Castillian Resources (Tanzania) Ltd	100%	Kagera, Tanzania
PL5306/2011	Castillian Resources (Tanzania) Ltd	100%	Kagera, Tanzania
PL 6463/2010	Castillian Resources (Tanzania) Ltd	100%	Kagera, Tanzania
PL8368/2012	Castillian Resources (Tanzania) Ltd	100%	Kagera, Tanzania
PL 4985/2008	Kibaran Nickel Tanzania Ltd	100%	Kagera, Tanzania
PL 4985/2008	Kibaran Nickel Tanzania Ltd	100%	Kagera, Tanzania
PL 4985/2008	Kibaran Nickel Tanzania Ltd	100%	Kagera, Tanzania
PL 4985/2008	Kibaran Nickel Tanzania Ltd	100%	Kagera, Tanzania
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PL 4985/2008	Kibaran Nickel Tanzania Ltd	100%	Kagera, Tanzania
PL 4985/2008	Kibaran Nickel Tanzania Ltd	100%	Kagera, Tanzania
PL 5192/2008	Kibaran Nickel Tanzania Ltd	100%	Kagera, Tanzania
PL 5306/2008	Kibaran Nickel Tanzania Ltd	100%	Kagera, Tanzania
PL 8204/2012	TanzGraphite (TZ) Ltd	100%	Mahenge, Tanzania
PL 7907/2012	TanzGraphite (TZ) Ltd	100%	Merelani-Arusha, Tanzania
PL 7913/2012	TanzGraphite (TZ) Ltd	100%	Merelani-Arusha, Tanzania
PL 7914/2012	TanzGraphite (TZ) Ltd	100%	Merelani-Arusha, Tanzania
PL 7915/2012	TanzGraphite (TZ) Ltd	100%	Merelani-Arusha, Tanzania
PL 7917/2012	TanzGraphite (TZ) Ltd	100%	Merelani-Arusha, Tanzania
PL 7906/2012	TanzGraphite (TZ) Ltd	100%	Merelani-Arusha, Tanzania
PL 7918/2012	TanzGraphite (TZ) Ltd	100%	Merelani-Arusha, Tanzania

Number disposed during the quarter

Nil

Number acquired during the quarter

Nil

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 their 100%-owned Epanko deposit, located within the Mahenge Graphite Project. Epanko currently has an Inferred JORC-compliant Mineral Resource Estimate of 14.9Mt, grading 10.5% TGC, for 1.56Mt of contained graphite. 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 by 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 promulgated by the ASX from time to time. Andrew Spinks is a consultant of Tanzgraphite 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 2004 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.

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