



A B N 15 117 330 757

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at Suite 1, 338 Hay Street, Subiaco, Western Australia on 12 May 2014 at 10:00 AM (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 6380 1003.

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Kibaran Resources Limited ("**Kibaran**" or "**Company**") will be held at Suite 1, 338 Hay Street, Subiaco, Western Australia on 12 May 2014 at 10:00 am (WST) ("**Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 10 May 2014 at 10:00 am (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Section 9 of the Explanatory Memorandum.

AGENDA

1. Resolution 1 – Ratification of the issue of 9,321,265 Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 9,321,265 Shares at an issue price of \$0.125 to institutional and sophisticated investors pursuant to a placement upon the terms and conditions set out in the Explanatory Memorandum accompanying the Notice."

2. Resolution 2 – Ratification of the issue of 4,500,000 Options

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,500,000 Options to institutional and sophisticated investors pursuant to a placement upon the terms and conditions set out in the Explanatory Memorandum accompanying the Notice."

3. Resolution 3 – Approval of issue of Options to Simon O'Loughlin

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

"That, for the purposes of Listing Rule 10.11, section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,000,000 Options to Mr Simon O'Loughlin or his nominee upon the terms and conditions set out in the Explanatory Memorandum accompanying the Notice."

4. Resolution 4 – Approval of issue of Options to John Park

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

"That, for the purposes of Listing Rule 10.11, section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,000,000 Options to Mr John Park or his nominee upon the terms and conditions set out in the Explanatory Memorandum accompanying the Notice."

5. Resolution 5 – Approval of issue of Options to Grant Pierce

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

"That, for the purposes of Listing Rule 10.11, section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,500,000 Options to Mr Grant Pierce or his nominee, upon the terms and conditions set out in the Explanatory Memorandum accompanying the Notice."

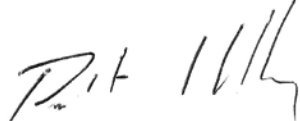
6. Resolution 6 – Approval of issue of Options

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 500,000 Options to consultants upon the terms and conditions set out in the Explanatory Memorandum accompanying the Notice."

Dated 10 April 2014

BY ORDER OF THE BOARD



ROBERT HODBY
Company Secretary

Voting Exclusion Statement:

Resolution	Shareholders excluded from voting
Resolutions 1 & 2 -	<p>The Company will disregard any votes on Resolution 1 & 2 by:</p> <ul style="list-style-type: none"> Any person who participated in the placement, namely the Subscribers; a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities; and any associate of that person (or those persons). <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
Resolution 3 - Approval of issue of options to Simon O'Loughlin	<p>Voting Exclusion Statement</p> <p>The Company will disregard any votes on Resolution 3 by:</p> <ul style="list-style-type: none"> Simon O'Loughlin or his nominee, the person who is to receive securities in relation to the Company under this Resolution; and any associate of Simon O'Loughlin. <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. <p>Voting Prohibition Statement:</p> <p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> the proxy is either: <ul style="list-style-type: none"> a member of the Key Management Personnel; or a Closely Related Party of such a member; and the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> the proxy is the Chair; and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

<p><i>Resolution 4 – Approval of issue of options to John Park</i></p>	<p>Voting Exclusion Statement</p> <p>The Company will disregard any votes on Resolution 4 by:</p> <ul style="list-style-type: none"> • John Park or his nominee, the person who is to receive securities in relation to the Company under this Resolution • any associate of John Park. <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> • it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or • it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. <p>Voting Prohibition Statement:</p> <p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> • the proxy is either: <ul style="list-style-type: none"> ◦ a member of the Key Management Personnel; or ◦ a Closely Related Party of such a member; and • the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> • the proxy is the Chair; and • the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
<p><i>Resolution 5 – Approval of issue of options to Grant Pierce</i></p>	<p>Voting Exclusion Statement</p> <p>The Company will disregard any votes on Resolution 5 by:</p> <ul style="list-style-type: none"> • Grant Pierce or his nominee, the person who is to receive securities in relation to the Company under this Resolution • any associate of Grant Pierce. <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> • it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or • it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. <p>Voting Prohibition Statement:</p> <p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> • the proxy is either: <ul style="list-style-type: none"> ◦ a member of the Key Management Personnel; or ◦ a Closely Related Party of such a member; and • the appointment does not specify the way the proxy

	<p>is to vote on this Resolution.</p> <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> • the proxy is the Chair; and • the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
<p><i>Resolution 6 – Approval of issue of options to consultants</i></p>	<p>The Company will disregard any votes cast on Resolution 6 by:</p> <ul style="list-style-type: none"> • any person who might participate in the proposed issue; • a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities;; and • any associate of that person (or those persons). <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> • it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or • it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

KIBARAN RESOURCES LIMITED

A B N 15 117 330 757

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at Suite 1, 338 Hay Street, Subiaco, Western Australia on 12 May 2014 at 10.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Voting by proxy
Section 4:	Resolutions 1 and 2 – Ratification of the issue of 9,321,265 Shares and 4,500,000 options
Section 5:	Resolutions 3,4 and 5 – Approval of issue of options to Related Parties
Section 6:	Additional Information for Resolutions 3, 4 and 5
Section 7:	Resolution 6 – Approval of issue of options to consultants
Section 8:	Definitions

2. Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

3. Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The Company must receive your duly completed Proxy Form by no later than 10:00am (WST) on 10 May 2014.

4. Resolution 1 and Resolution 2 – Ratification of the issue of 9,321,265 Shares and 4,500,000 Options

On the 3 February 2014, the Company announced that it had completed placement of to sophisticated investors and consultants.

On the 7 February 2014, 9,321,265 Shares and 4,500,000 Options, exercisable at \$0.20 expiring on or before 5 August 2015, were issued as follows:

- 4,500,000 Options exercisable at \$0.20 expiring on or before 5 August 2015 and 7,950,960 Shares were issued without shareholder approval under Listing Rule 7.1; and
- 1,370,305 Shares were issued under Listing Rule 7.1A, being the 'additional placement capacity' facility approved by Shareholders at the 2013 Annual General Meeting,

(Placement).

As announced in the Appendix 3B dated 7 February 2014, the Company's remaining issue capacity is:

- ASX Listing Rule 7.1 – Nil
- ASX Listing Rule 7.1A – 6,930,335

This resolution seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the entire Placement Shares and Options.

Purpose of Resolutions 1 & 2 and Listing Rule 7.1 and 7.1A

Listing Rule 7.1 prohibits a listed entity from issuing or agreeing to issue more than 15% of its issued capital in a 12 month period without shareholder approval (15% Limit), unless an exception applies.

Pursuant to Listing Rule 7.4, an issue of securities made without shareholder approval is deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 provided that the issue did not breach the 15% Limit and the company at a general meeting subsequently approves the issue.

At the 2013 Annual General Meeting (Resolution 5), the Company obtained Shareholder approval to issue up to 10% of its issued capital in addition to the 15% Limit available under Listing Rule 7.1 (Additional Placement Capital). Listing Rule 7.4 allows the Company to seek subsequent approval for any shares issued under the Additional Placement Capital facility. The effect of this Resolution allows the Company to issue a further 10% of its issued capital under the Additional Placement Capital facility until the facility expires on 25 November 2014, being 12 months from the date the facility was approved by the Shareholders at the 2013 Annual General Meeting.

Shareholder ratification for the issue of the Placement Shares is now sought pursuant to Listing Rule 7.4, to reinstate the Company's capacity to issue:

- a) up to 15% of its issued capital, if required, in the next 12 months without shareholder approval under Listing Rule 7.1; and
- b) up a further 10% of its issued capital, if required between now and 25 November 2014 (being the facility expiry date) without Shareholder approval under Listing Rule 7.1 A.

Notice requirements under Listing Rule 7.5

It is a requirement of Listing Rule 7.5, that a listed entity seeking subsequent shareholder approval under Listing Rule 7.4 provide with the following information to Shareholders:

- a) the total number of securities issued was 9,321,265 Shares and 4,500,000 Options;
- b) the issue price per Share for 9,000,000 was \$0.125 and the issue price of the Options was nil as they were issued free attaching with the Shares on a 1 for 2 basis;
- c) 321,265 shares were issued at in lieu of cash payment to consultants;
- d) the terms and conditions of the Shares issued are identical to the Company's existing fully paid ordinary Shares;
- e) the Options are exercisable at \$0.20 expiring on or before 5 August 2015. The full terms and conditions of the Options are set out in Schedule 1;
- f) the shares were issued to sophisticated investors of Taylor Collison and consultants of the Company. None of these subscribers are related parties of the Company;
- g) funds raised from the Placement are being used to complete a drilling program to upgrade the Epanko resource at Mahenge, from inferred to indicated, to further advance metallurgical studies in order to determine optima grind size and concentrate and working capital.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 1 and Resolution 2

The Directors recommend that Shareholders vote in favour of Resolution 1 and Resolution 2.

5. Resolutions 3 – 5 – Related Party Options

Resolutions 3 - 5 seek the approval of Shareholders to issue a total of 3,500,000 Options (**Related Party Options**) to Messrs Simon O'Loughlin, John Park and Grant Pierce, Directors of the Company (**Related Parties**).

Resolution 3 proposes that Mr Simon O'Loughlin or his nominee, will receive 1,000,000 Options to incentivise his future performance as a Director of the Company.

Resolution 4 proposes that Mr John Park or his nominee, will receive 1,000,000 Options to incentivise his future performance as a Director of the Company.

Resolution 5 proposes that Mr Grant Pierce or his nominee, will receive 1,500,000 Options to incentivise his future performance as a Director of the Company.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of Options to Mr O'Loughlin will give him a financial benefit within the ambit of Chapter 2E of the Corporations Act. Mr O'Loughlin is a related party of the Company by virtue of being a Director.

The grant of the Related Party Options constitutes giving a financial benefit and Messrs O'Loughlin, Park and Pierce are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

For the purposes of ASX Listing Rule 10.13 and section 219 of the Corporations Act, the following disclosure is made in respect of the Related Party Options proposed to be granted to the Related Parties or their nominees, subject to the passing of Resolutions 3 - 5:

- a) The Company proposes to issue the Related Party Options to the Related Parties or their nominees;
- b) the related parties are Messrs O'Loughlin, Park and Pierce and they are related parties by virtue of being Directors;
- c) The maximum number of Related Party Options (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
 - (i) 1,000,000 Related Party Options to Mr O'Loughlin pursuant to Resolution 3;

- (ii) 1,000,000 Related Party Options to Mr Park pursuant to Resolution 4; and
 - (iii) 1,500,000 Related Party Options to Mr Pierce pursuant to Resolution 5;
- d) The Company proposes to issue the Related Party Options as soon as reasonably practicable after Resolutions 3 – 5 are approved by Shareholders, but in any case no later than one (1) month after the date of passage of Resolutions 3 – 5, and it is anticipated the Related Party Options will be issued on one date;
 - e) The Related Party Options will be issued for no cash consideration and the material terms of the options are contained within the summary of Additional Information for Resolutions 3 - 5 set out below in Section 6 below;
 - f) There will be no funds raised by the issue of the Related Party Options under Resolutions 3 - 5. Any proceeds received by the Company from the exercise of the Related Party Options will be used to provide additional working capital to the Company;
 - g) the value of the Related Party Options and the pricing methodology is set out in Section 6 below;
 - h) the relevant interests of the Related Parties in securities of the Company are set out in Section 6 below;
 - i) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out in Section 6 below;
 - j) the dilutionary effect of the issue of the Related Party Options is set out in Section 6 below;
 - k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	24.5 cents	27 March 2014
Lowest	3.9 cents	3 May 2014
Last	20 cents	10 April 2014

- l) the Board acknowledges the grant of Related Party Options to the Related Parties is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to the Related Parties reasonable in the circumstances for the reason set out in paragraph n);
- m) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to

motivate and reward the performance of the Related Parties in their respective roles as Directors;

- n) Mr O'Loughlin declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 3 be passed. However, in respect of Resolutions 4 and 5, he recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties[, in particular, the vesting conditions of the Related Party Options,] will align the interests of the Related Parties with those of Shareholders;
 - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- o) Mr Park declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 4 be passed. However, in respect of Resolutions 3 and 5, Mr Park recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph n):
- p) Mr Pierce declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution 5 on the basis that he is to be granted Related Party Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 3 and 4, Mr Pierce recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph n):
- q) Mr Robert Greenslade recommends that Shareholders vote in favour of Resolutions 3, 4 and 5 for the reasons set out in paragraph n);
- r) Mr Andrew Spinks recommends that Shareholders vote in favour of Resolutions 3, 4 and 5 for the reasons set out in paragraph n);
- s) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- t) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 - 5.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

6. Additional Information for Resolutions 3, 4 and 5

(i) Terms and Conditions of Options

The material terms and conditions for the options proposed to be issued under Resolutions 3, 4, 5 and 6 are as follows:

- Subject to the terms and conditions below, each option will entitle the holder (**Holder**) to subscribe for one (1) Share at the calculated exercise price (**Exercise Price**). The Exercise Price will be calculated as the price that is 40% above the VWAP of the Shares over the last five (5) trading days on which sales were recorded immediately preceding the date upon which the options were issued, with the result to be rounded up to the nearest whole cent.

By way of example, if the abovementioned VWAP was \$0.18, the Exercise Price of the options would be \$0.25, being \$0.252 rounded to the nearest cent.

- The options that are the subject of Resolution 3, 4, 5 and 6 will vest immediately upon issue.
- The options will expire three (3) years after the date of the issue of the options (each an **Expiry Date**). Options not exercised on or before their respective Expiry Date will automatically lapse.
- If permitted by the Board, options may be issued to a nominee of the relevant allottee that is acceptable to the Board.
- The options are not transferable except with the prior written consent of the Board.
- Shares issued and allotted pursuant to the exercise of options will rank equally in all respects with the then existing Shares and will be subject to the provisions of the Constitution.
- Subject to the following paragraphs, an option does not confer the right to participate in new issues of securities by the Company without first exercising that option. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the Company will notify the Holders of options of the details of the new issue by the relevant date for the particular issue as determined in accordance with the Listing Rules.
- Adjustments to the number of Shares underlying each option and/or the Exercise Price will be made in accordance with the requirements of the Listing Rules to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- The terms of the options do not prevent the options being reconstructed as required by the Listing Rules on a reconstruction of the Company's issued capital. The rights of a Holder of an option may be changed to the extent

necessary to comply with those Listing Rules that apply to a reorganisation of capital at the time of the reorganisation.

- In the event of any reconstructions of the Company's issued capital, options will be treated in the following manner:
 - (i) in the event of a consolidation of the Shares, the number of options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - (ii) in the event of a subdivision of the Shares, the number of options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - (iii) in the event of a pro-rata cancellation of Shares, the number of options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; and
 - (iv) in the event of any other reconstruction of the issued capital of the Company, the number of options or the Exercise Price or both will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the Holders of the options which are not conferred on Shareholders.
- The Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued and allotted on the exercise of a option, but gives no assurance or undertaking that such quotation will be granted or maintained. However, the Company will not be applying for the quotation of any options, once issued.
- If the Company is liquidated, all unexercised options will lapse.
- In the instance that a Change in Control Event occurs in respect of the Shares of the Company, all options will expire 30 days after the Change in Control.
- For the purposes of the above clause a "**Change in Control Event**" means:
 - (i) the occurrence of:
 - (A) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (B) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the options); or
 - (ii) the announcement by the Company that:
 - (A) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (1) cancelled; or
 - (2) transferred to a third party; and

- (B) the Court, by order, approves the proposed scheme of arrangement.

(ii) Valuation of Options

The options that are the subject of Resolution 3, 4 and 5 have an assessed valuation of \$363,720 (using a price per option of \$0.1299, being the mid-point of valuation of options as provided in the valuation report prepared by Stantons International Securities (**SIS**), based on the assessed fair value of the options as calculated in the SIS Report. It is noted that SIS has valued the options to be in a range of values between \$0.0976 to \$0.1408 per option, based on volatilities ranging from 85% to 200%.

The fair value of the options has been independently determined using a Black-Scholes option pricing model that takes into account the Exercise Price, the term of the option, the impact of dilution, the Share price at grant date, the expected volatility of the underlying Share, the expected dividend yield and the risk free rate for the term of the option.

The model inputs for the calculation of the range of values of these options include:

- i. Options are granted for no consideration, have a maximum life of approximately three (3) years, with all options vesting immediately;
- ii. Expected Grant Date: The Company proposes to issue the options pursuant to Resolution 3, 4 and 5 as soon as reasonably practicable after the respective Resolutions are approved by Shareholders, but in any case no later than one (1) months after the date of passage of the respective Resolution.
- iii. Exercise Price: the price is 40% above the VWAP of the Shares over the last five (5) trading days on which sales were recorded immediately preceding the date upon which options were issued, with the result to be rounded up to the nearest whole cent.
- iv. Expiry Date: The options will expire three (3) years after the date of the issue of the options.
- v. ASX quoted Share price at valuation date: \$0.185;
- vi. Expected Price Volatility of the Shares: 134.95%;
- vii. Expected Dividend Yield: nil; and
- viii. Risk-Free Interest Rate: 3.05%.

It is noted that the valuation has included a discount of 20% on the basis that the options will not be quoted on the ASX.

(iii) Director Remuneration

a. Remuneration 30 June 2013

The remuneration of Directors for the year ending 30 June 2013 is expected to be (for clarity that this is before the proposed options, being the subject of Resolutions 3, 4 and 5 as follows:

	SHORT-TERM		POST-EMPLOYMENT		SHARE-BASED		
2013	Salary & Fees (accrued and unpaid) \$	Non-monetary \$	Super-annuation \$	Retirement benefits \$	Shares \$	Options \$	Total \$
Non-Executive Directors							
Simon O'Loughlin	45,000	-	-	-	-	-	45,000
John Park	30,515	-	24,800	-	-	24,800	56,966
Grant Pierce	18,280	-	-	-	-	14,880	33,160

b. Remuneration 30 June 2014

The remuneration of Directors for the year ending 30 June 2014 is expected to be (for clarity that this is before the proposed options, being the subject of Resolutions 3, 4 and 5 as follows:

	SHORT-TERM		POST-EMPLOYMENT		SHARE-BASED		
2014	Salary & Fees (accrued and unpaid) \$	Non-monetary \$	Super-annuation \$	Retirement benefits \$	Shares \$	Options \$	Total \$
Non-Executive Directors							
Simon O'Loughlin	45,000	-	-	-	-	-	45,000
John Park	36,613	-	3,387	-	-	-	40,000
Grant Pierce	40,000	-	-	-	-	-	40,000

(iv) Director Interests Held in Company

After the passing of Resolution 3, 4 5 and 6 there being given effect, the Directors interests in Shares and options will be as follows:

Security Holder	PRIOR TO PASSING RESOLUTIONS 3, 4 5 and 6			POST PASSING RESOLUTIONS 3, 4 5 and 6		
	Ordinary Shares	Unlisted Options	Fully diluted holding assuming all options (prior to passing of Resolutions 3, 4, 5 and 6)	Ordinary Shares	Unlisted Options	Fully diluted holding assuming all options exercised (post passing of Resolutions 3, 4, 5 and 6)
Simon O'Loughlin	1,078,575	500,000	1,578,575	1,078,575	1,500,000	2,578,575
John Park	310,000	500,000	810,000	310,000	1,500,000	1,810,000
Grant Pierce	240,000	300,000	540,000	240,000	1,800,000	2,040,000
Others	90,699,124	16,200,000	106,899,124	90,699,124	16,700,000	107,399,124
TOTAL	92,327,669	17,500,000	109,827,669	92,327,669	21,500,000	113,827,669

The table below sets out the dilutionary affect that, subject to obtaining the necessary Shareholder approvals for the options proposed to be issued under Resolution 3, 4, 5 and 6 will have.

Security Holder	PRIOR TO PASSING RESOLUTIONS 3, 4, 5 and 6					POST PASSING RESOLUTIONS 3, 4, 5 and 6				
	Listed Ordinary Shares	Unlisted Options	Voting power pre passing resolutions 3, 4, 5 and 6 (assuming no exercise of options)	No. of shares if all options exercised	Fully diluted holding assuming all options exercised	Listed Ordinary Shares	Unlisted Options	Voting power post passing resolutions 3, 4, 5 and 6 (assuming no exercise of options)	No. of shares if all options exercised	Fully diluted holding assuming all options exercised
Simon O'Loughlin	1,078,575	500,000	1.16%	1,578,575	1.44%	1,078,575	1,500,000	1.16%	2,578,575	2.27%
John Park	310,000	500,000	0.34%	810,000	0.74%	310,000	1,500,000	0.34%	1,810,000	1.59%
Grant Pierce	240,000	300,000	0.26%	540,000	0.49%	240,000	1,800,000	0.26%	2,040,000	1.79%
Others	90,699,124	16,200,000	98.24%	106,899,124	97.33%	90,699,124	16,700,000	98.24%	107,399,124	94.35%
TOTAL	92,327,669	17,500,000	100%	109,827,669	100%	92,327,669	21,500,000	100%	113,827,669	100.00%

7. Resolution 6 – Approval of issue of Consultant Options

A number of consultants to the Company have assisted the Company with its capital raising and promotion objectives and are important in the establishment of Kibaran as a graphite development company.

Shareholder approval is now sought pursuant to ASX Listing Rule 7.1 to issue 500,000 options to those consultants in consideration for their efforts to date and as an incentive to ensure the future success of Kibarans graphite projects (**Consultant Options**).

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, during any 12-month period issue any equity or other securities with rights of conversion to equity if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders in general meeting.

The proposed issue of the Consultant Options is placed before shareholders to allow this number of securities to be excluded from the calculation set out in ASX Listing Rule 7.1. The effect of Resolution 6 will therefore be to allow the Company to issue the Consultant Options pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

For the purpose of Listing Rule 7.3, the following information is provided:

- a) a total of 500,000 Consultant Options are to be issued;
- b) the Company will issue the Consultant Options within 3 months of the date of the Meeting (or such other date as extended by ASX) and it is anticipated that all of those Consultant Options will be issued on the same date;
- c) each Consultant Option will be granted for nil consideration in satisfaction of services provided by Sven Olsson, who is not a related party of the Company;
- d) the options will be issued on the terms and conditions set out in Section 6;
- e) no funds will be raised from the issue of the Consultant Options, as they will be issued in consideration for assistance with the Company's European initiatives, and as an incentive going forward to ensure the success of the Company's graphite projects.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 6

The Directors recommend that Shareholders vote in favour of Resolution 6.

8. Definitions

In this Explanatory Memorandum and Notice:

Kibaran and **Company** means Kibaran Resources Limited ACN 117 330 757.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 009 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Constitution means the Constitution of the Company.

Consultant Options has the meaning set out in section 7.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Equity Securities has the meaning given to that term in Listing Rule 19.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an option to acquire a Share with the terms and conditions in Schedule 1.

Placement has the meaning set out in section 4.

Proxy Form means the proxy form attached to the Notice.

Related Parties has the meaning set out in section 5.

Related Party Options has the meaning set out in section 5.

Remuneration Report means the remuneration report of the Company contained in the directors' report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Share or **Shares** means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Trading Day has the meaning given to that term in Listing Rule 19.

VWAP means the volume weighted average price.

WST means Australian Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1 – Terms and conditions of options

The terms and conditions of the Options issued under the Placement dated 3 February 2014 are as follows:

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5.00pm (WST) on 3 August 2015 (**Expiry Date**). An Option not exercised before 5.00pm (WST) on the Expiry Date will automatically lapse at that time.

(d) Exercise Period

The Options are exercisable at any time prior to 5.00pm (WST) on the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

Subject to paragraph (f), the Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Restrictions on Exercise

The holder of an Option may not exercise less than 5,000 Options at any one time unless the holder has less than 5,000 Options in which event the holder must exercise all of its Options together.

(g) Exercise Date

A Notice of Exercise is only effective on and from the later of:

- (i) the date of receipt by the Company of the Notice of Exercise; and
- (ii) the date of receipt by the Company of payment of the Exercise Price for each Option the subject of the Notice of Exercise, in cleared funds (**Exercise Date**).

(h) Timing of issue of Shares on exercise

No later than 15 Business Days after the Exercise Date, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company.

(i) Shares issued on exercise

Shares issued on exercise of the Options will, upon issue, be fully paid, will rank equally with all other then issued Shares and will otherwise be subject to the provisions of the Constitution and any restriction or escrow arrangements imposed on them by ASX or under applicable Australian securities laws.

(j) Reorganisation of Capital

If at any time the issued capital of the Company is reorganised, the number and/or the exercise price of each Option are to be changed in accordance with the Corporations Act and the ASX Listing Rules at the time of the reorganisation, with the intention that such reorganisation will not result in benefits being conferred on the holder of the Option which are not conferred on Shareholders. In all other respects, the terms of exercise of the Options will remain unchanged.

(k) Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without first exercising the Options.

(l) Change in Exercise Price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised, except to the extent required under the ASX Listing Rules in connection with the reorganisation of the capital of the Company (as set out in paragraph (j)).

(m) Application for Quotation of Shares issued on exercise

If the Company is admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of any Shares issued upon the exercise of the Options.

(n) Application for Quotation of Options

The Company will apply for quotation of the Options on ASX.

(o) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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By mail:
Kibaran Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474

SECURITYHOLDER PROXY FORM

I/We being a member(s) of Kibaran Resources Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at **10:00am (WST) on Monday, 12 May 2014, at Suite 1, 338 Hay Street, Subiaco, Western Australia** and at any adjournment or postponement of the meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

STEP 2

VOTING DIRECTIONS

Resolution 1

Ratification of the issue of 9,321,265 Shares

☐ For

☐ Against

☐ Abstain*

Resolution 4

Approval of issue of Options to John Park

☐ For

☐ Against

☐ Abstain*

Resolution 2

Ratification of the issue of 4,500,000 Options

☐ For

☐ Against

☐ Abstain*

Resolution 5

Approval of issue of Options to Grant Pierce

☐ For

☐ Against

☐ Abstain*

Resolution 3

Approval of issue of Options to Simon O'Loughlin

☐ For

☐ Against

☐ Abstain*

Resolution 6

Approval of issue of Options

☐ For

☐ Against

☐ Abstain*

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

☐

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 3, 4 and 5 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Item and that votes cast by him/her for those Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 3, 4 and 5 and your votes will not be counted in calculating the required majority if a poll is called on these Item.

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 3, 4 and 5.

STEP 4

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

KNL PRX402



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the Company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (WST) on Saturday, 10 May 2014**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Kibaran Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

If you would like to attend and vote at the General Meeting, please bring this form with you.
This will assist in registering your attendance.