

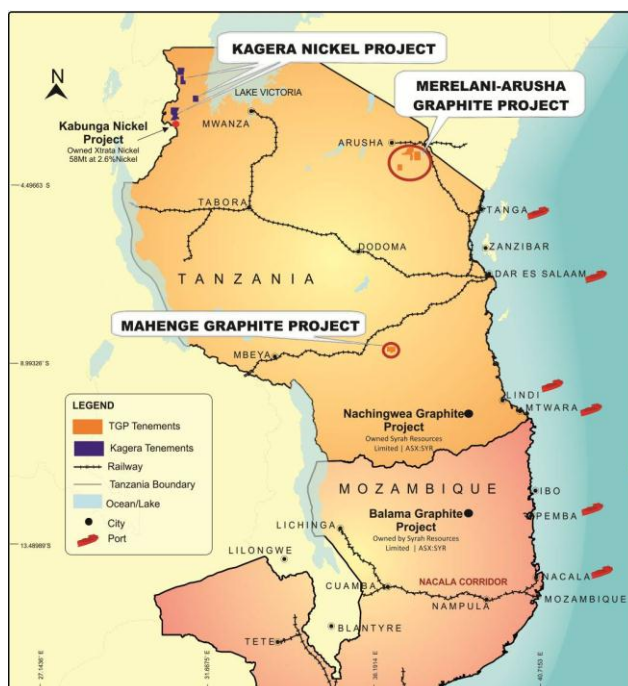
## QUARTERLY ACTIVITIES REPORT

FOR THE SEPTEMBER 2012 QUARTER

### HIGHLIGHTS

- Acquisition of TanzGraphite and Tanzanian graphite projects.
- Reverse circulation (RC) drilling commenced at the Mahenge Graphite Project with a total of 22 RC holes drilled and assay results received for the initial twelve drill holes.
- Flotation recovery of 94.8% total carbon at a crush size of minus 1.7 mm at Ndololo Graphite Prospect.
- Sighter metallurgical test results indicate the recovery of large flake graphite through a simple milling and flotation circuit.
- Indications that exceptionally large flakes of graphite can be recovered.
- 35 rock chip samples from the Merelani-Arusha Graphite Project recovered for total graphitic carbon (TGC) analysis have returned results ranging up to 25.5% TGC and averaging 8.1% TGC.
- A further \$3.945m in funding secured through completion of a rights issue and placement to institutional and sophisticated investors.
- Appointment of Non-Executive Director, John Park.

### GRAPHITE PROJECTS



**Figure 1: Project Location**

During the quarter, Kibaran Resources continued to undertake exploration on its graphite projects in Tanzania.

Shareholders approved the acquisition of Tanzgraphite Pty Ltd on 13 July 2012, securing options over the Mahenge and Merelani-Arusha graphite projects (refer figure 1).

The combined ground holding of 1,308km<sup>2</sup> in these two projects covers previously known graphite occurrences and favourable geological settings for the discovery of new graphite deposits.

The Company is confident that the projects contain a significant graphite occurrence based on its initial geological assessment.

## **MAHENGE GRAPHITE PROJECT (Option to purchase 100%)**

The Mahenge Graphite Project consists of two tenements covering an area of 325.5km<sup>2</sup>, located 245km south-west of Morogoro. The Mahenge Project hosts the Ndololo, Epanko and Kasita graphite prospects.

To date a total of 22 RC holes were drilled within the Mahenge Graphite Project.

The Company has received assay results for the first twelve RC drill holes. Drill holes previously reported included MHRC001 to MHRC005 represent the Kasita prospect; and drill holes MHRC010 to MHRC012 represent Ndololo Western Zone. Latest results are from drill holes MHRC006 to MHRC009 and are from the same zones, but show an improvement in down-hole length and grade compared with the earlier holes reported. A summary of the initial assay results are detailed in Table 1. Better intersections for these latest results include;

- MHRC007 returned 32m at 5.7% TGC from 2m.
- MHRC008 returned 26m at 5.7% TGC from 12m (incl 4m at 10.5% TGC from 12m).

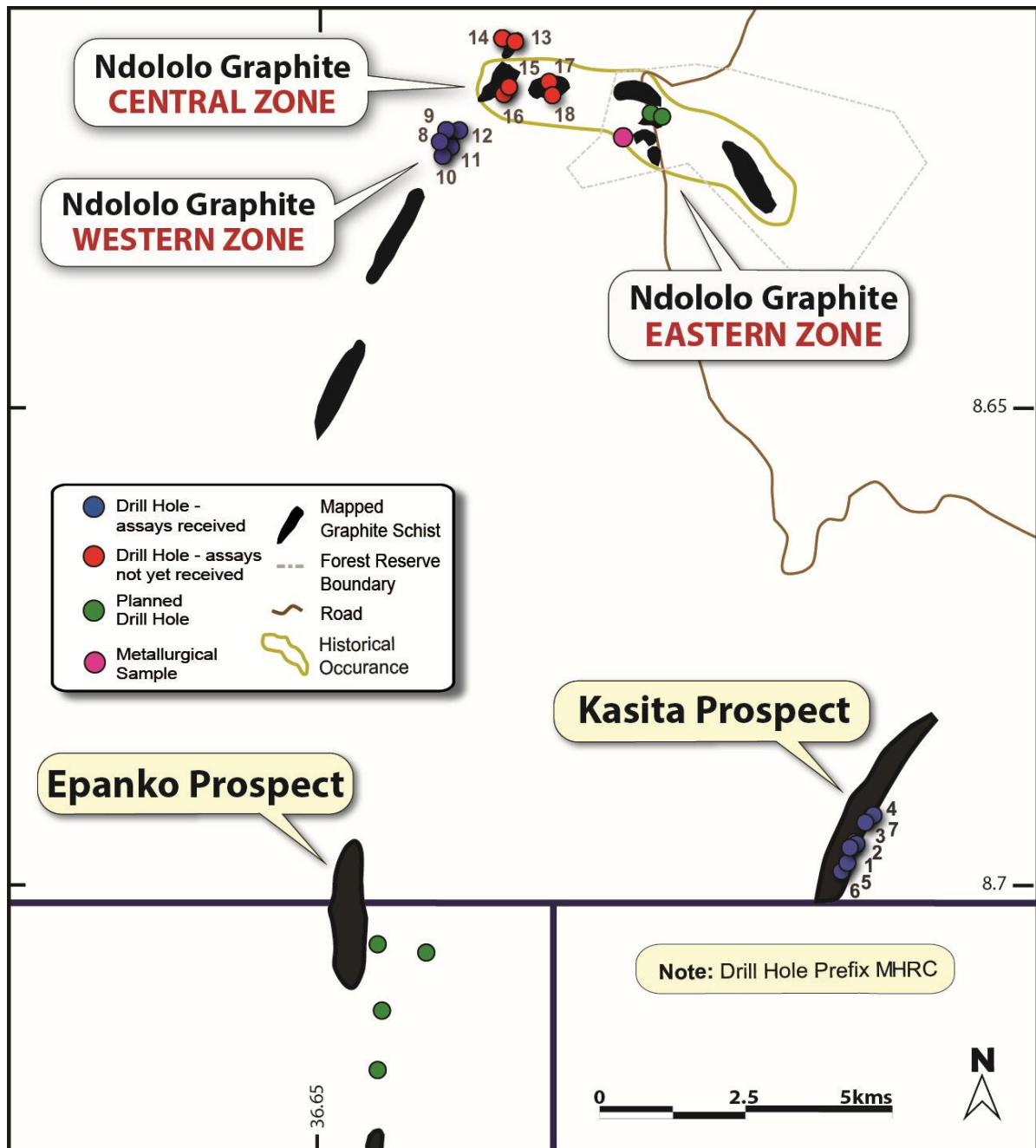
The initial results as reported were lower than expected; however, the drilling represented only a very small part of the Mahenge Project area. The results from holes drilled at the Epanko prospect and Ndololo Central zones are pending. Assay results for these holes are expected to be received during the next quarter. This is the area that contained the historically identified mineralization.



**Figure 2:** Graphite Mineralisation within hole MHRC019 at Epanko. (Assays pending).

None of the RC holes where assays were reported are within the Ndololo Central or Eastern zone which contains the historical Ndololo graphite occurrence (refer Figure 3). This area is where the Company has estimated a potential Exploration Target of between 3.5 million tonnes and 7 million tonnes of graphitic schist, grading between 10% and 15.5% graphitic carbon<sup>1</sup> (refer to announcement dated 9 May 2012) based on historical data.

The holes drilled at the Mahenge Project; returned low grade graphite mineralisation over broad intervals, grading between 0.1% to 1.0% TGC. The Company only reported graphite mineralisation greater than 1.0% TGC cut-off. This area was known to be along strike from the key target area and would provide potential for a significant graphite occurrence extension had results been as anticipated.



**Figure 3: Mahenge Graphite Project**

The Company remains concerned whether RC drilling is an effective tool to recover a representative sample for graphite mineralisation. Therefore, a number of additional exploration activities at the Mahenge Graphite Project are now being assessed, including diamond drilling, surface trenching and sampling and electromagnetic surveys.

**Table 1: Mahenge Project RC Intersection Summary**

Hole_ID	N	E	Dip	Azi	Depth (m)	Graphite Mineralisation			
						From (m)	To (m)	Interval (m)	Grade (%TGC)
MHRC_001	9036649	910755	-90	360	70	48	56	<b>7</b>	<b>3.6</b>
MHRC_002	9036654	910747	-60	270	140	No Significant Result			
MHRC_003	9036743	910809	-90	360	50	0	10	<b>10</b>	<b>3.0</b>
MHRC_004	9037015	911001	-60	270	51	No Significant Result			
MHRC_005	9036400	910659	-60	360	50	0	11	<b>11</b>	<b>4.3</b>
and						18	27	<b>9</b>	<b>4.3</b>
MHRC_006	9036507	910730	-60	270	80	49	56	<b>7</b>	<b>3.2</b>
MHRC_007	9036937	910936	-60	270	70	2	34	<b>32</b>	<b>5.7</b>
MHRC_008	9044500	906190	-60	325	80	12	38	<b>26</b>	<b>5.7</b>
Includes						12	16	<b>4</b>	<b>10.5</b>
MHRC_009	9044570	906300	-60	325	80	19	24	<b>5</b>	<b>2.8</b>
MHRC_010	9044380	906200	-60	325	105	No Significant Result			
MHRC_011	9044730	908577	-60	325	179	23	48	<b>25</b>	<b>4.7</b>
Includes						23	26	<b>3</b>	<b>11.9</b>
MHRC_012	9044650	906410	-60	325	200	No Significant Result			

**Notes for Table 1**

All total graphite carbon ("TGC") analysis undertaken by LECO at independent commercial laboratory SGS in Johannesburg, South Africa. RC Samples collected over 1 metre intervals using a industry standard 3 tier riffle splitter. Downhole lengths are reported, as true width is unknown. Azimuths are referenced to local grid. No top cut has been applied and intersection grade rounded to 1 decimal figure. Drill hole coordinates referenced to local grid WGS84 UTM36S. Intersections reported are greater than 1% TGC.

## METALLURGICAL TESTWORK DEMONSTRATES SIGNIFICANT MINERALISATION

The metallurgical testwork commenced during the quarter, based on two 50-kilogram bulk samples – one taken from the Ndololo Prospect located within the Mahenge Project and the other taken from the Merelani-Arusha Graphite Project.

Test results indicate the recovery of large flake product through a simple milling and flotation circuit. Based on the earlier sizing analysis, the initial flotation test work was aimed at the recovery of large flake through flotation tests at minus 4mm and minus 1.7mm.

Sighter test results indicate the recovery of large flake through a simple milling and flotation circuit (refer table 2).

**Table 2 – Flotation recoveries at minus 1.7mm crush**

Flotation Recoveries	Size	Ndololo Prospect MHT_MT_001 (Total Carbon)	Merelani-Arusha Project AMP_MT_001 (Total Carbon)
Primary concentrate	Minus 1.7mm	72.8%	55.4%
Secondary concentrate	Regrind	22.0%	17.0%
<b>Total Recovery</b>		<b>94.8%</b>	<b>72.4%</b>



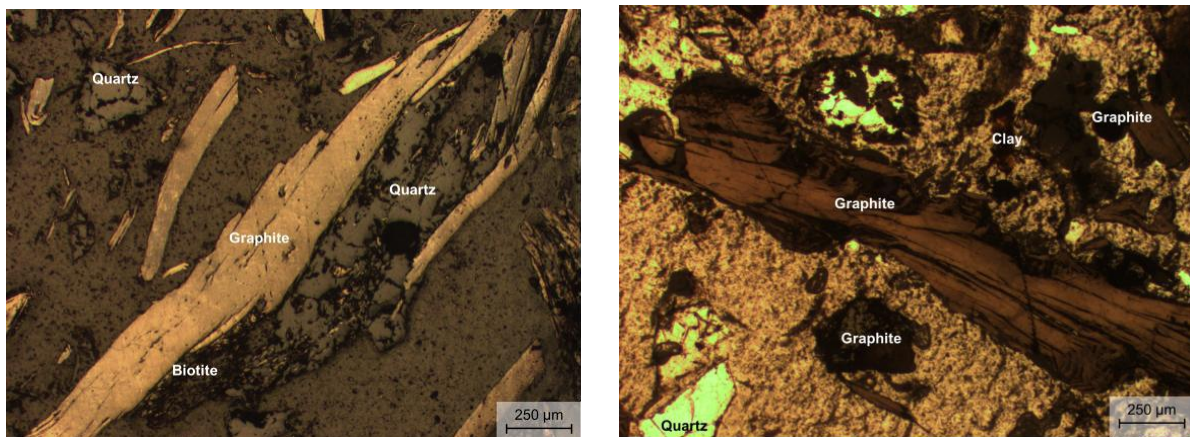
Samples were initially crushed at minus 4.0mm and flotation recoveries were 26.7% and 11.9% for MHT\_MT\_001 and AMP\_MT\_001 respectively. The recovery of this coarse large flake (-4mm) indicates that exceptionally large flakes can be recovered.

Recent results compare favourably with the historical analysis of the 1945 technical report, as announced in the Company's 9 May 2012 ASX release, which reported head grade analysis of 15.7% carbon and 95.7% recovery of flake graphite. A 94.5% concentrate was produced at 160 micron.

Optimising the mass pull is expected to increase recoveries at the Merelani-Arusha Graphite Project. The metallurgical testwork has been carried out over the past two months at the SGS metallurgical facility at Booysens, Johannesburg. As previously reported the samples were staged crushed to a coarse grind of minus 4mm. Optical mineralogy was used to determine liberation size and size-by-size analysis for graphitic carbon distribution.

#### ***Optical Mineralogy:***

The Company has received the optical mineralogy report for both metallurgical samples. The photomicrographs demonstrate the true extent and massive size of the larger graphite flakes, which are greater than 2,000 microns (+2mm) in length.



**Figure 4 :** Photomicrographs showing the true extent and size of the graphite flakes (note the 250 micron scale). Plane Polarized Reflected Light. Ndololo sample (left) and Merelani-Arusha (right)

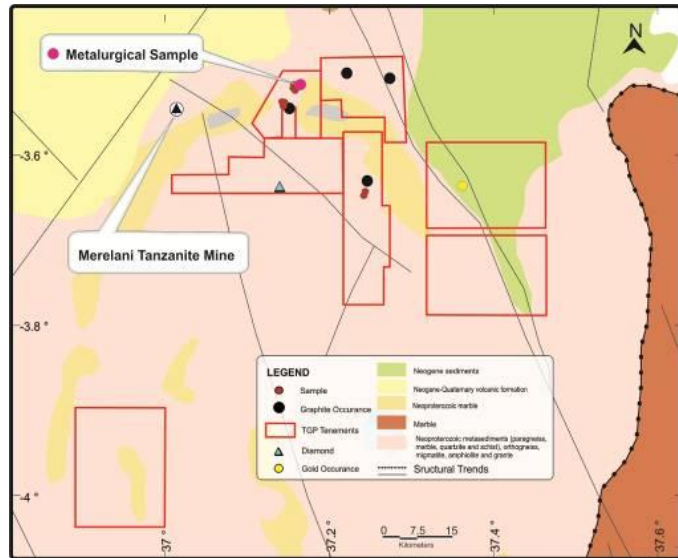
The bulk sample was collected from outcropping graphite within historical trenches from the respective project areas, with the samples considered representative of the graphite mineralisation. The Mahenge sample was located at Latitude 8° 37' 27.9" S Longitude 36° 42' 31.9" E. The Merelani-Arusha sample was collected over a wider area centered around Latitude 3°30'53.6" S Longitude 37° 9'52.6" E.

Further testwork is ongoing and will be required to optimise the size fraction and concentrate grade with a view to targeting the highest value end-markets for graphite.

## MERELANI-ARUSHA GRAPHITE PROJECT

The Merelani-Arusha Graphite Project consists of seven tenements covering an area of 973.4 km<sup>2</sup>, and is located 55km south-east of Arusha.

A total of 35 samples were collected from graphitic schist rock units targeted by Kibaran Resources at the Merelani-Arusha Project. Material was sampled from a geological unit striking approximately 1,500m, indicating a potentially extensive, future new area for graphite mineralisation.



**Figure 5: Merelani-Arusha project**

The results summarised in Table 3 show the occurrence of high grade graphite mineralisation and compare favourably to other graphite occurrences located in East Africa.

**Table 3 – Graphite Analysis for Rock Chip Samples, Merelani-Arusha Project**

Min	Max	Average
(% TGC)	(% TGC)	(% TGC)
2.1	25.5	8.1

*Note: Samples were taken from outcropping graphite locations, pictured overleaf. Samples were analysed by LECO for total graphite carbon by independent commercial laboratory SGS, Johannesburg. Samples were ignited at 600 degrees, then leached with HCL and the residue was analysed by LECO.*



**Picture:** Outcropping gneiss with large flake graphite (dark grey minerals) at Merelani-Arusha project.

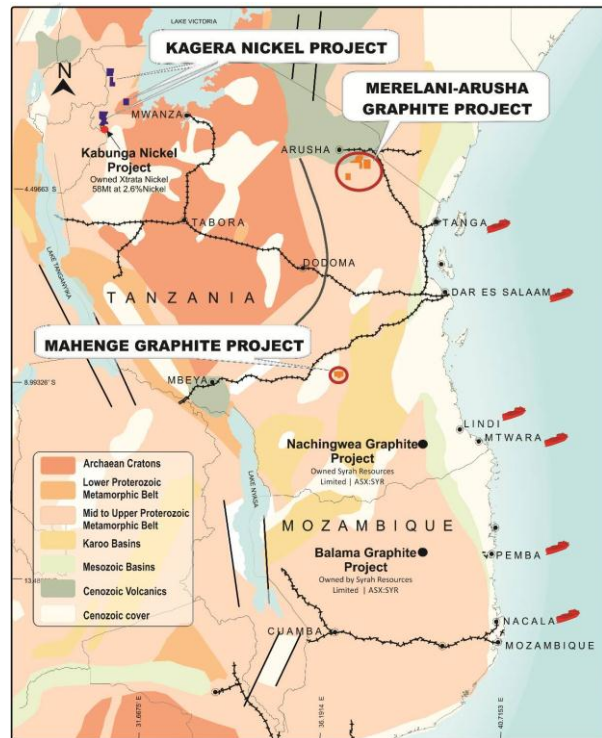
The geological mapping has observed graphitic schist over a 1.5 km strike length. The graphitic schist is striking east-southeast and is shallow dipping to the west, with an average dip angle of 38 degrees.



## EAST AFRICA – GEOLOGICAL SETTING

Based on a geological review, the largest and best quality flake graphite deposits predominantly occur within metasediments (refer figure 6 and reference to Proterozoic Metamorphic Belt), particularly containing dolomitic units, in high grade metamorphic terranes. The Mozambique belt, which extends from north eastern Tanzania down through Mozambique, contains these metasediments.

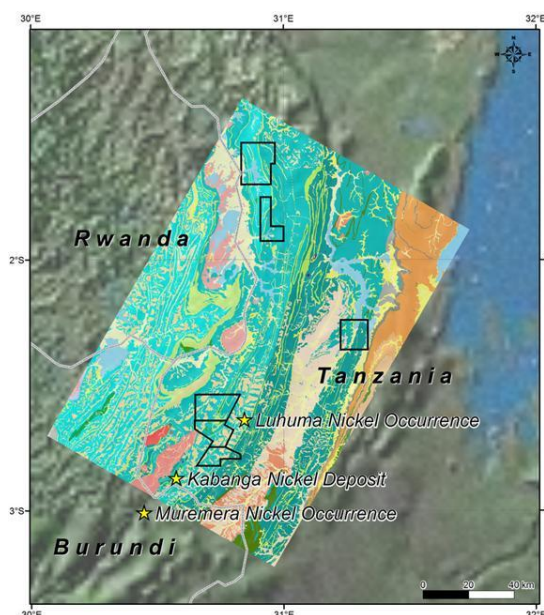
Graphite occurrences in Tanzania are known in the north (e.g. Merelani Tanzanite Mine), the south east (e.g. Nachingwea) and central (e.g. Mahenge) region of Tanzania, and in north-east Mozambique (e.g. Balama).



**Figure 6:** East Africa Geological Interpretation showing known graphite occurrences  
(Geological map of the world reference: Bouysse Ph. 2000. Geological Map of the World, Old World sheet, CGMW/CCGM & BRGM)

Figure 6 provides a regional geological framework of East Africa comprising the Achaean blocks of the Tanzanian and Zimbabwean cratons, surrounded by Proterozoic age metamorphic belts.

## KAGERA NICKEL PROJECT



**Figure 7:** Kagera Nickel Project

The Kagera Nickel Project is located in western Tanzania. The key tenements are located approximately 10km north-east of the Kabanga Nickel Deposits of Xstrata Nickel / Barrick Gold (one of world's largest undeveloped high grade nickel sulphide deposits) which is presently undergoing feasibility studies.

During the quarter the Company engaged an independent geologist to review the Kagera Nickel Project data package.

## CORPORATE

---

### **FUNDING SECURED**

During the quarter, the Company completed a rights issue and a placement raising a total of \$3.945 million in new funds to assist with funding ongoing exploration requirements for nickel and graphite projects.

### **APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

During the quarter, the Company announced the appointment of John Park as a non-executive director of the Company.

John has held executive and board positions for a number of UK, Canadian and Australian listed and unlisted companies, including Selection Trust, BP Minerals, Cluff Resources and Longview Capital Partners.

He was a founder and executive director of the highly successful, TSX-listed SAMAX Gold, since acquired by AngloGold-Ashanti, which developed and operated the Merelani graphite mine in Tanzania in the late 1990s. John played a key role in the design and building of the Merelani graphite plant and was author of the leading technical paper on Merelani graphite, which established the commercial recovery of graphite.

John was also a founder director and chairman of AIM-listed African Eagle Resources until the end of 2009. The company discovered the Myabi gold project and is currently developing the Dutwa nickel project, both in Tanzania.

John is a graduate (B.Sc-Hons) of the University of Queensland, a Fellow of the Australasian Institute of Mining and Metallurgy, CP (Man) and a Member of AIME.

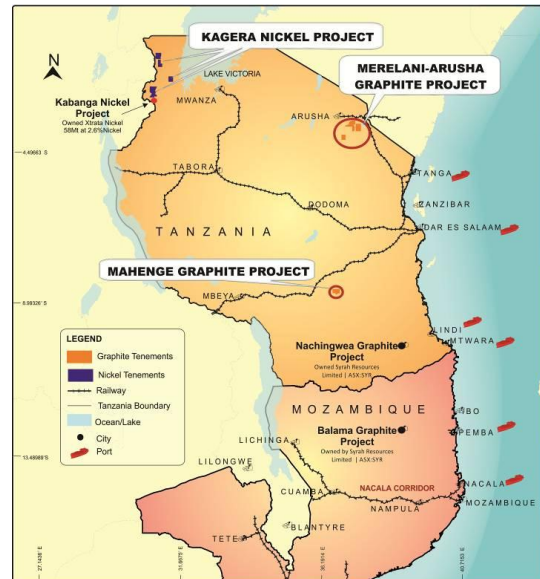


## ABOUT KIBARAN RESOURCES LIMITED

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

The Company recently acquired the rights to the Mahenge and Merelani-Arusha Projects which are 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.

<sup>1</sup>The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource calculated in accordance with the JORC code.

### For further information please contact:

#### Media & Investor Relations

Ron Cameron

Mercury Consulting

Telephone: +61 2 8256 3308

Email:

[ron.cameron@mercuryconsulting.com.au](mailto:ron.cameron@mercuryconsulting.com.au)

#### Company Secretary

Andrew Bursill

Telephone: + 61 2 9299 9690

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.

# Appendix 5B

## Mining 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

Name of entity

KIBARAN RESOURCES LIMITED

ABN

15 117 330 757

Quarter ended ("current quarter")

30 September 2012

### Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'ooo	(3 months) \$A'ooo
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(605)	(605)
	(b) development		
	(c) production		
	(d) administration	(187)	(187)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	7	7
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	<b>Net Operating Cash Flows</b>	<b>(785)</b>	<b>(785)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(785)</b>	<b>(785)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)		
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	3,954	3,954
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (share issue costs)	(279)	(279)
	<b>Net financing cash flows</b>	<b>3,675</b>	<b>3,675</b>
	<b>Net increase (decrease) in cash held</b>	<b>2,890</b>	<b>2,890</b>
1.20	Cash at beginning of quarter/year to date	55 <sup>1</sup>	55 <sup>1</sup>
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>3,44<sup>1</sup></b>	<b>3,44<sup>1</sup></b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	39
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors fees included in 1.23

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

The company completed the acquisition of Tanzgraphite Pty Ltd (consolidated asset above) on 20 July 2012 with consideration partly satisfied through the issue of 7,143,000 ordinary shares and 15,930,000 performance shares.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	
4.3 Production	
4.4 Administration	200
<b>Total</b>	<b>700</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,441 <sup>1</sup>	55 <sup>1</sup>
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,441<sup>1</sup></b>	<b>55<sup>1</sup></b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

<sup>1</sup> See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference +securities (description)</b>	Performance shares Class A 7,500,000 Class B 7,500,000 Class C 7,500,000 Escrowed 15,930,000	15,930,000	Escrowed	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	15,930,000	15,930,000	Re Tanzgraphite acq	
7.3	<b>+Ordinary securities</b>	54,933,404 5,000,000  7,143,000	54,933,404 5,000,000  7,143,000	Fully paid Released from escrow on 29/10/12  Escrowed to 20/01/13	
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	9,773,726 2,985,875 7,143,000 8,745,000	9,773,726 2,985,875 7,143,000 8,745,000	Rights issue @0.07 Rights issue @\$0.07 Re Tanzgraphite acq Placement @\$0.35	
7.5	<b>+Convertible debt securities (description)</b>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> (description and conversion factor)	Unquoted 3,500,000 2,500,000 700,000 700,000 600,000 700,000 3,500,000		Exercise price \$0.20 \$0.25 \$0.25 \$0.35 \$0.30 \$0.40 \$0.10	Expiry date 21/10/2014 24/03/2015 31/03/2015 30/09/2015 31/03/2015 31/03/2016 30/06/2015
7.8	Issued during quarter	Unquoted 3,500,000		Exercise price \$0.10	Expiry Date 30/06/2015
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....  
(Company secretary)

Date: 31 October 2012

Print name: Andrew Bursill

### 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

---

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

---

- 3      **Issued and quoted securities-** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4      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.
- 5      **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

---

+ See chapter 19 for defined terms.