Developing premium quality graphite in Tanzania

kibaran resources

ASX: KNL

EPANKO: READY TO GO, READY TO GROW

Developing a high-quality graphite project in Tanzania as a long-term supplier to the rapidly growing global battery market

Not for release or distribution in the United States

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International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

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The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Germany, from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

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United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

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This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

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Securities Disclaimer

This presentation is for informational purposes only and does not constitute an offer to sell, or solicit to purchase, any securities. Such offer can be made only through proper subscription documentation and only to investors meeting strict suitability requirements. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Forward looking Statements

Various statements in this presentation 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.

Competent Person

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 director of Kibaran Resources Limited 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 2012 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.

The information in this report that relates to Mineral Resources is based on information compiled by Mr David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. David Williams is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Ore Reserve has been compiled by Mr Steve O'Grady. Mr O'Grady, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Intermine Engineering and produced the Mining Reserve estimate based on data and geological information supplied by Mr Williams. Mr O'Grady has sufficient experience that is relevant to the estimation, assessment, evaluation and economic extraction of Ore Reserve that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr O'Grady consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

INVESTMENT CASE

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- High quality graphite project with completed BFS showing strong economics for 40ktpa
- Low technical risk – shallow mining with simple metallurgy & processing. Its is all about quality of the graphite and sales of product!
- Binding offtake agreements for 30ktpa with Germans inc. ThyssenKrupp for traditional uses (i.e. refractories)
- Project Financing support from German Bank KfW and African Nedbank
- New Agreement with Sojitz to supply growing Battery Market lifts sales above planned production
- Opportunity to add significant value through upgrade of project to 60ktpa to meet growing Battery demand
- Opportunity to add further value through downstream processing of Epanko Graphite
- Funds to be used for upgrade of production Capacity and Feasibility work on Downstream processing
- Kibaran team experienced in building and operating mines inc. Tanzania and unique experience in graphite processing & marketing

Business Plan

- Produce high quality graphite products for non Chinese markets and meet growing battery market demand
- Size project and production to offtake i.e. Only plan to produce what we can sell under contract
- Value add Product with Downstream Processing

O U R   V I S I O N

OUR VISION:

"To become a major producer of high-value, premium quality large flake graphite in Tanzania as a long-term stable supplier of graphite for the high growth battery market"

CORPORATE OVERVIEW

CAPITAL STRUCTURE

Shares on Issue	190m
Share Price (15 August 2016)	$0.27
Market Cap (15 August 2016)	$51.3m
Net Cash (30 June 2016)	$2.0m
Enterprise Value	$49.3m
Unlisted Options – Various Expiries & Exercise Prices	16m
Top 20 Shareholders	17%
Board & Management	18%

YEAR-TO-DATE SHARE PRICE PERFORMANCE

STOCK EXCHANGE LISTINGS

Australian Stock Exchange (ASX)	KNL
Frankfurt Stock Exchange (FSE)	FMK

OVERVIEW – THE CASE FOR KIBARAN

- Strong base case economics – US$77.5m capital cost, 41.2% IRR, 2.7-year payback, US$197.4m NPV and annual EBITDA of US$33.6m for 25-year mine life based on 40ktpa production
- Binding agreements in place for 100% of projected BFS annual production with blue-chip customers:
  - ThyssenKrupp (Germany) – 20ktpa for steel industry
  - Sojitz Corporation (Japan) – 14ktpaa for lithium battery industry
  - Major European graphite trader – 10ktpa for other high-end uses
- Future upside from sales to Japan-Korea battery market
  - Scoping Study completed for battery grade graphite – US$115M NPV
  - Base case project financials exclude lithium-ion battery sales
- Debt funding discussions well advanced – German KfW-Bank (US$40m project debt – due diligence being completed), Nedbank (US$30m)
- Environmental and social relocation plan well advanced to IFC standards with claims already being dealt with
- Post-Placement, well funded through to completion of debt financing
- 9-month development timeframe from debt financing

PLACEMENT

Size and Structure	Unconditional placement of 47.3m new ordinary Kibaran shares (**New Shares**) to sophisticated and professional investors to raise approximately $10.9m (before issue costs) under Kibaran's existing 25% placement capacity (**Placement**)
Placement Price	Placement Price of $0.23 per New Share represents: • 14.8% discount to the last traded price on 15 August 2016 of $0.27 • 19.0% discount to the 5 day VWAP on ASX • 18.0% discount to the 10 day VWAP on ASX
Indicative Key Dates[1]	• ASX trading halt – pre-market Tuesday, 16 August 2016 • Bookbuild opens – Tuesday, 16 August 2016 • Shares re-commence trading – Wednesday, 17 August 2016 • Settlement of New Shares – Tuesday, 23 August 2016
Ranking	Pari passu with existing fully paid ordinary Kibaran shares
Use of proceeds	• $5.0m Epanko expansion & pre-development • $3.5m Downstream processing feasibility study • $2.4m Product marketing, working capital and issue costs

1. The above timetable is indicative only and subject to change. Kibaran reserves the right to amend any and all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The commencement of quotation of New Shares is subject to confirmation from the ASX.

EPANKO EXPANSION & PRE-DEVELOPMENT

Expansion and pre-development activities to provide a seamless timeline from debt financing to development of the Epanko Graphite Project

- Engineering design and project expansion study (60ktpa) to BFS standards
- Grade control, Mineral Resource and Reserve expansion drilling, Upgraded mining plan
- Environmental & social, Relocation Action Plan (RAP claims) and Management

DOWNSTREAM PROCESSING FEASIBILITY STUDY

Conduct a Definitive Feasibility Study for downstream processing including the production of Battery (Spherical) Grade Graphite to the growing Lithium-Ion Battery Market

- Study to include other value added products (i.e graphite foils)
- Battery (Spherical) testwork carried out under the supervision of Sojitz Corporation

PRODUCT MARKETING AND WORKING CAPITAL

- Secure further strategic alliance and partnerships
- Independent modelling of graphite demand/supply to determine market share and production growth
- Further testwork and provision of samples for marketing of product
- Working capital and issue costs

Low Sovereign Risk

- Corporate Tax (30%)
- Royalty (3%)
- Mature mining sector
- Skilled workforce
- Access to grid power
- Well developed infrastructure network

New road and bridge construction on route to Epanko

PROJECT LOCATION AND INFRASTRUCTURE

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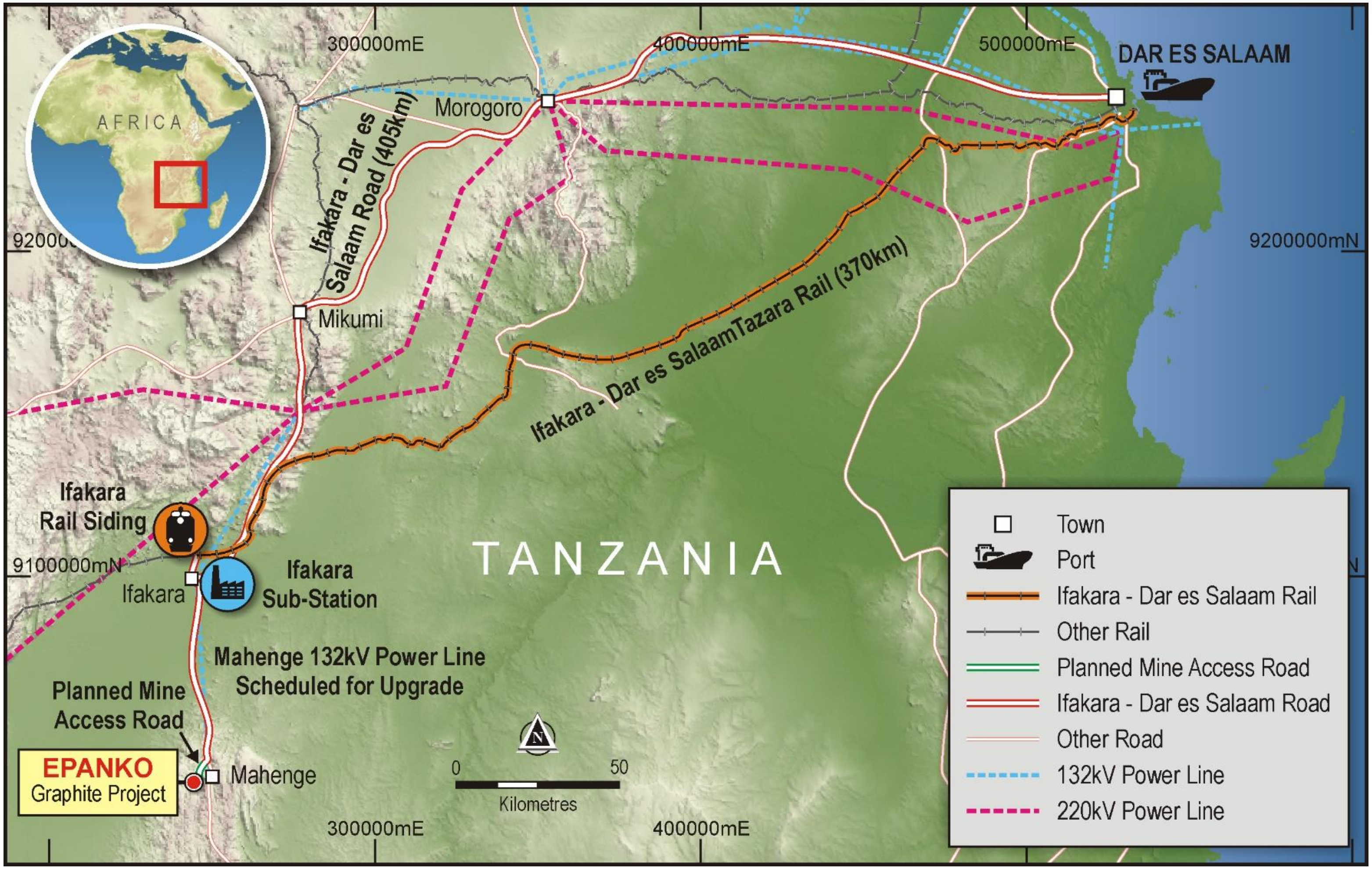

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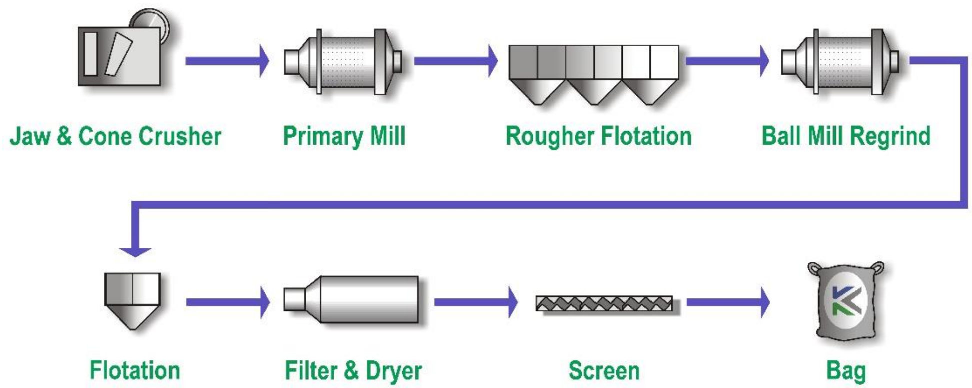
Completed Bankable Feasibility Study

- Simple open cut mine and conventional flotation processing plant
- Ore Reserve supporting 25-year mine life with contained resource of 2,194,600 tonnes
- CAPEX of US$77.5m
- Annual EBITDA of US$33.6m for 15 years with forecast production of 40,000tpa
- Pre-tax NPV of US$197.4m
- Capital payback 2.7 years
- Strip Ratio (waste: ore) 1: 1 LOM
- Revenue Price US$1,466/t of concentrate
- OPEX FOB Dar es Salaam US$570/t

Production of Natural Flake Graphite

- Simple flowsheet design

Initial Production 40ktpa



Double Production 80ktpa +$30m

EPANKO FLAKE SIZE DISTRIBUTION				
Name	**Microns (µm)**	**Mesh Size**	**Portion Retained (%)**	**Carbon Grade (%)**
Jumbo	>300	>48	20.0	97.1
Large	>180	>80	35.4	96.7
Medium	>106	>150	30.3	96.2
Small	>75	>200	7.4	95.3
Fine	<75	<200	6.9	92.6
			100%	**96.3%**

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Binding Agreements

ThyssenKrupp

EGT European Trader

sojitz

- Traditional **refractory** market
- Value-added products including **expandable graphite**
- High-growth **battery** market

Debt Financing

KFW IPEX-Bank

- Specialist financier for the German and European export industry

- German Government loan guarantee

NEDBANK

- Africa's largest investment bank

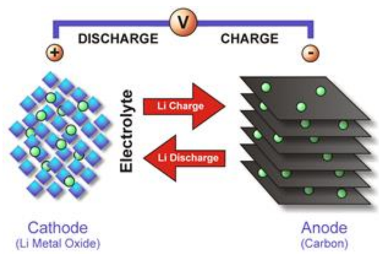
- ESIA subject to highest standards – not just best practice
- Environmental approvals confirmed as part of BFS
- Relocation Action Plan (RAP) being completed to IFC principles as a condition of KfW financing
- Strong support secured from local and regional governments and Department of Energy and Minerals
- Community consultation with assistance of IFC consultants underway, dealing with relocation issues, misunderstandings and claims
- Ambit legal claim made by some landowners against government departments and company being addressed
- Funds raised to accelerate relocation and compensation process

ABOUT GRAPHITE

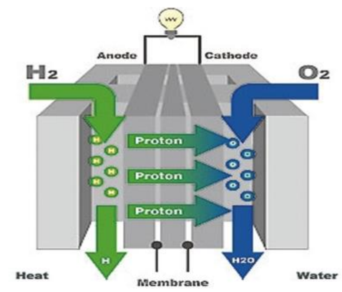
An industrial mineral with unique physical properties:

- Superior thermal/electrical conductivity
- Stable wide temperature range
- High melting point
- Excellent lubrication
- Resistant to chemical attack

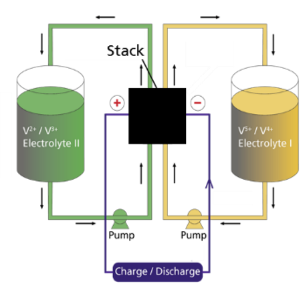
Battery Grade Graphite



Lithium-Ion



Fuel-Cell



Redox-Flow

GLOBAL PRODUCTION AND DEMAND

- **China is the largest producer (~600ktpa) of natural graphite**
- **Half of China's production is consumed by USA, Europe, Japan and Korea**

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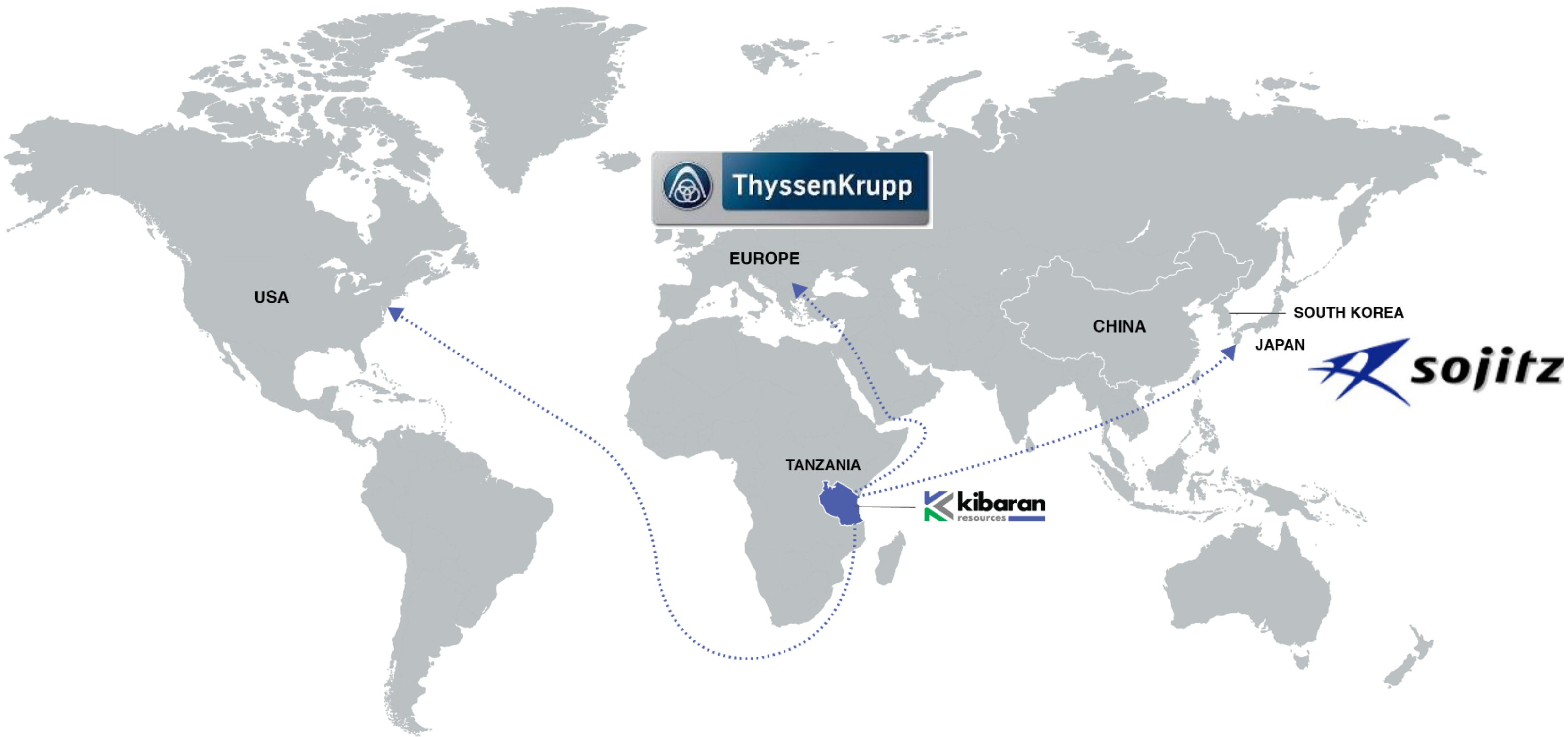
KIBARAN'S GRAPHITE SALES

- Europe is the largest refractory market outside China
- Japan and Korea is the largest battery grade graphite market



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GLOBAL DEMAND FOR FLAKE GRAPHITE

- Epanko annual production of 40,000 tonnes is 7% of global demand

END-USE	REGION					
	Asia	Europe	North America	South America	Others	TOTAL
Refractories	225	46	15	30	8	**324**
Foundries	28	20	15	12	4	**79**
Batteries	57	4	5	4	1	**71**
Friction	10	5	3	1	1	**20**
Lubricants	10	3	2	1	1	**17**
Others	36	14	14	20	5	**81**
Total (kt)*	**366**	**92**	**54**	**68**	**20**	**600**

Source: ProGraphite
** kt = 1000 tonnes*

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Gigafactories will drive future graphite demand

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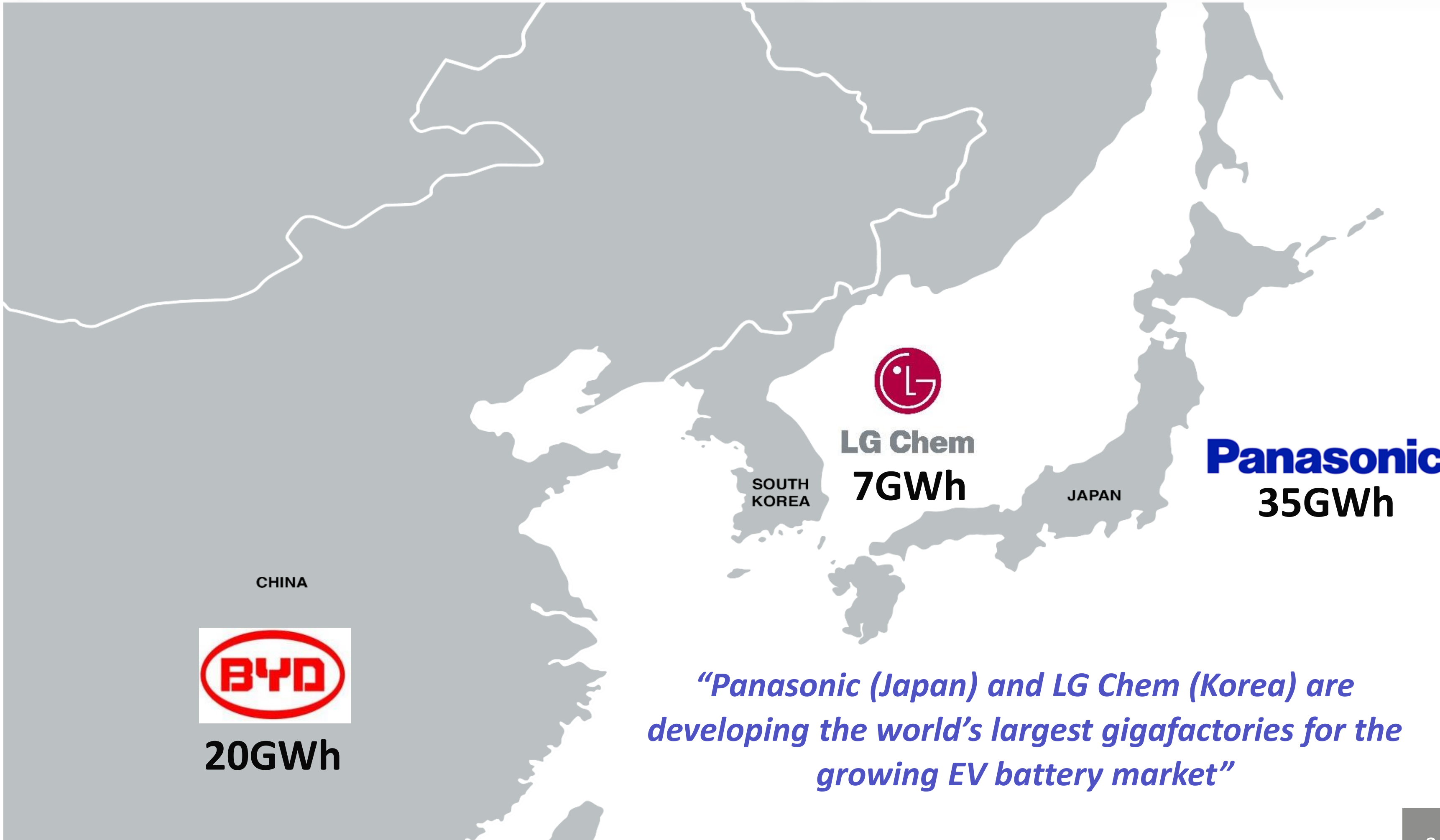

"Panasonic (Japan) and LG Chem (Korea) are developing the world's largest gigafactories for the growing EV battery market"

Source: Schematic Interpretation of Benchmark Mineral Intelligence

CURRENT GLOBAL BATTERY DEMAND

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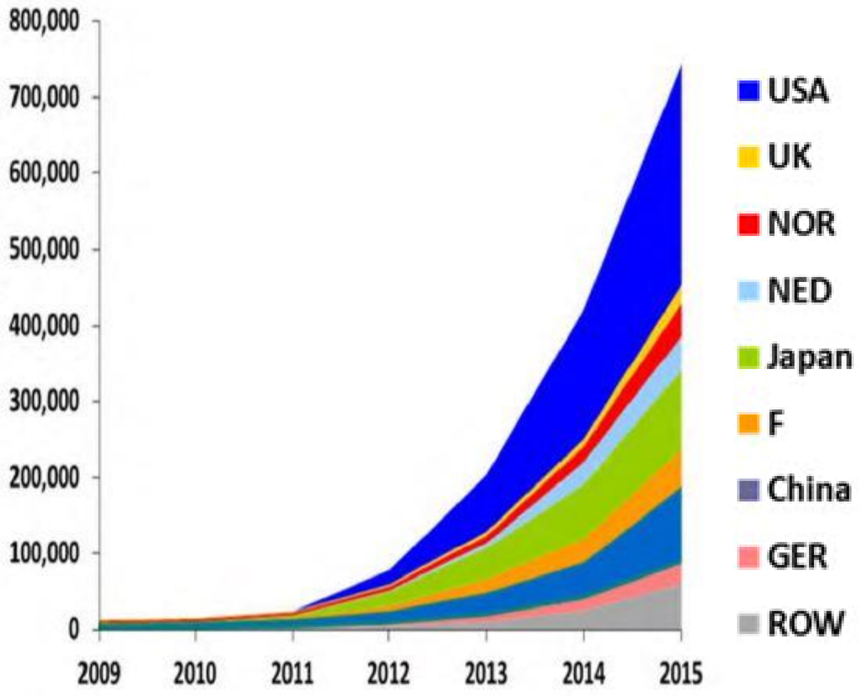
ELECTRIC VEHICLES ('EV')



Number of electric cars worldwide on January 1, 2015

ENERGY STORAGE SYSTEMS ('ESS')

"Tesla's 2016 production of its lithium-based Powerwall sold out in August 2015"

Source: Outlook for EV's & Future Potential Demand for Graphite, presented by Christoph Frey, 2nd International Minerals Conference September 2015, Berlin Germany

KIBARAN – VERTICALLY INTEGRATED

EPANKO GRAPHITE MINE
Production of Natural Flake Graphite
40,000tpa of Graphite
NPV – US$197.4m

ThyssenKrupp
EGT European Trader

PRODUCTION OF BATTERY GRAPHITE
Mechanical Shaping and Purification
5,000tpa of Spherical Graphite
NPV – US$115m

sojitz

PRODUCTION OF LIB ANODE
Coating of Spherical Graphite
Mixing with Binder and Additives
Coating slurry on copper foil

PRODUCTION OF LITHIUM-ION BATTERY

LG Chem
Panasonic

"Securing the lucrative supply chain of the world's gigafactories"

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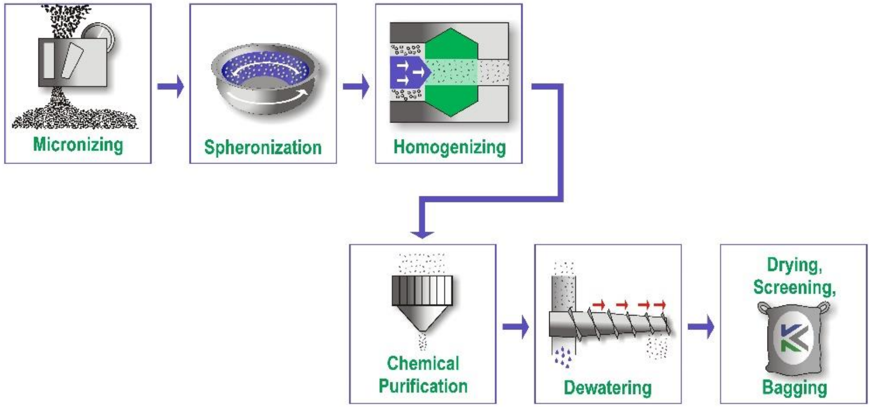
Scoping Study Completed

- Superior quality confirmed by end users
- Initial production 15,000tpa
- NPV US$115m
- Capital Expenditure US$30m



Next Step – Feasibility Study

- Production scale test on bulk sample commenced
- Discussion with further strategic partnerships well advanced

THE TEAM TO DELIVER

Robert Pett – Non-Executive Chairman

- Minerals Economist with over 30 years' experience in developing resources and mines in Australia and Africa. Founding Chairman of Resolute Mining.

Andrew Spinks – Managing Director

- Geologist with over 25 years' experience. Expertise in exploration, mining and management across a range of commodities.

Grant Pierce OAM – Executive Director, Projects

- Mining engineer with over 25 years' experience, including the development of Edikan (Perseus), Tulawaka (Barrick) and Golden Pride (Resolute). Awarded the Order of Australia Medal in 2003 for his personal contribution to social development in rural Tanzania.

John Conidi – Non-Executive Director

- Bachelor of Commerce Degree from the Royal Melbourne Institute of Technology. 14 years of experience in developing, acquiring and managing publicly listed businesses.

Christoph Frey – Non-Executive Director, Technical Graphite Specialist

- German-based graphite industry professional with over 20 years' graphite experience in Russia, Europe, Africa and China. Direct experience in production of battery grade graphite.

Robert Hodby – CFO/Company Secretary

- Bachelor of Commerce, Member of CPA Australia and Governance Institute of Australia with over 20 years' industry experience in financing and administration of public and listed companies

"A team with a proven track record in Tanzania"

OUR STUDY TEAM

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GR ENGINEERING SERVICES
ENGINEERING CONSULTANTS AND CONTRACTORS

ECG ENGINEERING

MTL Consulting

imo EVERYTHING METALLURGY

trinity PRO-MOTIONS

CSA

Knight Piésold CONSULTING

"All study consultants are considered leading experts with a proven history of developing projects in Tanzania"

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Well positioned to be a significant graphite producer

- Blue-chip strategic partners – ThyssenKrupp AG + Sojitz + EGT
- Debt finance – KfW-IPEX Bank + German Gov't + Nedbank
- Access Japanese and Korean battery market
- Strong balance sheet – funded through to debt financing
- Numerous project value enhancement opportunities
- Kibaran – Vertically integrated from mine to battery plant

EPANKO: READY TO GO, READY TO GROW

Financing risks and capital requirements

The Company's capital requirements will depend on a number of factors. While every care has been taken in estimating the capital cost and future operating costs for the Company's projects, including contingency, the actual costs experienced in developing and operating mines may vary from current estimates. Any variations could adversely affect the Company's financial position and performance.

Following the Placement, the Company expects to have sufficient funding (based on existing estimates of funding requirements) in relation to its existing operations. However, further financing may be required in the future for the Company's exploration, development or ongoing activities.

The Company may be required to seek alternative or further financing (either in the form of debt or equity). Any debt financing, if available, may involve restrictions on the Company's financing and operating activities, or its business strategy, and additional equity financing may dilute shareholders and may be undertaken at lower prices than the current market price. No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all.

In the ordinary course of operations and development, the Company is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Share market conditions

There are risks associated with any investment in securities. Publicly listed securities and, in particular, securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. General factors that may affect the market price of shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

These factors may materially affect the market price of KNL shares regardless of KNL's performance. The past performance of KNL is not necessarily an indication as to the future performance of KNL. There can be no guarantee that there will continue to be an active market for KNL shares or that the price of KNL shares will increase. Neither KNL nor the KNL board warrants the future performance of KNL or any return on an investment in KNL.

Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Epanko Graphite Project is successfully developed and production commences. Exploration and development costs and pursuit of its business plan will reduce the Company's current cash reserves. Therefore, in order to successfully develop the Epanko Graphite Project and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the current raise. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing shareholders will be diluted.

KEY RISKS

Exploration, development, mining and processing risks

The Epanko Graphite Project is at the development stage, with a BFS completed in July 2015. The prospects of Kibaran should be considered in light of the risks, expenses and difficulties frequently encountered by companies at this stage of development, particularly in the African region.

In addition to the Mining Licence on which the Epanko Graphite Project is located, the Company will hold other tenements, on which the Company may in the future carry out exploration, depending on its strategy.

The business of mineral exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

i. the discovery and/or acquisition of economically recoverable deposits;

ii. access to adequate capital for project development;

iii. design and construction of efficient development and production infrastructure within capital expenditure budgets;

iv. securing and maintaining title to interests;

v. obtaining consents and approvals necessary for the conduct of mineral exploration, development and production;

vi. access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and

vii. limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environ mental accidents, tribal and traditional ownership processes, changing government regulations and many other factors beyond the control of the Company.

Despite the level of mineral resources currently estimated for the Project and the BFS providing the Company with confidence as to the potential of the Project, there can be no assurance that the Epanko Graphite Project will be brought into commercial production. There can be no assurance that any additional exploration of the mineral licences to be held by the Company will result in the discovery of an economic mineral deposit. Even if a mineral deposit is identified, there is no certainty that it can be economically exploited. If exploration is successful, there will be additional costs and processes involved in transitioning to the development phase.

Each prospecting licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in these tenements if licence conditions are not met or insufficient funds are available to meet expenditure commitments

Environmental and other regulatory risks

Environmental laws in Tanzania are strict. Every activity from exploration through to development and mining require compliance with the regulations for environmental protections by virtue of section 81 of the Environmental Management Act, 2004. Under section 81 an Environmental Impact Assessment Report is a mandatory requirement and the outcome of the assessment may be negative. It is expected that the Company's activities will have an impact on the environment, particularly at the time of advanced exploration and any mine development.

It is in the interest of the Company to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws, in order to minimise damage to the environment and risk of liability which includes personal criminal liability under section 98 of the Environmental Management Act. In a normal situation it is expected that despite diligently observing in all material respects applicable environmental laws and regulations, there are certain risks inherent to the Company's activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to environmental liability.

The Company and/or its subsidiaries will require other various governmental approvals and permits in Tanzania from time to time in connection with various aspects of its activities. To the extent such approvals or permits are required and not obtained, or are delayed, the Company may experience delays affecting its scheduled project development.

Environmental laws are dynamic and can change over time. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future. Additional laws or regulations may materially increase the Company's cost of doing business or affect its operations. The cost and complexity of complying with any additional environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Further, environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation in Tanzania, if any, will not materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Regulatory requirements including exploration and mining permits and licences

KNL's operations are subject to various national and local laws and regulations, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health. These laws and regulations may become more restrictive, impose stricter standards and increase penalties for non-compliance, which may adversely affect KNL's financial performance. Additional capital may be required to ensure compliance with such laws and regulations, and operational activities may be delayed or prevented entirely.

In addition, approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. KNL may be required to obtain government permits to commence or expand operations, which can be a costly and time-consuming process that can be cross-jurisdictional and may involve public hearings and costly undertakings. No assurance can be given that KNL will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, KNL may be curtailed or prohibited from continuing or proceeding with production and exploration.

Tenement title

Rights in relation to mining rights in Tanzania are governed by Tanzanian legislation. They are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company, through its subsidiary TanzGraphite (TZ) Limited, could lose title to or its interest in tenements if the licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise, in line with the Tanzanian Mining legislation.

Tenements held by the Company or its subsidiaries are subject to periodic renewal. Renewal, although straightforward, is not automatic, and is subject to approval, which approval can be denied where a default notice has been issued. Renewal may include additional or varied expenditure or work commitments or compulsory relinquishment of the areas comprising conditions may adversely affect the operations, financial position and/ or performance of the Company.

The Minister is obliged to renew a mining licence unless the holder is in default (which remains unrectified following service of notice), has not developed the mining area with reasonable diligence, minerals in workable quantities do not remain to be produced or the application has failed to conduct mining operations in the area in strict compliance with the application regulations relating to safety and environmental management.

If any of the mineral licences are not renewed, the Company may suffer significant damage through loss of the opportunity to develop any mineral resources on that licence.

Occupier's consent

The title to mineral rights to be held by the Company may also be affected by the provisions of law which provide for the protection of lawful occupiers of the area. According to section 95(1)(b) of the Mining Act, no holder of a mineral right shall exercise any of its rights conferred by its licence over an area of land which is the site of, or which is within 200 metres of any inhabited, occupied or temporarily unoccupied house or building without prior consultation with the relevant local Government authority, including the village council and thereafter the written consent of the lawful occupier.

Therefore, where a mineral right granted to an applicant is over an area of land inhabited by lawful occupiers then the Company as holder of such a mineral right is required to obtain the lawful occupier's written consent, following necessary consultation, prior to exercising any of the rights conferred under its mineral right. Failure to obtain the lawful occupier's prior written consent would not invalidate the licence holder's mineral right but the lawful occupier may make a claim against the licence holder.

Relevant to the above, the Company has received a claim from some residents of Epanko Village seeking a court injunction on mining operations by the Company until compensation has been paid. The Company and Company's lawyers consider that the claim is vexatious and frivolous. In any event, the Company is aware of its obligations with regard to compensation and relocation and is undertaking due process through the development of a relocation action plan. The Company therefore does not consider that the claim will impact its intended course of action with respect to the residents of the Epanko Village. The relocation and action planning is being undertaken to standards set by the International Finance Corporation, which exceed the requirements of the Tanzanian government, and if required as a condition precedent to project debt funding.

Export and import regulations

The import and export policies of any jurisdiction in which KNL operates or sells product to may change in the future. As the revenues of KNL depend upon the process of exporting commodities, the profitability and financial position of KNL may be adversely affected by any such adverse import and export regulations.

Key personnel and labour

A number of key personnel are important to attaining the business goals of the Company. One or more of these key employees could leave their employment, and this may adversely affect the ability of the Company to conduct their business and, accordingly, affect the financial performance of the Company and the price of its shares. Recruiting and retaining qualified personnel are important to the success of the Company. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons can be strong, depending on market conditions.

Key contractors

The Company may use external contractors or service providers for many of its activities, and as such the failure of any current or proposed contractors, subcontractors or other service providers to perform their contractual obligations may negatively impact the business of the Company. The Company cannot guarantee that such parties will fulfil their contractual obligations and there is no guarantee that the Company would be successful in enforcing any of its contractual rights through legal action. Further, the insolvency or managerial failure by any such contractors or other service providers may pose a significant risk to the Company's operating and financial performance and financial position.

Litigation

As at the date of this presentation, other than the claim noted under occupiers consent, the Company is not aware of any material disputes or litigation being undertaken. However, like any mining company operating in a commercial setting, it is possible that the Company may be involved in disputes and litigation in the course of its future operations. There is a risk that any material or costly dispute or litigation and compensation or damages could adversely impact the financial position or performance of the Company.

Infrastructure, transportation and remoteness of operations

The commodities expected to be produced by the Company will be required to be transported to customers internationally. Each stage of the transportation process poses risks, including the initial remoteness of the Company's projects. Fuel costs, unexpected delays and accidents could materially impact upon the Company's financial position.

Further, there are risks associated with the availability of adequate trucking, rail and port facilities and the process for obtaining approvals to access these facilities (including the timing and conditions on which access may be granted). If the Company is not able to access the required infrastructure within a certain time period or at a reasonable cost, this could adversely affect the Company's operations and financial performance.

The price of sea freight, smelting and refining charges are market driven and can vary throughout the life of each project. These will also impact on the overall profitability of the Company.

Energy costs

While the Company puts in place hedging arrangements in relation to diesel, the Company is still exposed to price fluctuations for the unhedged portion of its diesel requirements.

Mineral Resource and Ore Reserve estimates

The volume and quality of the commodities that the Company recovers may be less than the estimates previously provided to shareholders. While the Company’s Mineral Resources and Ore Reserves estimates are prepared in accordance with the JORC Code, they are expressions of judgement based on knowledge, experience and industry practice, and may ultimately prove to be inaccurate and require adjustment. In addition, estimates which were valid when originally calculated may alter significantly when new information, market conditions or techniques are available including during the process of mine development. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. Adjustments to estimates could affect the future development and mining plans of the Company and, in turn, its operations and financial performance.

Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows. Estimates also require interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reserves and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Gold and nickel price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations. If Company’s actual Mineral Resources and Ore Reserves are less than current estimates, the Company’s prospects, value, business, results of operations and financial condition may be materially adversely affected.

Contained metal (tonnes and grades) are normally estimated annually and published in resource and reserve statements, however actual production in terms of tonnes and grade often vary as ore bodies can be complex and inconsistent.

Occupational health and safety risk

Mining activities have inherent risks and hazards. The Company is committed to providing a safe and healthy workplace and environment for its personnel, contractors and visitors. The Company will provide appropriate instructions, equipment, preventative measures, first aid information, medical facilities and training to all stakeholders through its occupational health and safety management systems. While the Company's has a strong record in achieving high quality safety performance at its sites, a serious site safety incident may expose the Company to significant penalties and the Company may be liable for compensation to the injured personnel. These liabilities may not be covered by the Company's insurance policies (when in place) or, if they are covered, may exceed the Company's policy limits or be subject to significant deductibles. Also, any claim under the Company's insurance policies (when in place) could increase the Company's future costs of insurance. Accordingly, any liabilities for workplace accidents could have a material adverse impact on the Company's liquidity and financial results.

It is not possible to anticipate the effect on the Company's business from any changes to workplace occupational health and safety legislation. Changes to this legislation may have an adverse impact on the financial performance and/or financial position of the Company

Insurance

KNL will endeavour to maintain insurance for KNL within ranges of coverage in accordance with industry practice. However, in certain circumstances, this insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on KNL’s operating and financial performance and financial position.

Insurance of risks associated with minerals exploration and production (including accidents, pollution and other hazards) is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where KNL considers it is unreasonable or not in its interests to maintain insurance cover to a level of coverage which is in accordance with industry practice. KNL will use reasonable endeavours to insure against the risks it considers appropriate for its needs and circumstances. However, no assurance can be given that KNL will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

KEY RISKS

Emerging markets

The Company's assets are located in Tanzania. When conducting operations on foreign assets in emerging markets such as Tanzania, the Company faces a number of additional risks that companies with operations wholly within Australia may not face. For example, the ability to implement effective internal control and risk management systems and good corporate governance principles, having regard to the separation of executive management and the board from the location of the projects and the need to rely on consultants and professional advisors in those jurisdictions.

Sovereign risks

The mineral licences are for project located in Tanzania and the Company will be subject to the various political, economic and other risks and uncertain ties associated with operating in that country. There are risks attached to exploration and mining operations in a developing country like Tanzania which are not necessarily present in a developed country like Australia. These risks and uncertainties vary from country to country and include, but are not limited to, economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity

Any future material adverse changes in government policies or legislation in Tanzania that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on exploration, development, mining production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, local economic empowerment or similar policies, employment, contractor selection and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors adds uncertainties that cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability

The legal systems operating in Tanzania may be less developed than in more established countries, which may result in risk such as: political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute, a higher degree of discretion on the part of governmental agencies, the lack of political or including, in particular, as regards local taxation and property rights, inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or relative inexperience of the judiciary and courts in such matters.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness and enforcement of such arrangements cannot be assured.

There can be no guarantee that the Company will be able to generate a positive return for its shareholders if an event occurs in Tanzania which materially adversely affects the value of the Company, its assets and/or its business

KEY RISKS

Commodity price volatility and exchange rate risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity prices and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand for minerals, technological advancements, forward selling activities and other macro economic factors.

In addition, unlike the majority of base and precious metals, there is no internationally recognised market for graphite nor is graphite an exchange traded commodity. As a result, there is a lack of market transparency associated with the price of graphite.

Furthermore, prices of various commodities and services may be denominated in United States dollars or Tanzanian shillings, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar and the Tanzanian shilling and the Australian dollar as determined in international markets.

Metallurgical recoveries

The economic viability of graphite recovery depends on a number of factors such as the development of an economic process for the treatment of Epanko ore. Further, changes in mineralogy may result in inconsistent recovery of graphite.

There is a degree of uncertainty to the estimation of Mineral Resources and Ore Reserves and corresponding grades being mined or dedicated to future production. Until Mineral Resources or Ore Reserves are actually mined and processed, the quantity of Mineral Resources and Ore Reserves must be considered as estimates only. In addition, the grade of Mineral Resources and Ore Reserves may vary depending on, among other things, graphite prices. Any material change in quantity and grades of Mineral Resources, Ore Reserves, or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on site conditions or during production.

Fluctuation in the price of graphite, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any mineral resource estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources and/ or Ore Reserves, could have a material adverse effect on the Company's financial condition

Competition risk

The industry in which the Company is involved is subject to domestic and global competition. Although the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business

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TanzGraphite®

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