

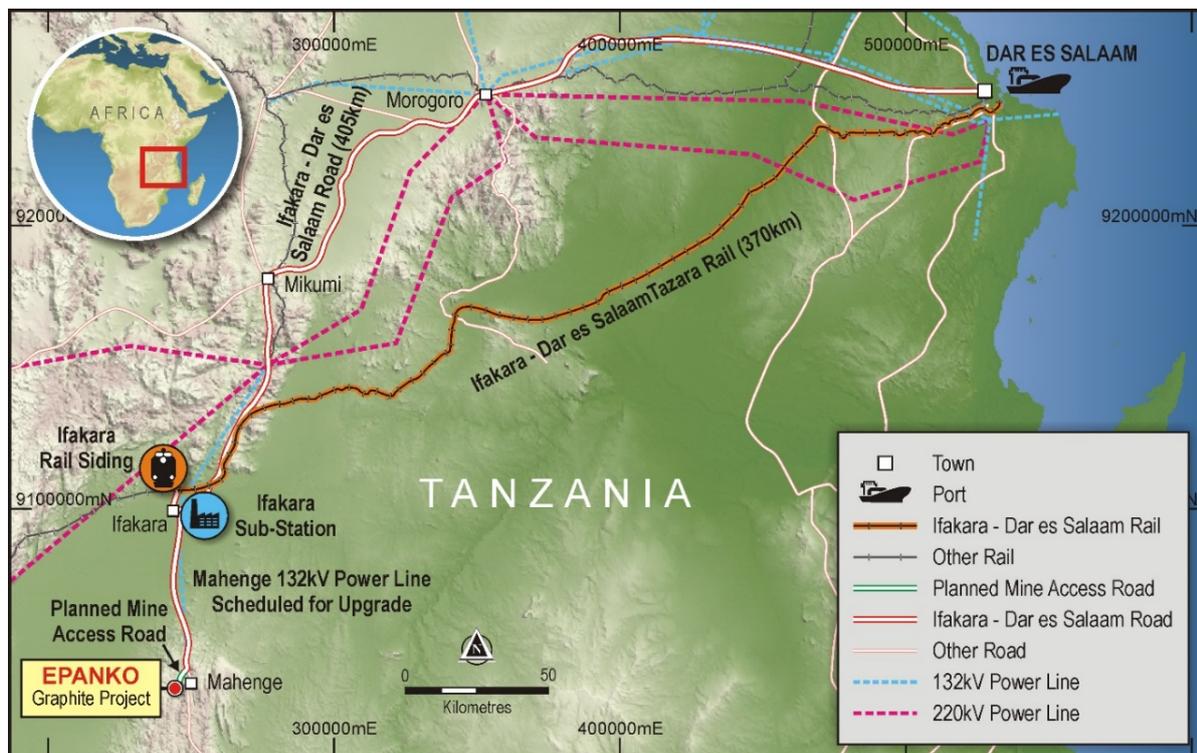
June 2016 Quarterly Activities Report

## Kibaran progresses towards final offtake deal and funding for Epanko Graphite Project

*On track to secure firm sales agreements covering 100% of production*

### Highlights

- Kibaran takes key step towards final funding for Epanko with completion of Independent Engineers Report on the project
- Now focused on pre-development, including project optimisation matters
- In the process of completing third offtake agreement with global commodities trader Sojitz Corporation
- Bulk sample tests outperform block model, highlighting potential to exceed performance forecasts
- \$0.9m Research and Development Rebate Received



### EPANKO GRAPHITE PROJECT – TANZANIA (100% KNL)

The Epanko Graphite Project (“Epanko”) is located 245km south-west of Morogoro in south-east Tanzania.

Kibaran Resources (ASX: KNL) is pleased to report on the strong progress made by the Company towards its goal of bringing Epanko into production.

### COMPLETION OF INDEPENDENT ENGINEERS REPORT

During the quarter, Kibaran received notification that SRK, appointed as the Independent Engineers for technical due diligence by KfW IPEX Bank, had completed its review. The technical due diligence process is part of KfW IPEX-Bank's senior debt financing due diligence process on the Epanko Graphite Project.

Kibaran is the first ASX-listed graphite company to undergo a banker's due diligence process for a project in Africa. As a result of the IER, recommendations were received from SRK. Kibaran, in conjunction with SRK, has developed a detailed action plan in response to these recommendations, many of which are aimed at optimising the project's performance. The final IER has been submitted to KfW IPEX-Bank as part of its due diligence process for providing up to US\$40m in senior debt financing for the development of Epanko.

### SOJITZ OFFTAKE AGREEMENT

During the quarter, Kibaran made significant progress towards finalising its offtake agreement with global commodities trader Sojitz Corporation.

Kibaran has an MoU with Sojitz for the supply of graphite concentrate produced at Epanko.

Under the agreement, Kibaran would be the sole supplier of Tanzanian graphite to Sojitz, which is in turn a major supplier of graphite to the rapidly growing lithium battery industry.

Finalisation of this offtake agreement will give Kibaran highly valuable access to the lithium battery industry and increase the potential for production growth at Epanko.

Under the existing design, the plant will be capable of producing 44,000 tonnes a year of flake graphite concentrate. Kibaran already has binding agreements for 30,000 tonnes a year including, German industrial giant ThyssenKrupp for the supply of 20,000 tonnes a year.

### BULK SAMPLE OUTPERFORMS BLOCK MODEL

A bulk sample comprising of 200 tonnes of Epanko graphite ore was dispatched for production-scale testing during the quarter. Assays from the bulk sample from Epanko's Western Zone reconciled 24 per cent above the Ore Reserve block model grade estimate.

Consistent positive reconciliations from both mineralised zones are demonstrated in the table below. These reconciliations fully support the integrity of the model and also demonstrates the overall robust nature and a significant upside to the Epanko Mineral Resource Estimate undertaken by CSA Global Pty Ltd.

**Table 1: Bulk Sample Grade versus Mineral Resource Estimate Grade**

	Bulk Sample Grade TGC (%)	Resource Block Model Grade TGC (%)
Eastern zone	11.0	10.7
Western zone	9.9	8.0

As seen in the table above, the Western Zone bulk sample reported a 24% increase, returning a grade of 9.9% TGC, with the Eastern Zone bulk sample returning a higher grade of 11% TGC.

## **RESEARCH & DEVELOPMENT REBATE**

A Research and Development rebate was received for the financial years 2011/2012, 2012/2013 and 2013/2014. The total rebate amount received under the Australian Federal Government's Tax Incentive Scheme was \$942,629.

The rebate added to the Company's cash reserves and will be used as working capital as Kibaran progresses debt financing and to further strategic partnerships for the Epanko Graphite Project.

The Company has finalised its R&D claim for the financial year 2014/15 and is expecting a rebate during the September quarter.

## **MERELANI-ARUSHA GRAPHITE PROJECT – TANZANIA (100% KNL)**

The Merelani-Arusha Project, located in Tanzania, provides the Company with a potential second source of graphite production.

Recent completion of the Epanko Graphite Project Bankable Feasibility Study, coupled with the upgrade of the Merelani East resource and its metallurgical characteristics, will provide the foundation for a Pre-Feasibility Study on Merelani East.

## **CORPORATE**

A General Meeting was held on 3 June with resolutions being passed unanimously in regards to the ratification of the issue of company options and shares.

In May Kibaran attended the Resources Rising Stars Conference, Gold Coast, Queensland. Managing Director, Andrew Spinks presented to a full house of delegates.

## SCHEDULE OF TENEMENTS

Mining Tenements Held, Acquired or Disposed of by Kibaran Resource Limited as at 30 June 2016.

Pursuant to ASX Listing Rule 5.3.3 Kibaran Resources Limited (ASX: KNL) (the "Company") reports as follows in relation to mining tenements held at the end of each quarter and acquired or disposed of during the quarter and their location.

Ministry ID	Area (sq. km)	Project Location
ML 548/2015	9.49	Mahenge
PL 7906/2012	130.49	Merelani-Arusha
PL 7907/2012	53.78	Merelani-Arusha
PL 7915/2012	92.28	Merelani-Arusha
PL 7918/2012	11.88	Merelani-Arusha
PL 9537/2014	84.00	Tanga
PL 10090/2014	44.88	Merelani-Arusha
PL 10091/2014	114.22	Merelani-Arusha
PL 10092/2014	23.23	Merelani-Arusha
PL 10388/2014	2.57	Mahenge
PL 10390/2014	2.81	Mahenge
PL 10394/2014	9.74	Mahenge

**Number disposed during the quarter:** Nil

**Number acquired during the quarter:** Nil

## ABOUT KIBARAN RESOURCES LIMITED

*Kibaran Resources Limited (ASX: KNL) ('Kibaran' or the 'Company') is a graphite focused resource company with world class graphite projects located in Tanzania.*

*The Company's primary focus is to develop its 100%-owned Epanko Graphite Project, located within the Mahenge Graphite Province. A Bankable Feasibility Study has been completed with a Proved & Probable Ore Reserve of 10.9Mt at 8.36%. Both Environmental and Mining Licence approvals are in place for Epanko. This initial estimate only covers 20% of the project area. Metallurgical testwork has found Epanko graphite to be large flake, expandable, ultra-high purity and premium quality from a global perspective.*

*Kibaran also has rights to the Merelani-Arusha Graphite Project, located in the north-east of Tanzania. Merelani-Arusha is also considered to be highly prospective for commercial graphite.*

*Graphite is regarded as a critical material for future global industrial growth, destined for industrial and technology applications including nuclear reactors, lithium-ion battery manufacturing and a raw material of graphene.*

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The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Spinks, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Andrew Spinks is employed by Kibaran Resources Limited. Mr Spinks 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 Intermin 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.