

Kibaran Resources Limited on track for development of world-class Epanko Graphite Project

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- March 2016 Quarterly Activities Report
- Kibaran on track for development of world-class Epanko Graphite Project
- Epanko poised to be major supplier to both the steel and lithium battery industries

Quarterly Highlights:

- Significant progress made towards finalising due diligence process by Germany's KfW IPEX-Bank
- Kibaran received Expression of Interest and Summary of Indicative Terms and Conditions for Senior Debt Financing
- Non-binding MOU signed with Sojitz Corporation, a major graphite supplier to the world's leading lithium battery manufacturers in Japan and Korea
- Bulk sample production-scale testing now underway as precursor to firm sales contracts for lithium battery market
- Advanced finding approved under the Industry Research and Development Act. The R&D claimable expenditure for the period of 2012, 2013 and 2014 is in excess of \$1.75 million.
- Appointment of Dr Jaka Mwambi, PhD to the Board of Kibaran subsidiary TanzGraphite (TZ) Ltd

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 what has been a highly successful March quarter for the Company as it advances its Epanko Graphite Project in Tanzania towards a decision to mine.

DEBT FINANCING

Significant progress was made towards the due diligence process by Germany's KfW IPEX-Bank.

A summary of indicative terms and conditions has been received from KfW IPEX-Bank in support of Kibaran's Epanko graphite mining aspirations. This follows the announcement late last year that the project had secured the "in-principle eligibility for cover" of the Untied Loan Guarantee Scheme ("UFG") from the Federal Republic of Germany for up to US\$40m.

Kibaran has also received an Expression of Interest to potentially fund up to a total of US\$30 million of Epanko's mine capex from Nedbank, one of Africa's financing powerhouses for resources projects.

The company remains confident it will secure debt financing for Epanko.

SIGNING OF MOU

A Memorandum of Understanding ("MOU") was signed with Japanese commodities trader, Sojitz Corporation ("Sojitz") during the quarter. Sojitz is one of Japan's largest trading companies and one of the largest flake graphite traders in the country.

Given Sojitz's market leadership, the signing of the MOU was a milestone for Kibaran in light of the growing demand in the global hi-tech battery market for energy storage systems and electric vehicles.

Key highlights of the Sojitz MOU are:

- Sojitz to source graphite in Tanzania exclusively from Kibaran's high-grade and wholly-owned Epanko Graphite Project
- Exclusive sales and marketing by Sojitz for a range of key applications in Japan, Korea, Taiwan, China and the United States for Epanko's high-purity natural flake graphite grades
- Entry via Sojitz to the lucrative supply-chain for the fast growing lithium-ion (Li-Ion batteries or LIB) battery market
- Unique long-term sales into Japanese and Korean battery anode manufacturers

The signing of the MOU is Kibaran's second expansion into international graphite markets. It follows the binding 10-year 30,000 tonnes per year offtake deals last year with European customers, including the German global industrial conglomerate ThyssenKrupp Metallurgical Products GmbH.

Kibaran and Sojitz both intend to finalise a binding agreement during the June Quarter. This will see Kibaran supplying one of the world's largest graphite traders, which in turn supplies the rapidly growing lithium battery market.

BULK SAMPLE TESTING

A bulk sample comprising of 200 tonnes of Epanko graphite ore was dispatched for production-scale testing during the quarter. The ore will be processed to produce approximately 20 tonnes of flake graphite concentrate. A large part of this will then be used to generate ultrapure spherical-grade graphite, which is used to manufacture anodes.

Previous testwork has confirmed the Epanko graphite has the required characteristics to supply the rapidly growing battery market. The testing to be conducted is designed to confirm the results under production conditions, therefore determining production costs and establishing premium pricing models for the sale of Epanko graphite to the booming lithium-ion battery market.

Sales to the lithium-ion battery industry are expected to account for ~25% of Epanko's annual production with ~ 50% going to steel mills and ~25% for other high-end uses in Europe. The sale of product to the lithium-ion battery industry is not included in the due diligence currently being conducted on Epanko by lenders, meaning the project's already-strong economics would receive another significant boost. Tapping into the booming lithium-ion battery market is an outstanding commercial opportunity for Kibaran given the high quality of Epanko graphite and the forecast increase in battery sales.

A portion of the bulk sample concentrate will also be used for detailed engineering studies to determine the

appropriate plant for the development of Epanko processing facility.

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

BOARD APPOINTMENT

During the quarter, Kibaran appointed Dr Jaka Mwambi (PhD) to the Board of its subsidiary TanzGraphite (TZ) Limited. Dr Mwambi has had a distinguished career, having served as Vice Chairman of the National Environmental Management Council Board of Directors, Regional Commissioner of four separate Regions within Tanzania and, more recently, Tanzania's Ambassador to Russia, Ukraine and Belarus.

The appointment of Dr Mwambi will allow the Company to integrate more effectively with all stakeholders from Government to the community, ensuring the project is developed successfully.

CAPITAL RAISING

A share placement at 15 cents a share raised \$2 million during the quarter. The proceeds are to be used in part to complete the due diligence process on Epanko.

RESEARCH & DEVELOPMENT

During the quarter Kibaran received an advanced finding under the Industry Research and Development Act from the Department of Industry, Innovation and Science. The finding means that the Company will be able to claim a 45% refundable tax offset for eligible expenditure. For Kibaran this means a portion of its expenditure on the development of a viable process flowsheet for Mahenge Epanko graphene and the development of a process flowsheet for Mahenge Epanko graphite. This involves production of a range of graphite concentrates with a >90% graphitic carbon content, and with expandability properties and large flake sizes (>106µm). To support the process flowsheets expenditure on the mineralogical characterisation of the Mahenge graphite-bearing rocks including confirmation of the size and expandability of the graphite flakes is also eligible.

The R&D claimable expenditure is for the period of 2012, 2013 and 2014 is in excess of \$1.75 million.

In addition, the company is in the process of registering for the R&D Tax Incentive for 2015.

SCHEDULE OF TENEMENTS

Mining Tenements Held, Acquired or Disposed of by Kibaran Resource Limited as at 31 March 2016.

Pursuant to ASX Listing Rule 5.3.3 [Kibaran Resources Ltd.](#) (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 Ltd.](#) (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 Ltd.](#) 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 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.

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