

8 February 2019

Ms Maria Gimik

Adviser, Listings Compliance (Perth)

ASX Limited

Level 40 Central Park

152-158 St Georges Terrace

PERTH WA 6000

E: ListingsCompliancePerth@asx.com.au

Dear Ms Gimik

KIBARAN RESOURCES LIMITED ('KNL'): APPENDIX 5B QUERY

We refer to your letter dated 5 February 2019 and respond as follows:

- 1. Does KNL expect that it will continue to have negative operating cash flows for the time being and, if not, why not?**

KNL is in the process of establishing, funding and developing both upstream and downstream graphite businesses and as a result, expects to have negative operating cash flows for the time being.

- 2. Has KNL taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

KNL manages its cash flow through on-going budgeting, forecasting and financial reporting processes, using that information to make decisions about the form and timing of activities to raise cash to fund operations. It plans to raise additional funds this quarter through the issue of ordinary shares, utilising its existing capacity available under Listing Rules 7.1 and & 7.1A but is yet to make a final decision on the funding amount, number of shares and pricing.

Funds raised will be used to advance KNL's key objectives for 2019:

- securing debt finance to enable construction to proceed at the Epanko Graphite Project in Tanzania; and
- finalising developments to enable construction of the first EcoGraf production facility in Asia.

KNL has a demonstrated record of raising funds in this manner when required (refer ASX announcements *Successful Capital Raising on 25 June 2018*, *Institutional Placement Raises \$10.9m on 17 August 2016* and *Kibaran Raises \$2.0m in Share Placement on 22 February 2016*) and is confident that it will be able to continue to do so.

3. Does KNL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

KNL expects to be able to continue its operations and to meet its business objectives as it is confident that it can continue to raise the funds as and when required. This expectation is based on past experience (as noted above) and discussions with current and prospective shareholders.

4. Please confirm that KNL is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

KNL confirms that it is complying with Listing Rule 3.1 and there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

5. Please confirm that KNL's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of KNL with delegated authority from the board to respond to ASX on disclosure matters.

KNL confirms that its responses to the questions above have been authorised and approved by its directors under its published continuous disclosure policy.

Yours sincerely

Kibaran Resources Limited



Howard Rae
Chief Financial Officer



5 February 2019

Mr Howard Rae
Chief Financial Officer
Kibaran Resources Limited
Level 1/18 Richardson Street
West Perth WA 6005

By email: hrae@kibaranresources.com

Dear Mr Rae

Kibaran Resources Limited ('KNL'): Appendix 5B Query

ASX refers to KNL's Appendix 5B quarterly report for the period ended 31 December 2018 lodged with ASX Market Announcements Platform on 31 January 2019 (the 'Appendix 5B').

ASX notes that KNL has reported:

- negative net operating cash flows for the quarter of \$1,104,000;
- cash at the end of the quarter of \$750,000; and
- estimated cash outflows for the next quarter of \$725,000.

It is possible to conclude, based on the information in the Appendix 5B that if KNL were to continue to expend cash at the rate indicated by the Appendix 5B, KNL may not have sufficient cash to continue funding its operations.

In view of that, ASX asks KNL to respond separately to each of the following questions and requests for information:

1. Does KNL expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has KNL taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does KNL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that KNL is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that KNL's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of KNL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5:00 PM AWST Friday, 8 February 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in KNL's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KNL's obligation is to disclose the

information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to KNL’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that KNL’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in KNL’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Maria Gimik
Adviser, Listings Compliance (Perth)