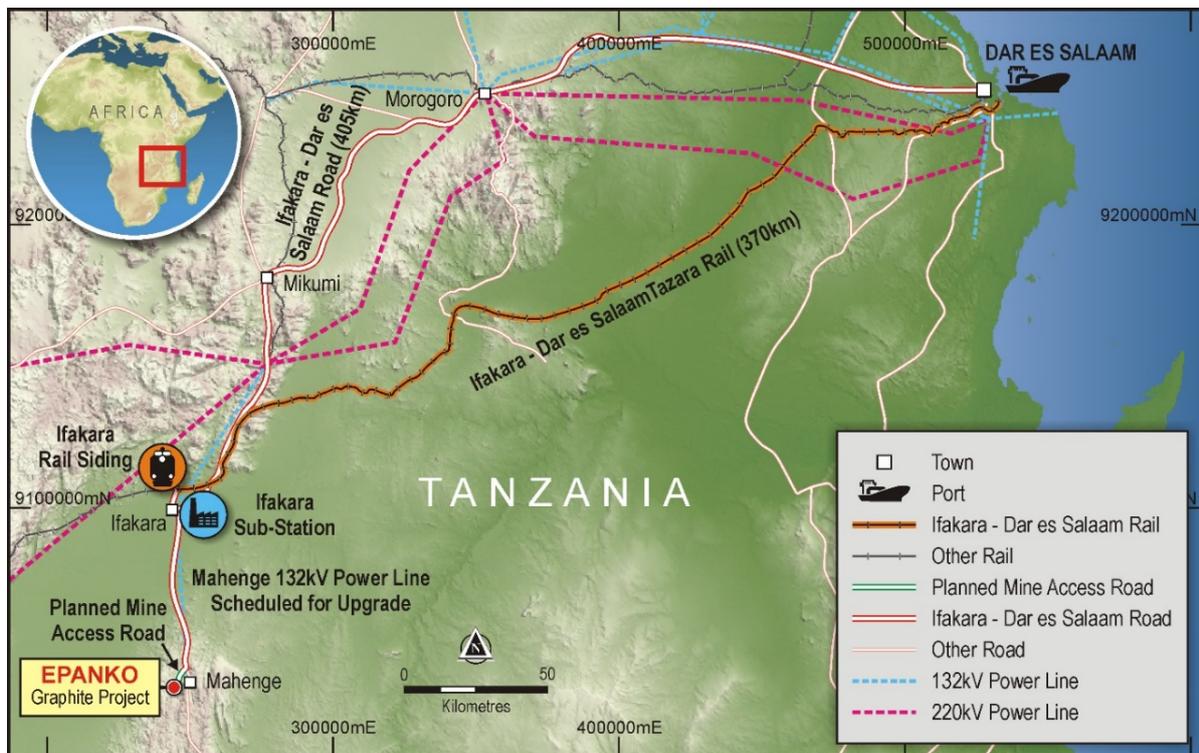


## Binding sales agreement and expansion studies mark successful quarter for Kibaran

*Outstanding potential to expand Epanko Graphite Project and undertake downstream processing*

### Quarterly Highlights:

- Binding sales agreement signed with Japanese Trader Sojitz
- 100% of Epanko's production now covered by binding agreements
- \$10.9m raised via share placement to institutions
- Studies commenced on expanding Epanko's capacity from 40,000tpa to 60,000tpa
- Commencement of Feasibility Study on production of Lithium-Ion Battery Grade Graphite



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

Kibaran Resources (ASX: KNL) is pleased to report on what has been another successful quarter for the Company as it advances its Epanko Graphite Project in Tanzania towards a decision to mine.

## BINDING AGREEMENT SIGNED WITH JAPANESE TRADER - SOJITZ

A binding exclusivity agreement was signed with Japanese commodities trader Sojitz Corporation for the supply of 14,000 tonnes per year of Epanko natural flake graphite. The initial term of the agreement is five years.

Sojitz is one of the largest graphite traders in Asia and supplies the Japanese, Korean and Taiwanese markets with raw materials and products for the rapidly growing lithium-ion battery industry.

An extensive due diligence process was conducted by Sojitz, including a global review of potential graphite suppliers to meet the increasing demand from the lithium-ion battery industry. The due diligence on Epanko focussed heavily on analysis of Epanko graphite quality, including extensive testwork by end users.

The signing of the Sojitz agreement means 100% of Epanko's graphite production is now covered by binding sales agreements. As a result Kibaran is now studying the potential to increase Epanko's production capacity based on forecast growth in the demand for lithium-ion batteries.



## EPANKO EXPANSION & PRE-DEVELOPMENT STUDIES

Studies on expanding Epanko commenced in August, focusing on increasing Epanko's graphite production from 40,000tpa of graphite concentrate to 60,000tpa. The decision to commence the expansion studies are a result of signing the binding agreement with Sojitz. This agreement resulted in the 40,000tpa of Epanko's forecast production being covered by binding agreements, which reflects the high quality of Epanko graphite.

*Expansion related programs underway include:*

- Pre-development activities such as engineering design to BSF standards for mining and processing, mineral resource drilling and mine planning
- Acceleration of Environmental and Social Impact Work
- Definitive Feasibility Study on downstream processing of Epanko graphite, including the production of battery-grade graphite for sale to the lithium-ion battery industry
- Product development and marketing

Commencement of a work program associated with the expansion and pre-development activities will provide a seamless timeline from debt financing to development of the Epanko Graphite Project.

The drilling program currently being conducted is aimed at increasing the Mineral Resource to support the increased mining rates with structural, hydrology and geotechnical support also being increased.

Additional metallurgical testwork is being carried out on the lower grades to provide scope for the use of this material, rather than having it regarded as waste.

The expansion and plant upgrade studies are being completed by the Company's existing technical consultants and managed by GR Engineering to BFS standards. The upgraded mining plan will include revised pit design, a new mining schedule and processing schedule. A revised plant design is also in progress to accommodate the higher throughput.

## **ENVIRONMENTAL & SOCIAL IMPACT WORK**

The Company has also focused on accelerating the relocation and compensation process during the quarter. The Relocation Action Plan (“RAP”) currently being completed has the strong support of the District and Regional Governments and the Ministry of Energy and Minerals. The RAP process currently being completed is in accordance with the IFC Equator Principles and is a condition precedent to project finance and mine development. Compensation to land owners is included in the Company’s BFS budget.

Consultants who specialise in Equator Principle RAP’s have been appointed along with a full-time Community Liaison Manager. A Resettlement Working Group (“RWG”) has been formed after several months of community consultation. Kibaran is working very closely with the local communities to ensure that the RAP process is conducted in a consultative and professional manner.

## **COMMERCIAL SCALE BATTERY TESTWORK UPDATE**

Testwork results received during the quarter continued to confirm the world-class quality of Epanko graphite. These results demonstrated the product’s suitability for use in a range of industries with tests conducted by an independent end-user. The test results establish the suitability of Epanko graphite for premium-priced graphite foil used in cutting-edge technologies.

These tests are important because they will not only help determine optimum processing routes, they will also assist in maximising sales prices. They will also help underpin studies to expand Epanko’s planned production capacity by 50 per cent to 60,000 tonnes a year of graphite concentrate.

## **FEASIBILITY STUDY ON PRODUCTION OF LITHIUM-ION BATTERY GRAPHITE**

A Feasibility Study commenced in September on the downstream processing of Epanko graphite. This feasibility study also includes the production of battery-grade (spherical) graphite for the lithium-ion battery market.

GR Engineering was appointed as lead study manager under the existing partnership and exclusivity agreement. Results of the study will be benchmarked to and reported in accordance with end-user specifications.

The study will be based on initial annual production consistent with the current market demand for battery grade graphite, with staged increases based on forecast demand. Funding of the study will be via the recent capital raising of \$10.9m.

Evaluation of different routes for the production of spherical graphite will be conducted with a focus on methods that have a low environmental footprint and competitive production costs. The economics of developing a manufacturing facility to produce battery-grade spherical graphite and other value added products will be assessed.

## **DRILLING PROGRAM**

A drilling campaign commenced in September is aimed not only at converting resources to the measured category but also to extend a drilling 450m along strikesouth of the Western Pit to enhance the Indicated Resources in this area.. It includes both reverse circulation (RC) and diamond drilling for resource, structural, geotechnical and metallurgical purposes. To the end of the Quarter, 2,734m of diamond drilling and 1,166m of RC drilling had been completed.

Assays are awaited but visual logging of the core suggests that the eastern portion of the Western Zone is of higher grade than previously recognised.

During the same period a ground EM survey was completed which highlighted a series of conductive anomalies south and south-west of the Eastern Pit. These anomalies will be drilled when access is available.

Structural studies of the Mining Lease together with the EM survey indicate continuity of both zones of mineralisation south of existing drilling.

## **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 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**

### **INSTITUTIONAL PLACEMENT**

During the quarter the Company raised \$10.9m through a placement to institutional and sophisticated investors. This was completed at 23c per share. The placement was significantly over-subscribed and resulted in several major institutional investors becoming shareholders in the Company.

The proceeds from the placement will be used to fund pre-development activities and commence studies on expansion and production of battery-grade graphite at Epanko.

### **BOARD APPOINTMENT**

Christoph Frey was appointed to the Board as a Non-Executive Director. Mr Frey has been working for Kibaran as a consultant graphite specialist since July 2015.

### **RESEARCH & DEVELOPMENT REBATE**

A Research and Development refund was received totalling \$660,234 for the financial year 2014/2015.

The refund adds to the Company's cash reserves and will be used to as working capital as it advances the Epanko Graphite Project.

### **CAPITAL STRUCTURE & CASH POSITION**

The Company's summarised capital structure as at 30 September 2016 is as follows:

Issued fully paid ordinary shares:	242,402,394
Cash at bank:	\$11.42 million

Shareholders and potential investors should also review the Company's Annual Report and Audited Financial Report for the year ending 30 June 2016 to fully appreciate the Company's financial position.

## SCHEDULE OF TENEMENTS

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

### For further information, please contact:

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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 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.