

## Merelani and Mahenge Graphite Update

### HIGHLIGHTS:

- **Written acceptance received from AIM-listed Richland Resources Ltd of Kibaran's proposed terms for sole graphite rights at the historic Merelani graphite mine. Companies now finalising binding agreement.**
- **Resource drilling to upgrade current JORC status significantly advanced with large flake graphite mineralisation continuing to be encountered at Mahenge Graphite Project.**
- **Kibaran's Scoping Study approved by National Environmental Management Council.**

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Kibaran Resources Limited (ASX: KNL) is pleased to provide an update regarding significant advances at its Tanzanian graphite projects that support and enhance the Company's objective of becoming a significant producer of High Value, Premium Quality Graphite.

### MERELANI GRAPHITE PROJECT

#### Acceptance of proposed terms

The Company has received written confirmation from Richland Resources Limited and its wholly-owned subsidiary, Tanzanite One, accepting the terms offered by Kibaran for the sole graphite rights to the historic Merelani graphite mine. The Company is now finalising a binding agreement for approval by Tanzanite One's joint venture partner, the State Mining Company (STAMICO).

The Merelani graphite mine represents the largest historical production of graphite in East Africa, with only a small part of the deposit mined prior to closure. The last shipment of remaining stockpiled concentrate was in 1998, and included a percentage of 99% carbon that was produced through natural attrition and **not** chemical treatment; a desirable characteristic as chemical treatment adds significantly to operating and capital costs (refer announcement dated 4th February 2014).

It is expected a number of groups will be seeking to secure supply from the Merelani Graphite Province given its premium quality and prominence in the past.

### MAHENGE GRAPHITE PROJECT

The Company has made significant progress at its wholly owned Epanko deposit on both a technical and permitting front.

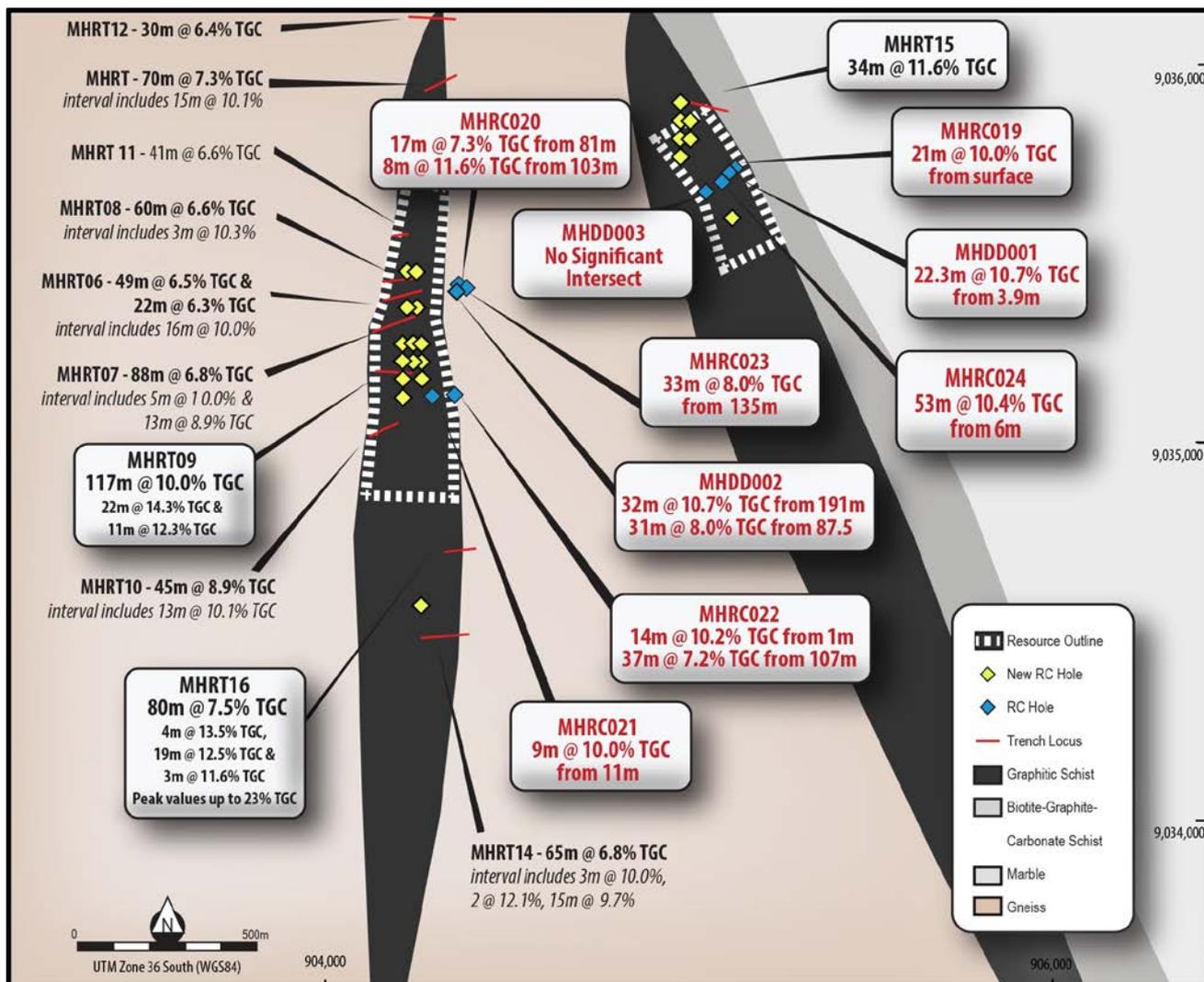
#### Drilling Programme:

Ongoing drilling has progressed significantly at Epanko and continues to encounter large flake graphite that is consistent with previous drilling results. A total of 25 holes for 1,900 meters have been completed, samples have been shipped to SGS Laboratory for analysis and first assay results are due mid-late June.

The drill program is scheduled for completion in early-mid June and results will be applied to upgrade a portion of the existing JORC Inferred Mineral Resource of 14.9Mt at 10.5% TGC (total graphitic carbon) for 1,560,000t of contained graphite (refer figure 1 and note 1).

Drilling has focussed on two areas: along strike of the eastern zone drill holes where shallow, thick, robust zones of high graphite mineralisation have previously been identified and within the western zone between existing drilling and where the Company reported its best trench result measuring 117m at 10.0% TGC (refer to ASX announcement dated 13 May 2013).

The Epanko deposit is globally the only graphite occurrence being explored or evaluated to date by any stock exchange listed company that has attracted a binding offtake and sales agreement. The agreement was advanced with the support of a development bank, with the view for potential debt funding for the future development of Epanko.



**Figure 1 – Location plan of the Epanko deposit**

(This figure has not materially changed since ASX announcement on 13 May 2013.)

### Environmental Progress

The Company has received TGED approval for its environmental and social scoping study from the Tanzanian National Environmental Management Council (NEMC). The next stage of fieldwork has now commenced, in line with the Terms of Reference approved by NEMC.

The Environmental and Social Impact Assessment (ESIA) work, required for the Mining Licence application, is ahead of schedule.

### GRAPHITE MARKET UPDATE

Based on previous testwork at Merelani and Mahenge, graphite from both provinces has shown to be suitable for all current and future applications including expanded and spherical graphite used for Li-ion batteries – used predominately in portable consumer electronics and electric vehicles - and emerging thermal storage markets.

With regards to graphite sales agreements similar to the one Kibaran signed with a major European graphite trader, it is essential to understand the pricing of graphite is based on flake size distribution and not simply grade. Revenue per tonne from graphite sales rises with an increasing percentage of large flake size.

**About Kibaran Resources Limited:**

Kibaran Resources Limited (ASX: KNL or “Kibaran”) is an exploration company with highly prospective graphite and nickel projects located in Tanzania.

The Company’s primary focus is on its 100%-owned Epanko deposit, located within the Mahenge Graphite Project. Epanko currently has an Inferred Mineral Resource Estimate of 14.9Mt, grading 10.5% TGC, for 1.56Mt of contained graphite, defined in accordance with the JORC Code. This initial estimate only covers 20% of the project area. Metallurgy has found Epanko graphite to be large flake and expandable in nature.

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 source of graphene.

In addition, the Kagera Nickel Project remains underexplored and is located along strike of the Kabanga nickel deposit, owned by Xstrata, which is considered to be the largest undeveloped, high grade nickel sulphide deposit in the world.

<sup>1</sup> “This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.”



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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 2004 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.