

Binding Off-take Agreement Signed

- **Major European Graphite Trader signs binding off-take and partnership agreement with Kibaran**
- **Off-take agreement to purchase 10,000 tonnes of flake graphite concentrate per year, over a 5 + 5 year period**
- **Independent endorsement of the quality and commercial appeal of graphite at the Epanko deposit**
- **Kibaran is the first ASX listed company to sign a binding off-take agreement for graphite sales**

Kibaran Resources Limited (ASX: KNL, “Kibaran” or the “Company”) is pleased to announce that it has signed a binding off-take agreement with a major European Graphite Trader (“EGT”). This is further to the Memorandum of Understanding signed with the EGT, as announced to the ASX on 18 July 2013.

Under the terms of the binding off-take agreement, the EGT guarantees the purchase of 10,000 tonnes of graphite concentrate per year from Kibaran, for an initial period of five years with the option to renew for a further five years, on a market based pricing mechanism. This is a contractual provision and not a production target.

The agreement provides Kibaran with a significant partner in the graphite industry to jointly market and sell graphite with the security of an overriding off-take guarantee from the EGT. It provides Kibaran with a significant advantage in getting a foothold in the tightly controlled graphite market.

The off-take agreement represents a major milestone for Kibaran with the significant de-risking of the development of a commercially viable graphite project in Tanzania. It provides independent endorsement of the quality and commercial appeal of the large flake graphite identified at Kibaran’s Epanko graphite deposit, which has an Inferred Mineral Resource estimate of 14.9Mt at 10.5% TGC (total graphitic carbon) for 1,560,000t of contained graphite. Furthermore, the longevity of the off-take agreement supports a strong long-term outlook for natural graphite demand, particularly for large flake expandable graphite.

Kibaran Executive Director, Andrew Spinks, said, “The Company is very pleased to be the first ASX-listed company to secure a binding off-take agreement for graphite sales, and the first company globally to sign a binding agreement for graphite sales in the sophisticated European market. This is a major milestone for Kibaran in our strategy of becoming a major graphite producer in Tanzania.”

“The exposure to the European market through this binding off-take agreement allows for Kibaran’s longer-term participation in the downstream graphite processing and value adding phases, as well as providing exposure to the high-end, high-value technology sector.”

The pricing of graphite sales is related to flake size. The key attributes of Epanko graphite are its distribution and quality, including:

- **Large and very large flake sizes** – favourable distribution with 73.8% in the +106 micron fraction and 21.6% in the +300 micron fraction, which is the **high value graphite**
- **Very low percentage of fines**, which is the **low value graphite** (26.2% in the -106 micron)
- ‘Expansion’ capacity – the graphite is considered suitable for the ‘expanded’ graphite market

The agreement also entitles the EGT to acquire 5,000,000 KNL shares at a price of A\$0.10 per share, representing a 25% premium to the current market price. The EGT will also have the right to participate in any future capital raisings by Kibaran to maintain its equity level in the Company.

The Company is progressing additional strategic, long-term partnerships that will strengthen Kibaran’s ability to meet its objective of becoming a major producer of graphite in Tanzania.

EGT background

The EGT is a large, sophisticated European graphite trader which has a long history of supplying end-users globally with natural flake graphite for a range of industrial applications. To date the EGT has been sourcing graphite supplies largely from China, but for the past two years it has been investigating potential new and additional sources of natural large flake graphite. In a worldwide review of graphite projects, the EGT identified Kibaran’s Epanko deposit in Tanzania as a potential new source.

Following due diligence on both Kibaran and the Epanko deposit, the EGT concluded that the quality and characteristics of graphite from the Epanko deposit meet its criteria. Due diligence on the Epanko deposit included a site visit, metallurgical test work and analysis of the recently completed Scoping Study, which was based on the maiden Inferred JORC Resource estimate of 14.9Mt at 10.5% TGC for 1,560,000t of contained graphite.

EU market background

In July 2010 the EU declared graphite as a strategic mineral in the report, ‘Critical Raw Materials for the EU’, chaired by the European Commission for Enterprise and Industry. The study group analysed a selection of 41 minerals and metals, with graphite identified in the category of ‘critical’. ‘Critical’ is defined as being high in economic importance and high in terms of supply risk.

At the recent Graphite and Graphene Conference 2013 held in New York in November this year, mining analyst Kiril Mugerman of Industrial Alliance Securities Inc. presented on ‘The Graphite Exploration Sector Overview’. Based on their financial model of 2012, four new mines each producing 20,000tpa are required by 2020. Kibaran is pleased to have executed an initial off-take agreement, and is hoping with further exploration and feasibility analysis to help meet this demand.



Figure 1 Graphite foil produced from Kibaran’s ‘expanded’ large flake graphite.

About Kibaran Resources Limited:

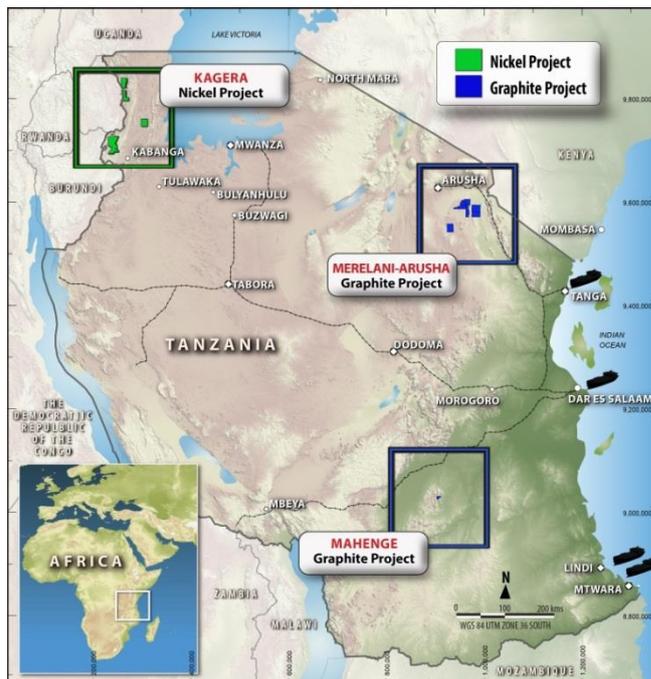
Kibaran Resources Limited (ASX: KNL or “Kibaran”) is an exploration company with highly prospective graphite and nickel projects located in Tanzania.

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.



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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.