

Highlights of the quarter include:

- Signed a landmark MoU with a major European graphite trader, highlighting strong and growing market demand for large flake, 'expanded' graphite
- Completion of a Scoping Study for the Epanko deposit
- Ongoing bench-scale metallurgical test work to optimise feasibility study parameters

During the September quarter, Kibaran Resources Limited (ASX: KNL) achieved significant milestones in its Epanko graphite deposit within the Mahenge Graphite Project in south-east Tanzania. This included the completion of a Scoping Study and the signing of a landmark Memorandum of Understanding (“MoU”) with a major European graphite trader for its Epanko deposit.

Both milestones have demonstrated that the Epanko graphite deposit is significant and interest is driven by its large flake with ‘expanded’ properties. Graphite with these key attributes commands a premium price in the graphite market and as such, accelerating Epanko to development is now Kibaran’s first priority.

The Company is currently working towards finalising a binding off-take agreement with the European graphite trader.

**MAHENGE GRAPHITE PROJECT**  
(100% KNL)

The Mahenge Graphite Project is located 245km south-west of Morogoro in south-east Tanzania. Work during the quarter was focused on the Epanko deposit, with significant progress being made.

**Landmark MoU with European Graphite Trader**

During the quarter, the Company signed a landmark Memorandum of Understanding (“MoU”) with a major European graphite trader (“EGT”) for the sale of graphite material from the Epanko deposit in Tanzania.

Under the terms of the non-binding MoU, the EGT proposes to purchase 10,000 tonnes of flake graphite concentrate per year, over a minimum 10-year period. This is a contractual provision and not a production target as production may not occur. Both parties are now in the process of drafting a binding off-take agreement.

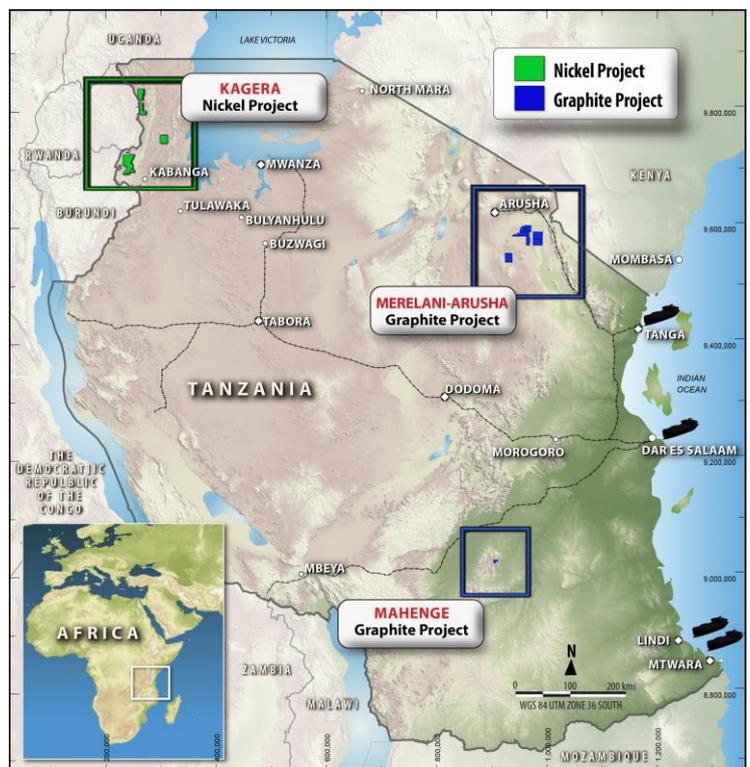


Figure 1: Map showing location of Tanzanian projects

The MoU agreement is a milestone event for the Company, providing Kibaran with significant independent endorsement of the quality and commercial appeal of the large flake graphite material identified at Epanko.

Importantly, the MoU agreement de-risks the path to development and commercialisation of the project. Furthermore, the longevity of the agreement supports a strong long-term outlook for natural graphite demand, particularly for the large flake type.

The EGT is a large, sophisticated European graphite trader which has been supplying end-users globally with natural flake graphite for various applications. The EGT has to date been sourcing graphite supplies mainly from China; however, over the past two years, it has been investigating potential new and additional sources of natural large flake graphite. In the EGT's worldwide review of graphite projects, Kibaran's Epanko deposit in Tanzania was identified as a potential new source.

### Scoping Study Completion

The Company completed a Scoping Study on its 100%-owned Epanko deposit in Tanzania during the quarter. The study provided significant confidence for Kibaran to continue its exploration program.

Kibaran's research indicates a current market supply shortfall for large flake graphite. Independent metallurgical test work carried out showed the Epanko deposit to contain very large flake graphite with the results demonstrating:

- 21.6% in the super large flake size grading greater than 96.2% Carbon; and
- 73.8% larger than 106 µm grading 94.5% Carbon.

This large sizing fraction, combined with the Epanko graphite material being suited to the expanded graphite market, contributed to the decision to conduct the Scoping Study. Perth-based group, Intermine Engineering Consultants ("Intermine"), conducted the Study.

### Independent metallurgical test work programs:

During the September quarter, Kibaran continued its independent metallurgical test work programs on samples of Epanko graphite mineralisation. Results are pending from the bench-scale feasibility test work by Mintek Laboratory in South Africa. These results will be reported once received.

## **MERELANI-ARUSHA GRAPHITE PROJECT (100% KNL)**

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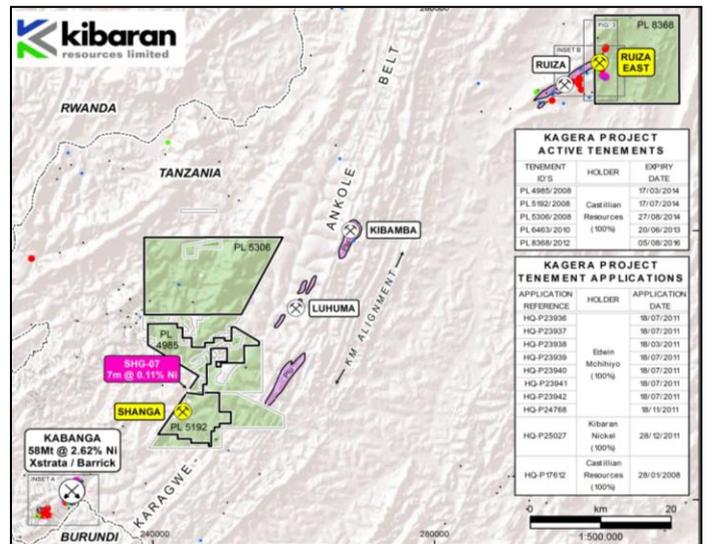
The Merelani-Arusha Graphite Project consists of seven tenements and covers 973.4 km<sup>2</sup> in an area 55km south-east of Arusha, Tanzania. Like Mahenge, the project area is located in geological settings favourable for graphite mineralisation. The Company is of the opinion that the Merelani-Arusha region has strong potential for new discoveries of graphite mineralisation.

During the quarter, Kibaran continued discussions with neighbouring tenement holders with the view to consolidating its tenement position.

## KAGERA NICKEL PROJECT (100% KNL)

The Kagera Nickel Project is a secondary focus for Kibaran. Kagera is located along the western border of Tanzania, covering an area of 864km<sup>2</sup>. The key tenements are located approximately 10km north-east of the world-class Kabanga Nickel deposit, operated by Xstrata Nickel. Kabanga is known as one of the largest undeveloped high-grade nickel sulphide deposits in the world, and is currently in the feasibility study stage.

The Company views the Kagera Project as a future growth asset and is committed to unlocking the project's nickel-sulphide (NiS) potential and financial value.



During the September quarter, Kibaran continued its Nickel Prospectivity Studies, including:

- Further geological interpretation on the new stand-out nickel sulphide EM (electromagnetic) target identified at the Ruiza East Nickel Prospect; and
- Re-processing and re-interpretation of BHP Billiton's historical regional airborne EM and aeromagnetic data which Kibaran recently secured the authority to access. The data dates back to 1992 and has an estimated replacement value of over \$12 million.

Separately, consolidation and value-add opportunities for the Kagera Nickel Project are being pursued.

### Ruiza East Nickel Project

The newly-identified Ruiza East Prospect is a stand-out nickel exploration target that, like the Kabanga deposit, can be clearly identified from historical stream sediment data. It is located within the prospecting licence recently granted to Kibaran, immediately east-north-east and along strike from BHP's previously identified Ruiza Prospect and approximately 100km north-east of Kabanga.

Analysis of the exploration data reveals that the Ruiza East Prospect is the location within the Karagwe Ankole Belt that most resembles Kabanga in terms of geological setting, magnetic signature, conductivity response and surface geochemical footprint. Further, the highest nickel grade stream sediment sample collected outside the Kabanga area is located downstream of the Ruiza East conductivity anomaly.

## CORPORATE

The Company is monitoring its cash reserves and has systematically reduced its monthly corporate expenditure. As at 30 September 2013, the Company had cash at bank balance of \$1.1 million.

## ABOUT KIBARAN RESOURCES LIMITED

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*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 their 100%-owned Epanko deposit, located within the Mahenge Graphite Project. Epanko currently has an Inferred JORC-compliant Mineral Resource Estimate of 14.9Mt, grading 10.5% TGC, for 1.56Mt of contained graphite. 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.*

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 consultant of Tanzgraphite Pty Ltd 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.

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