

30 April 2018

ASX Announcement

MARCH 2018 QUARTERLY REPORT

Kibaran Resources Limited (Kibaran or the Company) (ASX: KNL), is pleased to release its activities and cash flow report for the three months ended 31 March 2018.

HIGHLIGHTS

- **Positive high-level meetings with Tanzanian Government defines way forward for development of the Epanko Graphite Project (“Epanko” or the “Project”) and value-added strategy to produce battery (spherical) graphite for the lithium-ion battery market**
- **Mining Commission appointed by the President of Tanzania HE Dr John Pombe Magufuli on Tuesday 17 April 2018**
- **High level diplomatic meetings held in Korea and Japan where strong market support is received as a result of the product qualification process for battery (spherical) graphite**
- **Epanko graphite piloting testwork commenced as first stage of phased commercialisation using the Company's new eco-friendly non-hydrofluoric acid purification technology (*patent pending*)**
- **Pilot plant located in Germany and to be subsequently expanded to enable initial commercial sales of battery (spherical) graphite products**
- **Assessment of other graphite feedstocks using eco-friendly purification pilot plant underway**
- **Demand growth expected to result in supply of battery (spherical) graphite directly to battery manufacturers**
- **Discussions progressing with leading carbon and battery product manufacturers in Asia and Europe on joint development of battery (spherical) graphite products with focus on eco-friendly purification**

EPANKO GRAPHITE PROJECT

New Mining Legislation

The Company is pleased to report high-level meetings with the Tanzanian Government for the development of Epanko and related downstream processing activities to produce battery (spherical) graphite for the lithium-ion battery market.

Subsequent to quarter end, His Excellency President Dr John Pombe Magufuli announced the appointment of the Mining Commission, paving the way for the Company to present its development strategy to the Government.

Kibaran has received strong support for the development of Epanko via high level meetings with the Minister of Minerals in Dodoma, Tanzania.

Grant Pierce, Project Director met with the Minister of Minerals, Honourable Ms Angellah Kairuki (MP) in Dodoma on 18 April 2018. The meeting provided an opportunity for an open and constructive discussion on various aspects of the legislation that presented challenges for the debt financing of the Project. The Minister confirmed the Government's support for Epanko and her wish to see it commence as soon as possible.

Kibaran will now meet with the newly appointed Mining Commission to present its development strategy for the Project.

The Regulations supporting the new legislation were gazetted by the Tanzanian Government in January 2018. The Minister indicated at the meeting that further Regulations are being prepared that clarify aspects of the legislation that weren't covered in the recent Regulations and to take into consideration feedback from stakeholders.

An update of the Epanko development plan has commenced to incorporate aspects of the new Regulations and the Company remains focussed on expeditiously finalising the remaining regulatory and debt funding arrangements. Kibaran is well positioned to comply with the new mineral legislation in Tanzania, having completed an Equator Principles compliant bankable feasibility study that satisfies International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines. The Project development plans are consistent with the standards required by the new legislation and have been subjected to rigorous independent due diligence by bank appointed engineers. The bankable feasibility study incorporates conservative design principles, costing and pricing parameters, significantly de-risking the proposed development and Epanko is the only new graphite project globally to have satisfied this degree of independent scrutiny.

Project finance discussions are advanced, with prospective lenders awaiting clarification from the Mining Commission on various aspects of the legislation affecting lending arrangements. The Australian Government via the Department of Foreign Affairs and Trade and the Australia-Africa Minerals and Energy Group are continuing to assist Australian companies with investments in the Tanzanian resource sector to work with the Government for a win-win outcome.

In all meetings the Company presented the significant benefits of the development of the Epanko Graphite Project:

- Direct employment and training of 250 Tanzanians during construction and over 200 Tanzanians during operations. The multiplier effect is expected to reach 10-15 times, benefitting up to 3,000 people;
- New investment of over US\$500m in Tanzania via taxes, royalties, inspection fees, salaries and wages, purchases of goods and services and social development in the first 20 years of operation; and
- Positive economic and social impacts for the Ulanga District and Morogoro Region.

Kibaran is encouraged by recent developments in Tanzania and is confident that arrangements to enable the Project to proceed will now be able to be finalised with the Mining Commission.

BATTERY (SPHERICAL) GRAPHITE PILOT PLANT

During the quarter the Company commenced the battery (spherical) graphite pilot plant program. This follows the positive downstream processing feasibility study results reported last year, which demonstrated that the additional production of battery (spherical) graphite products will substantially increase the value of the Company's Epanko development.

Kibaran has received strong Government support for the establishment of Epanko downstream processing activities via high level meetings with the Tanzanian Minister of Minerals in Dodoma and Tanzanian Diplomats in Japan, South Korea and Australia. The creation of new Epanko downstream manufacturing capabilities also supports the Tanzanian Government's 5th Phase Industrialisation initiative.

The Company has developed a phased approach for its planned downstream processing business:

Phase 1

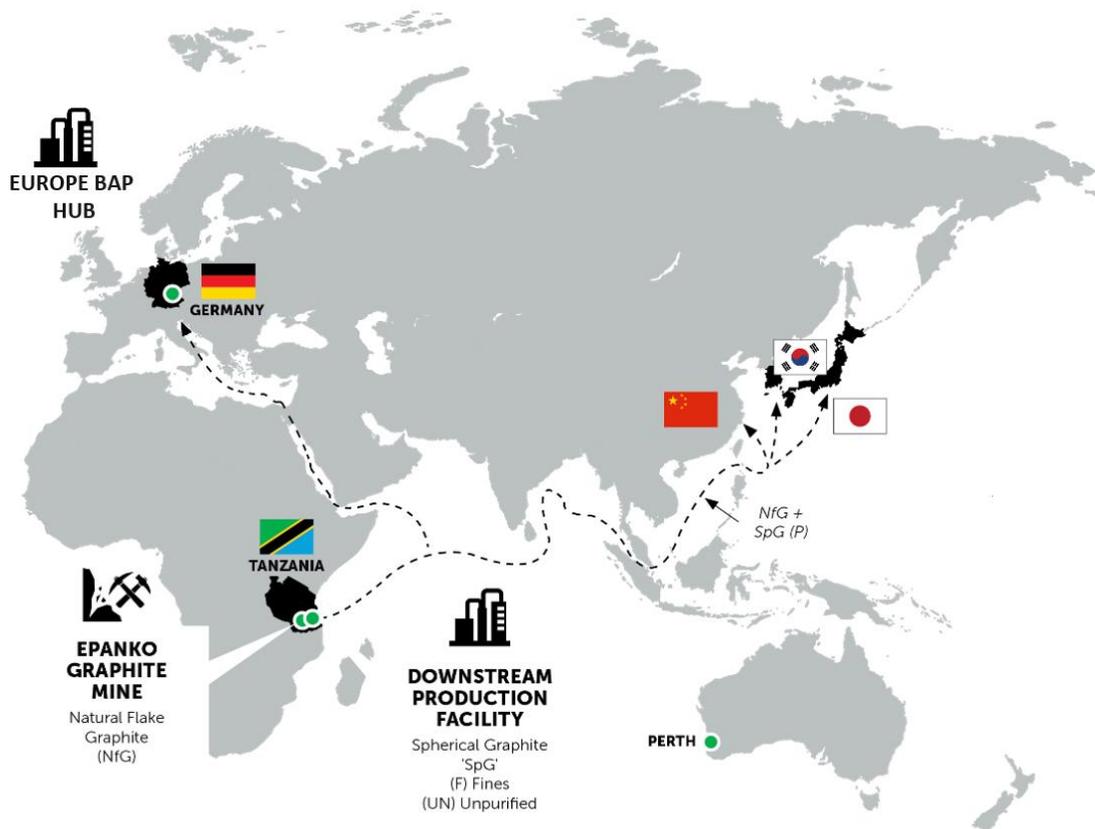
Establishment of a German pilot plant to optimise the new spherical graphite purification process for Epanko feedstock, assess the suitability of other graphite feedstocks for use in the Kibaran process and complete customer pre-qualification processes for product sales.

Subsequent expansion of the pilot plant to produce commercial quantities of unpurified spherical graphite for sale to customers.

Phase 2

Construction of a full commercial scale operation in 2019, commencing with the production and sale of up to 5,000tpa and ramping-up over several years to reach a spherical graphite production rate of 20,000tpa. It's expected that the expansion of the pilot plant and the commencement of construction of full scale facilities will be undertaken in parallel to meet the forecast demand growth from customers in Asia and Europe.

The Company is advancing discussions with leading carbon and battery product manufacturers in Asia and Europe on joint development of battery (spherical) graphite products.

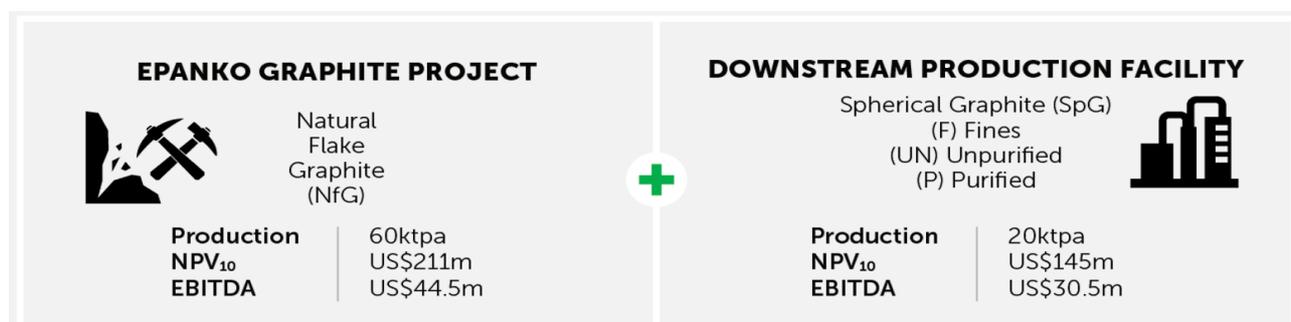


Battery (Spherical) Demand

Demand for battery (spherical) graphite is now increasing with world consumption at 100,000tpa, due largely to a doubling of China's battery anode demand.

Based on direct customer feedback from our partners, Kibaran is expecting growth of 300-400% in the Japanese and South Korean markets by 2020. Given projected global EV sales, it is forecast that natural battery (spherical) graphite demand will increase to at least 850,000tpa by 2030.

In January 2018 Mr Christoph Frey, Kibaran’s Technical Director attended the 8th International Advanced Automobile Battery Conference in Mainz, Germany to evaluate the future direction for German EV battery development technology. A key observation from the conference was that existing li-ion battery technology will continue into the future, but will be further developed, focused on ‘advanced li-ion battery’. This ‘advanced lithium-ion battery’ or ‘second generation lithium-ion battery’ will continue to require graphite as the main material for the anode.



CORPORATE

Cash

Cash on hand at 31 March 2018 was \$1.15m and additional cash flow details are contained in the attached *ASX Appendix 5B*.

Share capital

Issued fully paid ordinary shares: 244,352,394

Issued fully paid ordinary shares subject to escrow: 11,500,000

Unlisted options:

Number	Exercise price	Expiry
1,000,000	30 cents	31 December 2018
1,000,000	22.82 cents	2 June 2019
1,050,000	23 cents	6 March 2020

SCHEDULE OF TENEMENTS

Licence	Ownership interest	Acquired/disposed during the quarter	Area (km ²)	Location
ML 548/2015	100%	No change	9.62	Mahenge, Tanzania
PL 7906/2012	100%	No change	59.24	Merelani-Arusha, Tanzania
PL 7907/2012	100%	No change	26.42	Merelani-Arusha, Tanzania
PL 7915/2012	100%	No change	41.47	Merelani-Arusha, Tanzania
PL 9306/2013	100%	No change	35.31	Mahenge, Tanzania
PL 9331/2013	100%	No change	2.76	Mahenge, Tanzania
PL 9537/2014	100%	No change	42.00	Tanga, Tanzania
PL 10090/2014	100%	No change	44.88	Merelani-Arusha, Tanzania
PL 10091/2014	100%	No change	114.22	Merelani-Arusha, Tanzania
PL 10092/2014	100%	No change	23.23	Merelani-Arusha, Tanzania
PL 10388/2014	100%	No change	2.57	Mahenge, Tanzania
PL 10390/2014	100%	No change	2.81	Mahenge, Tanzania
PL 10394/2014	100%	No change	9.74	Mahenge, Tanzania
PL 10752/2016	100%	No change	23.45	Mahenge, Tanzania
PL 10868/2016	100%	No change	72.82	Merelani-Arusha, Tanzania
PL 10869/2016	100%	No change	29.95	Merelani-Arusha, Tanzania
PL 10872/2016	100%	No change	2.60	Merelani-Arusha, Tanzania
PL 10972/2016	100%	No change	3.83	Mahenge, Tanzania
PL 11081/2017	100%	No change	2.08	Merelani-Arusha, Tanzania
PL 11082/2017	100%	No change	20.77	Merelani-Arusha, Tanzania
PL 11083/2017	100%	No change	50.73	Merelani-Arusha, Tanzania

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Various statements in this document constitute statements relating to intentions, future acts and events. Such statements are generally classified as "forward-looking statements" and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. The Company gives no assurances that the anticipated results, performance or achievements expressed or implied in these forward-looking statements will be achieved.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Kibaran Resources Limited

ABN

15 117 330 757

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(659)	(1,791)
(b) development	-	-
(c) production	-	-
(d) staff costs	(304)	(978)
(e) administration and corporate costs	(124)	(989)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	2,819
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,085)	(928)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,236	2,079
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,085)	(928)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,151	1,151

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,072	2,157
5.2 Call deposits	79	79
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,151	2,236

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
367
-

Directors' remuneration and consulting fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

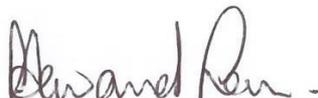
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(729)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(168)
9.5 Administration and corporate costs	(72)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(969)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



30 April 2018

Sign here:
(Company secretary)

Date:

Print name: Howard Rae

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.