

31 July 2018

ASX Announcement

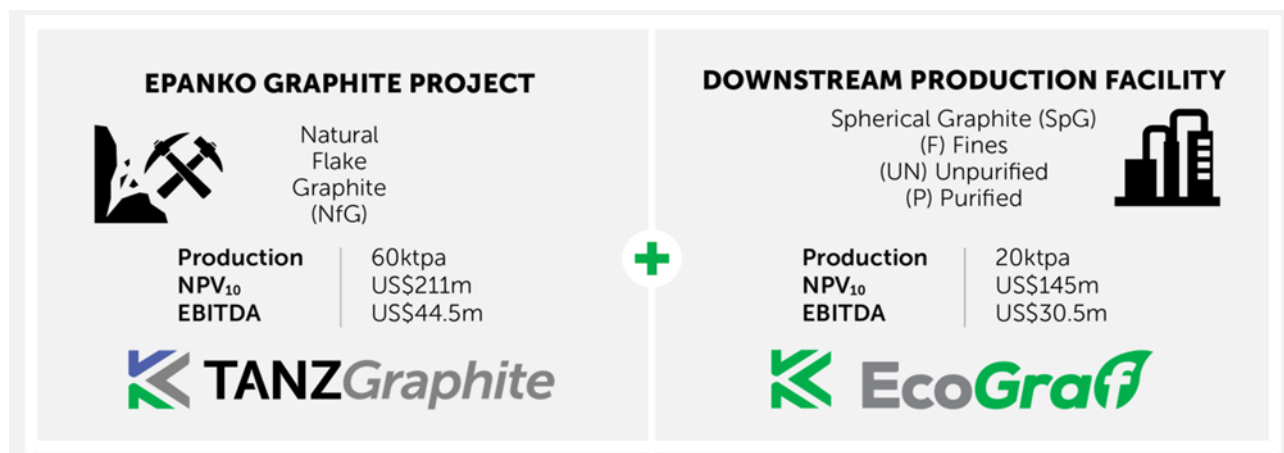
JUNE 2018 QUARTERLY REPORT

Kibaran Resources Limited (Kibaran or the Company) (ASX: KNL), is pleased to release its activities and cash flow report for the three months ended 30 June 2018.

HIGHLIGHTS

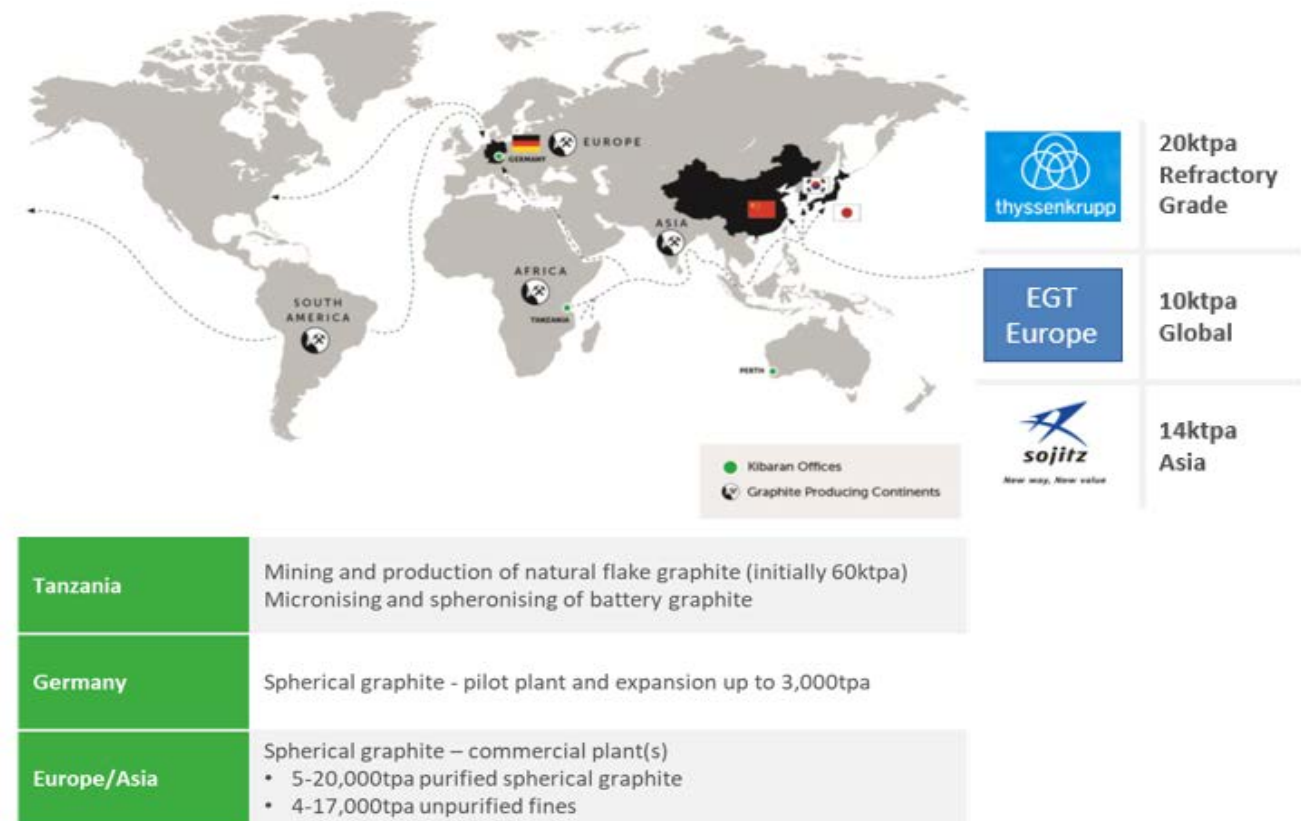
- Mining Commission launched by Minister of Minerals in Tanzania
- Epanko development program commenced and Letter of Intent signed with GR Engineering
- Capital raising completed with strong support from major shareholders
- German piloting work confirms the positive results from the 2017 Downstream Processing Feasibility Study and supports a phased spherical graphite commercialisation strategy for the lithium-ion battery market
- Preliminary funding support received from the German Government for pilot plant equipment
-  **EcoGrafi**™ registered as the trademark for the Company's spherical graphite products
- Application of the new eco-friendly purification process to existing graphite feedstocks from Africa, South America, Europe, India and Asia

Kibaran's aim is to be a preferred partner for the long-term supply of eco-friendly natural flake and spherical graphite products to customers in both established (refractory, recarburiser, lubricant) and emerging (lithium-ion battery) global markets. It holds 100% interests in a combination of attractive upstream and downstream graphite businesses that are poised for development, highly profitable and scalable.



The  **TANZGraphite** Epanko Graphite Project development arrangements are expected to be finalised with the Government of Tanzania in coming months. In parallel, the  **EcoGrafi** German pilot plant program is advancing positively and planning has commenced for its commercial expansion.

Once established, Kibaran will operate a diversified graphite portfolio, supplying high quality East African natural flake graphite products to established markets in Asia and Europe, together with eco-friendly purified spherical graphite products from manufacturing facilities in each of those regions.



EPANKO GRAPHITE PROJECT

New Mining Commission

The Company is pleased to report that following the appointment of new Mining Commission Chairman Professor Idris Kikula by Tanzania's President HE Dr John Pombe Magufuli, the Minister of Minerals, Hon. Angellah Kairuki has formally launched the Mining Commission, which will be responsible for administering the mineral sector within Tanzania. The launch coincided with confirmation that the Mining Commission has commenced a process of issuing some 7,000 mineral licences that had been pending after the Tanzanian Government placed a ban on new licences in July last year.



Minister for Minerals, Hon. Angellah Kairuki launching the new Mining Commission with its Chairman, Professor Idris Kikula.

Kibaran welcomes this positive step, which is expected to enable a restart of development programs that were impacted by the changes introduced last year. Formation and launch of the new Mining Commission paves the way for Kibaran to present its development strategy for the Epanko Graphite Project and confirm aspects of the new mineral legislation, particularly those that impact the financing of new mining operations in Tanzania. As part of this process the Company has recently met with the Minister of Minerals and also with the Bank of Tanzania, with further discussions planned with the Ministries of Minerals, Finance as well as Industry, Trade and Investment. Kibaran is uniquely positioned with a US\$89 million new development ready project, having completed an Equator Principles compliant bankable feasibility study that satisfies the stringent International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines. The Epanko Graphite Project will provide significant benefits for Tanzania, directly employing some 250 persons and contributing over US\$500 million to the economy in just the first 20 years of operation.

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.

Development Program Commenced

Following positive recent progress and developments in Tanzania (refer ASX Announcement 7 June 2018) the Company announced on 13 June 2018 that it has entered into a non-binding Letter of Intent with GR Engineering Services Limited (GR Engineering). The Letter of Intent provides a framework for the parties to negotiate an Early Works Agreement and ultimately an EPC Contract in relation to the design and construction of a new 460,000tpa mineral processing facility at the 60,000tpa Epanko Graphite Project.

Under the Letter of Intent, it is proposed that an Early Works Agreement will provide for GR Engineering to undertake detailed engineering design works and early procurement activities. Kibaran may elect to pay for up to 30% of the Early Works via the issue of shares to GR Engineering. Where an EPC Contract is progressed, the parties may also agree to assign the value of the early works into that contract.

Given the conservative capital cost estimation approach used during the Epanko Bankable Feasibility Study and SRK Independent Engineer's Review (refer ASX Announcement 21 June 2017), the parties plan to adopt a Target Cost Estimate model for the EPC Contract, incentivising GR Engineering for outperformance against agreed time and cost measures. Entry into and commencement of the EPC Contract is subject to finalising the Epanko debt financing program, a final investment decision by Kibaran and receipt of all regulatory approvals.

GR Engineering Services Limited is an engineering company with a proven industry reputation and track record specialising in engineering design and construction services for the resources industry.

BATTERY (SPHERICAL) GRAPHITE PILOT PLANT

Positive progress was achieved during the quarter with the German pilot plant program, including:

- initial results indicating the potential to improve the efficiency of power, water and reagent consumption rates to achieve improved operating cost performance;
- application of the new eco-friendly purification process to existing graphite feedstocks from Africa, South America, Europe, India and Asia;
- German Government financial support to contribute to the cost of acquiring additional processing equipment; and
- registration of  EcoGrafi™ trademark.

Prospective customers confirmed that the performance of the Epanko purified spherical graphite products achieves key criteria for potential sales commitments and have requested additional samples so that

performance testing can incorporate a variety of product sizing requirements and other graphite feedstocks purified with the Company's non-hydrofluoric acid process.

The outlook for battery graphite products continues to strengthen with Europe's EU Commission supporting the EU Battery Alliance, a partnership between government and industry to promote the establishment of European lithium-ion battery manufacturing capabilities. The EU Commission forecasts that this market will be worth up to €250 billion by 2025 and the program is focussed on supplying batteries for European electric vehicle manufacturers.

To meet this demand, Kibaran has developed a phased approach for its planned downstream processing business, commencing with an expansion of the German pilot plant, followed by the establishment of spherical graphite production hubs in Asia and Europe. The Company is currently advancing development discussions with a number of large industrial groups in both regions.

Phase		Battery (Spherical) Graphite	Fines Products
Stage 1	Pilot Plant Test Work Expansion	Epanko + Other existing feedstocks 3,000tpa customer trials and sales	<3,000tpa
Stage 2	Commercial Launch	5,000tpa	<5,000tpa
Stage 3	Commercial Expansion	20,000tpa	<20,000tpa



EcoGraf commercialisation program and pilot plant test work using a thermo-gravimetric analyser on graphite samples.

CORPORATE

Capital Raising

The Company has raised \$2,776,000 through the issue of 19,828,573 fully paid ordinary shares to institutional, professional and sophisticated investors. The shares were issued at \$0.14 per share. (refer ASX Announcement dated 29 June 2018).

The funds raised, together with existing cash reserves, will be applied towards the development arrangements for the Epanko Graphite Project in Tanzania and to advance the commercialisation of the new EcoGraf spherical graphite business for the lithium-ion battery market.

Cash

Cash at 30 June 2018 was \$2.9m and cash flow details are contained in the attached *ASX Appendix 5B*.

Share Capital

Issued fully paid ordinary shares: 264,180,967

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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The production targets and forecast financial information referred to in this ASX announcement were originally reported to the ASX by the Company on 21 June 2017 and on 5 December 2017. All material assumptions underpinning the production targets and forecast financial information reported in those ASX announcements continue to apply and have not materially changed.

Various statements in this announcement 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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(326)	(2,117)
(b) development	-	-
(c) production	-	-
(d) staff costs	(302)	(1,280)
(e) administration and corporate costs	(89)	(1,078)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	13
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	(715)	(1,643)

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 \$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	2,641	2,641
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	(169)	(169)
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	2,472	2,472

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,151	2,079
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(715)	(1,643)
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)	2,472	2,472
4.5	Effect of movement in exchange rates on cash held	(4)	(4)
4.6	Cash and cash equivalents at end of period	2,904	2,904

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	2,825	1,072
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)	2,904	1,151

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**

285

-

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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(460)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(300)
9.5 Administration and corporate costs	(90)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(850)

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.



31 July 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.