



Kibaran Resources Limited (ASX: KNL)

Speculative Buy

Target Price 76c

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Capital Summary

Ordinary Shares	118.4m
Listed Options	4.5m
Unlisted Options	14.0m
Unlisted Performance Shares*	15.0m
Market Capitalisation (m, undil.)	\$59.8
Cash & equivalents (m)	\$3.4
Share Price (25/6/2014)	\$0.505
52 week high/low	\$0.535/\$0.05

*Related to nickel tenements

Share Price Graph



Directors & Key Management

Simon O'Loughlin	Non-Executive Chairman
Andrew Spinks	Director
John Park	Non-Executive Director
Robert Greenslade	Non-Executive Director
Robert Hodby	Company Secretary
Grant Pierce	Non-Executive Director

Key Points

- A total of 37 drill holes (2,215m) completed in program, with assay results **including +20% TGC intersections (further results from the Epanko drilling due next week).**
- The drilling has successfully **doubled the strike length of the resource.** Epanko **remains open** in most directions and is amenable to **open-pit mining (low stripping ratio).**
- RC drilling recently completed and KNL is aiming to **upgrade resource by early August.** This will include a JORC Indicated resource and will be **followed by a more detailed scoping study in the weeks thereafter.**
- **MoU with AIM-listed Richland Resources to consolidate graphite assets to be finalised soon. Exploration Target of between 60-200Mt of graphitic schist, grading between 9-12% TGC at 100% Kibaran-owned Merelani Prospect located 15km east of Richlands' historical graphite mine.**
- Purity test work has confirmed the concentrate can be beneficiated to up to **99.98% TGC.** A key finding from the independent German laboratory that conducted the work is that **there is no limitation for the use of Kibaran's graphite flakes and it is suitable for the production of spherical graphite for Li-ion batteries.**
- Kibaran Resources (KNL) has in place a **binding off-take agreement with a "Major European Graphite Trader" (EGT) for 10ktpa of flake graphite concentrate over a 5 + 5 year period.**

[We re-iterate our target price of 76c, with further re-rate events in the near-term at both the Epanko Deposit and Merelani tenements.](#)

Epanko

Resource

The mineral resource estimate (see Table 1) was carried out by CSA Global Pty Ltd, an independent and internationally recognised mineral industry consultancy group, and was based on data sets compiled through drilling, trenching and other geological activity.

Table 1 – Maiden Inferred Resource at Epanko Graphite Deposit

Mineral Resource Classification	Tonnage (Mt)	Grade (% TGC)	Contained Graphite (t)
Inferred	14.9	10.5*	1,560,000

*Cut-off grade: 8% TGC

Importantly, the mineral resource estimate represents only a very small footprint of the known Epanko target. Mineralisation remains open in all directions and there is significant potential for further resource growth.

Exploration

Highlights from the latest RC drilling campaign include (further assays to come):

- **28m at 13.8% TGC** from 14m, including; **18m at 17.0% TGC and 7m at 20.1% TGC**
- **22m at 13.4% TGC** from 14m, including; **7m at 20.1% TGC**
- **39m at 11.3% TGC** from 2m, including; **12m at 14.5% TGC and 6m at 15.5% TGC**
- **22m at 12.3% TGC** from 12m, including; **12m at 15.5% TGC and 16m at 10.3% TGC** from surface



Figure 1 – RC drilling at Epanko Deposit

The high grade mineralisation is from surface and sections of the Epanko Deposit are notably thicker than previously thought (multiple +40m intersections), which bodes well for the updated resource due in early August.

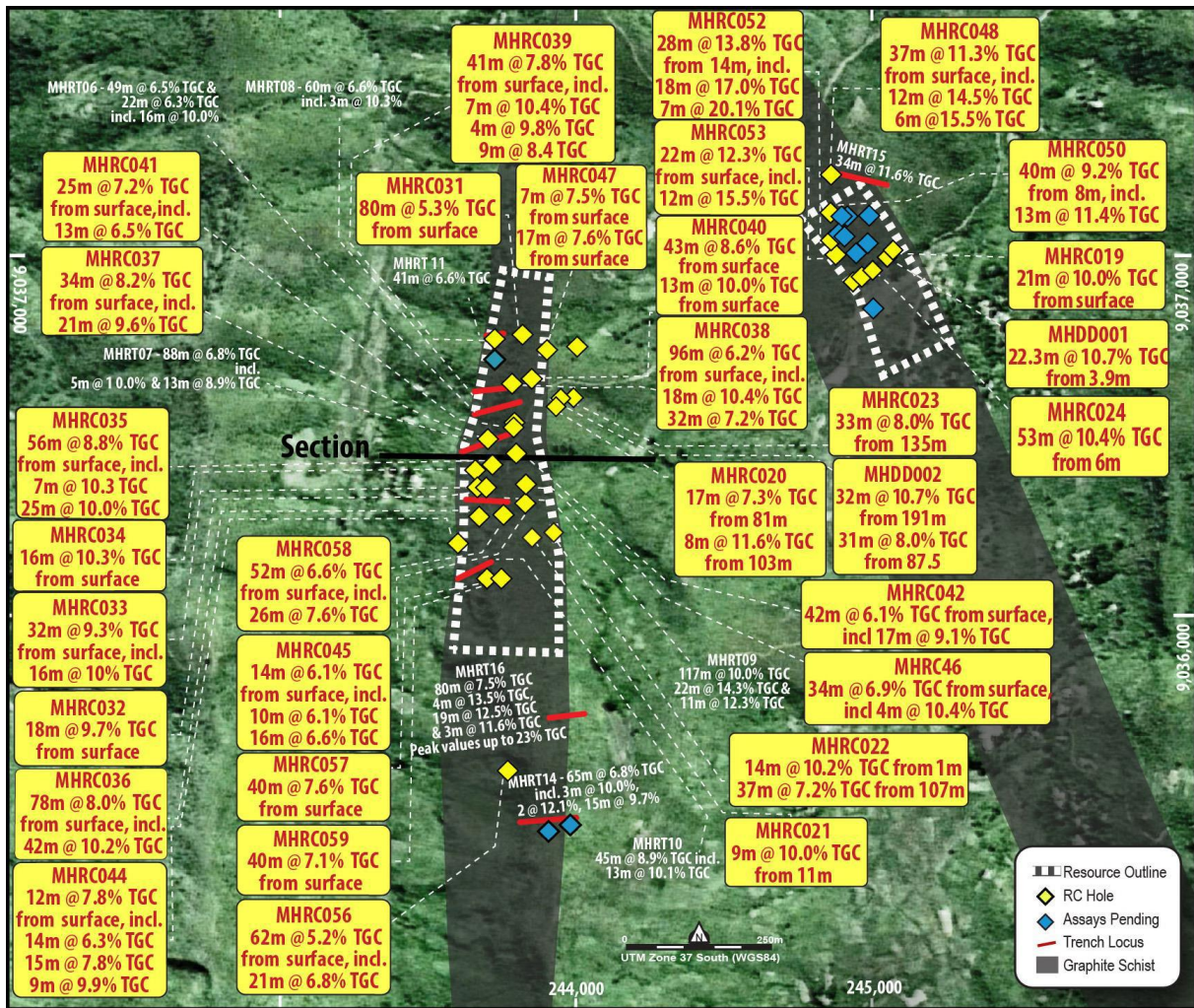


Figure 2 – Epanko Deposit showing the area of the mineral resource footprint (and latest drilling).

Once the updated resource is released, Kibaran will look to begin another round of diamond drilling (estimate ~1,500m) at Epanko to provide core samples to the laboratory and optimise/finalise metallurgical work for feasibility purposes.

Purity Testing

Metallurgical test work has been done using chemical upgrading (acid) to achieve 99%+ TGC. The testing was undertaken at NGS Naturgraphit GmbH (NGS), an independent company which specialises in world-wide graphite sales and carbon based products located in Germany. The ultra-high purity results (see Table 3) were achieved using a simple one-step purification process.

Table 3 – Carbon Grades for Flotation and Chemical Purification

FLAKE SIZE			FLOTATION CONCENTRATE	PURIFICATION GRADE
Name	Micron	Mesh	(%)	(%)
Extra Jumbo	>500 micron	>35	97.7	99.94
Jumbo	>300 microns	>48	97.2	99.98
Large	>180 microns	>80	96.2	99.95
Medium	>106 microns	>150	95.8	99.91
Small	>75 microns	>200	93.7	99.85
Fine	<75 microns	<200	87.4	99.72

Graphite Resource Comparison

The quality of Kibaran’s resource (from a flake size perspective) is arguably the highest quality on the ASX. The average in-situ grade of 10.5% TGC puts it in a competitive position and coupled with the simple metallurgy (flotation) that has already been demonstrated within the test work, Epanko is shaping up as a high quality graphite ore body.

See below graph for grade/flake size comparison (post flotation) between reported JORC/NI 43-101 compliant mineral resources.

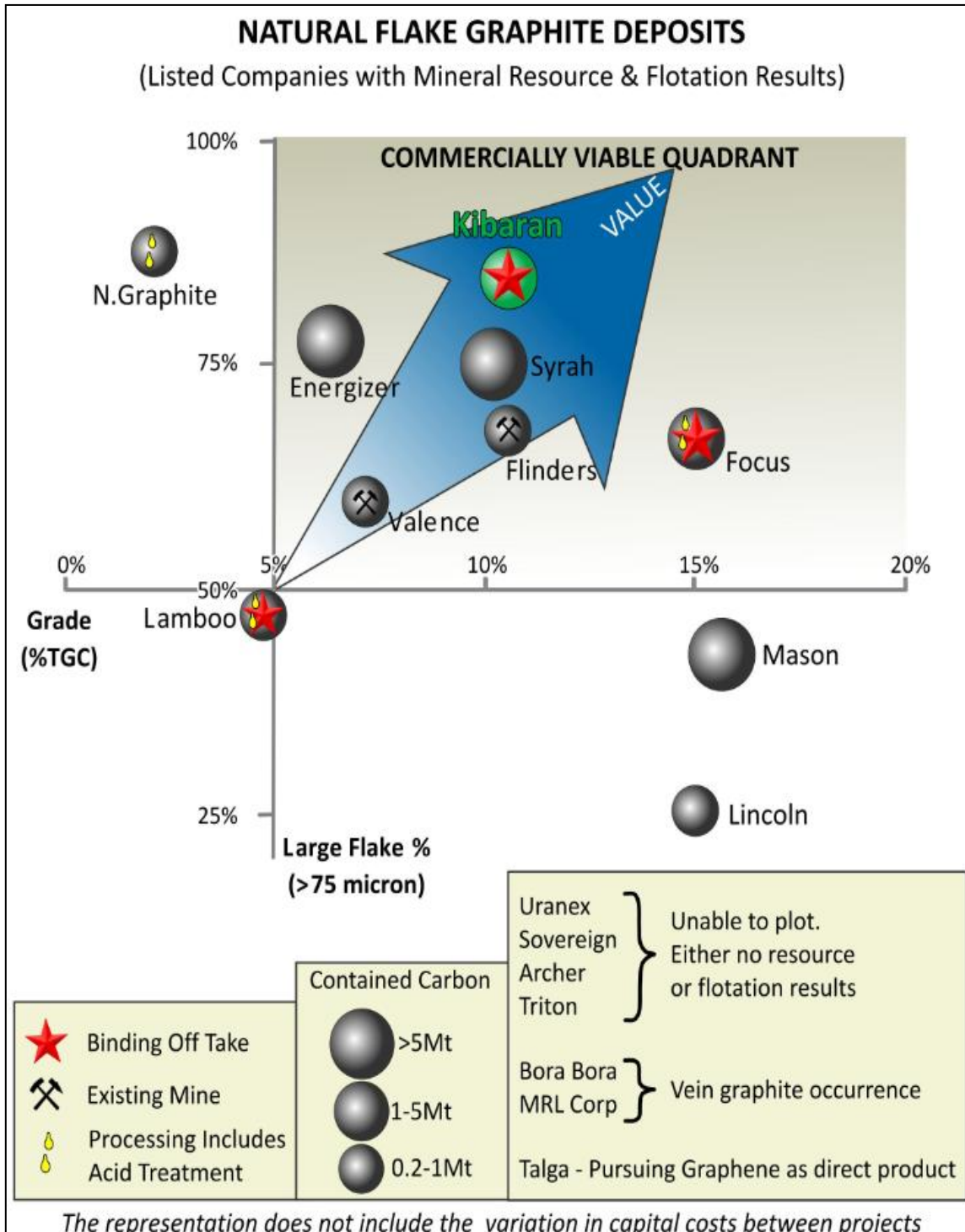


Figure 3 – Graphite Mineral Resources and the Metallurgical Properties.

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