



31 JANUARY 2019

ASX ANNOUNCEMENT

Research and Development Update

Kibaran Resources Limited (“Kibaran” or the “Company”) (ASX: **KNL**) has been notified that the Australian Taxation Office (“ATO”) intends to seek repayment of the research & development (“R&D”) refund received by the Company in respect of the year ended 30 June 2017.

As previously reported (refer ASX release 2 October 2018, *Research and Development*), the Company is advised by external experts on these matters and remains confident that its R&D claims have been made in full compliance with the applicable legislation. Accordingly, the Company is defending its position and has commenced action to challenge the ATO determination, details of which are expected to be confirmed by the ATO in writing to the Company’s advisors in due course.

Kibaran has conducted eligible R&D activities for the past six years and, in December 2015, received a positive ‘Advance Finding’ from AusIndustry confirming the eligibility of various graphite test work programs. Advance Findings are intended to provide planning certainty for companies carrying-out R&D that their programs are eligible for the R&D tax-offset. An Advance Finding represents the most rigorous form of R&D assessment and a conservative approach for R&D program management.

The R&D activities in question relate to an Advance Finding application submitted by the Company in June 2017 and, in progressing the matter, Kibaran has relied extensively upon various representations from AusIndustry during the review process that the R&D activities were already approved under the earlier December 2015 Advance Finding. As a result, the Company is currently engaging with AusIndustry to seek a review of the R&D activities in dispute. Kibaran received an R&D refund of \$1.86m for the year ended 30 June 2017.

Kibaran’s R&D programs comprise cutting-edge graphite processing technology experimentation conducted in collaboration with leading Australian and overseas scientific expertise, including Australia’s Commonwealth Scientific and Industrial Research Organisation and have led to the break-through non-hydrofluoric acid purification process **EcoGraf** over which a patent application was first lodged in 2017, and subsequently updated in December 2018, following the successful completion of further test work to optimise the unique process. The patent application is global and recent R&D programs have been extended to include collaboration with Australia’s Future Battery Industries Cooperative Research Centre at Western Australia’s Curtin University.

The Company continues to positively progress its more recent 2018 Advance Finding submission with AusIndustry in relation to advance approval of R&D activities to 30 June 2020 and expects to receive a refund for R&D expenses incurred for the year ended 30 June 2018.

For further information, please contact:

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