

CLARIFICATION OF DRILLING AND ASSAY RESULTS

Kibaran Resources Limited (ASX: KNL) provides the following clarification of the assay results released to the market on 16 October 2012.

The current reverse circulation (RC) drilling programme comprises 25 holes, of which 19 holes have been drilled and the remainder will be completed over the next two weeks. The assay results released on 16 October 2012 relate to a total of eight holes in the Kasita and the Ndololo Western Zone of the Mahenge Graphite Project:

- Drill holes MHRC001 to MHRC005 represent Kasita; and
- Drill holes MHRC010 to MHRC012 represent Ndololo Western Zone.

Assay results from the remaining holes drilled and to be drilled are expected to be received over the course of the next eight weeks. Figure 1 below identifies:

- Holes drilled and assays reported on 16 October 2012 (blue markers);
- Holes drilled where assay results have not yet been received (red markers); and
- Holes which have not yet been drilled (green markers).

None of the RC holes where assays were reported on 16 October 2012 are within the Ndololo Central or Eastern zone which contains the historical Ndololo graphite occurrence. These combined zones are shown in Figure 1. This is where the Company has estimated a potential Exploration Target of between 3.5 million tonnes and 7 million tonnes of graphitic schist, grading between 10% and 15.5% graphitic carbon¹ (refer to announcement dated 9 May 2012).

Holes MHRC015 to MHRC018 and a further two holes to be drilled are located in the Ndololo Central or Eastern zone areas of the historical occurrence. Assays have not yet been received for these holes. The Company anticipates that these results will be received over the course of the next eight weeks.

The initial results as reported on the 16 October were lower than expected; however, the drilling represented only a very small part of the Mahenge Project area. Based on geological logging, the holes drilled at the Epanko prospect and Ndololo Central zones are expected to contain higher concentration of graphite mineralisation. Assay results for these holes are also expected to be received over the course of the next five weeks.

The company would like to retract the statement that was announced on the 15 August 2012 that "RC drilling at the Mahenge graphite project has intersected high grade graphite mineralisation in every hole". The company was informed by its onsite geologist that he believed that the holes reported on the 16 October contained high grade graphite. This was based on the visual recognition of graphite minerals, an estimation of the number of

graphite flakes as a percentage of the rock mass and a correlation between the original rock chip samples. Having regard to the assay results for these holes he was mistaken in that belief as the holes returned significant downhole widths of low grade graphite mineralisation grading between 0.1 to 1.0% total graphitic carbon (“TGC”). The company only reported graphite mineralisation greater than 1.0% TGC cut-off

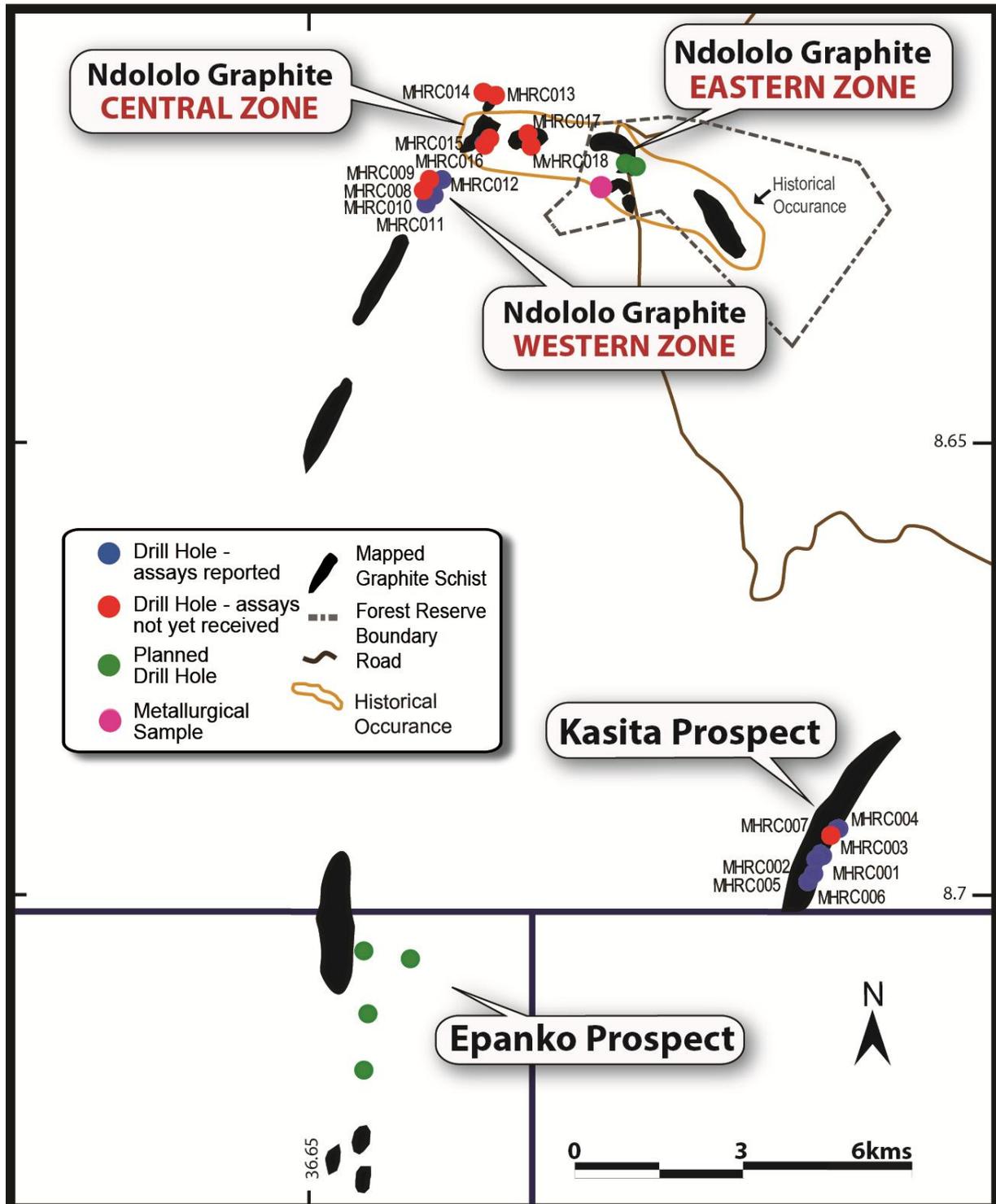


Figure 1: Mahenge Graphite Project

A number of additional exploration activities at the Mahenge Graphite Project are now being assessed, including:

- Diamond drilling;
- Surface trenching and sampling; and
- Electromagnetic surveys.

The Company remains concerned over RC drilling as an exploration tool to recover a representative sample for graphite mineralisation. Graphite is a naturally occurring mineral that has unique chemical and physical properties. Graphite is hydrophobic and readily floats on water. The Company has encountered water in a number of holes and the sampling is unable to capture the water or graphitic material which is floating on the water. Ironically, the larger flake size could exacerbate the problem. The Company has implemented measures to assess the potential loss of graphite.

Without diamond drilling, the Company cannot be certain that the grades reported on 16 October truly represent all of the graphite contained in those holes. Going forward, the Company will use the RC rig for scout drilling only. The Company will use diamond drilling in its most prospective areas. The Company is in the process of securing a diamond rig and expects to be in a position to commence diamond drilling in about 3-4 weeks.

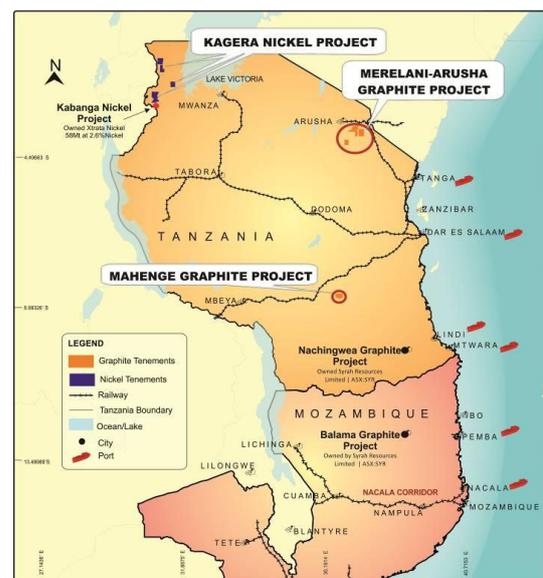
As reported, the Company drilled the projects based on logistical reasons. The Company remains confident that its Mahenge Project contains a significant graphite occurrence based on its initial and ongoing geological assessment and drilling.

ABOUT KIBARAN RESOURCES LIMITED

Kibaran Resources Limited (ASX: KNL) is an ASX-listed exploration company with highly prospective graphite and nickel projects located in Tanzania.

The Company recently acquired the rights to the Mahenge and Merelani-Arusha Projects which are 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.

¹The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource calculated in accordance with the JORC code.

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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.