



**20** ANNUAL  
**18** REPORT

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*Fully charged for the  
battery supercycle*



*Poised to exploit accelerating battery graphite demand via a combined graphite mining and manufacturing business with a global supply network*



The  **TANZGraphite** Epanko Graphite Project development and  **EcoGrafi** spherical graphite business, once established, will form 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.



The latest estimate from the European Union Commission is that the lithium-ion battery market will be worth 250 billion Euro by 2025. This emanates from a paradigm shift in transport technology to electric vehicles and battery storage for the renewable energy sector.

This is the very understandable rationale for strong market focus on battery minerals over the last year. We hear a lot about lithium, cobalt, nickel and manganese which together make up the composition of the cathode in a lithium-ion battery, but not so much about graphite of which 100% of the anode is composed. In fact, graphite accounts for 47% of the total battery minerals in a lithium-ion battery.

But it is not just any graphite but a very pure graphite product of plus 99.95% graphite carbon capable of handling the intense operating demands of a battery anode in an electric vehicle.

There are existing traditional uses for graphite; refractories, foundries, lubricants etc which are growing modestly and some new innovations, but this is being swamped by new demand for graphite suitable for use in electric vehicles.

With 55 kilograms of mined natural flake graphite earmarked for every electric vehicle, up to 1 million tonnes of additional new mined graphite demand is expected in just the next 7 years, producing 500,000 tonnes of battery grade spherical graphite for anode manufacturing.

This new demand for quality graphite is why Kibaran is in business and why we have spent so much time, effort and money on the Epanko Graphite Mining Project ("Epanko") and on production of spherical battery grade graphite for sale directly to anode manufacturers.

This effort is being rewarded with your Company now poised to exploit the opportunity via a combined graphite mining and manufacturing business with a global supply network.

It starts with the favourable mineralogy of the Epanko deposit which ensures a quality flake graphite product. This quality is not only the key to securing off-take agreements but is also a strong driver of project economics allowing us to produce a pure product from simple, low cost processing.

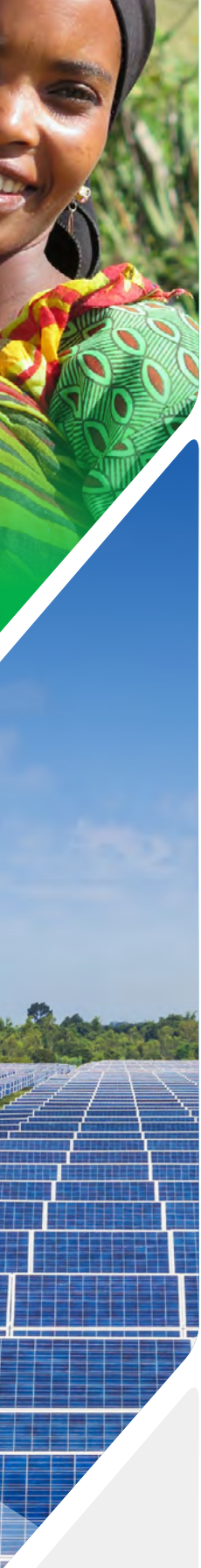
This is reflected in the economics of the bankable feasibility study completed last year and which has been subjected to stringent due-diligence by bank appointed independent engineers SRK Consulting Pty Ltd ("SRK"). The result is a very robust mining project with very strong economics substantially de-risked by the conservative design, operating parameters, pricing and costing incorporated to ensure unconditional sign off by SRK and meet the high standard required to secure bank financing. It also included full compliance with IFC and World Bank social, environmental and safety requirements.

Off-take agreements are in place for all production and the project is ready for immediate development waiting only for clearance from the Tanzanian Government to allow project financing to proceed.

In parallel, Kibaran has now completed a feasibility study on the manufacture of spherical battery graphite, conducted by GR Engineering. This involves taking flake graphite product from mine production, then processing and purifying it to 99.95% pure graphite suitable for anode manufacture.

➤ *Kibaran has now completed a feasibility study on the manufacture of spherical battery graphite*





A new clean, green process for purifying the graphite has been developed and patented by Kibaran which avoids the use of the very dangerous and toxic hydrofluoric acid currently used by existing manufacturers, all of whom are in China.

Samples of your Company's product have been tested and meet the stringent specifications of major anode manufacturers and the new clean processing technology, trademarked under the name EcoGraf, fully endorsed and as having a very strong competitive advantage to existing supply.

Another major breakthrough has been the successful application of this new EcoGraf processing technology to third party flake graphite sourced from graphite mines around the world including Europe, Africa, Asia and the Americas, which has constantly delivered carbon purity of 99.95% or above from all samples.

The opportunity to manufacture spherical graphite for the growing battery market is now a reality with pilot test work to produce commercial quantities now underway in Germany with financial support from the German Government. Moreover, the timing of this project is no longer constrained by graphite production from Epanko and given the successful results from third-party graphite, can proceed independently of Tanzanian production.

Your Company has secured off-take agreements with blue ribbon partners in Germany and Japan and has secured financing support from German State Bank KfW and Australian Government lender EFIC.

Epanko is now ready for development. It will comply with the new mining regulations and is only awaiting the completion of negotiations with the Tanzanian Government to facilitate bank financing.

While there have been delays in Tanzania as structures were put in place to manage the new mining regulations, there are now strong signs that Tanzania is back in business with the new Mining Commission appointed and operating.

Your Company recently received a letter from the new Mining Commission guaranteeing renewal of the Epanko Mining Licence for an additional 10 years upon its expiry, subject to normal requirements. The guarantee letter is a major requirement of lenders and its renewal is an important demonstration of Government support for the Project.

The combined mining and manufacturing business being developed by Kibaran provides an opportunity for Tanzania to become a major player and a key supplier for a massive new global industry and help transform the Tanzanian regional economy with jobs, training, technology, transport, economic growth, taxes and royalties.

We are confident that this opportunity will be grasped to the benefit of both the Tanzanian people and Kibaran stakeholders.

My thanks go out to the Kibaran management team and directors for their hard work during the year and to you, our shareholders, for your patience and continuing support. It is our goal to ensure that this is fully rewarded.



**Robert Pett**  
Chairman



## EPANKO GRAPHITE MINING PROJECT (KNL:100%)

The Epanko Graphite Project ("Epanko") is well located to infrastructure in south-east Tanzania, approximately 370km from Tanzania's key city and principal port, Dar es Salaam. Epanko is easily accessed via multiple road, rail and air transport routes which connect to Dar es Salaam.

Kibaran has a 100% interest in Epanko through its equity in TanzGraphite (TZ) Limited.

Following the completion of the Epanko Bankable Feasibility Study ("BFS") in June 2017, bank appointed Independent Technical Engineer SRK Consulting Pty Ltd ("SRK") completed their comprehensive review and report, concluding that all technical areas of the BFS satisfy project finance standards and the environmental and social management planning aspects are in accordance with Tanzanian legal requirements, International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines.

As a result of the conservative approach adopted for the BFS design principles,

SRK have also identified several potential value adding opportunities that are expected to enhance the BFS outcomes and which will be pursued as part of the engineering and design program.

The BFS is based on the production of 60,000tpa of premium natural flake graphite over an initial operational period of 18 years, generating annual EBITDA of US\$44.5m, a pre-tax NPV<sub>10</sub> of US\$211m and a 38.9% internal rate of return.



*Epanko is well located to infrastructure in south-east Tanzania*

**Table 1 Key Operating Metrics - BFS June 2017**

Development period	(months)	19
Mine life	(years)	18
Average annual throughput	(t)	695,000
Strip ratio	(waste to ore)	0.4:1
Average feed grade	(% TGC)	8.3
Graphite recovery	(%)	94.7
Average product carbon grade	(%)	96
Graphite production	(tpa)	60,000
Mining cost	(US\$/t processed)	7.93
Processing cost	(US\$/t processed)	19.61
General & administration cost	(US\$/t processed)	4.75
Transport and port charges	(US\$/t sold)	107
C1 FOB cost	(US\$/t sold)	500
All In Sustaining Cost	(US\$/t sold)	572
Pre-production capital cost	(US\$m)	88.9





**60,000TPA**

Natural Flake

**US\$44.5M**

Annual EBITDA

**38.9%**

Internal Rate of Return

**US\$211M**

Pretax NPV<sub>10</sub>

**100%**

Interest in Epanko

**18+**

Years of Mine Life

*Key Outcomes - BFS June 2017*



## NEW MINING LEGISLATION

The Company engaged with the Tanzanian Government to progress the Epanko development plan. In mid-November, Kibaran and one of its financiers met with Tanzania's High Commissioner to Japan, Australia and South Korea, His Excellency Mathias Chikawe. The Company briefed the High Commissioner on the Epanko Graphite Project and highlighted aspects of the new legislation that present challenges to the financing of the Project. The High Commissioner confirmed the Government's support to pave the way forward for the Project and acknowledged its significant positive economic and social impacts for the Ulanga District and Morogoro Region.

Subsequently, the Company and a representative of KfW IPEX-Bank was provided with an opportunity to meet with the recently appointed Minister for Minerals, Hon. Angellah Kairuki (MP) in Tanzania, to present the Project to the Minister and to highlight aspects of the new legislation that require clarity in relation to international banking requirements for the debt financing of mineral projects.

The mining regulations supporting the new mining laws were issued by the Tanzanian Government on 10th January 2018. Subsequently and 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 formally launched the Mining Commission, which is 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.

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 Epanko and confirm aspects of the new mineral legislation, particularly those that impact the financing of new mining operations in Tanzania. Following positive discussions with the Tanzanian Government, the Mining Commission has recently issued a letter to the Company stating the Commission will renew the Mining Licence for the Epanko Graphite Project for an additional 10 years upon its expiry, providing that the requirements of Section 53 of the Mining Act 2010 are fulfilled. The guarantee letter is a major requirement of lenders and its renewal is an important demonstration of Government support for the Project and formed part of broader discussions that are currently taking place with the Commission.

Kibaran is uniquely positioned with an US\$89 million new development ready project, having completed an Equator Principles compliant bankable feasibility study that satisfies stringent standards. Epanko will provide significant benefits for Tanzania, directly employing some 300 persons and contributing over US\$1 billion to the economy in the first 20 years of operation. It is anticipated to transform the local economy and includes community development via new housing, health, education, employment, technical training, infrastructure, new businesses and long term wealth creation.

Project finance discussions are well advanced, with 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.

*The Epanko  
Graphite Project will  
provide significant  
benefits for Tanzania*





## DEVELOPMENT PROGRAM COMMENCED

Following positive recent progress and developments in Tanzania the Company entered an agreement with GR Engineering Services Limited (“GR Engineering”) to provide a pathway to commencement of early engineering works and prompt completion of an EPC contract for construction of the Project.

Given the conservative capital cost estimation approach used during the Epanko Bankable Feasibility Study and SRK Independent Engineer’s Review, the parties plan to adopt a Target Cost Estimate model for the EPC Contract, incentivising GR Engineering for outperformance against agreed time and cost targets. 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 is an engineering company with a proven industry reputation and track record specialising in engineering design and construction services to the resources industry.

## COMMUNITY DEVELOPMENT AND ENGAGEMENT

A key regulatory milestone was achieved during the year with approval of the Resettlement Action Plan compensation schedules by the Government Chief Valuer from the Ministry of Lands, Housing and Human Settlements Development, the Regional Commissioner for Morogoro and the District Commissioner for Ulanga.

Kibaran has now completed all technical, environmental and social planning requirements for the planned development of the Epanko graphite mining and processing operation.

## RESOURCES AND RESERVES

JORC Classification	PROVEN			PROBABLE			TOTAL		
	Tonnes (Mt)	% TGC	Cont (Kt)	Tonnes (Mt)	% TGC	Cont (Kt)	Tonnes (Mt)	% TGC	Cont (Kt)
Oxide	4.2	8.48	356	3.0	7.54	227	7.2	8.09	583
Transitional	0.5	7.99	43	0.6	8.96	55	1.1	8.51	97
Fresh	1.0	8.36	85	2.3	8.95	206	3.3	8.77	291
<b>Total</b>	<b>5.7</b>	<b>8.41</b>	<b>483</b>	<b>5.9</b>	<b>8.23</b>	<b>488</b>	<b>11.7</b>	<b>8.32</b>	<b>971</b>

## MINERAL RESOURCE ESTIMATE > 8% TGC

JORC Classification	Tonnage (Mt)	Grade (% TGC)	Contained Graphite (t)
Measured	7.5	9.8	738,900
Indicated	12.8	10.0	1,280,000
Inferred	10.4	9.9	1,030,600
<b>Total</b>	<b>30.7</b>	<b>9.9</b>	<b>3,049,500</b>



PIPELINE OF EMERGING GRAPHITE SUPPLY

# MERELANI-ARUSHA GRAPHITE PROJECT (KNL:100%)

The Merelani-Arusha Graphite Project ("Merelani-Arusha") is located 55km south-east of Arusha in Tanzania. It covers an area of 488km<sup>2</sup> and is comprised of 12 active Prospecting Licences, including the Merelani East Prospect, which occurs within a province that has previously produced graphite products.

Merelani-Arusha contains a Mineral Resource Estimate of 17.7Mt @ 6.5% TGC for 1.15Mt of graphite and benefits

from favourable metallurgical properties derived from large flake graphite that does not require fine grinding or acid treatments to produce graphite products.

*Occurs within a province that has previously produced graphite products*

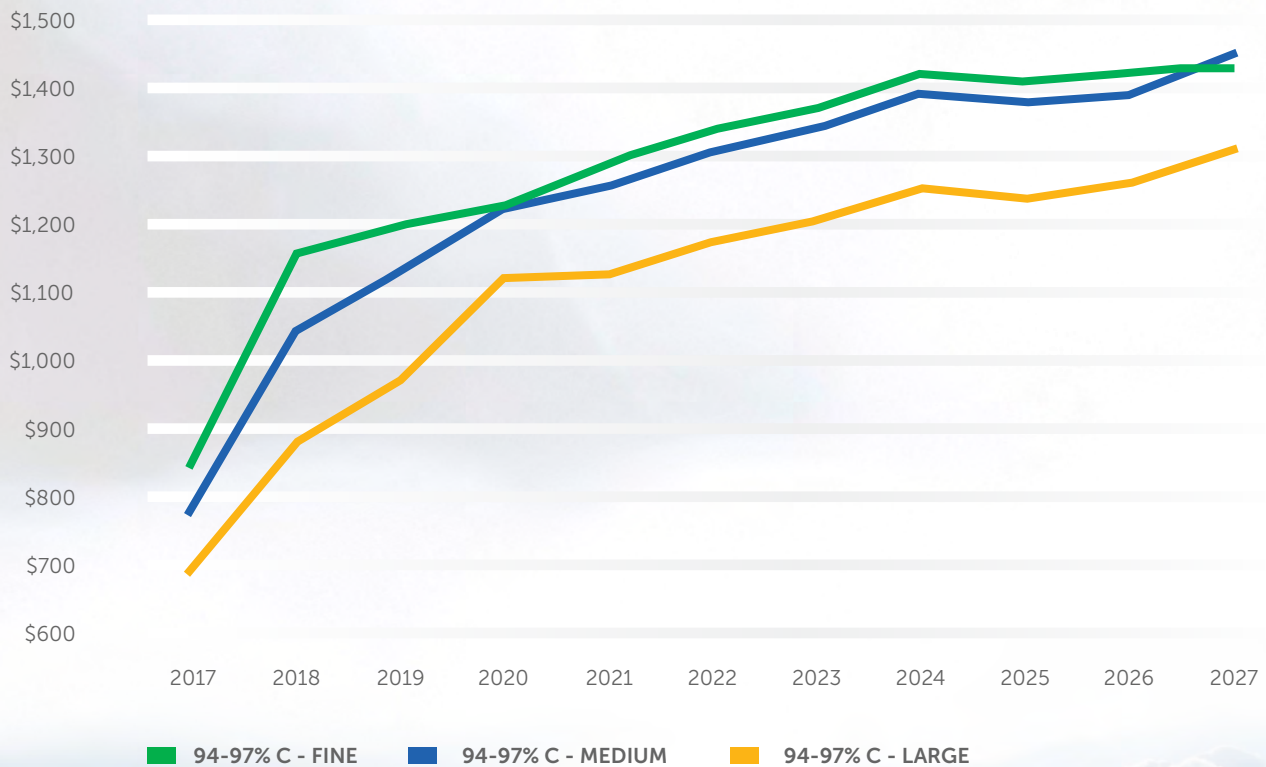


# TANGA GRAPHITE PROJECT (KNL:100%)

The Tanga Graphite Project covers an area of 84km<sup>2</sup> near Tanzania’s east coast and provides Kibaran with exposure to a third graphite province in Tanzania for potential future development.

*Providing Kibaran with exposure to a third graphite province in Tanzania for potential future development*

## ROSKILL FORECAST PRICE (NOMINAL) OF NATURAL FLAKE GRAPHITE 94-97%TGC, 2017-2027(US\$/T)<sup>1,2</sup>



Notes: 1 Based on historical price series for CIF European port FCL 2 Using base case scenario of supply and demand







## SPHERICAL GRAPHITE MANUFACTURING PROJECT

The feasibility study into the production of spherical battery grade graphite was completed in December, showing the proposed processing plant will be low-cost and environmentally friendly, while generating strong financial returns from the manufacture of spherical graphite.

Led by GR Engineering, the feasibility study involved extensive process and product testing undertaken by ProGraphite GmbH, an international study of new industry developments and the participation of leading laboratories and potential lithium-ion battery customers in Asia. The outcomes exceeded expectations, with the Company identifying a new eco-friendly non-hydrofluoric purification technology capable of producing high quality spherical graphite at a cost competitive with existing manufacturers, who are all currently using highly toxic hydrofluoric acid production techniques. This new processing technology has been patented by Kibaran under the trademark EcoGraf.

During the feasibility study two types of spherical graphite, SPG14.5 and SPG20, were produced for analysis under commercial production plant conditions, using -195micron Epanko natural flake graphite. These products were evaluated by several leading battery anode manufacturers in Asia, who confirmed that the Company's battery graphite satisfied their specification and performance requirements for potential future supply arrangements. The results and feedback provided by these organisations was universally positive, with particular interest in Kibaran's new proprietary non-hydrofluoric acid purification process.

Financial modelling undertaken as part of the feasibility study analysis, demonstrated a highly attractive return on investment. The study is based on the production of 20,000tpa of purified spherical graphite, generating annual EBITDA of US\$30.5m, a pre-tax NPV<sub>10</sub> of US\$145m and a 34.3% internal rate of

return. Following the completion of the feasibility study, Kibaran submitted patent applications to secure the intellectual property assets developed as part of the new purification processing technology.

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 spherical graphite processing business, commencing with an expansion of the German pilot plant, followed by the establishment of spherical graphite production hubs in Tanzania, Asia and Europe. The Company is currently advancing development discussions with several large industrial groups in both regions, focussed on off-take and co-investment.





**20,000TPA**

Purified Spherical Graphite

**US\$30.5M**

Annual EBITDA

**34.3%**

Internal Rate of Return

**US\$145M**

Pretax NPV<sub>10</sub>

**250 BILLION EURO**

Forecast lithium-ion battery market worth by 2025

*Key Outcomes - feasibility study December 2017*





➤ *Tailored to expected demand, Kibaran has developed a phased approach for its planned spherical graphite production*

	Stage 1. Pilot Plant Test Work Expansion	Stage 2. Commercial Launch	Stage 3. Commercial Expansion
<b>Battery (Spherical) Graphite</b>	Epanko + other existing feedstocks 3,000tpa customer trials and sales	5,000tpa	20,000tpa
<b>Fine Products</b>	<3,000tpa	<5,000tpa	<20,000tpa

**STAGE 1**

Positive progress was achieved 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.
- **strong results** were produced from test work for processing of third-party natural flake graphite sourced from Europe, Asia, Americas and Africa into spherical battery grade graphite using the proprietary eco-friendly **EcoGraf** purification process.
- **German Government financial support** to contribute to the cost of acquiring additional processing equipment.

All the samples evaluated during this test work program responded positively to the process, consistently delivering a graphite carbon content of at least 99.95% and demonstrating the effectiveness of the eco-friendly purification process across a range of feedstock sources.

The **results are commercially important** to Kibaran as they confirm the opportunity to manufacture spherical graphite for the growing battery market is a reality. Moreover, the timing of this project is not dependent on graphite production from Epanko and given the successful results from third-party graphite commercialisation can proceed independently of Tanzanian production.

This provides the opportunity for processing plants utilising **EcoGraf** technology to be built in Europe and Asia to upgrade natural flake graphite to a product meeting battery grade specification for supply to anode manufacturers.

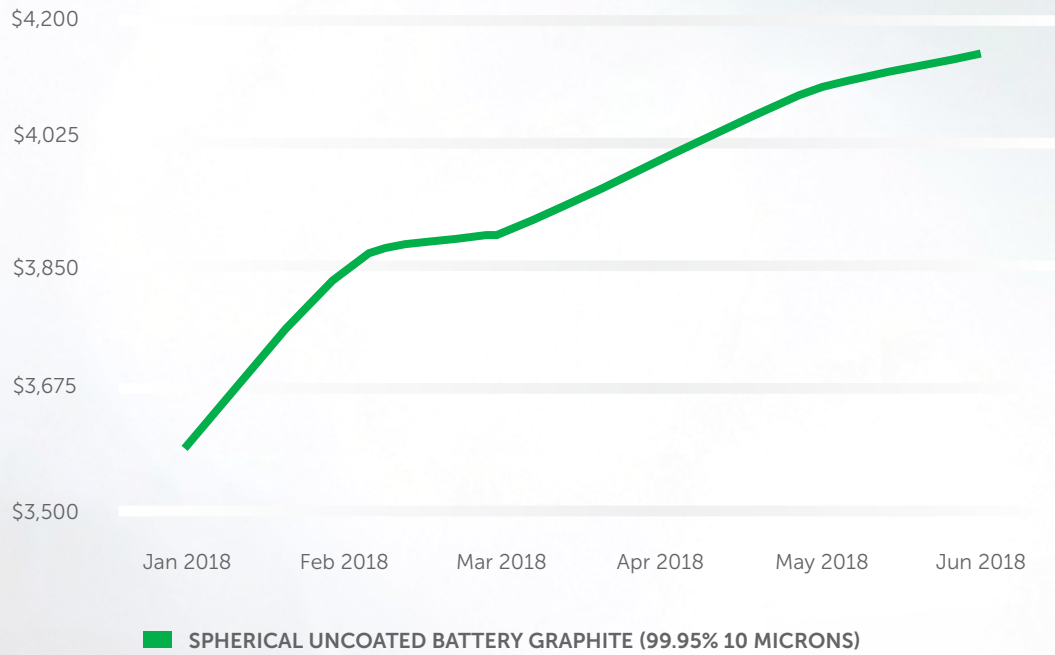
**STAGES 2 AND 3**

Establishment of commercial scale operations is planned to commence with the production and sale of up to 5,000tpa, subsequently ramping-up over several years to reach a spherical graphite production rate of 20,000tpa. It is expected that the expansion of the pilot plant and the commencement of construction of commercial scale facilities will be undertaken in parallel to meet the forecast demand growth from customers in Asia and Europe.





**BENCHMARK MINERAL INTELLIGENCE  
GRAPHITE PRICES (US\$/TONNE) : JAN 2018 - JUN 2018**



# DIRECTORS' REPORT

## BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

### **Robert Pett**

#### **Independent Non-Executive Director and Chairman**

Robert Pett is a minerals economist with over 30 years' experience working in exploration and mining. During this time, he has worked internationally in the resources sector at senior levels both in Australia and Africa. He has been involved with listed companies at all levels, from grass-roots exploration through to mine development, production and financing of more than ten mining projects globally including East and West Africa and the construction of the Golden Pride Gold Mine in Tanzania.

He was founding Chairman of Resolute Mining Limited (gold mines and exploration Africa and Australia), Sapphire Mines Limited (gemstone mining and exploration), Reliance Mining Limited (nickel mining Kambalda), Senex Energy Limited (petroleum production and exploration) and director of several other mining and exploration companies operating in Africa, Asia and Australia in gold, base metals, petroleum and uranium.

Robert has also had an active involvement in education and community activities including 10 years' service to Murdoch University Western Australia as Senator and Chairman of their Resources (Finance) Committee.

### **Andrew Spinks**

#### **Managing Director**

Andrew Spinks is a geologist with over 25 years' professional experience in a range of commodities in Australia and Africa. Andrew has worked with a number of mining companies including Resolute Mining Limited, Plutonic Resources Limited, Dominion Mining Limited and Whim Creek Resources in diverse roles across exploration, project development and mining. He is a co-founder of TanzGraphite Pty Ltd and was responsible for the strategy, target generation and acquisitions of that company.

Andrew lived and worked in Tanzania at Resolute's Golden Pride Gold Mine for several years and was a key member of the management team that won the inaugural Presidential Award for Environmental Excellence and Leadership, awarded by the then President of Tanzania, His Excellency President Benjamin William Mkapa.

### **Grant Pierce**

#### **Executive Director**

Grant Pierce is a mining engineer with over 25 years' experience in both open-pit and underground mining operations and in a range of commodities including gold, copper, copper/cobalt, nickel, iron ore and rare earth elements. He has extensive management experience, having held numerous senior operational management roles with both mining and exploration companies operating in Africa.

Grant was a member of the development team that built Tanzania's first modern gold mine, Resolute's Golden Pride Gold Mine and was Operations Manager of the mine for its first 6 years of production. Other senior roles include Executive General Manager (Tanzania) for Barrick Gold Corporation during which time the Tulawaka Gold Mine was commissioned and General Manager (Operations) for Perseus Mining Limited, from the Edikan Mine's environmental permitting phase through to construction and to the first gold pour.

Grant was awarded the Order of Australia Medal in 2003 for his personal contribution to social development in rural Tanzania. In 2006 he was also awarded Tanzania's Zeze Award, the highest accolade for outstanding contribution to Tanzania's cultural development.

**John Conidi**  
**Independent Non-Executive Director**

John Conidi is a Certified Practicing Accountant. He has over 20 years' experience developing, acquiring and managing businesses in the technology and healthcare sectors. In his roles as Managing Director of Capitol Health Limited, Mr Conidi's role in strategy, management and business development drove its sustained expansion, increasing its market capitalisation from \$20m to over \$500m in the past 10 years.

John has extensive interests in the graphite sector. He is an experienced investor specialising in technology and resources and is the Chairman of 333D Limited that with Kibaran, jointly owns 3D Graphtech Industries Pty Ltd which is exploring mechanisms for the deployment of graphite and graphene in emerging technologies.

**Christoph Frey**  
**Independent Non-Executive Director**

Christoph Frey is a qualified process engineer who has worked exclusively in the natural graphite industry for the past 25 years. Previously Christoph was engaged at Magnezit Group Europe GmbH (Germany) and served as Project Manager at Dalgraphite Limited in Russia. From 2010 to 2013 he served as Technical Director at Graphit Kropfmuehl AG where he worked on the Ancuabe Graphite Mine in Mozambique. From 2007 to 2009 he was General Director of Qingdao Kropfmuehl Graphite Limited based in Qingdao, China.

Christoph has been involved in all facets of development and production of natural flake graphite with expertise in the supervision of graphite mining and processing, managing the development of product portfolios from graphite concentrate to higher value graphite products, graphite sales and in evaluating and acquiring graphite projects.

**Howard Rae**  
**Chief Financial Officer and Company Secretary**

Howard Rae is a Chartered Accountant with over 20 years' experience across the resources industry in Australia, Asia and Africa, focusing on business development and financing new mining operations. His career includes Chief Financial Officer roles with a number of ASX listed resources groups, most recently with Iron Road Limited, where he was responsible for negotiating a Strategic Co-operation Agreement with China Railway Group Limited in connection with the funding and development of the US\$4bn proposed Central Eye Iron Project in South Australia.

Prior to that role, he served as Chief Financial Officer of Rio Tinto's Argyle Diamonds Limited, executing a successful business improvement program as part of its transition to a new US\$2bn underground mining operation and was also Chief Financial Officer for Aquila Resources Limited for seven years, structuring and negotiating several significant corporate and project funding transactions relating to its coal and iron ore mine, rail and port developments.



# DIRECTORS' REPORT

(CONTINUED)

The directors' of Kibaran Resources Ltd ("Kibaran" or "the Company") and its controlled entities ("consolidated entity") present their directors' report (including the Remuneration Report) together with the financial statements of the Company for the year ended 30 June 2018.

The Company is an entity limited by shares that is incorporated and domiciled in Australia.

## BOARD OF DIRECTORS

The qualifications of the directors are set out on pages 14 and 15.

## DIRECTORS' INTERESTS AND OTHER DIRECTORSHIPS

As at the date of this report, the interests (directly or indirectly held) of the directors in the shares and options of the Company are:

Director	Term of office	Interest in ordinary shares <sup>1</sup>	Interest in options over ordinary shares	Australian listed company directorships	Former directorships (last 3 years):
<b>Independent Non-Executive Director &amp; Chairman</b>					
<b>Robert Pett</b>	Director since 9 November 2015	3,450,000	-	None	A Cap Resources Limited ( <i>resigned 11 June 2015</i> )
	Chairman since 9 November 2015				Ausgold Limited ( <i>resigned 2 Sept 2015</i> )
<b>Executive Directors</b>					
<b>Andrew Spinks</b>	Director since 20 July 2012	14,826,130	-	None	Kingsrose Mining Limited ( <i>resigned 16 August 2017</i> )
	Managing Director since 22 April 2015				
<b>Grant Pierce</b>	Director since 17 January 2013	4,570,000	-	None	None
	Executive Director - Projects since 21 August 2014				
<b>Independent Non-Executive Director</b>					
<b>John Conidi</b>	Director since 4 May 2015	4,250,000	-	333D Limited ( <i>appointed 25 March 2015</i> )	Capitol Health Limited ( <i>resigned 6 October 2016</i> ) Total Face Group Limited ( <i>resigned 31 December 2016</i> )
<b>Non-Executive Director</b>					
<b>Christoph Frey</b>	Director since 9 August 2016	2,075,000	1,000,000	None	None

<sup>1</sup> Securities interest in Kibaran – as notified by the directors to the Australian Securities Exchange ("ASX") in accordance with s.205G(1) of the Corporations Act 2001.

## DIRECTORS' MEETINGS

During the financial year, five meetings of directors were held and attendances by each director were as follows:

Director	Directors' meetings in person and by resolution	
	Number eligible to attend	Number attended
Robert Pett	5	5
Andrew Spinks	5	5
Grant Pierce	5	5
John Conidi	5	5
Christoph Frey	5	4

## OPERATING AND FINANCIAL REVIEW

The information reported in this operating and financial review should be read in conjunction with the review of operations on pages 4 to 13.

## PRINCIPAL ACTIVITIES

The principal activities of the Company consisted of:

- exploration and evaluation of its graphite projects in Tanzania;
- pre-development of the Epanko Graphite Project;
- development of sales and marketing arrangements with targeted customers; and
- development of downstream processing technology for the use of natural flake graphite to manufacture purified spherical graphite products for lithium-ion batteries.

## OPERATING RESULTS

The loss after income tax incurred by the consolidated entity for the year ended 30 June 2018 was \$3,764,000 (2017:\$4,099,000).

## DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## CORPORATE STRUCTURE

Kibaran Resources Limited is a public company incorporated and domiciled in Australia, limited by shares. At the date of this report, the Company had 264,180,967 ordinary shares, 11,500,000 ordinary shares subject to restrictions on transfer under the Company's Director & Employee Share Plans and 3,050,000 unlisted options, on issue.

## DISCLOSURE NOTICES

### Forward looking statements

This report may contain references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed in this report. Investors should rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

# DIRECTORS' REPORT

(CONTINUED)

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the year (if any) are contained in the operating and financial review section of this report.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since 30 June 2018 that have significantly affected or may significantly affect:

- the consolidated entity's operations in future financial years;
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely future developments in the activities of the Company are referred to in the review of operations section of this report.

## ENVIRONMENTAL ISSUES

The Company's operations are subject to environmental regulation under the laws of the Republic of Tanzania. The directors believe that the Company has adequate systems in place for environmental management and are not aware of any breach of environmental requirements as they apply to the Company.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## EMPLOYEES

In addition to the directors, the Company has one employee as at the date of this report.

## COMPANY SECRETARY

Howard Rae was appointed company secretary on 18 July 2017 and Nicholas Katris held the position jointly until 8 February 2018.

## INDEMNIFYING DIRECTORS AND OFFICERS

The Company has entered into an agreement to indemnify all directors and officers against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each director and officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director and officer of the Company, other than as a result of conduct involving a wilful breach of duty in relation to the Company.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payments have been made to indemnify Ernst & Young to the date of this report.



## NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors ensure that:

- non-audit services are reviewed and approved to ensure that the provision of such services does not adversely affect the integrity and objectivity of the auditor; and
- audit services do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The total remuneration for audit and non-audit services provided during the prior and current financial years is set out in note 16 of the consolidated financial statements.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, is set-out on page 28 of this report.

## EXTENSION OF LEAD AUDIT PARTNER

On 24 June 2018, the Board granted approval pursuant to section 324DAC of the *Corporations Act 2001* ("the Act"), for Mr Gavin Buckingham of Ernst & Young to play a significant role in the audit of the Company for an additional two financial years ending 30 June 2020.

The Board considered the matters set out in section 324DAB(3) of the Act and is satisfied that the approval:

- (i) is consistent with maintaining the quality of the audit provided to the Company; and
- (ii) would not give rise to a conflict of interest situation.

Reasons supporting this decision include:

- the benefits associated with the continued retention of knowledge regarding key audit matters;
- the Board being satisfied with the quality of Ernst & Young and Mr Buckingham's work as auditor; and
- the Company's on-going governance processes to ensure the independence of the auditor is maintained.

## ROUNDING

The amounts contained in this report and in the consolidated financial statements have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

## CORPORATE GOVERNANCE

The directors of Kibaran are responsible for the corporate governance of the Company and have applied ASX Corporate Governance Principles in a manner that is appropriate to the Company's circumstances.

The Company's corporate governance statement is available on the Company's website at [www.kibaranresources.com](http://www.kibaranresources.com)

# DIRECTORS' REPORT

(CONTINUED)

## REMUNERATION REPORT (AUDITED)

### 1. INTRODUCTION

The following sections provide details of the remuneration paid to key management personnel by the Company and its controlled entities for the year ended 30 June 2018. It forms part of the directors' report and has been audited in accordance with section 308C of the *Corporations Act 2001*.

Key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the consolidated entity and include:

- non-executive directors; and
- executive directors and senior executives (collectively "executives").

Key management personnel	Position	Tenure during the year
<b>Non-executive directors</b>		
Robert Pett	Non-Executive Chair	Full financial year
John Conidi	Non-Executive Director	Full financial year
Christoph Frey	Non-Executive Director	Full financial year
<b>Executive directors</b>		
Andrew Spinks	Managing Director	Full financial year
Grant Pierce	Executive Director – Projects	Full financial year
<b>Senior executives</b>		
Howard Rae	Chief Financial Officer & Company Secretary	Full financial year

### 2. EXECUTIVE REMUNERATION

The remuneration structure has been designed to promote alignment between the objectives and interests of shareholders, directors and executives. Accordingly, as the Company's key assets have not yet reached the operational phase, a greater emphasis is placed on rewarding long term performance through the award of equity in the Company that preserves cash resources and is directly linked to the creation of shareholder value.

#### 2.1 Principles of executive remuneration

Key principles that guide decisions about executive remuneration are:

- **Fairness:** provide a fair level of reward to all employees;
- **Transparency:** establish transparent links between reward and performance;
- **Alignment:** promote mutually beneficial outcomes by aligning employee, customer and shareholder interests; and
- **Culture:** drive leadership performance and behaviours that promote safety, diversity and employee engagement.

## 2.2 Executive remuneration framework

A combination of fixed and variable reward is provided to executives, based on their responsibility within the Company in relation to the achievement of its strategic objectives and capacity to contribute to the generation of long term shareholder value.

The components of executive remuneration currently consist of:

- a base cash salary;
- statutory superannuation contributions; and
- non-cash share based payments.

The combination of these comprises the executive's total remuneration.

## 2.3 Financial performance

The table below sets out information about the Company's results and movements in shareholder value for the past five years up to and including the current financial year.

	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
Net loss after tax (\$000)	(3,764)	(4,099)	(4,268)	(5,704)	(1,463)
Share price at end of year (\$)	0.14	0.18	0.26	0.18	0.16
Basic loss per share (cents)	(1.50)	(1.86)	(2.46)	(4.39)	(1.89)

## 2.4 Remuneration decision making

Due to the current size of the Company, it is more efficient and effective for the functions otherwise undertaken by a remuneration committee to be performed by the Board. All directors are therefore responsible for determining and reviewing compensation arrangements for key management personnel, including periodically assessing the appropriateness of the nature and amount of remuneration by reference to relevant market conditions and prevailing practices.

From time to time the directors seek independent external advice on the appropriateness of the remuneration framework and remuneration arrangements for key management personnel.

## 2.5 Use of remuneration advisors

During the year ended 30 June 2018, the Board did not engage the services of remuneration advisors.

## 2.6 Employee share plan

There were 7,000,000 shares issued to executives, subject to the rules of the applicable Employee Share Plan, during the year ended 30 June 2018. No options were issued.

## 2.7 Executive employment agreements

The remuneration and other conditions of employment of executives are formalised in employment contracts, a summary of which is set out below.



# DIRECTORS' REPORT

(CONTINUED)

Mr Andrew Spinks, Managing Director, has an employment contract with the Company that specifies duties and obligations to be fulfilled and provides for an annual review of remuneration. Mr Spinks receives fixed remuneration of \$355,875 per annum inclusive of statutory superannuation and did not receive an increase in fixed remuneration during the reporting period.

Mr Grant Pierce, Executive Director - Projects, has an employment contract with the Company that specifies duties and obligations to be fulfilled and provides for an annual review of his remuneration. Mr Pierce is based in Tanzania and receives fixed remuneration of \$280,000 plus US\$50,000 (net of tax) per annum, medical and travel insurance, four return flights to Perth each year, a maintained vehicle and furnished accommodation in Dar es Salaam. He did not receive an increase in his fixed remuneration during the reporting period.

Mr Howard Rae, Chief Financial Officer and Company Secretary, has an employment contract with the Company that specifies duties and obligations to be fulfilled and provides for an annual review of remuneration. Mr Rae received a commencement payment of \$35,000 plus statutory superannuation and receives fixed remuneration of \$301,125 inclusive of statutory superannuation. He did not receive an increase in his fixed remuneration during the reporting period.

## *Termination provisions*

Executive termination notice periods and payment provisions are as follows:

	Resignation	Termination for cause	Termination in case of death, disablement, redundancy or notice without cause	Termination payment
Andrew Spinks	6 months	None	1 month	3 months
Grant Pierce	3 months	None	1 month	3 months
Howard Rae	3 months	1 month	3 months	3 months

## 3. NON-EXECUTIVE DIRECTOR REMUNERATION

The maximum annual aggregate directors' fee pool limit of \$300,000 was approved by shareholders in 2010.

### 3.1 Remuneration policy

Non-executive director remuneration is structured in order to attract and retain persons with the experience and skills necessary to oversee the Company's business activities and to guide its growth and development into a successful mining and manufacturing company. Fees are not linked to the financial performance of the Company. Directors may be paid additional amounts for special duties or exertions and are entitled to be reimbursed for reasonable out-of-pocket expenses incurred in the course of their duties.

### 3.2 Maximum aggregate amount

Total fees payable to all non-executive directors, excluding amounts for special exertion or the reimbursement of reasonable business expenditures, must not exceed \$300,000 per annum, in accordance with the approval provided by shareholders in 2010.

### 3.3 Non-executive director share and option plans

There were 5,000,000 shares issued to non-executive directors, subject to the rules of the applicable non-executive director Share Plan, during the year ended 30 June 2018. No options were issued.

#### 4. KEY MANAGEMENT PERSONNEL REMUNERATION

Details of the remuneration of directors and executives of the consolidated entity are set out in the following table.

		Short-term			Post-employment	Share-based payments	Total	Equity % of compensation
		Salary/ Fees	Fees for special duties or exertion	Consultant fees/other	Super-annuation	Plan shares		
<b>Non-executive directors</b>								
<b>Robert Pett</b>	2018	73,059	-	-	6,941	260,392	340,392	77%
	2017	73,059	100,000	-	6,941	-	180,000	-
<b>John Conidi</b>	2018	54,750	-	-	-	130,196	184,946	70%
	2017	54,750	-	-	-	-	54,750	-
<b>Christoph Frey</b>	2018	50,000	126,323	-	-	260,392	436,715	60%
	2017	44,680	204,724	-	-	-	249,404	-
<b>Executives</b>								
<b>Andrew Spinks</b>	2018	330,875	-	-	25,000	260,392	616,267	42%
	2017	325,000	-	-	30,875	-	355,875	-
<b>Grant Pierce</b>	2018	371,229	-	-	-	260,392	631,621	41%
	2017	346,934	-	-	-	-	346,934	-
<b>Howard Rae</b>	2018	316,531	-	-	22,919	372,065	711,515	52%
	2017	-	-	-	-	-	-	-
<b>Robert Hodby</b> <i>(Resigned 5 June 2017)</i>	2018	-	-	-	-	-	-	-
	2017	232,052	-	6,944	22,705	-	261,701	-
<b>Total remuneration</b>	2018	1,196,444	126,323	-	54,860	1,543,829	2,921,456	53%
	2017	1,076,475	304,724	6,944	60,521	-	1,448,664	-

Note: The share-based payments relate to shares issued pursuant to non-executive director and employee share plans. The shares were acquired at an issue price of \$0.1571 with a total value of \$1,963,550. Under the terms of the share plans, non-cash loans of \$1,963,550 have been conferred to the participants for the purpose of purchasing the shares, which are held in escrow until the loans have been fully repaid. No loan is recognised in the financial statements when the plan shares are granted and such shares issued are accounted for as "in-substance" share options due to the limited recourse nature of the loan. Accordingly, the share-based payments reflected above represents the fair value of \$0.1287 per plan share issued with a total accounting value of \$1,543,829.

# DIRECTORS' REPORT

(CONTINUED)

## 5. SHARE BASED COMPENSATION

During the year shareholders approved the issue of plan shares to each of the directors and employees in recognition of their performance with the Company and as incentive remuneration under the respective director and employee share plans (together the "Share Plans"). The terms and conditions of the Share Plans are identical, other than in respect of who is eligible to participate in each plan.

Under the Share Plans, eligible directors and employees are offered plan shares in the Company at prices determined by the Board, which has the discretion to impose conditions on the shares issued under the Share Plans and may also grant a loan, in the form of a non-cash credit facility, to a participant for the purposes of subscribing for plan shares. Shares issued via loan facility may not be granted at less than the volume weighted average price of the Company's shares during the 5 trading days up to and including the date of acceptance and are escrowed as security until the loan has been fully repaid, via cash payment and/or the sale of the plan shares. If the loan is repaid by the sale of shares, any surplus on sale is remitted to the participant and any shortfall is borne by the consolidated entity.

On 9 November 2017 and 20 December 2017 respectively, the Company granted 9,000,000 plan shares (issued on 22 December 2017) to directors in accordance with shareholder approval and 2,000,000 plan shares to employees, in recognition for their performance and as incentive remuneration. On 1 July 2017 the Company granted 1,000,000 plan shares (issued 13 July 2017) to an employee under the terms of appointment.

### *Fair value of plan shares granted*

Plan shares are accounted for as options due to the limited recourse nature of the loan facility used to subscribe for the shares. The fair value at the date of grant of the plan shares issued during the period was determined via a Black Scholes methodology using the assumptions set out in the following table and the resulting amounts are expensed as share based payments on a pro-rata basis over the six-month vesting period.

Grant date	1 July 2017	20 December 2017	9 November 2017
Quantity	1,000,000	2,000,000	9,000,000
Loan price per share	22.82 cents	15.09 cents	15.09 cents
Valuation date	1 July 2017	20 December 2017	9 November 2017
Loan expiry date	13 July 2022	22 December 2022	22 December 2022
Underlying share price at valuation date	19 cents	15.5 cents	17 cents
Expected dividend yield	0%	0%	0%
Expected life	5 years	5 years	5 years
Risk-free interest rate	2.05%	2.37%	2.21%
Black Scholes valuation per share	13.79 cents	11.71 cents	13.02 cents



## 6. KEY MANAGEMENT PERSONNEL EQUITY OWNERSHIP

### 6.1 Options

	Balance at 1 July 2017	Balance at date of appointment	Options exercised	Net change/ Other	Balance at 30 June 2018	Vested at 30 June 2018	Vested and exercisable	Options vested during year
<b>Non-executives</b>								
Robert Pett	-	-	-	-	-	-	-	-
John Conidi	-	-	-	-	-	-	-	-
Christoph Frey	1,250,000	-	-	(250,000) <sup>1</sup>	1,000,000	1,000,000	1,000,000	-
<b>Executives</b>								
Andrew Spinks	-	-	-	-	-	-	-	-
Grant Pierce	-	-	-	-	-	-	-	-
Howard Rae	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,250,000</b>	<b>-</b>	<b>-</b>	<b>(250,000)</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>

<sup>1</sup> Unlisted options expired unexercised 17 October 2017

# DIRECTORS' REPORT

(CONTINUED)

## 6.2 Shares

	Balance at 1 July 2017	Balance at date of appointment	Movement during the year	Balance at 30 June 2018
<b>Non-executives</b>				
Robert Pett	1,250,000	-	2,200,000 <sup>1</sup>	3,450,000
John Conidi	3,250,000	-	1,000,000	4,250,000
Christoph Frey	75,000	-	2,000,000	2,075,000
<b>Executives</b>				
Andrew Spinks	12,605,130	-	2,221,000 <sup>2</sup>	14,826,130
Grant Pierce	2,570,000	-	2,000,000	4,570,000
Howard Rae	-	-	3,000,000	3,000,000
<b>Total</b>	<b>19,750,130</b>	<b>-</b>	<b>12,421,000</b>	<b>32,171,130</b>

<sup>1</sup> 200,000 Shares purchased on market; <sup>2</sup> 221,000 Shares purchased on market. Balance of movement associated with Share Plan issues - refer 6.3.

## 6.3 Shares issued under non-executive director and employee share plans

Included in the table 6.2 above are plan shares held by key management personnel. The balance and movement during the reporting period in the number of plan shares held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at 1 July 2017	Net Change	Balance at 30 June 2018
<b>Non-executives</b>			
Robert Pett	1,250,000	2,000,000	3,250,000
John Conidi	2,250,000	1,000,000	3,250,000
Christoph Frey	-	2,000,000	2,000,000
<b>Executives</b>			
Andrew Spinks	4,000,000	2,000,000	6,000,000
Grant Pierce	2,250,000	2,000,000	4,250,000
Howard Rae	-	3,000,000	3,000,000
<b>Total</b>	<b>9,750,000</b>	<b>12,000,000</b>	<b>21,750,000</b>

#### 6.4 Loans to key management personnel

During the year shareholders approved the issue of plan shares to each of the directors and executives under the respective director and employee share plans (together the "Share Plans"). Under the Share Plans 12,500,000 shares were offered to eligible recipients at an average issue price of \$0.1571 (being the five day volume weighted average price at which ordinary shares in the Company traded prior to the offers). The eligible recipients were granted loans for the purpose of subscribing for plan shares.

The loans granted are limited recourse and interest free. The loans are to be repaid via cash payment and/or the sale of the plan shares. Where the loan is repaid by the sale of shares, any remaining surplus on sale is remitted to the participant while any shortfall is borne by the consolidated entity. Shares issued under loan facilities are escrowed until the loan has been fully repaid.

#### 6.5 Other transactions with key management personnel

There were no other transactions with key management personnel of the consolidated entity, including their personally related parties during the year ended 30 June 2018 other than 'Fees for special duties or exertion' disclosed in the remuneration table in section 4.

Signed in accordance with a resolution of the directors made pursuant to s298 (2) of *Corporations Act 2001*.



**Andrew Spinks**  
Managing Director

21 September 2018



# AUDITOR'S INDEPENDENCE DECLARATION



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## Auditor's independence declaration to the Directors of Kibaran Resources Limited

As lead auditor for the audit of Kibaran Resources Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kibaran Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Gavin Buckingham  
Partner  
21 September 2018

# FINANCIAL STATEMENTS

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
<b>REVENUE</b>			
Other income	3	406	388
		406	388
<b>EXPENSES</b>			
Accounting & audit		(74)	(46)
Consultants & contractors		(924)	(1,772)
Employee benefits		(659)	(781)
Depreciation		(62)	(59)
Directors fees		(185)	(320)
Information systems & technology		(54)	(73)
Listing & compliance		(65)	(122)
Office rental & outgoings		(235)	(235)
Other		(93)	(255)
Share based payments		(1,544)	(523)
Travel & accommodation		(153)	(332)
Unrealised foreign exchange differences		(122)	31
		(4,170)	(4,487)
<b>Loss before income tax</b>		<b>(3,764)</b>	<b>(4,099)</b>
Income tax expense	4	-	-
<b>Loss after income tax for the year</b>		<b>(3,764)</b>	<b>(4,099)</b>
<b>Total comprehensive loss for the year</b>		<b>(3,764)</b>	<b>(4,099)</b>
Loss attributable to members of Kibaran Resources Limited		(3,764)	(4,099)
Total comprehensive loss attributable to members of Kibaran Resources Limited		(3,764)	(4,099)
<b>Loss per share attributable to the Members of Kibaran Resources Limited</b>			
Basic loss per share (cents per share)	15	(1.50)	(1.86)
Diluted loss per share (cents per share)	15	(1.50)	(1.86)

The above statement should be read in conjunction with the accompanying notes.





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	2,827	1,950
Trade and other receivables	6	249	1,169
Prepayments		-	52
<b>Total current assets</b>		<b>3,076</b>	<b>3,171</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	234	295
Exploration and evaluation assets	7	16,922	17,036
<b>Total non-current assets</b>		<b>17,156</b>	<b>17,331</b>
<b>Total assets</b>		<b>20,232</b>	<b>20,502</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	560	1,218
<b>Total current liabilities</b>		<b>560</b>	<b>1,218</b>
<b>Total liabilities</b>		<b>560</b>	<b>1,218</b>
<b>Net assets</b>		<b>19,672</b>	<b>19,284</b>
<b>EQUITY</b>			
Contributed equity	10	43,786	39,215
Reserves	11	1,600	2,019
Accumulated losses	12	(25,714)	(21,950)
<b>Total equity</b>		<b>19,672</b>	<b>19,284</b>

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Contributed equity \$'000	Accumulated losses \$'000	Loan share reserve \$'000	Share based payment reserve \$'000	Total \$'000
<b>Balance at 30 June 2016</b>	<b>27,697</b>	<b>(17,851)</b>	<b>(2,972)</b>	<b>4,842</b>	<b>11,716</b>
Loss for the year	-	(4,099)	-	-	(4,099)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(4,099)</b>	<b>-</b>	<b>-</b>	<b>(4,099)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year	12,248	-	(114)	-	12,134
Share based payments	-	-	-	263	263
Share issue expense	(730)	-	-	-	(730)
<b>Balance at 30 June 2017</b>	<b>39,215</b>	<b>(21,950)</b>	<b>(3,086)</b>	<b>5,105</b>	<b>19,284</b>
Loss for the year	-	(3,764)	-	-	(3,764)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(3,764)</b>	<b>-</b>	<b>-</b>	<b>(3,764)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year	4,762	-	(1,963)	-	2,799
Share based payments	-	-	-	1,544	1,544
Share issue expense	(191)	-	-	-	(191)
<b>Balance at 30 June 2018</b>	<b>43,786</b>	<b>(25,714)</b>	<b>(5,049)</b>	<b>6,649</b>	<b>19,672</b>

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
<b>OPERATING ACTIVITIES</b>			
Research and development tax credit received		684	320
Payments to suppliers and employees		(2,742)	(3,768)
<b>Net cash flows used in operating activities</b>	13	<b>(2,058)</b>	<b>(3,448)</b>
<b>INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation		(1,682)	(7,910)
Payments for property, plant & equipment		(1)	(330)
Interest received		10	101
Research and development tax credit received		2,135	336
<b>Net cash flows from/ (used in) investing activities</b>		<b>462</b>	<b>(7,803)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares and options		2,664	11,874
Capital raising costs for issue of shares		(191)	(730)
<b>Net cash flows from financing activities</b>		<b>2,473</b>	<b>11,144</b>
Net increase/ (decrease) in cash and cash equivalents held		877	(107)
Cash and cash equivalents at beginning of the year		1,950	2,057
<b>Cash and cash equivalents at end of the year</b>	5	<b>2,827</b>	<b>1,950</b>

The above statement should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 1. COMPANY INFORMATION

The consolidated financial statements of Kibaran Resources Limited and its subsidiaries (collectively, "the consolidated entity") for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 20 September 2018.

Kibaran Resources Limited ("the Company" or "the parent") is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. It has activities in Tanzania and Australia, with the country of domicile being Australia and the registered office located in Australia.

The nature of the operations and principal activities of the consolidated entity are described in the directors' report. Information on the consolidated entity's structure is provided in note 21 and details of other related party relationships is provided in note 20.

## 2. BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis.

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### Going concern

The directors have prepared the consolidated financial statements on a going concern basis which contemplates the continuation of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year, the consolidated entity incurred a net loss of \$3,764,000 (2017: \$4,099,000) and had cash outflows from operating and investing activities of \$1,596,000 (2017: \$11,251,000).

The consolidated entity had cash and cash equivalents at 30 June 2018 of \$2,827,000 (2017: \$1,950,000).

The balance of cash and cash equivalents as at 30 June 2018 is not sufficient to meet the consolidated entity's planned expenditures over the next 12 months for the development of the Epanko Graphite Project, commercialisation of spherical graphite purification technology and general corporate activities. It is planned for these initiatives to be funded via a combination of limited recourse debt finance and equity, through the participation of banks, strategic industry investors and the consolidated entity's shareholders.

In the event that the consolidated entity is unable to obtain sufficient funding as required, there is material uncertainty whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities, that may be necessary should the consolidated entity not be able to continue as a going concern.

### Functional and presentational currency

These consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated in accordance with ASIC Corporations (Rounding In Financial/Directors' Reports) Instrument 2016/191.



	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>3. OTHER INCOME</b>		
Interest received from financial institutions	7	103
Research and development tax credit	399	285
	<b>406</b>	<b>388</b>

#### **4. INCOME TAX EXPENSE**

Reconciliation of tax benefit/expense and the accounting loss multiplied by Australia's domestic tax rate:

Accounting loss before tax	(3,764)	(4,099)
At Australia's statutory income tax rate of 27.5% (2017: 27.5%)	(1,035)	(1,127)
Tax effect of amounts not deductible	425	144
Effect of different tax rates	(16)	35
Benefit of tax losses and timing differences not brought to account as an asset	626	948
Income tax expense attributable to entity	-	-
Deferred income tax at balance date relates to the following:		
<b>Deferred tax assets</b>		
Tax losses available to offset against future taxable income	6,979	7,418
Total deferred tax asset	6,979	7,418
<b>Deferred tax liabilities</b>		
Exploration and evaluation assets	(3,935)	(5,111)
Deferred tax asset used to offset deferred tax liability	3,935	5,111
	-	-
Net deferred tax assets not brought to account	3,044	2,307

The benefit of deferred tax assets not brought to account will only be recognised if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised
- The conditions for deductibility imposed by tax legislation continue to be complied with
- No changes in tax legislation adversely affect the consolidated entity in realising the benefit

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	2,827	1,950
	<b>2,827</b>	<b>1,950</b>
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Goods and services taxation receivable <sup>(1)</sup>	35	62
Research and development tax credit receivable <sup>(2)</sup>	-	963
Other receivables	135	16
Security deposits	79	128
	<b>249</b>	<b>1,169</b>

<sup>(1)</sup> Non-interest bearing and generally on 14 day terms at the end of each quarter.

<sup>(2)</sup> The research and development tax credit for the 2018 financial year has not been accrued as the Company is in the process of finalising the claim amount and the application has not been lodged.

## 7. EXPLORATION AND EVALUATION ASSET

Exploration and evaluation expenditure carried forward:

Carrying amount as at 1 July	17,036	9,606
Capitalised expenditure at cost	1,347	8,104
Research and development refund	(1,461)	(674)
	<b>16,922</b>	<b>17,036</b>

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest and the sale of minerals, or the sale of the respective areas of interest. The Company is in discussion with the Government of Tanzania with respect to regulatory arrangements and approvals for the development of the Epanko Graphite Project, including mining licence conditions past due for the commencement of regular production. On 4 September 2018, the Mining Commission confirmed to the Company that it will be ready to renew the mining licence upon expiry of the licence period in 2025, provided that the requirements of section 53 of the *Mining Act 2010* are fulfilled.

## 8. TRADE AND OTHER PAYABLES

Trade payables <sup>(1)</sup>	171	669
Accruals	306	424
Payroll payables	83	96
Sundry payables	-	29
	<b>560</b>	<b>1,218</b>

<sup>(1)</sup> Trade creditors are non-interest bearing and are normally settled on 45 day terms.

## 9. PROPERTY, PLANT AND EQUIPMENT

At cost	364	362
Accumulated depreciation	(130)	(67)
<b>Net carrying amount</b>	<b>234</b>	<b>295</b>

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year, is as follows:

	Plant & equipment office	Plant & equipment field	Motor Vehicles	Furniture & equipment	Leasehold assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2016</b>	<b>8</b>	<b>1</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>23</b>
Additions	26	21	261	14	9	<b>331</b>
Depreciation expense	(9)	(7)	(39)	(3)	(1)	<b>(59)</b>
<b>Balance at 30 June 2017</b>	<b>25</b>	<b>15</b>	<b>222</b>	<b>25</b>	<b>8</b>	<b>295</b>
Additions	-	-	-	1	-	<b>1</b>
Transfers	-	-	-	-	-	<b>-</b>
Depreciation expense	(6)	(4)	(45)	(6)	(1)	<b>(62)</b>
<b>Balance at 30 June 2018</b>	<b>19</b>	<b>11</b>	<b>177</b>	<b>20</b>	<b>7</b>	<b>234</b>

	2018 \$'000	2017 \$'000
<b>10. CONTRIBUTED EQUITY</b>		
275,680,967 (2017: 243,202,394) fully paid ordinary shares	43,786	39,215

	\$'000	No. of shares
<b>a) Ordinary shares</b>		
<b>At 30 June 2016</b>	<b>27,697</b>	<b>189,174,894</b>
Share placement	10,878	47,300,000
Options exercised	996	4,977,500
Issue of shares to consultant in lieu of cash	260	1,250,000
Issue of plan shares	114	500,000
Capital raising costs	(730)	-
<b>At 30 June 2017</b>	<b>39,215</b>	<b>243,202,394</b>
Share placement	2,776	19,828,573
Options exercised	-	-
Issue of shares to consultant in lieu of cash	23	150,000
Issue of plan shares	1,963	12,500,000
Capital raising costs	(191)	-
<b>Balance at 30 June 2018</b>	<b>43,786</b>	<b>275,680,967</b>

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 10. CONTRIBUTED EQUITY (CONTINUED)

b) Options unissued are as follows:

FY18							
Grant date	Date of expiry	Exercise price	Balance at start of the year	Granted	Exercised	Expired unexercised	Balance at end of the year
08/07/15	22/10/17	0.40	4,000,000	-	-	(4,000,000)	-
15/05/15	17/10/17	0.30	750,000	-	-	(750,000)	-
13/07/15	26/10/17	0.174	1,050,000	-	-	(1,050,000)	-
27/06/16	02/06/19	0.228	1,000,000	-	-	-	1,000,000
16/01/17	16/01/20	0.23	1,050,000	-	-	-	1,050,000
09/01/17	31/12/18	0.30	1,000,000	-	-	-	1,000,000
	<b>Total</b>		<b>8,850,000</b>	<b>-</b>	<b>-</b>	<b>(5,800,000)</b>	<b>3,050,000</b>

Weighted average exercise price of options outstanding at 30 June 2018: \$0.25.

FY17							
Grant date	Date of expiry	Exercise price	Balance at start of the year	Granted	Exercised	Expired unexercised	Balance at end of the year
11/02/13	11/02/17	0.27	800,000	-	-	(800,000)	-
22/05/14	11/05/17	0.193	4,000,000	-	-	(4,000,000)	-
08/07/15	22/10/17	0.40	4,000,000	-	-	-	4,000,000
15/05/15	17/10/17	0.30	750,000	-	-	-	750,000
13/07/15	26/10/17	0.174	1,050,000	-	-	-	1,050,000
29/02/16	29/08/16	0.20	5,519,167 <sup>(1)</sup>	-	(4,977,500)	(541,667)	-
27/06/16	02/06/19	0.228	1,000,000	-	-	-	1,000,000
16/01/17	16/03/20	0.23	-	1,050,000	-	-	1,050,000
09/01/17	31/12/18	0.30	-	1,000,000	-	-	1,000,000
	<b>Total</b>		<b>17,119,167</b>	<b>2,050,000</b>	<b>(4,977,500)</b>	<b>(5,341,667)</b>	<b>8,850,000</b>

Weighted average exercise price of options outstanding at 30 June 2017: \$0.31.

<sup>(1)</sup> This relates to the February 2016 placement where one free option was attached to every 2 subscribed shares.



	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>11. RESERVES</b>		
Share based payment reserve	6,649	5,105
Loan share reserve	(5,049)	(3,086)
	<b>1,600</b>	<b>2,019</b>
<b>Movement in share based payment reserve</b>		
Balance at beginning of year	5,105	4,842
Share based payments	1,544	263
Balance at end of year	<b>6,649</b>	<b>5,105</b>
<b>Movement in loan share reserve</b>		
Balance at beginning of year	(3,086)	(2,972)
Plan shares issued	(1,963)	(114)
Balance at end of year	<b>(5,049)</b>	<b>(3,086)</b>

#### Share based payments reserve

The reserve recognises the value of equity provided as remuneration to employees and also to other parties as compensation for services provided to the consolidated entity.

#### Plan share reserve

The reserve represents the non cash nominal value of loan shares on issue to employees and is deducted from equity.

## 12. ACCUMULATED LOSSES

Balance at beginning of year	(21,950)	(17,851)
Loss for the year	(3,764)	(4,099)
Balance at end of year	<b>(25,714)</b>	<b>(21,950)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>13. CASH FLOW INFORMATION</b>		
Reconciliation of cash flow from operations with loss for the year		
Loss for the year	(3,764)	(4,099)
<b>Adjustments for:</b>		
Share based payments	1,544	523
Interest income	(6)	(103)
Depreciation	62	59
Unrealised foreign exchange losses	122	(31)
<b>Changes in assets and liabilities:</b>		
(Increase) / decrease in trade and other receivables	145	(198)
Increase / (decrease) in trade and other payables	(161)	401
<b>Net cash outflows used in operations</b>	<b>(2,058)</b>	<b>(3,448)</b>

## 14. EXPENDITURE COMMITMENTS

### Mineral tenements

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to satisfy minimum expenditure requirements of \$1,205,581 (2017: \$430,195) over the next 12 months, in accordance with agreed work programmes submitted over the Company's exploration licences. Financial commitments for subsequent periods are contingent upon future exploration results.

## 15. LOSS PER SHARE

Data used in the basic loss per share computations

Loss for the year	(3,764)	(4,099)
Weighted average number of ordinary shares	250,195,408	219,842,269
Basic and diluted loss per share (cents)	(1.50)	(1.86)

Loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

3,050,000 share options outstanding at 30 June 2018 (2017: 8,850,000) have not been included in determining the diluted loss per share as they are not considered to be dilutive due to the loss position of the Company for years ended 30 June 2017 and 2018.

## 16. AUDITOR'S REMUNERATION

Amounts received or due and receivable by Ernst & Young for:

### Auditor services

Audit or review of the financial report	35	31
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### Other non- audit services

Taxation services	19	29
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	54	60
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## 17. SEGMENT INFORMATION

The consolidated entity reports one segment, graphite exploration and evaluation, to the chief operating decision maker, being the Managing Director for the purposes of assessing performance and determining the allocation of resources.

Unless otherwise stated, all amounts reported to the chief operating decision maker are determined in accordance with accounting policies that are consistent with those adopted in this financial report.

Revenue by geographical region	Australia \$'000	Tanzania \$'000	Consolidated \$'000
<b>2018 Results</b>			
Segment revenues	406	-	406
Segment results	(3,128)	(636)	(3,764)
<b>2017 Results</b>			
Segment revenues	388	-	388
Segment results	(3,193)	(906)	(4,099)
<b>Assets by geographical region</b>			
<b>2018 Assets</b>			
Segment assets	27	17,129	17,156
Unallocated assets:			
Cash and cash equivalents			2,827
Trade and other receivables			249
Prepayments			-
<b>Total assets</b>			<b>20,232</b>
<b>2018 Liabilities</b>			
Segment liabilities	(363)	(197)	(560)
<b>Total liabilities</b>			<b>(560)</b>
<b>2017 Assets</b>			
Segment assets	36	17,295	17,331
Unallocated assets:			
Cash and cash equivalents			1,950
Trade and other receivables			1,169
Prepayments			52
<b>Total assets</b>			<b>20,502</b>
<b>2017 Liabilities</b>			
Segment liabilities	(915)	(303)	(1,218)
<b>Total liabilities</b>			<b>(1,218)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 18. SHARE BASED PAYMENTS

The Company seeks to incentivise staff and consultants to remain with the consolidated entity and to improve the longer-term performance of the Company and its return to shareholders. This is achieved through the issue of a combination of shares and options.

No options were issued during the year ended 30 June 2018.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2018 Number	2018 WAEP	2017 Number	2017 WAEP
<b>Outstanding at 1 July</b>	8,850,000	0.31	17,119,167	0.25
Issued during the year	-	-	2,050,000	0.26
Exercised/expired during the year	(5,800,000)	0.35	(10,319,167)	0.21
Outstanding at 30 June	3,050,000	0.25	8,850,000	0.31
Exercisable at 30 June	3,050,000	0.25	8,850,000	0.31

### Employee share plan

Under the plan, eligible employees are offered shares in the Company at prices determined by the Board, which has the ultimate discretion to impose conditions on the shares issued under the plan and may grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are escrowed until the loan is fully repaid. The loans are limited recourse and interest free and are to be repaid via cash settlement and/or the sale of the plan shares. Where the loan is repaid by the sale of shares, any remaining surplus is remitted to the participant and any shortfall is borne by the consolidated entity.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, plan shares during the year:

	2018 Number	2018 WAEP	2017 Number	2017 WAEP
<b>Outstanding at 1 July</b>	<b>14,550,000</b>	<b>0.2121</b>	<b>14,050,000</b>	<b>0.2115</b>
Granted during the year	12,500,000	0.1571	500,000	0.2282
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(4,750,000)	0.2095	-	-
<b>Outstanding at 30 June</b>	<b>22,300,000</b>	<b>0.1818</b>	<b>14,550,000</b>	<b>0.2121</b>



Plan shares issued during the year:

Grant date	1 July 2017	20 December 2017	9 November 2017
Quantity	1,000,000	2,500,000	9,000,000
Loan price per share	22.82 cents	15.09 cents	15.09 cents
Valuation date	1 July 2017	20 December 2017	9 November 2017
Loan expiry date	13 July 2022	22 December 2022	22 December 2022
Underlying share price at valuation date	19 cents	15.5 cents	17 cents
Expected dividend yield	0%	0%	0%
Expected life	5 years	5 years	5 years
Risk-free interest rate	2.05%	2.37%	2.21%
Black Scholes valuation per share	13.79 cents	11.71 cents	13.02 cents

## 19. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

### a) Names and positions of key management personnel in office at any time during the financial year:

<b>Robert Pett</b>	Non-Executive Chairman
<b>John Conidi</b>	Non-Executive Director
<b>Christoph Frey</b>	Non-Executive Director
<b>Andrew Spinks</b>	Managing Director
<b>Grant Pierce</b>	Executive Director
<b>Howard Rae</b>	Chief Financial Officer and Company Secretary

### b) Key management personnel remuneration

Aggregate compensation of key management personnel of the consolidated entity:

	2018 \$'000	2017 \$'000
Short term employee benefits	1,322	1,388
Post-employment benefits	55	61
Share based payments (non-cash)	1,544	-
	<b>2,921</b>	<b>1,449</b>

Detailed information about the remuneration received by key management personnel is provided in the remuneration report on pages 20 to 27.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 20. RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms.

### Ultimate parent

Kibaran Resources Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 21.

### Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report in the directors' report.

### Transactions with related parties

The following transactions were undertaken with key management personnel during the year ended 30 June 2018. The transactions reflected below have been included in 'Fees for special duties or exertion' disclosed in the remuneration table in section 4 of the remuneration report in the director's report.

Robert Pett is a director and shareholder of the following related party entities which transacted with the consolidated entity.

Entity	Services provided	2018 \$'000	2017 \$'000
Economics Consultants Pty Ltd	Consultancy services	-	50
Prevelly Holdings Pty Ltd	Consultancy services	-	50

Christoph Frey is a director and shareholder of the following related party entity which transacted with the consolidated entity.

Entity	Services provided	2018 \$'000	2017 \$'000
ProGraphite GmbH	Consultancy services	126	205

There were no other significant transactions with related parties entered into during the period.

## 21. CONSOLIDATED ENTITY INFORMATION

### Information about subsidiaries

The financial statements of the consolidated entity include the following subsidiaries:

	Country of incorporation	Percentage owned (%)	
		2018	2017
Tanzanian Exploration Company Pty Ltd	Australia	100	100
TanzGraphite Pty Ltd	Australia	100	100
TanzGraphite (AUS) Pty Ltd	Australia	100	100
EcoGraf (Australia) Pty Ltd <i>(formerly TanzGraphite Technologies Pty Ltd)</i>	Australia	100	100
Westoz Technologies Pty Ltd (Australia)	Australia	100	-
Kibaran Nickel (Tanzania) Limited	Tanzania	100	100
Castillian Resources (Tanzania) Limited	Tanzania	100	100
TanzGraphite Technologies Limited	Tanzania	100	100
TanzGraphite (TZ) Limited	Tanzania	100	100

## 22. PARENT INFORMATION

Kibaran Resources Limited	2018 \$'000	2017 \$'000
Current assets	3,060	2,917
Non-current assets	22,512	22,177
Total assets	25,572	25,094
Current liabilities	363	915
Total liabilities	363	915
<b>Net assets</b>	<b>25,209</b>	<b>24,179</b>
Equity		
Contributed equity	43,786	39,216
Share option reserve	1,600	2,013
Accumulated losses	(20,177)	(17,050)
<b>Total equity</b>	<b>25,209</b>	<b>24,179</b>
Loss of the parent entity	(3,127)	(3,035)
Total comprehensive loss of the parent entity	(3,127)	(3,035)

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity did not have any guarantees at 30 June 2018 or 30 June 2017.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 22. PARENT INFORMATION (CONTINUED)

### Contingent liabilities

The parent entity did not have any contingent liabilities at 30 June 2018 or 30 June 2017.

### Capital commitments

The parent entity did not have any capital commitments at 30 June 2018 or 30 June 2017.

### Significant accounting policies

The parent entity's financial information has been prepared using the same basis, including the accounting policies, as the consolidated entity.

## 23. FINANCIAL INSTRUMENTS

The consolidated entity is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk.

The consolidated entity's financial instruments consist of cash and deposits with banks, accounts receivable and accounts payable. No trading in any financial instruments is undertaken.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 25. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The main risks arising from the consolidated entity's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. The Board determines policies for managing each of these risks and they are summarised below.

### Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk also arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency other than the consolidated entity's functional currency. The consolidated entity operates internationally and is exposed to foreign exchange risk arising from currency exposures to the USD, EUR, TZS, GBP, and JPY.

The carrying amount, in Australian dollars of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
USD	12	177	11	107
EUR	-	-	14	13
TZS	4	19	10	-
GBP	-	-	151	83
JPY	-	1	-	-
<b>Total</b>	<b>16</b>	<b>197</b>	<b>186</b>	<b>203</b>

The financial impact of a 10% change in the Australian dollar exchange rate on the consolidated entity is as follows:

	Appreciation in AUD exchange rate			Depreciation in AUD exchange rate		
	% change	Effect on loss before tax	Effect on equity	% change	Effect on loss before tax	Effect on equity
<b>2018</b>	10%	\$21,515	\$21,515	10%	\$(19,559)	\$(19,559)
<b>2017</b>	10%	\$26,599	\$26,599	10%	\$(24,181)	\$(24,181)

The assumed percentage change used in the above analysis is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations, taking into consideration movements during the year and the spot rate at each reporting date.

#### Interest rate risk

The consolidated entity's exposure to market risk for changes in interest rates arises from holding cash and deposits. Funds held in operating accounts and term deposits earned variable interest at rates ranging between 0% to 1.5% (2017: 0% to 1.5%), depending on the type of bank account and cash balance. The consolidated entity does not have any loans or borrowings.

The interest-bearing financial instruments held by the consolidated entity are:

	30 June 2018 \$'000	30 June 2017 \$'000
Cash and cash equivalents	2,827	1,950

A change of 1% in the variable interest rate at the reporting date would have an impact on the consolidated entity profit and loss and equity of \$28,000 (2017: \$19,000) assuming all other variables remain constant.

#### Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as and when they fall due.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring actual and forecast cash flows and by matching the maturity profiles of its financial assets and liabilities.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

The following table sets out the contractual maturity of the consolidated entity's financial instrument liabilities based on undiscounted cash flows.

	Carrying amount \$'000	Contractual cash flows \$'000	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000 s	Over 5 years \$'000
<b>2018</b>						
Trade and other payables	560	560	560	-	-	-
<b>2017</b>						
Trade and other payables	1,218	1,218	1,218	-	-	-

### Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated entity. The consolidated entity is exposed to credit risk from its bank deposits and trade and other receivables as disclosed in the statement of financial position. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

## 24. EVENTS AFTER BALANCE DATE

There have not been any events that have arisen between 30 June 2018 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

## 25. SIGNIFICANT ACCOUNTING POLICIES

### a) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only, and information about the parent entity is disclosed in note 22.

### b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2018. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its capacity to direct the activities of the entity.

The consolidated entity re-assesses whether or not it controls an entity if facts and circumstances indicate that there is a change to the elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the consolidated entity gains control until the date the consolidated entity ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries align to their accounting policies with the consolidated entity. All consolidated entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the consolidated entity are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

### c) Taxes

#### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the consolidated entity operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 25. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### c) Taxes (continued)

#### *Deferred tax (continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### d) Exploration and development expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development of an area of interest, or by its sale, or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the permits. Such costs are determined using estimates of future costs, current legal requirements and applicable technology on a discounted basis.

Payments for exploration and evaluation expenditure are recorded net of any government grants and partner contributions.

#### e) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the chief operating decision maker who is responsible for the allocation of resources to operating segments and for assessing their performance.

#### f) Property plant & equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

##### ***Plant and equipment***

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the amounts recoverable on the basis of net cash flows that are expected to be received from the employment and subsequent disposal of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

##### ***Depreciation***

The depreciable amount of all fixed assets including any buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives, commencing from the time the asset is held ready for use as follows:

Plant and equipment    3-5 years

Residual values of the assets and their useful lives are reviewed and if necessary adjusted, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the profit and loss component of the statement of comprehensive income.

#### g) Impairment of non-financial assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss component of the consolidated statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### h) Foreign currency transactions and balances

##### ***Transactions and balances***

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the date of the transaction and foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction and non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 25. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### h) Foreign currency transactions and balances (continued)

#### *Transactions and balances (continued)*

Exchange differences arising on the translation of monetary items are recognised in the profit or loss component of the statement of profit or loss and other comprehensive income, except where they are deferred in equity as a qualifying cash flow or net investment hedge.

#### *Subsidiaries*

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. Exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### i) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees up to reporting date. Short term employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long term employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits.

#### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees and directors.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the

option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification had not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If a non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

### j) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



#### k) Trade and other receivables

Trade and other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method, less an allowance for any estimated shortfall in receipt. An estimate of any shortfall in receipt is made when there is objective evidence a loss has been incurred. Bad debts are written off when identified.

#### l) Trade and other payables

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The carrying period is dictated by market conditions but is generally less than 45 days.

#### m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

#### n) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

#### o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### p) Earnings per share

##### ***Basic earnings per share***

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of Kibaran Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial year.

##### ***Diluted earnings per share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the past tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 25. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### q) Government grants

Government grants are recognised where they can be reliably measured, it is certain that the grant will be received and all attached conditions will be satisfied. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs for which it is intended to compensate, are expensed. When the grant relates to an asset, it is offset against the capitalised amount and recognised as income in equal amounts over the expected useful life of the related asset (when the asset is depreciated).

### r) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and generated internally by the consolidated entity.

#### *Key estimates – impairment*

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

#### *Recoverability of exploration and evaluation costs*

The consolidated entity assesses the recoverability of the carrying value of capitalised exploration and evaluation costs at each reporting date (or at closer intervals should the need arise). In completing this assessment, regard is had to the Company's intentions with regard to proposed future exploration and development plans for individual exploration areas, to the success or otherwise of activities undertaken in individual areas in recent times, to the likely success of future planned exploration activities and to any potential plans for divestment of individual areas. Any required adjustments to the carrying value of capitalised exploration are completed based on the results of this assessment.

### *Share-based payment transactions*

The consolidated entity measures the cost of shares and options issued to employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of unlisted options is determined using either the binomial or Black-Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted.

### s) New accounting standards and interpretations

New and amended standards adopted by the consolidated entity.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2017:

- AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations
- AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2015-1 Amendments to Australian Accounting Standards - Annual improvements to Australian Accounting Standards 2012 - 2014 cycle
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure initiative: Amendments to AASB 101.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods. There are no other standards that are not yet effective and that would be expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

## 26. STANDARDS ISSUED BUT NOT YET EFFECTIVE

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
<p><b>AASB 9</b></p> <p><b>Financial instruments</b></p>	<p>AASB 9, published in July 2014, replaces the existing guidance in AASB 139 financial instruments: recognition and measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139.</p> <p>AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	<p>The new standard is not expected to significantly impact the recognition and measurement of financial instrument as the Group does not have significant financial instruments.</p>
<p><b>AASB 15</b></p> <p><b>Revenue from contracts with customers</b></p>	<p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 revenue, AASB 111 construction contracts and IFRIC 13 customer loyalty programmes.</p> <p>AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	<p>The new standard is not expected to impact the consolidated entity as it currently does not generate revenue.</p>
<p><b>AASB 16</b></p> <p><b>Leases</b></p>	<p>The key features of AASB 16 (for lease accounting) are as follows:</p> <ul style="list-style-type: none"> <li>• lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</li> <li>• A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similar to other financial liabilities.</li> <li>• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments) and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</li> <li>• AASB 16 contains disclosure requirements for lessees.</li> </ul> <p>AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.</p>	<p>The consolidated entity is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 16.</p>

The consolidated entity has decided not to early adopt any of the new and amended pronouncements.

This is the end of the consolidated financial statements.

# DIRECTORS' DECLARATION

In the directors' opinion:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - a) Comply with accounting standards and the Corporations Regulations 2001; and
  - b) Give a true and fair view of the financial position at 30 June 2018 and of the performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. Subject to achieving the matters set out in note 2, in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



**Andrew Spinks**  
Managing Director

Perth, 21 September 2018

# INDEPENDENT AUDITOR'S REPORT



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## Independent auditor's report to the Members of Kibaran Resources Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Kibaran Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.



# INDEPENDENT AUDITOR'S REPORT



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## 1. Carrying value of capitalised exploration and evaluation

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 7 to the financial report as at 30 June 2018, the Group held capitalised exploration and evaluation expenditure assets of \$16,922,000. Note 7 to the financial report also includes references to the status of the Group's Epanko mining licence in Tanzania.</p> <p>The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount.</p> <p>The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year the Group determined that there had been no indicators of impairment.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Considered the Group's right to explore in the relevant area of interests, which included obtaining and assessing supporting documentation. We also considered the status of the Epanko mining licence as it related to tenure.</li> <li>▶ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area, which included assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group.</li> <li>▶ Considered whether the exploration activities within each area of interest have reached a stage where the commercial viability of extracting the mineral resource could be made.</li> <li>▶ Assessed the adequacy of the disclosure included in the financial report.</li> </ul>

## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- ▶ Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT



We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Kibaran Resources Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Gavin Buckingham  
Partner  
Perth  
21 September 2018

# SHAREHOLDER INFORMATION

## DISTRIBUTION OF LISTED SECURITIES

Range	Total holders	Units	% of issued capital
1 to 1,000	97	25,664	0.01
1,001 to 5,000	281	907,146	0.33
5,001 to 10,000	274	2,263,963	0.82
10,001 to 100,000	769	29,789,231	10.81
100,001 and over	286	242,694,963	88.03
<b>Total</b>	<b>1,707</b>	<b>275,680,967</b>	<b>100</b>

## TOP 20 HOLDERS OF ORDINARY SHARES

Rank	Name	Number of Ordinary Shares held	% of issued capital
1	Citicorp Nominees Pty Limited	31,098,699	11.28
2	J P Morgan Nominees Australia Limited	25,468,933	9.23
3	Value-On-Growth Investment Pty Ltd	11,611,507	4.21
4	Dr Peter Dennett Meier & Mrs Lynette Suzanne Meier	8,032,496	2.91
5	HSBC Custody Nominees (Australia) Limited	6,071,451	2.20
6	GR Engineering Services Limited	5,737,807	2.08
7	Pershing Australia Nominees Pty Ltd	5,440,536	1.97
8	Mr Andrew Peter Spinks	4,926,846	1.79
9	Grant Pierce	4,250,000	1.54
9	Andrew Spinks	4,250,000	1.54
10	Andrew Spinks	3,304,434	1.20
11	Cornwall Holdings Pty Ltd	3,250,000	1.18
12	RWH Nominees Pty Ltd	3,125,000	1.13
13	LAX Consulting Pte Ltd	3,039,318	1.10
14	BCV Nominees Pty Ltd	3,000,000	1.09
15	RWH Nominees Pty Ltd	2,810,386	1.03
16	Reindeer Investments Pty Limited	2,800,000	1.03
17	RWH Nominees Pty Ltd	2,686,434	0.97
18	Mr Nicola Conidi & Mrs Giannina Conidi	2,401,417	0.87
19	Idinoc Pty Ltd	2,250,000	0.82
20	Christoph Frey	2,075,000	0.75
<b>Total</b>		<b>137,630,264</b>	<b>49.92</b>

# SHAREHOLDER INFORMATION

## OTHER SECURITIES ON ISSUE

	Options (1)	Options (2)	Options (3)
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	1	1	5
	<b>1</b>	<b>1</b>	<b>5</b>

	Options (1)	Options (2)	Options (3)
Number on issue	1,000,000	1,000,000	1,050,000
Number of holders	1	1	5
Christoph Frey	1,000,000	-	-
Fivemark Partners	-	1,000,000	-

*\*Details of holders of employee share options are exempt from disclosure under Chapter 4 of the Listing Rules*

Number	Expiry	Exercise Price	Number of Options
1	02/06/19	\$0.228	1,000,000
2	31/12/18	\$0.30	1,000,000
3	16/01/20	\$0.23	1,050,000



## MINERAL TENEMENTS

Consolidated entity's 100% interest:

Licence	Area (km <sup>2</sup> )	Location
ML 548/2015	9.62	Mahenge, Tanzania
PL 7906/2012	59.24	Merelani-Arusha, Tanzania
PL 7907/2012	26.42	Merelani-Arusha, Tanzania
PL 7915/2012	41.47	Merelani-Arusha, Tanzania
PL 9306/2013	35.31	Mahenge, Tanzania
PL 9331/2013	2.76	Mahenge, Tanzania
PL 9537/2014	42.00	Tanga, Tanzania
PL 10090/2014	44.88	Merelani-Arusha, Tanzania
PL 10091/2014	114.22	Merelani-Arusha, Tanzania
PL 10092/2014	23.23	Merelani-Arusha, Tanzania
PL 10388/2014	2.57	Mahenge, Tanzania
PL 10390/2014	2.81	Mahenge, Tanzania
PL 10394/2014	9.74	Mahenge, Tanzania
PL 10752/2016	23.45	Mahenge, Tanzania
PL 10868/2016	72.82	Merelani-Arusha, Tanzania
PL 10869/2016	29.95	Merelani-Arusha, Tanzania
PL 10872/2016	2.60	Merelani-Arusha, Tanzania
PL 10972/2016	3.83	Mahenge, Tanzania
PL 11081/2017	2.08	Merelani-Arusha, Tanzania
PL 11082/2017	20.77	Merelani-Arusha, Tanzania
PL 11083/2017	50.73	Merelani-Arusha, Tanzania

## MINERAL RESOURCE STATEMENT

### Epanko Graphite Project Mineral Resource Estimate

Classification	30 June 2018			30 June 2017		
	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)
Measured	7.5	9.8	738.9	7.5	9.8	738.9
Indicated	12.8	10.0	1,280.0	12.8	10.0	1,280.0
Inferred	10.4	9.9	1,030.6	10.4	9.9	1,030.6
<b>Total</b>	<b>30.7</b>	<b>9.9</b>	<b>3,049.5</b>	<b>30.7</b>	<b>9.9</b>	<b>3,049.5</b>

### Merelani–Arusha Graphite Project Mineral Resource Estimate

Classification	30 June 2018			30 June 2017		
	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)
Measured	7.4	6.7	500.0	7.4	6.7	500.0
Inferred	10.3	6.3	650.0	10.3	6.3	650.0
<b>Total</b>	<b>17.7</b>	<b>6.5</b>	<b>1,150.0</b>	<b>17.7</b>	<b>6.5</b>	<b>1,150.0</b>

#### Notes

- The Epanko and Merelani-Arusha Graphite Projects are located in Tanzania.
- Totals may not sum due to rounding.
- Mt = 1,000,000 tonnes.
- Tonnage figures have been rounded to the nearest 1,000 and % TGC grades have been rounded to 1 decimal place.
- Mineral Resources are quoted from blocks where the TGC grade is greater than 8%.

# SHAREHOLDER INFORMATION

## Competent Persons' Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Spinks, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy and is employed by Kibaran Resources Limited. Mr Spinks 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Spinks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy and is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves has been compiled by Mr Steve O'Grady who is a Member of The Australasian Institute of Mining and Metallurgy. Mr O'Grady is employed by Intermine Engineering and produced the Ore Reserve estimate based on data and geological information supplied by Mr Williams. Mr O'Grady has sufficient experience that is relevant to the estimation, assessment, evaluation and economic extraction of the Ore Reserve that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr O'Grady consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## MINERAL RESOURCE ESTIMATION - GOVERNANCE STATEMENT

Kibaran ensures that all Mineral Resource Estimates are subject to appropriate levels of governance and internal controls. Estimation procedures are well established and are subject to systematic internal peer review and external technical review undertaken by competent and qualified professionals. These reviews have not identified any material issues. Kibaran also periodically reviews this governance framework to ensure it remains appropriate for the requirements of its business activities.

Mineral Resource Estimates are reported on an annual basis in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ('JORC Code'). Mineral Resource Estimates are quoted inclusive of Ore Reserves. Competent Persons named are Members or Fellows of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and qualify as Competent Persons as defined under the JORC Code.

# CORPORATE DIRECTORY

## DIRECTORS

**Robert Pett** Non-Executive Chairman  
**Andrew Spinks** Managing Director  
**Grant Pierce** Executive Director  
**John Conidi** Non-Executive Director  
**Christoph Frey** Non-Executive Director

## COMPANY SECRETARY

Howard Rae

## REGISTERED AND PRINCIPAL OFFICE

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West Perth WA 6005

Telephone: + 61 8 6424 9000

Internet: [www.kibaranresources.com](http://www.kibaranresources.com)

Email: [info@kibaranresources.com](mailto:info@kibaranresources.com)

## SHARE REGISTRY

### Link Market Services Limited

Level 12, QV1 Building  
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Perth WA 6000

Telephone: +61 1 300 554 474 (toll free within Australia)

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

## SOLICITORS

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Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

Telephone: +61 8 9321 4000

Facsimile: +61 8 9321 4333

## King & Wood Mallesons

Level 30, QV1 Building  
250 St Georges Terrace  
Perth WA 6000

Telephone: +61 8 9269 7000

Facsimile: +61 8 9269 7999

## AUDITOR

### Ernst & Young

11 Mounts Bay Road,  
Perth, WA 6000

Telephone: +61 8 9429 2222

Facsimile: +61 8 9429 2435

## BANKERS

### Westpac Banking Corporation

Level 3, Brookfield Place Tower 2  
123 St Georges Terrace,  
Perth, WA 6000

## STOCK EXCHANGE LISTING

### Australian Securities Exchange

ASX Code: KNL

### Frankfurt Stock Exchange (Borse Frankfurt)

FSE Code: FMK

Fully paid ordinary shares





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ASX: **KNL**    FSE: **FMK**

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