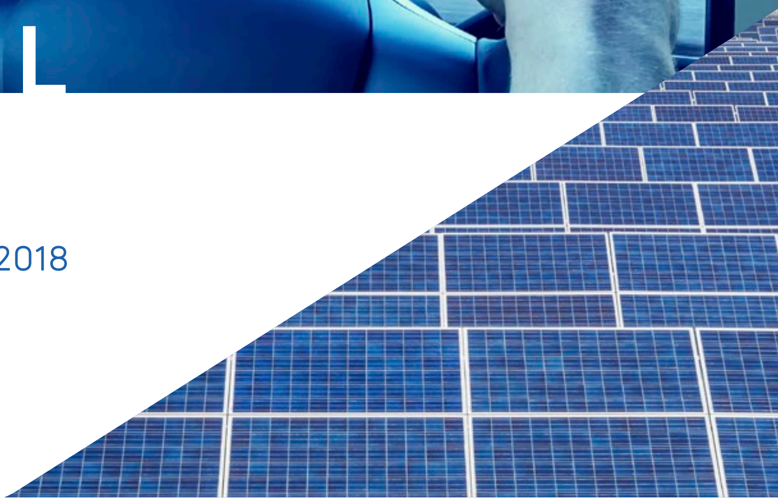
FINANCIAL REPORT

For the half year ended 31 December 2018



KIBARAN RESOURCES LIMITED

ABN 15 117 330 757

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

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AUDITOR
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BANKERS
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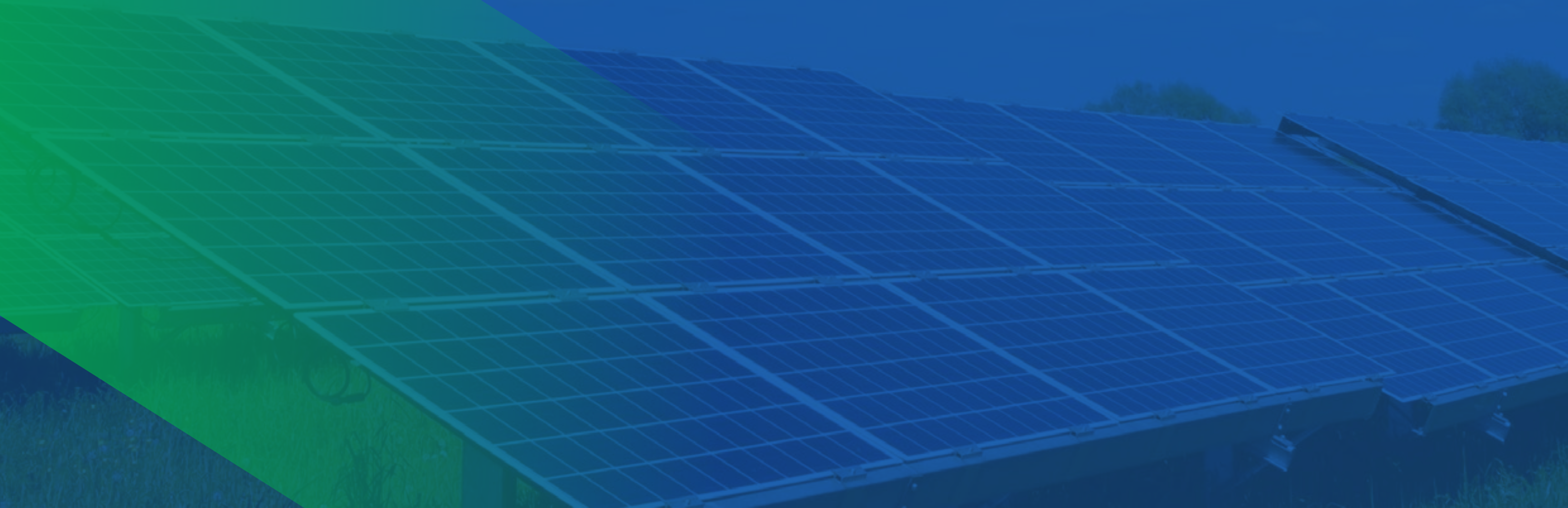
123 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE LISTING
Australian Securities Exchange
ASX Code: KNL

Frankfurt Stock Exchange (Börse Frankfurt)
FSE Code: FMK

Fully paid ordinary shares



CONTENTS

Fully charged for the battery supercycle

DIRECTORS' REPORT

The directors of Kibaran Resources Limited ("Kibaran" or "the Company") and its controlled entities (collectively, the "consolidated entity") present their report together with the financial statements of the consolidated entity for the half year ended 31 December 2018.

BOARD OF DIRECTORS

The directors of the Company throughout the half year and to the date of this report are as follows:

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

PRINCIPAL ACTIVITIES

The principal activities of the Company during the period consisted of:

- exploration and evaluation of its graphite projects in Tanzania;
- pre-development of the Epanko Graphite Project ("Epanko" or the "Project"); 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 six months ended 31 December 2018 was $1,882,000 (2017 loss: $1,539,000).

No dividends were declared or paid during the six months ended 31 December 2018 (2017: nil).

Cash and cash equivalents at 31 December 2018 totalled $751,000. (30 June 2018: $2,827,000)

REVIEW OF OPERATIONS

Key highlights:

- Letter received from Tanzanian Mining Commission confirming renewal of the Epanko Mining Licence upon its expiry, providing that the requirements of Section 53 of the *Mining Act 2010* are fulfilled
- Positive discussions held with the Tanzanian Government to advance the Epanko financing
- New Minister for Minerals appointed and leads Government initiatives to encourage mining investment in Tanzania
- Epanko financing submission being prepared for the Tanzanian Government
- Successful completion of battery graphite optimisation program confirms advantages of purification process
- International patent filed over optimised purification process flowsheet
- Engineering studies based on optimised process flowsheet demonstrate reduction in both construction and operating costs
- Product qualification program attracting significant interest and discussions in progress with several groups about potential co-development opportunities.

DOWNSTREAM PROCESSING TECHNOLOGY

NATURAL FLAKE GRAPHITE

PURIFIED SPHERICAL GRAPHITE PRODUCTS

LITHIUM-ION BATTERIES

EPANKO GRAPHITE MINING PROJECT

Epanko is a development ready East African natural flake graphite project.

Key milestones achieved to date include:

- Bankable Feasibility Study (BFS) completed by GR Engineering
- Bank appointed Independent Engineer's Review completed by SRK Consulting (UK), confirming that the BFS adequately addresses all technical aspects of the proposed development and that the social and environmental planning aspects satisfy IFC Performance Standards and World Bank Group Environmental, Health and Safety Guidelines
- Offtake commitments for the planned production secured in Asia (Sojitz Corporation) and Europe (Thyssen Krupp and European Trader)
- Resettlement Action Plan approved by the Tanzanian Government
- Granted Mining Licence
- Letter of Intent with GR Engineering for early works program and EPC construction contract.

The remaining milestone is to finalise debt and equity funding arrangements to enable construction to proceed in 2019. During the period the Company held various meetings with the Tanzanian Ministry of Minerals, Mining Commission and Bank of Tanzania in Dodoma and Dar es Salaam to discuss the key regulatory issues that need to be confirmed to enable finalisation of the proposed debt financing. The discussions focussed on mineral tenure arrangements, the use of international banks and banking arrangements, Government equity participation, contract governing law and mine to port warehousing, assaying and logistics protocols.

The Mining Commission has issued a letter to the Company stating the Commission will renew the Epanko mining licence for an additional 10 years upon its expiry, providing that the requirements of Section 53 of the *Mining Act 2010* are fulfilled. This aligns the mining licence to the term of senior debt facilities proposed for the Project.

The Government has confirmed that international financing arrangements continue to be acceptable under the new mining legislation and that a Parliamentary committee, comprised of representatives from relevant ministries, has been established to accelerate the resolution of legislative impediments to new investment in the mineral sector.

The meetings indicate a positive shift in the administration of Tanzanian mineral policy, with an increased urgency to encourage the development of new mines and as a result, Kibaran and its proposed financiers are currently preparing an Epanko project financing submission for Government approval.

Recent news reports indicate the Government of Tanzania has reached agreement on a long running mineral sector dispute. This is positive for the mineral sector in Tanzania and positive for project developers such as Kibaran.

The remaining milestone is to finalise debt and equity funding arrangements to enable construction to proceed in 2019

SPHERICAL GRAPHITE MANUFACTURING PROJECT

Key activities during the period included:

- Successful completion of the battery graphite optimisation program confirming advantages of the EcoGraf purification process:
  - non-hydrofluoric ("HF") acid purification process flowsheet optimised on Epanko graphite
  - successful application to 10 existing sources of natural flake graphite feedstocks
  - manufacture of value-added bi-products via the non-HF purification of fines
- International patent application lodged over optimised purification process flowsheet
- GR Engineering update of the 2017 downstream processing study, demonstrating a reduction in both construction and operating costs
- Discussions with prospective partners over joint development of an initial facility in 2019

During the period the Company completed the EcoGraf optimisation study in Germany, which confirmed the successful application of its non-HF purification process to a range of existing natural flake graphite supplies sourced from Africa, Asia, Europe and the Americas. Test work confirmed the process can consistently produce graphite to battery anode manufacturer specifications at a cost competitive with existing toxic HF supplies. As the process can be applied to a range of existing natural graphite supplies, it enables the facility to commence operations without reliance on graphite feedstock from the Company's Epanko project.

The optimised flowsheet developed during the test work program has been incorporated in an updated global patent application and contains refinements to the 2017 process to satisfy the highest physical and chemical specifications required by anode manufacturers.

Due to strong interest for battery graphite from potential customers during the 2018 product test work program, evaluation of various ramp-up options for the first manufacturing facility is currently being undertaken, focussing on supporting the existing markets of South Korea, Japan and China. Recent discussions with potential customers confirm a significant increase in their latest demand requirements to supply the EV market, which is being incorporated into the design plans for the planned production plant.

Current development plans involve initially establishing an Asia-Pacific manufacturing plant close to existing markets, commencing with the production of 5,500 tonnes of battery graphite and increasing to at least 20,000 tonnes per year to meet customer demand. By 2025 a second manufacturing plant is planned to be built in Europe to support the investment currently announced by Government and industry to establish a new lithium-ion battery supply chain in that region.

In parallel GR Engineering continued work to update the 2017 downstream processing study to incorporate the results of the German pilot plant program and complete an updated estimate of capital and operating costs.

The initial results of these engineering studies are encouraging, demonstrating a reduction in both construction and operating costs. Work is currently underway to assess the optimum expansion schedule to capture economies of scale as production increases from 5,500 tonnes to at least 20,000 tonnes of battery graphite per year. This includes consideration of a faster ramp-up phase to meet the growing demand requirements of battery anode manufacturers, which also enables the Company to increase the capital efficiency of the new development.

Once the expansion schedule studies are complete further financial modelling will be undertaken to include the revised capital and operating costs, together with the updated pricing forecast to reflect increasing demand.

The Company has recently been approached by potential customers in relation to participating in the graphite business and discussions relating to investment, construction and offtake are continuing.

New Investment in Battery Manufacturing Capacity

Physical demand for battery graphite is growing strongly with a 40% increase in China which has resulted in prices for the main grades of battery graphite increasing 20% during the last 12 months. The outlook for further pricing increases is supported by growing demand, combined with continuing environmental controls on existing supplies produced using HF purification processes. The demand for new, more eco-friendly sources of battery graphite supply underpin the Company's plans to develop a stand-alone EcoGraf business during 2019.

40% increase in demand for battery graphite in China

RESULTING IN

20% increase in prices for the main grades of battery graphite

IN THE PAST 12 MONTHS

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Share Placement and Share Purchase Plan

The Company announced on 6 March 2019 that it had raised $1.1 million through a placement of 11 million fully paid ordinary shares at an issue price of 10 cents per share to sophisticated, professional and institutional investors.

On 11 March 2019 the Company initiated a share purchase plan to provide its retail shareholders with the opportunity to subscribe for up to $15,000 worth of shares at the same price as the placement, with the intention of raising up to $1 million.

Research & Development

On 5 March 2019 the Company received a positive Finding from AusIndustry confirming the eligibility of its R&D programs in accordance with s28A and s28C of the *Industry Research & Development Act 1986*.

The Finding covers Kibaran's Australian and overseas R&D programs that comprise a total anticipated expenditure of $8.4 million and is valid for the 3 years ending 30 June 2020.

AusIndustry Findings involve a rigorous process of R&D assessment and are intended to provide planning certainty for companies carrying-out R&D that their programs are eligible for the R&D tax offset.

The R&D programs are a continuation of on-going graphite experimentation.

No other matters or circumstances have arisen since 31 December 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.

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22 of this report.

Signed in accordance with a resolution of the directors.

Andrew Spinks

Managing Director

15 March 2019

FINANCIAL STATEMENTS

For the half year ended 31 December 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 $'000	31 December 2017 $'000
INCOME			
R&D tax offset		-	399
Other income		4	5
		4	404
EXPENSES			
Accounting and audit		(40)	(16)
Consultants and contractors		(583)	(469)
Employee benefits		(255)	(575)
Depreciation		(26)	(28)
Directors' fees		(92)	(97)
Information systems and technology		(25)	(30)
Listing and compliance		(44)	(57)
Office rental & outgoings		(120)	(114)
Other		(121)	(50)
Provision for repayment of R&D tax offset and applicable interest	3	(502)	-
Share based payments	4	-	(431)
Travel & accommodation		(75)	(62)
Unrealised foreign exchange losses		(3)	(14)
		(1,886)	(1,943)
Loss before income tax		**(1,882)**	**(1,539)**
Income tax expense		-	-
Loss after income tax for the period		**(1,882)**	**(1,539)**
Other comprehensive loss		-	-
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(1,882)	(1,539)
Total comprehensive income for the period, net of tax		**(1,882)**	**(1,539)**
Loss per share attributable to equity holders of the Company:		**Cents**	**Cents**
Basic loss per share		(0.68)	(0.70)
Diluted loss per share		(0.68)	(0.70)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31 December 2018 $'000	30 June 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents		751	2,827
Trade and other receivables		122	249
Total current assets		**873**	**3,076**
Non-current assets			
Property, plant and equipment		209	234
Exploration and evaluation assets	5	19,150	16,922
Total non-current assets		**19,359**	**17,156**
Total assets		**20,232**	**20,232**
LIABILITIES			
Current liabilities			
Trade and other payables		479	560
Provisions	3	1,963	-
Total current liabilities		**2,442**	**560**
Total liabilities		**2,442**	**560**
Net assets		**17,790**	**19,672**
EQUITY			
Contributed equity	6	43,786	43,786
Reserves		1,600	1,600
Accumulated losses		(27,596)	(25,714)
Total equity		**17,790**	**19,672**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Contributed equity $'000	Accumulated losses $'000	Loan share reserve $'000	Share based payment reserve $'000	Total $'000
As at 1 July 2017	**39,215**	**(21,950)**	**(3,086)**	**5,105**	**19,284**
Loss for the period	-	(1,539)	-	-	(1,539)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(1,539)	-	-	(1,539)
Transactions with owners in their capacity as owners:					
Loan shares issued during the period	1,964	-	(1,964)	-	-
Share based payments	-	-	-	431	431
Balance at 31 December 2017	**41,179**	**(23,489)**	**(5,050)**	**5,536**	**18,176**
As at 1 July 2018	**43,786**	**(25,714)**	**(5,049)**	**6,649**	**19,672**
Loss for the period	-	(1,882)	-	-	(1,882)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(1,882)	-	-	(1,882)
Balance at 31 December 2018	**43,786**	**(27,596)**	**(5,049)**	**6,649**	**17,790**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 December 2018 $'000	31 December 2017 $'000
OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,425)	(1,489)
Research and development tax credit received[1]	-	684
Net cash flows used in operating activities	**(1,425)**	**(805)**
INVESTING ACTIVITIES		
Payments for exploration and evaluation	(769)	(1,131)
Payments for property, plant & equipment	-	(10)
Interest received	5	9
Research and development tax credit received[1]	-	2,135
Net cash flows from/(used in) investing activities	**(764)**	**1,003**
FINANCING ACTIVITIES		
Proceeds from issue of shares	135	-
Capital raising costs for issue of shares	(22)	-
Net cash flows from financing activities	**113**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,076)	198
Cash and cash equivalents at the beginning of the period	2,827	1,950
Cash and cash equivalents at the end of the period	**751**	**2,148**

[1] *Allocated according to the operating or capital nature of the expenditure.*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. COMPANY INFORMATION

The consolidated financial statements of Kibaran Resources Limited and its subsidiaries (collectively, the "consolidated entity") for the half year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 14 March 2019.

2. BASIS OF PREPARATION

(a) Statement of compliance

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 Standard AASB 134 *Interim Financial Reporting* and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial report for the year ended 30 June 2018, together with any public announcements made by the Company during the half year ended 31 December 2018 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

All amounts have been rounded to the nearest thousand, unless otherwise stated, in accordance with the ASIC Corporations (rounding in financial/directors' reports) instrument 2016/191.

(b) Significant accounting policies

The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2018, except for the adoption of new standards and interpretations as of 1 July 2018.

The Company had to change its accounting policies as a result of adopting the following standards:

- AASB 15 *Revenue from Contracts with Customers*, and
- AASB 9 *Financial Instruments*.

AASB 15: *Revenue from Contracts with Customers*

AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 *Leases*, once applied).

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The adoption of AASB 15 did not give rise to any transitional adjustments because the Company does not generate any revenue.

AASB 9 *Financial Instruments.*

The consolidated entity has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces AASB 39 *Financial Instruments: Recognition and Measurement* bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Classification and measurement

Except for certain receivables, under AASB 9, the consolidated entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the consolidated entity's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the consolidated entity's financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the consolidated entity's other receivables.
- Financial assets at FVPL comprise derivative instruments and quoted equity instruments which the consolidated entity had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under AASB 139, the consolidated entity's quoted equity securities were classified as AFS financial assets. Upon transition the AFS reserve relating to quoted equity securities, which had been previously recognised under accumulated OCI, was reclassified to retained earnings.

The assessment of the consolidated entity's business models was made as of the date of initial application, 1 January 2018.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest is made based on the facts and circumstances as at the date of initial recognition of the assets.

Impairment

The adoption of AASB 9 has changed the consolidated entity's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the consolidated entity expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For other receivables, the consolidated entity has applied the standard's general approach and has calculated ECLs based on lifetime expected credit losses. The consolidated entity has established a provision matrix that is based on the consolidated entity's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets (i.e., cash on deposit at bank), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

While cash and cash equivalents are subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

(c) Going concern

For the half year ended 31 December 2018, the consolidated entity reported a loss after income tax of $1,882,000 (2017: loss $1,539,000) and held cash and cash equivalents of $751,000 (30 June 2018: $2,827,000). The balance of cash and cash equivalents as at 31 December 2018 is not sufficient to meet the consolidated entity's planned expenditures over the next 12 months or to satisfy the payment of the provision which has been recognised for repayment of R&D amounts (refer note 3), should it be required. The provision is $1,963,000 and results in a working capital deficiency at 31 December 2018 of $1,569,000.

It is the current intention of the consolidated entity to continue to fund working capital for general corporate activities through equity capital from shareholders. An amount of $1,100,000 was raised through a placement announced on 6 March 2019 and a share purchase plan was initiated on 11 March 2019 with the intention of raising a further amount of up to $1,000,000. Based on the consolidated entity's history in raising working capital, the directors are satisfied they have a reasonable basis to conclude that further working capital can be raised as required. Further, should the consolidated entity ultimately be required to repay some or all of the R&D monies previously received in connection with activities undertaken during the year ended 30 June 2017, the consolidated entity would seek to negotiate a repayment plan with the ATO that enables it to raise funds from shareholders to repay any amount ultimately determined as owing in a manner which allows it to continue to operate as a going concern.

In the event that the consolidated entity is unable to obtain sufficient funding to meet its expenditures and liabilities as required, including repayment of any R&D obligations that may arise, 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.

3. PROVISIONS

During the half year the consolidated entity received a query from the ATO in relation to R&D expenditures incurred for the two years ended 30 June 2017. Subsequent discussions were held with the ATO and AusIndustry to provide additional information to resolve the matter and the consolidated entity remains confident that it's R&D claims are in full compliance with applicable legislation.

In December 2015 a positive R&D Finding was received from AusIndustry and more recently on the 5 March 2019 AusIndustry issued another positive Finding to the consolidated entity confirming the eligibility of its R&D experimentation through to 30 June 2020. The ATO verbally informed it on 30 January 2019 that it would seek repayment of the R&D tax offset received for the year ended 30 June 2017, a provision has been recognised in the consolidated financial statements for repayment of the amount received, together with applicable interest. If the query is satisfactorily resolved, the provision will be adjusted in the subsequent reporting period.

At the date of these financial statements the ATO has not issued an assessment and no penalties are included in the provision.

Details of the provision are as follows:

	31 December 2018 $'000
Amount recognised in the statement of financial position as exploration and evaluation assets to reverse the R&D tax offset previously received	1,461
Amount recognised in the statement of profit or loss to reverse the R&D tax offset previously received	399
Amount recognised in the statement of profit or loss relating to shortfall interest charges	103
Total provision at 31 December 2018	**1,963**

At the date of these financial statements the ATO has not indicated that it intends to seek repayment of the R&D tax offset for the year ended 30 June 2016 ($963,000) and accordingly no provision has been recognised in respect of that year.

4. SHARE BASED PAYMENTS

During the period there were no share based payment transactions undertaken by the consolidated entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

5. EXPLORATION AND EVALUATION ASSETS

	31 December 2018 $'000	30 June 2018 $'000	31 December 2017 $'000
Exploration and evaluation expenditure carried forward:			
Carrying amount at the beginning of the period	**16,922**	**17,036**	**17,036**
Capitalised expenditure at cost	767	1,347	964
Exploration expenditure research and development tax offset (note 3)	1,461	(1,461)	(1,857)
Carrying amount at the end of the period	**19,150**	**16,922**	**16,143**

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 the 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.

6. CONTRIBUTED EQUITY

	No. of shares	$'000
1 July 2017	**243,202,394**	**39,215**
Share placement	19,828,573	2,776
Issue of shares to consultants in lieu of cash	150,000	23
Issue of plan shares	12,500,000	1,963
Transaction costs	-	(191)
At 30 June 2018	**275,680,967**	**43,786**
Issue of plan shares	-	-
31 December 2018	**275,680,967**	**43,786**

7. 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.

	Australia $'000	Tanzania $'000	Total $'000
Six months ended 31 December 2018			
Segment revenues	4	-	4
Segment results	(1,648)	(234)	(1,882)
Six months ended 31 December 2017			
Segment revenues	404	-	404
Segment results	(1,212)	(327)	(1,539)
31 December 2018			
Segment assets	24	19,335	19,359
Unallocated assets:			
Cash and cash equivalents			751
Trade and other receivables			122
Total assets			**20,232**
Segment liabilities	(2,425)	(17)	(2,442)
Total liabilities			**(2,442)**
30 June 2018			
Segment assets	27	17,129	17,156
Unallocated assets:			
Cash and cash equivalents			2,827
Trade and other receivables			249
Total assets			**20,232**
Segment liabilities	(363)	(197)	(560)
Total liabilities			**(560)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

8. DIVIDENDS

No dividends were declared or paid during the half year ended 31 December 2018 (2017: nil).

9. RELATED PARTY TRANSACTIONS

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

10. EVENTS AFTER BALANCE DATE

Share Placement and Share Purchase Plan

The Company announced on 6 March 2019 that it had raised $1.1 million through a placement of 11 million fully paid ordinary shares at an issue price of 10 cents per share to sophisticated, professional and institutional investors.

On 11 March 2019 the Company initiated a share purchase plan to provide its retail shareholders with the opportunity to subscribe for up to $15,000 worth of shares at the same price as the placement, with the intention of raising up to $1 million.

Research & Development

On 5 March 2019 the Company received a positive Finding from AusIndustry confirming the eligibility of its R&D programs in accordance with s28A and s28C of the *Industry Research & Development Act 1986*.

The Finding covers Kibaran's Australian and overseas R&D programs that comprise a total anticipated expenditure of $8.4 million and is valid for the 3 years ending 30 June 2020.

The R&D programs are a continuation of on-going graphite experimentation.

DIRECTORS' DECLARATION

In the directors' opinion:

1. The interim 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 Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

   b) Give a true and fair view of the financial position at 31 December 2018 and of the performance for the period ended on that date.

2. Subject to achievement of matters set out in note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Andrew Spinks

Managing Director

15 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

Building a better working world

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Kibaran Resources Limited (the Company) and its subsidiaries (collectively the Group) which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – material uncertainty related to going concern

We draw attention to Note 2(c) of 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 that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
15 March 2019

GB:EH:KNL:044

AUDITOR'S INDEPENDENCE DECLARATION

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Auditor's Independence Declaration to the Directors of Kibaran Resources Limited

As lead auditor for the review of the half-year financial report of Kibaran Resources Limited for the half-year ended 31 December 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 review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
15 March 2019

GB:EH:KNL:045

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