



**Annual Report  
for the Year Ended  
30 June 2015**

**ABN 15 117 330 757**

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**premium quality graphite uniquely tanzanian**



## CORPORATE DIRECTORY

### Directors

Andrew Spinks – Managing Director  
Grant Pierce – Executive Director Projects  
John Conidi – Non-Executive Director

### Company Secretary

Robert Hodby

### Registered and Principal Office

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Sydney NSW 2000

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### Solicitor

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Sydney NSW 2000  
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### Auditor

Ernst & Young  
11 Mounts Bay Road  
Perth, WA 6000  
Telephone: +61 8 9429 2222  
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### Banker

Westpac Banking Corporation  
109 St Georges Terrace  
Perth WA 6000

### Stock Exchange Listing

Australian Securities Exchange  
ASX Code: KNL  
Fully paid ordinary shares



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## REVIEW OF OPERATIONS



Kibaran Resources made significant progress during the reporting period at its flagship Epanko Graphite Project within the Mahenge Project Area in southeast Tanzania. A number of milestones were achieved, which positions the Company to make further progress in the upcoming year ahead of production commencement scheduled for 2017. Our strategy is to develop the Company's three Tanzanian graphite projects as a globally competitive East African graphite mining and processing hub ideally placed to service growing market opportunities in Europe.

## HIGHLIGHTS

### EPANKO GRAPHITE PROJECT - Tanzania

- Proved and Probable Ore Reserves of **10.9Mt at 8.6% TGC**
- Bankable Feasibility Study Completed:
  - NPV (pre-tax) US\$197.4m
  - IRR (pre-tax) 41.2%
  - Capital expenditure: US\$77.5m
  - Annual EBITDA of US\$33.6m for 15 years
  - Payback 2.7 years with 25 year mine life
  - Strip Ratio (W:O) 1:1 LOM
- Mining Licence and Environmental Approvals in place
- Testwork demonstrates Epanko graphite is of superior quality with significant commercial advantages
- 75% planned production supported by offtake and sales agreements with German-European interests
- In principle eligibility for Loan guarantee received from German Government
- Completion of Battery Manufacturing Facility Study highlights robust economics of downstream value-added processing
- Debt financing discussions for mine construction commenced

### MERELANI-ARUSHA GRAPHITE PROJECT - Tanzania

- Maiden mineral resource estimate of **17.2Mt at 6.5% TGC for 1.12Mt** of contained graphite

## CORPORATE

- Successful completion of equity raisings, with \$7.2 million raised in two oversubscribed placements and strong shareholder support for \$1.5 million Share Purchase Plan
- Appointment of experienced Graphite Specialist to further develop portfolio of graphite projects



Project Locations



**EPANKO GRAPHITE PROJECT (100% KNL)**

The Epanko Graphite Project is located 245km southwest of Morogoro in southeast Tanzania within the Mahenge Graphite Project Area. During the reporting period, Kibaran made substantial progress on the project, achieving a number of milestones in Epanko’s pre-development phase.

**BANKABLE FEASIBILITY STUDY**

Kibaran achieved a significant milestone with the successful completion of the Bankable Feasibility Study (BFS), which confirmed that Epanko is both technically and financially viable with robust project economics.

A management summary of the BFS was released to market subsequent to the reporting period. Key project points include:

*Technical:*

- Annual production rate of 40,000 tonnes of graphite concentrate for the first 15 years, and then averaging 31,300tpa for the remaining 10 years
- Long mine life of 25 years based only on current Reserves
- Uncomplicated mining and production operation via a conventional open cut mine and conventional flotation processing plant
- Demonstrated metallurgical testwork indicates a very high proportion of large flake graphite with 85.7% of the flake distribution greater than +106 micron
- Exceptional final average carbon concentrates of 96.3%

*Financial:*

- Annual EBITDA of US\$33.6m for 15 years
- Net Present Value (pre-tax) of US\$197.4m
- Internal Rate of Return (pre-tax) of 41.2%
- Revenue Price of US\$1,446/t of concentrate
- OPEX FOB Dar es Salaam of US\$570/t
- Project Capital Expenditure of US\$77.5m

**MAIDEN ORE RESERVE ESTIMATE**

The completion of a positive BFS resulted in a maiden Ore Reserve Estimate, which underpins the 25-year mine life, being declared.

**Ore Reserve Statement >5% TGC**

| JORC Classification | Tonnage (Mt) | TGC Grade (%) | Contained Graphite (t) |
|---------------------|--------------|---------------|------------------------|
| Proved              | 8.0          | 8.3           | 659,000                |
| Probable            | 2.9          | 9.6           | 279,000                |
| <b>TOTAL</b>        | <b>10.9</b>  | <b>8.6</b>    | <b>938,000</b>         |

The Ore Reserve Estimate is based on and inclusive of the Measured and Indicated Mineral Resource that was upgraded during the reporting period.

Approximately 62% of the JORC 2012 Resource Estimate is now in the Measured and Indicated categories.

**Mineral Resource Estimate for Epanko Deposit >8% TGC, June 2015**

| JORC Classification | Tonnage (Mt) | TGC Grade (%) | Contained Graphite (t) |
|---------------------|--------------|---------------|------------------------|
| Measured            | 6.6          | 9.7           | 635,800                |
| Indicated           | 7.9          | 10.0          | 785,300                |
| Inferred            | 8.8          | 8.7           | 773,500                |
| <b>TOTAL</b>        | <b>23.3</b>  | <b>9.4</b>    | <b>2,194,600</b>       |

*Tonnage figures contained within tables have been rounded to nearest 100,000. % TGC grades are rounded to 1 decimal figure. Abbreviations used: Mt = 1,000,000 tonnes. Rounding errors may occur in tables.*



### REGULATORY APPROVALS

During the reporting period, Kibaran advised it had been granted a Mining Licence for Epanko by the Ministry of Energy and Minerals of Tanzania. The licence covers an area of 9.49 square kilometres and is for a period of 10 years, the maximum period under Tanzanian legislation but renewable for subsequent 10 year periods.

Kibaran received Epanko's Environmental Impact Assessment Certificate in May 2015, which was the first to be issued for a graphite project within Tanzania since the historic Graphtan Graphite Mine at Merelani was in operation in the 1990s.

### TESTWORK CONFIRMS SUPERIOR GRAPHITE QUALITY

Testwork undertaken by an independent, specialised German graphite laboratory demonstrated the suitability of Epanko's graphite for the production of Expandable Graphite Salt (also referred to as Graphite Intercalation Compound).

The specifications of the Epanko graphite confirmed that Kibaran is in possession of a graphite source that provides a significant competitive advantage, particularly compared against graphite mined in major graphite producer, China.

Additionally, the testwork confirmed that Epanko graphite can be used in a wide range of applications, from basic uses such as refractories to sophisticated applications of anode grade graphite for Lithium-ion batteries and expandable graphite for graphite foil production.

### OFF-TAKE AGREEMENT AND FUNDING GUARANTEE

Subsequent to the reporting period, Kibaran announced it had executed an off-take agreement with ThyssenKrupp Metallurgical Products GmbH, a subdivision of the Materials Services business area of the substantial German multi-national conglomerate, ThyssenKrupp Group.

Under the terms of an exclusive long-term commercial off-take agreement, Kibaran will sell a minimum of 20,000tpa of refractory grade natural flake graphite in Europe, Turkey, Russia, Ukraine and Korea. The term of the agreement is 10 years, with an option to extend for five years.

Combined with the existing agreement with the European Graphite Trader (December 2013), 75% of planned graphite production at Epanko is now supported by binding off-take and sales agreements.

Following on from the ThyssenKrupp off-take agreement, Kibaran received confirmation of 'in-principle eligibility for cover' for a loan guarantee for Epanko by the German Government. The confirmation is a significant milestone in the Epanko funding process as it sets up Kibaran to formally receive a United Term Loan Guarantee - Ungebundener Finanzkredit ('UFK') - from the German state-owned KfW-IPEX Bank, which has a strong track record in the mining sector in Africa and globally.

The UFK potentially significantly de-risks the funding of Epanko as it provides eligible lenders insurance against commercial and political risk. The UFK is subject to project finance.

### BATTERY MANUFACTURING FACILITY STUDY

Subsequent to the reporting period, Kibaran released the results of its Battery Grade Graphite Scoping Study, which highlights robust economics, and a compelling business case for the development in Tanzania of a Manufacturing Facility to participate in downstream value added processing. This is driven by an exponential growth in graphite demand forecasted over the next five year from electric vehicle (EV) and Battery Storage industries.

Testwork confirms Epanko Graphite is well suited for the production of Spherical Graphite and other purified graphite products.

Manufacturing is scheduled to commence 12 to 18 months into Stage 1 of the Epanko Graphite Project expanding to production of 15,000tpa, and increasing to 50,000tpa over three stages.

#### Key Results:

- Pre-tax NPV10 – US\$155m
- Pre-tax IRR - 51%
- Capital Expenditure – US\$35m
- Annual pre-tax cashflow of US\$18m based on Stage 1
- Payback: 1.9 years

Discussions have commenced with strategic industry partners to jointly fund the feasibility study and ultimately capital expenditure through direct investment into the project.



**MERELANI-ARUSHA GRAPHITE PROJECT (100% KNL)**

The Merelani-Arusha Graphite Project consists of seven tenements and covers 973.4km<sup>2</sup> in an area 55km southeast of Arusha, Tanzania. Like Mahenge, the project area is located in geological settings favourable for graphite mineralisation.

**MAIDEN RESOURCE**

The Merelani-Arusha Project, located in Tanzania, provides Kibaran with a potential second source of graphite production from the Merelani East Deposit.

During the reporting period, Kibaran announced the maiden JORC-compliant Mineral Resource for Merelani East (>5% TGC):

| JORC Classification | Tonnage (Mt) | TGC Grade (%) | Contained Graphite (t) |
|---------------------|--------------|---------------|------------------------|
| Inferred            | 17.2         | 6.5           | 1,120,000              |

The mineral resource estimate covers only 15% of Kibaran’s tenement position and has a total strike length of more than 4km, with mineralisation remaining open in all directions.

The Merelani East Deposit occurs within a brownfields graphite province that has past production and a recognised graphite sales history, generating considerable interest from traders and end-users. This provides Kibaran with the confidence that Merelani-Arusha will support a second graphite operation for the Company in Tanzania after the development of Epanko.

**METALLURGY**

Testwork during the reporting period confirmed Merelani East contains a high distribution of large flake graphite with very high-grade concentrates recovered from simple flotation.

**Graphite Flake Distribution for Merelani East Deposit**

| Name   | Flake Size |       | Portion Retained (%) | Carbon (%) |
|--------|------------|-------|----------------------|------------|
|        | Microns    | Mesh  |                      |            |
| Jumbo  | > 300      | > 48  | 29.7                 | 96.2       |
| Larger | > 180      | > 80  | 29.0                 | 95.7       |
|        | > 150      | > 100 |                      |            |
| Small  | > 75       | > 200 | 7.3                  | 92.8       |
| Fine   | < 75       | < 200 | 12.9                 | 81.9       |

Micron (µm) and Millimetre (mm). 1mm = 1000µm and fixed carbon content determined by loss on ignition method (LOI).

The metallurgical results followed an initial exploration programme comprising 22 Reverse Circulation (RC) drillholes, two diamond drillholes and eight trenches that targeted three prospects.

The trench results doubled the total strike length of graphite mineralisation to more than four kilometres.

**TENEMENT RATIONALISATION**

Following the exploration that resulted in the maiden resource for the Merelani East deposit, the Company undertook a strategic review of its Merelani-Arusha Project tenure. This review resulted in the relinquishment of four licences that were determined not to have significant graphite development potential.



### **TANGA GRAPHITE PROJECT (100% KNL)**

The Tanga licence covers 84km<sup>2</sup> near Tanzania's east coast and provides Kibaran with a third graphite province to underpin the Company's strategy of becoming a significant and long-term supplier of premium quality graphite from Tanzania. There was no notable activity undertaken on the Tanga project during the reporting period.

### **KAGERA NICKEL PROJECT (100% KNL)**

Kibaran is continuing efforts to seek a cornerstone investor to advance the divestment strategy for the Kagera Nickel Project, which is of limited current focus for the Company.

Kagera is located along the western border of Tanzania and has nickel-sulphide potential. Kibaran has access to significant regional airborne EM and aeromagnetic data conducted by BHP Billiton, data which has an estimated replacement cost of more than \$12 million.

## **RESEARCH AND DEVELOPMENT**

### **3D PRINTING**

Kibaran, together with its 50% owned subsidiary, 3D Graphtech Industries Pty Ltd ("Graphtech"), received results from a collaborative CSIRO white paper study during the period. The study identified two opportunities that could produce high volume/high quality graphene and a pathway for the development of graphene inks for fused filament fabrication 3D printing. Graphtech is assessing the two potential opportunities:

- The development of a scalable manufacturing technique to produce a high volume of high quality graphene at low cost
- The development of equipment to produce graphene composite polymer thermoplastic filaments for extrusion 3D printers that contain graphene

Both of the above opportunities have the potential to deliver commercial solutions, but are subject to further research and development by Graphtech and the CSIRO.

### **GRAPHENE RESEARCH**

During the reporting period, Kibaran partnered with the University of Western Australia (WA) in collaboration with Ben Gurion University (Israel) and Flinders University (South Australia) in a multinational, multi-disciplinary research team, aiming to advance the commercialisation of a method that produces commercial quantities of graphene.

## **CORPORATE**

### **SUCCESSFUL EQUITY RAISING**

During the reporting period, Kibaran raised a total of \$8.7m through two placements and a Share Purchase Plan (SPP) that received strong support from new and existing shareholders.

In July 2014, Kibaran completed an oversubscribed placement to sophisticated and institutional investors. Under the placement, the Company issued 23.0m ordinary shares at an issue price of \$0.135 raising \$3.1m.

A second successful placement was undertaken in April 2015 with Kibaran issuing 24.4m ordinary shares at an issue price of \$0.17 raising \$4.1m.

Kibaran raised a further \$1.5m through a SPP, which received such strong support from shareholders that the Company elected to accept oversubscriptions to the value of \$500,000 over the targeted \$1 million for the equity raising.

Funds from the combined capital raises were applied to the completion of the Bankable Feasibility Study and place Kibaran in a strong position for the development of Epanko.

### **APPOINTMENT OF GRAPHITE SPECIALIST**

Kibaran appointed Mr Christoph Frey during the year as part of a focused and fast-tracked strategy to further the development of the Company's graphite projects. Mr Frey is a qualified process engineer and is based in Germany. He has worked exclusively in the natural graphite industry for the past 22 years. Mr Frey has expertise in supervision of graphite mining and processing, evaluation of new graphite projects, management development of production portfolios from graphite concentrate to higher value graphite products, sales and procurement.



## REVIEW OF OPERATIONS



### BOARD CHANGES

In May 2015, Mr John Conidi joined the Board. Mr Conidi is a successful businessman bringing a wealth of knowledge to Kibaran. An accountant, Mr Conidi is an experienced investor specialising in technology and resources and his appointment supports the Company's value-add growth strategy. Mr Conidi will play a vital role in downstream negotiations with off-take providers and commercial partners as well as bringing a wealth of public company expertise to Kibaran.

In June, the Company was deeply saddened with the loss of its Chairman, Mr John Park. Mr Park was a valuable contributor in the Groups progression. Kibaran is currently evaluating suitable replacements to fill this Board vacancy and Chair.

## DIRECTORS REPORT



The Directors present their report on the consolidated entity consisting of Kibaran Resources Limited and the entities it controlled during the financial year ended 30 June 2015.

### DIRECTORS

The names and details of the Directors of Kibaran Resources Limited ("Company") in office during the financial year and until the date of this report are set out below. Directors have been in office for the entire period unless otherwise stated.

|                   |   |   |
|-------------------|---|---|
| Andrew Spinks     | - | Managing Director (appointed 13 July 2012)                |
| Grant Pierce      | - | Executive Director - Projects (appointed 16 January 2013) |
| John Conidi       | - | Non-Executive Director (appointed 4 May 2015)             |
| John Park         | - | Non-Executive Chairman (passed away 15 June 2015)         |
| Simon O'Loughlin  | - | Non-Executive Director (resigned 21 August 2014)          |
| Robert Greenslade | - | Non-Executive Director (resigned 21 August 2014)          |

### BOARD OF DIRECTORS

#### **Mr Andrew Spinks, Managing Director**

B.App.Sc (Geol), Grad. Dip (Mining), W.A Quarry Managers Certificate, FAusIMM

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 Limited, Plutonic Resources, Dominion Mining and Whim Creek Resources in diverse roles from 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 Project 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.

Mr Spinks is currently a Non-Executive Director of Kingsrose Mining Limited (appointed 21 August 2012).

#### **Mr Grant Pierce, OAM**

##### ***Executive Director – Projects***

BEng (Mining), First Class Mine Managers Certificate (WA & NT), FAusIMM, Assoc AICD

Grant Pierce is a mining engineer with over 25 years of 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 Project 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 came online and General Manager (Operations) for Perseus Mining Limited, from the environmental permitting phase through construction, to the Edikan Mine's 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.

Mr Pierce does not currently hold any directorships in listed companies and has not held any directorships in the past three years.



### **Mr John Conidi**

#### **Non-Executive Director**

BBus, FCPA

John Conidi is a Certified Practising Accountant and Managing Director of ASX-listed Capitol Health Ltd (ASX:CAJ) which he co-founded. He has over 14 years of experience developing, acquiring and managing businesses in the technology and healthcare sectors. Mr Conidi's role in strategy, management and business development has driven the sustained expansion of Capitol Health, increasing its market capitalisation from \$20m to over \$500m in the past 8 years.

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

Mr Conidi currently holds a directorship in Capitol Health Limited (appointed August 2007) and Oz Brewing Limited (appointed March 2015).

### **Mr John Park (passed away 15 June 2015)**

#### **Non-Executive Chairman**

B.Sc Hons, Fellow of Australasian Institute of Mining, CP(Man), Member of AIME

John Park is a Metallurgist with a successful track record in technical, financial and management aspects of the minerals industry. John has held Executive and Board positions for a number of UK, Canadian and Australian listed companies. He was a founder and Exec. Director of TSX-listed SAMAX Gold, and developed and operated the Merelani graphite mine in Tanzania, which was the first new mine since Independence and remains the largest historical producer of graphite in East Africa.

Mr Park did not hold any directorships in listed companies in the last three years

### **Mr Simon O'Loughlin (resigned 21 August 2014)**

#### **Non-Executive Chairman**

BA (Acc), Law Society Certificate in Law

Simon O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide based medium sized specialist commercial law firm. He has obtained extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide. More recently, he has been focusing on the resources sector. Simon also holds accounting qualifications. He has comprehensive experience with companies in the small industrial and resources sectors. Simon is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

### **Mr Robert Greenslade (resigned 21 August 2014)**

#### **Non-Executive Director**

BA (Ec)

Robert Greenslade is a Managing Director, Mining and Metals, Corporate Advisory for Standard Chartered Bank since 2011. Prior to this, he was a founding director of Adelaide based boutique corporate advisor, Gryphon Partners Advisory specialising in resource transactions. Gryphon was acquired by Standard Chartered Bank in 2011.

Prior to 2002, Mr Greenslade was Group Executive Corporate for Normandy Mining Ltd heading up the Company's corporate division. Following the takeover of Normandy by Newmont Mining Corporation Inc., he was appointed Vice President of Newmont Capital Ltd responsible for the Group's Australian and Asian Pacific corporate and business development activities.

## DIRECTORS REPORT



### COMPANY SECRETARY

#### Mr Robert Hodby

Mr Hodby holds a Bachelor of Commerce from Murdoch University and is a member of CPA Australia and the Governance Institute of Australia with over 20 years industry experience in financing and administration of public and listed companies gathered at both operational and corporate levels. During his time, he has held numerous executive and project management positions as well as CFO, Board and Company Secretarial roles with a number of companies involved in the resource and energy industries.

### DIRECTORS' INTERESTS

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

| Director      | Ordinary Shares | Options over Ordinary Shares |
|---------------|-----------------|------------------------------|
| Andrew Spinks | 18,001,998      | -                            |
| Grant Pierce  | 1,545,000       | 1,800,000                    |
| John Conidi   | 2,250,000       | -                            |

### REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration paid to each director of the Company and key management for the financial year ending 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

#### Key Management Personnel

##### (i) Directors

Andrew Spinks (Managing Director) (appointed 13 July 2012)

Grant Pierce (Executive Director - Projects) (appointed 16 January 2013)

John Conidi (Non-Executive Director) (appointed 4 May 2015)

John Park (Non-Executive Chairman) (passed away 15 June 2015)

Simon O'Loughlin (Non-Executive Chairman) (resigned 21 August 2014)

Robert Greenslade (Non-Executive Director) (resigned 21 August 2014)

##### (ii) Executives

Robert Hodby (Company Secretary) (appointed 31 January 2013)

#### Remuneration Policy

The objective of the consolidated entity's and Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency



Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers.
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive directors and executive remunerations are separate.

*Non-Executive Directors remuneration*

Fees and payment to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Chairman's fees are determined independently to the fees of other non-Executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

ASX listing rules requires that the aggregate Non-Executive Directors' remuneration shall be determined periodically by a general meeting. The aggregate amount approved is \$300,000. This amount remains unchanged since it was set in the Prospectus dated 16 August 2010.

*Executive Remuneration*

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

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

The long-term incentives ('LTI') include share-based payments and options. Options are awarded to executives over a period of three to five years based on long-term incentive measures. These include increase in shareholder value relative to the entire market.

*Consolidated entity performance and link to remuneration*

The Board has a policy of granting incentive options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the consolidated entity increases sufficiently to warrant the exercising of the incentive options granted. Other than service based vesting conditions, there is no additional performance criteria on the incentive options granted to executives.

The tables below set out summary information about the entity's earnings and movements in shareholder wealth for the five years to 30 June 2015:

|                              | 30 June 2015 | 30 June 2014 | 30 June 2013 | 30 June 2012 | 30 June 2011 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
|                              | \$           | \$           | \$           | \$           | \$           |
| Net loss after tax           | (5,703,703)  | (1,463,380)  | (780,224)    | (3,825,424)  | (1,410,445)  |
| Share price at end of year   | 0.18         | 0.16         | 0.07         | 0.20         | 0.17         |
| Loss before tax              | (5,703,703)  | (1,463,380)  | (780,224)    | (3,825,424)  | (1,418,817)  |
| Basic loss per share (cents) | (4.39)       | (1.89)       | (1.22)       | (11.27)      | (5.01)       |



*Voting and comments made at the company's 20 November 2014 Annual General Meeting ('AGM').*

The Company received in excess of 75% of 'for' votes in relation to its remuneration report for the year ended 30 June 2014. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

### **Employment Contracts**

Remuneration and other terms of employment for the executives are formalised in service agreements specifying the components of remuneration, benefits and notice periods.

The Company has an agreement with Mr Andrew Spinks, Managing Director of the Company. The agreement provides for remuneration of \$200,000 per annum exclusive of superannuation, as well as mobile phone costs and business related expenditure. The agreement specifies a six month notice in the event that it is terminated. In the event of termination under no fault of the executive, he qualifies for a termination payment of three months. Following a material change, Mr Spinks may qualify for a termination benefit of up to twelve months subject to limits imposed by the Corporations Act and Listing Rules. There are no other termination benefits specified in the agreement.

The Company has an agreement with Mr Grant Pierce, an Executive Director of the Company. The agreement provides for remuneration of \$200,000 per annum, as well as medical and travel insurance, four return flights Dar es Salaam to Perth, mobile phone costs, fully furnished and equipped serviced accommodation in Dar es Salaam, a maintained vehicle and business related expenditure. The agreement specifies a three month notice in the event that it is terminated. In the event of termination under no fault of the executive, he qualifies for a termination payment of three months. There are no other termination benefits specified in the agreement.

The Company has an agreement with Mr Robert Hodby, as the Company Secretary and Chief Financial Officer of the Company for his services. The agreement provides for remuneration of \$180,000 per annum exclusive of superannuation, as well as mobile phone costs and business related expenditure. The agreement specifies a six month notice in the event that it is terminated. In the event of termination under no fault of the executive, he qualifies for a termination payment of three months. Following a material change, Mr Hodby may qualify for a termination benefit of up to twelve months subject to limits imposed by the Corporations Act and Listing Rules. There are no other termination benefits specified in the agreement.

The Company has an agreement with Mr John Conidi for the provision of his services as a Non-Executive Director. The term of the agreement commenced on 4 May 2015 and in accordance with the Company's Constitution, John cannot hold office for more than three years without retiring, but will be eligible to be re-elected. He is paid \$50,000 per annum as well as costs relating to performance of duties as a Director. There are no termination notice periods or termination benefits specified in the agreement.

### **Company Performance, Shareholder Wealth and Director and Executive Remuneration**

The Remuneration policy is tailored to enhance goal congruence between shareholders, Directors and executives. Options are issued to all Directors to encourage the alignment of personal and shareholder interests. Remuneration levels are not dependent upon performance criteria as the nature of the Company's operations are exploration and are not generating profits.

#### **Remuneration Committee**

The Remuneration Committee function is performed by the whole Board of Directors and is discussed in Board meetings. All Directors jointly take responsibility determining and reviewing compensation arrangements for the Directors and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

#### **Key Management Personnel Remuneration Policy**

Board policy for determining remuneration of key personnel is as follows:

Compensation is based on length of service, experience and speciality of the individual concerned, and overall performance of the Company. Contracts for service between the Company and key personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.



Employment conditions of key personnel are formalised in contracts of employment. The Company may terminate an employment contract without cause by providing three months written notice or making payment in lieu of notice, based on annual salary. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the case of serious misconduct the Company can terminate employment at any time. Share options not exercised before or on the date of termination will lapse.

Fixed and variable compensations for key management personnel are shown below.

**Key Management Personnel Compensation**

|                                | Short-term        | Post-employment      | Share-based payment |                  |   |                       |
|--------------------------------|-------------------|----------------------|---------------------|------------------|---|-----------------------|
| 2015                           | Salary/Fees<br>\$ | Superannuation<br>\$ | Plan Shares<br>\$   | Total<br>\$      | % of compensation consisting of options | % performance related |
| <b>Non- Executive</b>          |                   |                      |                     |                  |   |                       |
| John Conidi                    | 5,651             |                      | 154,750             | 160,401          | 96%                                     | -                     |
| John Park <sup>1</sup>         | 56,533            | 5,371                | 91,620              | 153,524          | 60%                                     | -                     |
| Simon O'Loughlin <sup>2</sup>  | 6,290             | -                    | -                   | 6,290            | -                                       | -                     |
| Robert Greenslade <sup>3</sup> | 6,667             | -                    | -                   | 6,667            | -                                       | -                     |
| <b>Executive</b>               |                   |                      |                     |                  |   |                       |
| Andrew Spinks                  | 188,479           | 17,905               | 765,550             | 971,934          | 79%                                     | -                     |
| Grant Pierce                   | 232,879           | -                    | 154,750             | 387,629          | 40%                                     | -                     |
| Robert Hodby <sup>4</sup>      | 149,698           | 12,422               | 612,850             | 774,970          | 79%                                     | -                     |
| <b>TOTAL</b>                   | <b>646,197</b>    | <b>35,698</b>        | <b>1,779,520</b>    | <b>2,461,415</b> | <b>-</b>                                | <b>-</b>              |

(1) Mr Park passed away 15 June 2015

(2) Mr O'Loughlin resigned 21 August 2014

(3) Mr Greenslade resigned 21 August 2014

(4) Includes consultancy fees and expense allowances of \$8,000 paid or payable to Strategic Resource Management Pty Ltd, of which Mr Hodby is a Director and beneficiary.

(5) Short term non-monetary benefits: during the year, the Company paid insurance premiums in respect of a contract insuring the Directors, Company Secretary and all executive officers of the Company and of any related body corporates against liability incurred as a Director, secretary or executive officer.



|                            | Short-term        | Post-employment      | Share-based payment |                |   |                       |
|----------------------------|-------------------|----------------------|---------------------|----------------|---|-----------------------|
| 2014                       | Salary/Fees<br>\$ | Superannuation<br>\$ | Options<br>\$       | Total<br>\$    | % of compensation consisting of options | % performance related |
| <b>Non- Executive</b>      |                   |                      |                     |                |   |                       |
| John Park                  | 36,613            | 3,387                | 101,400             | 141,400        | 71.7%                                   | -                     |
| Simon O'Loughlin           | 46,125            | -                    | 101,400             | 147,525        | 68.7%                                   | -                     |
| Robert Greenslade          | 30,000            | -                    | -                   | 30,000         | -                                       | -                     |
|                            |                   |                      |                     |                |   |                       |
| <b>Executive</b>           |                   |                      |                     |                |   |                       |
| Andrew Spinks <sup>1</sup> | 154,073           | 5,927                | -                   | 160,000        | -                                       | -                     |
| Grant Pierce               | 108,241           | -                    | 152,100             | 260,341        | 58.4%                                   | -                     |
| Robert Hodby <sup>2</sup>  | 64,000            | -                    | -                   | 64,000         | -                                       | -                     |
| <b>TOTAL</b>               | <b>439,052</b>    | <b>9,314</b>         | <b>354,900</b>      | <b>803,266</b> |   |                       |

- (1) Includes consultancy fees and expense allowances of \$90,000 paid or payable to Strategic Resource Management Pty Ltd, of which Mr Spinks is a Director and beneficiary.
- (2) Includes consultancy fees and expense allowances of \$32,000 paid or payable to Strategic Resource Management Pty Ltd, of which Mr Hodby is a Director and beneficiary.
- (3) Short term non-monetary benefits: during the year the Company paid insurance premiums in respect of a contract insuring the Directors, Company Secretary and all executive officers of the Company and of any related body corporates against liability incurred as a Director, secretary or executive officer.

### Share Based Compensation

The following grants of share-based payment compensation to Directors and senior management relate to the 2015 financial year:

#### *Executive Share Incentive Plan*

Under the plan, eligible employees are offered shares in the Company at prices determined by the Board. The Board has the ultimate discretion to impose special conditions on the shares issued under the ESP and can grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are escrowed until the loan has been fully repaid. ESP participants receive all the rights associated with the ordinary shares.

Loans granted to participants are limited recourse and interest free unless otherwise determined by the Board. 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 Group.

During the year, the Company issued the following shares under the ESP:

1. 2,000,000 shares at 23.84 cents per share to Andrew Spinks, Managing Director, on 15 October 2014 after shareholder approval
2. 300,000 shares at 23.84 cents per share to John Park, Non-Executive Chairman, on 15 October 2014 after shareholder approval
3. 1,500,000 shares at 23.84 cents per share to Robert Hodby, Company Secretary, on 15 October 2014 after shareholder approval
4. 1,250,000 shares at 17.36 cents per share to Andrew Spinks, Managing Director, on 30 June 2015 after shareholder approval
5. 1,250,000 shares at 17.36 cents per share to Grant Pierce, Executive Director Projects, on 30 June 2015 after shareholder approval
6. 1,250,000 shares at 17.36 cents per share to John Conidi, Non-Executive Director, on 30 June 2015 after shareholder approval





7. 1,250,000 shares at 17.36 cents per share to Robert Hodby, Company Secretary, on 30 June 2015 after shareholder approval

The above shares vest on issue and as such, there are not considered to be any service conditions attaching to the grant of shares under the ESP, and the full expense is recognised at grant date.

*Fair value of shares granted*

Shares granted under the ESP are accounted for as “in-substance” options due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares. The fair value at grant date for the various tranches of shares issued under the ESP is determined using a Black Scholes methodology using the following model inputs:

*October Issue*

|  |                  |
|--|------------------|
| Shares issued  | 3,800,000        |
| Loan price per share (AUD cents)                             | 23.84            |
| Valuation date   | 9 September 2014 |
| Loan expiry date   | 14 October 2019  |
| Underlying security spot price at valuation date (AUD cents) | 33.5             |
| Expected price volatility of the Company's shares            | 140%             |
| Expected dividend yield                                      | 0%               |
| Expected life (years)  | 5.0              |
| Risk-free interest rate                                      | 3.06%            |
| Black Scholes valuation per share (AUD cents per share)      | 30.54            |

*June Issue*

|  |              |
|--|--------------|
| Shares issued  | 5,000,000    |
| Loan price per share (AUD cents)                             | 17.36        |
| Valuation date   | 30 June 2015 |
| Loan expiry date   | 8 July 2020  |
| Underlying security spot price at valuation date (AUD cents) | 18.0         |
| Expected price volatility of the Company's shares            | 85.74%       |
| Expected dividend yield                                      | 0%           |
| Expected life (years)  | 5.0          |
| Risk-free interest rate                                      | 2.32%        |
| Black Scholes valuation per share (AUD cents per share)      | 12.38        |

*Movements in employee share plan shares issued with limited recourse employee loans:*

| Date                             | Details              | Number of Shares | Nominal Value           |
|----------------------------------|----------------------|------------------|-------------------------|
|                                  |                      |                  | \$                      |
| Balance at beginning of the year |                      | -                |                         |
| 15 October 2014                  | Issued during period | 3,800,000        | <b>905,920</b>          |
| 30 June 2015                     | Issued during period | 5,000,000        | <b>868,000</b>          |
| Balance at the end of the year   |                      | <u>8,800,000</u> | <u><b>1,773,920</b></u> |



## Options and Rights Holdings

## Number of Options Held by Key Management Personnel

|                      | <i>Balance at<br/>1 July 2014</i> | <i>Granted<br/>as<br/>Compensation</i> | <i>Options<br/>Exercised</i> | <i>Net<br/>Change<br/>Other</i> | <i>Balance<br/>at<br/>30 June<br/>2015</i> | <i>Vested at<br/>30 June<br/>2015</i> | <i>Vested and<br/>exercisable</i> | <i>Options<br/>vested<br/>during year</i> |
|----------------------|-----------------------------------|--|------------------------------|---------------------------------|--|---------------------------------------|-----------------------------------|---|
| <i>Non-Executive</i> |                                   |  |                              |                                 |  |                                       |                                   |   |
| John Park            | 1,500,000                         | -                                      | -                            | (1,500,000)                     | -  | -                                     | -                                 | -   |
| Simon O'Loughlin     | 1,500,000                         | -                                      | -                            | (1,500,000)                     | -  | -                                     | -                                 | -   |
| Robert Greenslade    | 1,500,000                         | -                                      | -                            | (1,500,000)                     | -  | -                                     | -                                 | -   |
| <i>Executives</i>    |                                   |  |                              |                                 |  |                                       |                                   |   |
| Grant Pierce         | 1,800,000                         | -                                      | -                            | -                               | 1,800,000                                  | 1,800,000                             | 1,800,000                         | -   |
| <b>Total</b>         | <b>6,300,000</b>                  | <b>-</b>                               | <b>-</b>                     | <b>(4,500,000)</b>              | <b>1,800,000</b>                           | <b>1,800,000</b>                      | <b>1,800,000</b>                  | <b>-</b>                                  |

All options held by Key Management Personnel at 30 June 2015 have vested and are exercisable.

|                      | <i>Balance at<br/>1 July 2013</i> | <i>Granted<br/>as<br/>Compensation</i> | <i>Options<br/>Exercised</i> | <i>Net<br/>Change<br/>Other</i> | <i>Balance<br/>at<br/>30 June<br/>2014</i> | <i>Vested at<br/>30 June<br/>2014</i> | <i>Vested and<br/>exercisable</i> | <i>Options<br/>vested<br/>during year</i> |
|----------------------|-----------------------------------|--|------------------------------|---------------------------------|--|---------------------------------------|-----------------------------------|---|
| <i>Non-Executive</i> |                                   |  |                              |                                 |  |                                       |                                   |   |
| Simon O'Loughlin     | 500,000                           | 1,000,000                              | -                            | -                               | 1,500,000                                  | 1,500,000                             | 1,500,000                         | 1,000,000                                 |
| Robert Greenslade    | 1,500,000                         | -                                      | -                            | -                               | 1,500,000                                  | 1,500,000                             | 1,500,000                         | -   |
| John Park            | 500,000                           | 1,000,000                              | -                            | -                               | 1,500,000                                  | 1,500,000                             | 1,500,000                         | 1,000,000                                 |
| Grant Pierce         | 300,000                           | 1,500,000                              | -                            | -                               | 1,800,000                                  | 1,800,000                             | 1,800,000                         | 1,500,000                                 |
| <b>Total</b>         | <b>2,800,000</b>                  | <b>3,500,000</b>                       | <b>-</b>                     | <b>-</b>                        | <b>6,300,000</b>                           | <b>6,300,000</b>                      | <b>6,300,000</b>                  | <b>3,500,000</b>                          |

All options held by Key Management Personnel at 30 June 2014 have vested and are exercisable.

## Number of Shares held by Key Management Personnel during the year ended 30 June 2015

|                            | <i>Balance at<br/>1 July 2014</i> | <i>Granted as<br/>compensation</i> | <i>Purchases/Sales</i> | <i>Net Change<br/>Other</i> | <i>Balance at<br/>30 June 2015</i> |
|----------------------------|-----------------------------------|------------------------------------|------------------------|-----------------------------|------------------------------------|
| <i>Non-Executive</i>       |                                   |                                    |                        |                             |                                    |
| John Conidi                | -                                 | 1,250,000                          | -                      | 1,000,000                   | 2,250,000                          |
| John Park                  | 360,000                           | 300,000                            | 547,060                | (1,207,060)                 | -                                  |
| Simon O'Loughlin           | 799,992                           | -                                  | -                      | (799,992)                   | -                                  |
| Robert Greenslade          | 2,900,001                         | -                                  | -                      | (2,900,001)                 | -                                  |
| <i>Executives</i>          |                                   |                                    |                        |                             |                                    |
| Andrew Spinks <sup>1</sup> | 16,554,350                        | 3,250,000                          | 197,648                | (2,000,000)                 | 18,001,998                         |
| Grant Pierce               | 240,000                           | 1,250,000                          | 55,000                 | -                           | 1,545,000                          |
| Robert Hodby <sup>1</sup>  | -                                 | 2,750,000                          | -                      | (1,062,048)                 | 1,687,952                          |
| <b>Total</b>               | <b>20,854,343</b>                 | <b>8,800,000</b>                   | <b>799,708</b>         | <b>(6,969,101)</b>          | <b>23,848,950</b>                  |

<sup>1</sup> Strategic Resource Management Pty Ltd, a company of which Mr Spinks and Mr Hodby are Directors, holds 13,217,736 ordinary shares. For the purpose of this report and to avoid double counting they are reported only under Andrew Spinks holding.



### Number of Shares held by Key Management Personnel during the year ended 30 June 2014

|                      | <i>Balance at<br/>1 July 2013</i> | <i>Granted as<br/>compensation</i> | <i>Purchases/Sales</i>  | <i>Exercised<br/>Options</i> | <i>Balance at<br/>30 June 2014</i> |
|----------------------|-----------------------------------|------------------------------------|-------------------------|------------------------------|------------------------------------|
| <i>Non Executive</i> |                                   |                                    |                         |                              |                                    |
| John Park            | 310,000                           | -                                  | 50,000                  | -                            | 360,000                            |
| Grant Pierce         | 240,000                           | -                                  | -                       | -                            | 240,000                            |
| Robert Greenslade    | 2,901,001                         | -                                  | -                       | -                            | 2,901,001                          |
| Simon O'Loughlin     | 799,992                           | -                                  | -                       | -                            | 799,992                            |
| <i>Executives</i>    |                                   |                                    |                         |                              |                                    |
| Andrew Spinks        | 5,314,386                         | -                                  | 11,239,964 <sup>1</sup> | -                            | 16,554,350                         |
| <b>Total</b>         | <b>9,564,379</b>                  | <b>-</b>                           | <b>11,289,964</b>       | <b>-</b>                     | <b>20,854,343</b>                  |

<sup>(1)</sup> Includes the conversion of performance shares into ordinary share on attainment of performance milestones (refer to Note 11(c) for additional details on performance shares).

#### Share Options

##### *Unissued shares*

As at the date of this report, there were 1,800,000 unissued ordinary shares under options (1,800,000 at reporting date). Refer to the remuneration report for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

##### *Shares issued as a result of the exercise of options*

During the financial year, no shares were issued as a result of the exercise of options.

#### Loans to Directors or other Key Management Personnel

During the year shareholders approved the issue of shares (Plan Shares) under a combination of executive and individual Share Investment Plans. Under the Plans 8,800,000 shares were offered to eligible recipients at issue prices equal to the five day volume weighted average price at which ordinary shares in the Company traded prior to the offer. 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 Group. Shares issued under loan facilities are escrowed until the loan has been fully repaid.

A total of \$1,773,920 had been loaned to Directors and other key management personnel under the Share Investment Plans during the year ended 30 June 2015.

#### Other transactions with Key Management Personnel

Strategic Resource Management Pty Ltd, a company of which Mr Spinks and Mr Hodby are Directors, provided the consolidated entity with a fully serviced office including administration and information technology support totalling \$101,000 (2014: \$132,500) and reimbursement of payments for drilling and explorations costs in Tanzania and minor expenses at a cost of \$100,671 (2014: \$160,612). As at 30 June 2015 there is \$18,700 (2014: \$59,359) payable to Strategic Resource Management Pty Ltd.

**[END OF REMUNERATION REPORT]**



### Meetings of Directors

During the financial year, five meetings of Directors were held. Attendances by each Director during the year were as follows:

|                   | Directors Meetings        |                 |
|-------------------|---------------------------|-----------------|
|                   | Number Eligible to attend | Number Attended |
| <i>Directors</i>  |                           |                 |
| John Conidi       | 1                         | 1               |
| John Park         | 5                         | 5               |
| Andrew Spinks     | 5                         | 5               |
| Grant Pierce      | 5                         | 5               |
| Simon O'Loughlin  | 1                         | 1               |
| Robert Greenslade | 1                         | 1               |

### 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 of the Company, other than 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 payment has been made to indemnify Ernst & Young during or since the financial year.

## OPERATING AND FINANCIAL REVIEW

### Principal Activities

The principal activities of the Company during the financial year consisted of the exploration and evaluation of its tenements in primarily graphite focused mineral resources in Tanzania in East Africa.

### Review of Operations

The review of operations is presented before the Directors Report on page 2.

### Results from Operations

The net loss after providing for income tax for the year ended 30 June 2015 amounted to \$5,703,703 (2014: \$1,463,380).

### Employees

In addition to the Directors, the Company has two employees as at 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 167,629,223 ordinary shares and 12,000,000 options on issue.

### DIVIDENDS

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2015 (2014: Nil).

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

All significant changes in the state of affairs of the consolidated entity during the year are discussed in detail above under the Operating and Financial Review section.

**AFTER BALANCE DATE EVENTS**

Subsequent to 30 June 2015, Kibaran announced that it had been granted a Mining Licence for its Epakno Graphite Project, paving the way for the development of Epanko. The Group has also released the results of a Bankable Feasibility Study for the Epanko Graphite Project showing the technical and commercial viability of the Project. This positive result then led to the finalisation of an Offtake Agreement with German conglomerate, ThyssenKrupp, for 50% of the planned graphite concentrate output at Epanko further strengthening its development potential.

Other than this there have not been any events that have arisen in the interval between the end of the financial year 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 of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

**FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

Likely future developments in the operations of the Company are referred to in the Review of Operations.

**ENVIRONMENTAL ISSUES**

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

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

**NON-AUDIT SERVICES**

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

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the 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.

Fees of \$7,500 for non-audit services were paid to the external auditors during the year ended 30 June 2015 (2014: Nil)

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 27 of the Annual Report.

**CORPORATE GOVERNANCE**

The Directors recognise the Australian Securities Exchange Corporate Governance Council's Principles Recommendations and considers that the Company substantially complies with those guidelines. The Corporate Governance Statement and disclosures of the Company are contained in the Annual Report.

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

On behalf of the Directors

**Andrew Spinks**  
**Managing Director**  
30 September 2015



This Corporate Governance Statement ("Statement") outlines the key aspects of Kibaran Resources Limited ('Kibaran' or the Company') governance framework and main governance practices. The Company's charters, policies, and procedures are regularly reviewed and updated to comply with law and best practice. These charters and policies can be viewed on Kibaran's website located at [www.kibaranresources.com](http://www.kibaranresources.com).

This Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council's ("the Council's") "Principles of Good Corporate Governance and Best Practice Recommendations 3'd Edition": ("the Recommendations").

The Board of Directors has adopted the Recommendations to the extent that is deemed appropriate considering current the size and operations of the Company. Therefore, considering the size and financial position of the Company, where the Board considers that the cost of implementing a recommendation outweighs any potential benefits, those recommendations have not been adopted.

This Statement was approved by the Board of Directors and is current as at 30 September 2015.

### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

#### **Roles of the Board & Management**

The Board is responsible for evaluating and setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Company.

The principal functions and responsibilities of the Board include, but are not limited to, the following:

- Appointment, evaluation and, if necessary, removal of the Managing Director, any other executive directors, the Company Secretary and the Chief Financial Officer and approval of their remuneration;
- Determining, in conjunction with management, corporate strategy, objectives, operations, plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- Establishing appropriate levels of delegation to the Managing Director to allow the business to be managed efficiently;
- Approval of remuneration methodologies and systems;
- Monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level to understand at all times the financial and operating conditions of the Company;
- Monitoring the performance of senior management including the implementation of strategy and ensuring appropriate resources are available;
- Overseeing the management of business risks, safety, occupational health and environmental issues;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- Assuring itself that appropriate audit arrangements are in place in relation to the Company's financial affairs;
- Authorising the issue of any shares, options, equity instruments or other securities within the constraints of the Corporations Act and the ASX Listing Rules; and
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
  - Code of Conduct;
  - Continuous Disclosure Policy;
  - Diversity Policy;
  - Performance Evaluation Policy;
  - Procedures for Selection and Appointment of Directors;
  - Remuneration Policy;
  - Risk Management and Internal Compliance and Control Policy;
  - Securities Trading Policy; and
  - Shareholder Communications Policy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of Kibaran. The Managing Director will be responsible for the day-to-day operations, financial performance and administration of Kibaran within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

## CORPORATE GOVERNANCE STATEMENT



Further details of Board responsibilities, objectives and structure are set out in the Board Charter on the Kibaran website.

### Board Committees

The Board had an established an Audit Committee which operates under a charter approved by the Board. The Audit Committee charter and procedures are disclosed on the Company website.

Following the loss of John Park, the Board was reduced to a total of three Directors and subsequently the whole Board has been performing the role of the Audit Committee at the date of this report.

The Company Secretary and external auditors are invited to assist the Board at its discretion. Performance of the external auditor is reviewed annually. The external auditor is requested to attend the annual general meeting and be available to answer questions about the conduct of the audit and the preparation and content of the audit report.

The Board has not formally constituted a nomination committee or remuneration committee. The whole Board conducts the functions of a nomination committee and remuneration committee

The maximum remuneration of Non-Executive Directors is subject to shareholder resolution in accordance with the Company Constitution, the Corporations Act and ASX Listing Rules. The apportionment of Non-Executive Directors remuneration within that maximum will be made by the Board having regard to the inputs and value of contributions by the Non-Executive Director. The current limit, which may only be varied by shareholders in General Meeting, is \$300,000 per annum.

### Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

### The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

### Diversity

Due to the Company's size and nature of operations, there are yet no women in senior executive positions. The Board remains conscious of the requirement to establish reasonable and measurable objectives for achieving gender diversity and identifying key measurable diversity performance objectives for the Board, Executive Directors and senior management.

In addition to the Board the Company has only two employees. 50% of these positions were filled by women. None of these positions were filled by women in the prior year, 2014.

The participation of women in the Company at the date of this report is as follows:

|                                      |     |
|--------------------------------------|-----|
| Women employees in the Company       | 25% |
| Women in senior management positions | 0%  |
| Women on the Board                   | 0%  |

The Company's Diversity Policy is available on its website.

### Board & Management Performance Review

On an annual basis, the Board conducts a review of its structure, composition and performance.



The annual review includes consideration of the following measures:

- comparing the performance of the Board against the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- reviewing the Board's interaction with management;
- reviewing the type and timing of information provided to the Board by management;
- reviewing management's performance in assisting the Board to meet its objectives; and
- identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

Given, the size of the Board, the change to the composition of the Board during the financial year and the current level of operations of the Company, no formal appraisal of the Board was conducted during the financial year.

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators.

### Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to obtain independent professional advice on any matter connected with the discharge of their responsibilities, with prior notice to the Chairman, at Kibaran's expense.

### PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

#### Board Composition

During the financial year and to the date of this report the Board was comprised of the following members:

|                   |   |   |
|-------------------|---|---|
| Andrew Spinks     | - | Managing Director (appointed 13 July 2012)                      |
| Grant Pierce      | - | Executive Director - Projects (appointed 16 January 2013)       |
| John Conidi       | - | Non-Executive Director – independent (appointed 4 May 2015)     |
| John Park         | - | Non-Executive Chairman - independent (passed away 15 June 2015) |
| Simon O'Loughlin  | - | Non-Executive Director – independent (resigned 21 August 2014)  |
| Robert Greenslade | - | Non-Executive Director – independent (resigned 21 August 2014)  |

The Board comprises one Non-Executive Director and two Executive Directors.

Kibaran has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

During the reporting period at least one Director was considered independent. For much of the reporting period and as at the date of this report there was not a majority of independent Directors on the Board.

The Board is currently considering its composition and is looking to fill the role of Chairman following the vacancy in this position on the loss of John Park.

As the size and resources available to the Company grow, additional independent Directors will be considered to add substance to the objective decision making of the Board.

#### Board Selection Process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern the Kibaran. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.





The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process. The Company does not have an established Board skills matrix on the mix of skills and diversity for Board membership. The Board continues to monitor the mix of skills and diversity on the Board. However, due to the size of the Company, the Board does not consider it appropriate at this time to formally establish a matrix on the mix of skills and diversity for Board membership. When the need for a new director is identified, the Board considers the required skills, experience and competencies of candidates and the mix of skills of the existing directors.

Generally a list of potential candidates is identified based on these skills required and other issues such as geographic location and diversity criteria. Candidates are assessed against the required skills and on their qualifications, backgrounds and personal qualities. In addition, candidates are sought who have a proven track record in creating security holder value and the required time to commit to the position.

### **Induction of New Directors and Ongoing Development**

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

### **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

The Company has implemented a Code of Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

The Board had an established an Audit Committee which operates under a charter approved by the Board. The Audit Committee charter and procedures are disclosed on the Company website.

Following the loss of John Park, the Board was reduced to a total of three Directors and subsequently the whole Board has been performing the role of the Audit Committee at the date of this report.

The Company Secretary and external auditors are invited to assist the Board at its discretion. Performance of the external auditor is reviewed annually. The external auditor is requested to attend the annual general meeting and be available to answer questions about the conduct of the audit and the preparation and content of the audit report.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

## CORPORATE GOVERNANCE STATEMENT



The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend Kibaran's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

### Director and CFO Certifications

The Board has received certifications from a Director and the CFO in connection with the financial statements for the Kibaran for the Reporting Period. The certifications state that the declaration provided in accordance with Section 295A of the Corporations Act as to the integrity of the financial statements is founded on a sound system of risk management and internal control which is operating effectively.

### PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has a Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. The Chairman, Managing Director and the Company Secretary are responsible for ensuring that:

- a) Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- b) Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

### PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company recognizes the value of providing current and relevant information to its shareholders.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "contact us" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from Kibaran and Kibaran's securities registry electronically.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

### PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board is responsible for ensuring there are adequate policies in relation to risk oversight, management, compliance and internal control systems, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Company policies are designed to ensure strategic, operational,

## CORPORATE GOVERNANCE STATEMENT



legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Consolidated Entity's business objectives.

The Company's senior management are delegated with the tasks of management of operational risk and implementation of risk management strategies.

The Company's risk management systems and control framework include the Board's ongoing monitoring of management and operation performance, a comprehensive system of budgeting, forecasting and reporting to the Board, regular presentations to the Board by management of the management of risk, approval procedures for significant capital expenditure above threshold levels, comprehensive written policies on specific activities and corporate governance, regular communication between Directors on compliance and risk and consultation and review between the Board and external accountants.

The Board recognises that material risks facing the Consolidated Entity are the more significant areas of uncertainty or exposure to the Consolidated Entity that could adversely affect the achievement of the Consolidated Entity's objectives and successful implementation of its business strategies.

Within the identified risk profile of the Company, comprehensive practices are in place that are directed towards achieving the following objectives:

- Effectiveness and efficiency in the use of the Company's resources;
- Compliance with applicable laws and regulations; and
- Preparation of reliable published financial information

The material risks, both financial and non-financial, facing the Consolidated Entity are:

- protection of assets
- maintenance of proper financial and accounting records
- reliability of financial information
- compliance with key performance indicators
- financial markets
- currency movements
- pricing
- competitive position
- operational efficiency
- investments in new projects
- retaining key personnel
- technical risk

The Board considers these identified material risks as part of its annual risk management review, or on an as required basis as a result of regular interaction with management.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to report back on the efficiency and effectiveness of risk management, inter alia, by benchmarking the Company's performance against industry standards. Management is required to report to the Board and confirm the effectiveness of the Company's management of its material business risks. This occurs formally during regular monthly management meetings, and directly to the Board on an ad hoc basis when required.

The Board requires assurance from the Executive Director and the Chief Financial Officer that the declaration in relation to section 295A of the Corporations Act is founded in a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial report risks.

The Board reviews the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

### **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

The Board as a whole fulfils to the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

Kibaran has implemented a Remuneration Policy which was designed to recognise the competitive environment within which Kibaran operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in Kibaran's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Kibaran.



The key principles are to:

- link executive reward with strategic goals and sustainable performance of Kibaran
- apply challenging corporate and individual key performance indicators that focus on both short-term and long-term outcomes
- motivate and recognise superior performers with fair, consistent and competitive rewards
- remunerate fairly and competitively in order to attract and retain top talent
- recognise capabilities and promote opportunities for career and professional development
- through employee ownership of Kibaran shares, foster a partnership between employees and other security holders

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review.

Kibaran's executive remuneration policies and structures and details of remuneration paid to directors and senior managers are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options. They do not receive any termination or retirement benefits, other than statutory superannuation.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is \$300,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

The total fees paid to Non-Executive Directors during the reporting period were \$75,141.

Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

In accordance with the Company's share trading policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.



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

In relation to our audit of the financial report of Kibaran Resources Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Gavin Buckingham  
Partner  
30 September 2015

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015



|  |       | Consolidated       |                    |
|--|-------|--------------------|--------------------|
|  |       | 2015               | 2014               |
|  |       | \$                 | \$                 |
|  | Notes |                    |                    |
| Revenue  | 3     | 49,551             | 27,645             |
| Directors and consultants fees                                       |       | (2,888,277)        | (860,514)          |
| Impairment of capitalised exploration expenditure                    | 9     | (1,467,304)        | -                  |
| Other expenses from ordinary activities                              | 4     | (1,397,673)        | (630,511)          |
| <b>LOSS BEFORE INCOME TAX EXPENSE</b>                                |       | <b>(5,703,703)</b> | <b>(1,463,380)</b> |
| Income tax expense   | 5     | -                  | -                  |
| <b>LOSS FROM CONTINUING OPERATIONS FOR THE YEAR</b>                  |       | <b>(5,703,703)</b> | <b>(1,463,380)</b> |
| Other comprehensive income, net of tax                               |       |                    | -                  |
| <b>Items that may subsequently be reclassified to profit or loss</b> |       |                    |                    |
| Exchange differences on translation of foreign operations            |       | 24,974             | (16,602)           |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>                         |       | <b>(5,678,729)</b> | <b>(1,479,982)</b> |
| Basic loss per share (cents per share)                               | 16    | (4.39)             | (1.89)             |
| Diluted loss per share (cents per share)                             | 16    | (4.39)             | (1.89)             |

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

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015



|  |    | Consolidated      |                  |
|--|----|-------------------|------------------|
|  |    | 2015              | 2014             |
| Notes                                  |    | \$                | \$               |
| <b>CURRENT ASSETS</b>                  |    |                   |                  |
| Cash and cash equivalents              | 6  | 4,648,784         | 524,746          |
| Trade and other receivables            | 7  | 80,892            | 46,810           |
| <b>TOTAL CURRENT ASSETS</b>            |    | <b>4,729,676</b>  | <b>571,556</b>   |
| <b>NON-CURRENT ASSETS</b>              |    |                   |                  |
| Property, plant & equipment            | 8  | 23,235            | -                |
| Exploration and evaluation expenditure | 9  | 7,711,720         | 6,608,601        |
| <b>TOTAL NON-CURRENT ASSETS</b>        |    | <b>7,734,955</b>  | <b>6,608,601</b> |
| <b>TOTAL ASSETS</b>                    |    | <b>12,464,631</b> | <b>7,180,157</b> |
| <b>CURRENT LIABILITIES</b>             |    |                   |                  |
| Trade and other payables               | 10 | 203,593           | 421,150          |
| <b>TOTAL CURRENT LIABILITIES</b>       |    | <b>203,593</b>    | <b>421,150</b>   |
| <b>TOTAL LIABILITIES</b>               |    | <b>203,593</b>    | <b>421,150</b>   |
| <b>NET ASSETS</b>                      |    | <b>12,261,038</b> | <b>6,759,007</b> |
| <b>EQUITY</b>                          |    |                   |                  |
| Issued capital                         | 11 | 24,059,748        | 13,025,803       |
| Reserves                               | 12 | 1,784,375         | 1,612,586        |
| Accumulated losses                     | 13 | (13,583,085)      | (7,879,382)      |
| <b>TOTAL EQUITY</b>                    |    | <b>12,261,038</b> | <b>6,759,007</b> |

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015



|   | Issued<br>Capital<br>\$ | Accumulated<br>Losses<br>\$ | Loan Share<br>Reserve<br>\$ | Share<br>Based<br>Payments<br>Reserve<br>\$ | Option<br>Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Total<br>\$        |
|---|-------------------------|-----------------------------|-----------------------------|---|-------------------------|---|--------------------|
| <b>BALANCE AT 30 JUNE 2013</b>                              | <b>11,936,177</b>       | <b>(6,416,002)</b>          | -                           | -   | <b>1,231,960</b>        | <b>(8,372)</b>                                      | <b>6,743,763</b>   |
| Loss for the year   | -                       | (1,463,380)                 | -                           | -   | -                       | -   | (1,463,380)        |
| Other comprehensive income                                  | -                       | -                           | -                           | -   | -                       | (16,602)  | (16,602)           |
| <b>Total Comprehensive Loss for the year</b>                | -                       | <b>(1,463,380)</b>          | -                           | -   | -                       | <b>(16,602)</b>                                     | <b>(1,479,982)</b> |
| <b>Transactions with owners in their capacity as owners</b> |                         |                             |                             |   |                         |   |                    |
| Shares Issued during the year                               | 1,157,127               | -                           | -                           | -   | -                       | -   | 1,157,127          |
| Share based payments  | -                       | -                           | -                           | -   | 405,600                 | -   | 405,600            |
| Share Issue expense   | (67,500)                | -                           | -                           | -   | -                       | -   | (67,500)           |
| <b>BALANCE AT 30 JUNE 2014</b>                              | <b>13,025,803</b>       | <b>(7,879,382)</b>          | -                           | -   | <b>1,637,560</b>        | <b>(24,974)</b>                                     | <b>6,759,007</b>   |
| Loss for the year   | -                       | (5,703,703)                 | -                           | -   | -                       | -   | (5,703,703)        |
| Other comprehensive loss                                    | -                       | -                           | -                           | -   | -                       | 24,974  | 24,974             |
| <b>Total Comprehensive Loss for the year</b>                | -                       | <b>(5,703,703)</b>          | -                           | -   | -                       | <b>24,974</b>                                       | <b>(5,678,729)</b> |
| <b>Transactions with owners in their capacity as owners</b> |                         |                             |                             |   |                         |   |                    |
| Shares Issued during the year                               | 12,193,197              | -                           | (1,773,920)                 | -   | -                       | -   | 10,419,277         |
| Share based payments  | -                       | -                           | -                           | 1,779,520                                   | 141,215                 | -   | 1,920,735          |
| Share Issue expense   | (1,159,252)             | -                           | -                           | -   | -                       | -   | (1,159,252)        |
| <b>BALANCE AT 30 JUNE 2015</b>                              | <b>24,059,748</b>       | <b>(13,583,085)</b>         | <b>(1,773,920)</b>          | <b>1,779,520</b>                            | <b>1,778,775</b>        | -   | <b>12,261,038</b>  |

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



STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2015



|   |    | Consolidated       |                  |
|---|----|--------------------|------------------|
|   |    | 2015               | 2014             |
| Notes   |    | \$                 | \$               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |    |                    |                  |
|   |    | (2,435,261)        | (938,229)        |
|   | 14 | <b>(2,435,261)</b> | <b>(938,229)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |    |                    |                  |
|   |    | (2,859,962)        | (955,181)        |
|   |    | (26,546)           | -                |
|   |    | 49,551             | 27,645           |
|   |    | <b>(2,836,957)</b> | <b>(927,536)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |    |                    |                  |
|   |    | 9,994,277          | 1,125,000        |
|   |    | (518,092)          | (73,380)         |
|   |    | <b>9,476,185</b>   | <b>1,051,620</b> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD |    |                    |                  |
|   |    | 4,203,967          | (814,145)        |
|   |    | (79,929)           | 11,829           |
|   |    | 524,746            | 1,327,062        |
|   | 6  | <b>4,648,784</b>   | <b>524,746</b>   |

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



## 1. CORPORATE INFORMATION & STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Corporate Information

The consolidated financial statements of Kibaran Resources Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 29 September 2015.

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 Stock Exchange. The Company 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 Group are described in the Directors' report. Information on the Group's structure is provided in Note 21. Information on other related party relationships is provided in Note 20.

### Significant Accounting Policies

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs.

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ('IFRS').

#### *New and amended standards adopted by the consolidated entity*

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.



| Reference  | Title   | Application date of standard* | Application date for Group* |
|--|---|-------------------------------|-----------------------------|
| AASB 1031  | <p><i>Materiality</i></p> <p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework</i> (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p> <p>AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.</p>   | 1 January 2014                | 1 July 2014                 |
| AASB 2014-1<br>Part A -Annual<br>Improvements<br>2010–2012 Cycle | <p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.</p> <p>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> <li>▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.</li> <li>▶ AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.</li> <li>▶ AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.</li> <li>▶ AASB 116 &amp; AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.</li> </ul> <p>AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.</p> | 1 July 2014                   | 1 July 2014                 |



**New and amended standards applicable in future years**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the annual reporting period ended 30 June 2015. These are outlined below:

| Reference     | Title                 | Summary  | Application date of standard | Application date for Group |
|---------------|-----------------------|--|------------------------------|----------------------------|
| AASB 9/IFRS 9 | Financial Instruments | <p>AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</p> <p>The main changes are described below.</p> <p><i>Financial assets</i></p> <ol style="list-style-type: none"> <li>Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</li> <li>Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</li> <li>Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</li> </ol> <p><i>Financial liabilities</i></p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.</p> <p>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or</li> </ul> | 1 January 2018               | 1 July 2018                |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015



| Reference | Title                                 | Summary  | Application date of standard | Application date for Group |
|-----------|---------------------------------------|--|------------------------------|----------------------------|
|           |                                       | <p>loss</p> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p> <p>Impairment</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>Hedge accounting</p> <p>Amendments to AASB 9 (December 2009 &amp; 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p> |                              |                            |
| AASB 15   | Revenue from Contracts with Customers | <p>AASB 15 <i>Revenue from Contracts with Customers</i> replaces the existing revenue recognition standards AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i> and related Interpretations (Interpretation 13 <i>Customer Loyalty Programmes</i>, Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, Interpretation 18 <i>Transfers of Assets from Customers</i>, Interpretation 131 <i>Revenue—Barter Transactions Involving Advertising Services</i> and Interpretation 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>). AASB 15 incorporates the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). 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 the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>(a) Step 1: Identify the contract(s) with a customer</p> <p>(b) Step 2: Identify the performance obligations in the contract</p>  | 1 January 2017               | 1 July 2017                |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015



| Reference   | Title   | Summary   | Application date of standard | Application date for Group |
|-------------|---|---|------------------------------|----------------------------|
|             |   | <p>(c) Step 3: Determine the transaction price</p> <p>(d) Step 4: Allocate the transaction price to the performance obligations in the contract</p> <p>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>Currently, AASB 15 is effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted. (Note A)</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>  |                              |                            |
|             |   | <p>The core principle of IFRS 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 the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>(a) Step 1: Identify the contract(s) with a customer</p> <p>(b) Step 2: Identify the performance obligations in the contract</p> <p>(c) Step 3: Determine the transaction price</p> <p>(d) Step 4: Allocate the transaction price to the performance obligations in the contract</p> <p>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>Early application of this standard is permitted.</p> |                              |                            |
| AASB 2014-3 | Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11] | <p>AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <p>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and</p> <p>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>This Standard also makes an editorial correction to AASB 11</p>   | 1 January 2016               | 1 July 2016                |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**



| Reference   | Title  | Summary   | Application date of standard | Application date for Group |
|-------------|--|---|------------------------------|----------------------------|
| AASB 2014-4 | Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138) | <p>AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p> | 1 January 2016               | 1 July 2016                |

The impact of the above new and amended standards is yet to be determined.



**Accounting Policies**

**a) Going Concern**

The consolidated entity recorded a loss of \$5,703,703 for the year ended 30 June 2015 (30 June 2014: \$1,463,380) and had net cash outflows from operating and investing activities of \$5,272,218 for the year ended 30 June 2015 (30 June 2014: \$1,865,765). The consolidated entity had cash and cash equivalents at 30 June 2015 of \$4,648,784 (30 June 2014: \$524,746) and has working capital of \$4,526,083 (30 June 2014: \$150,406).

In the event that the Group commences development and is unable to raise additional funds to meet the Group's planned development expenditure in relation to the Epanko Graphite Project and ongoing working capital requirements when required, there is uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern

**b) Income Tax**

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to the profit and loss component of the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to other comprehensive income or equity, in which case the deferred tax is adjusted directly against other comprehensive income or equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**c) Parent entity information**

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





**d) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group 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. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.



**e) 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 and exploitation 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.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area 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 clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Payments for exploration and development expenditure are net of government grants and funding partner contribution.

**f) 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 Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**g) 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*

Plant and equipment are measured on a historical cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.



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 Company and the cost of the item can be measured reliably. All other repairs and maintenance 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 building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the entity commencing from the time the asset is held ready for use as follows:

|                     |           |
|---------------------|-----------|
| Plant and equipment | 3-5 years |
|---------------------|-----------|

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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. These gains and losses are included in the profit and loss component of the statement of comprehensive income.

#### **h) Impairment of Non-Financial Assets**

At each reporting date, the 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.



**i) Foreign Currency Transactions and Balances**

*Functional and presentation currency*

The functional currency of the entity is the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

*Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. 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. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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 deferred in equity as a qualifying cash flow or net investment hedge.

*Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The 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.

**j) Employee benefits**

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees 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.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 has 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 the 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 equity-settled awards are 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 is treated as if they were a modification.

### **k) 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.

### **l) 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.

### **m) 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 30 days.

### **n) Cash and cash equivalents**

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

### **o) Revenue**

Revenue is recognised when it is probable that the economic benefit will flow to the Group 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).

**p) 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.

**q) Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit/(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 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 after income 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.

**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 within the entity.

*Key Estimates — Impairment*

The 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 Company 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 Company 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 by an external valuer using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted.

*Functional currency translation reserve*

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers its foreign subsidiaries to be foreign operations with the currency of the economies they operate in as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

## **2. SEGMENT INFORMATION**

### **Identification of reportable segments**

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

### **Types of service by segment**

As of the date of this report and during the year, the consolidated entity operates in the industry of exploration of graphite and nickel in Tanzania. The operating segments are identified based on the size of the exploration tenements.

The consolidated entity is managed primarily on its tenements. An operating segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environment.

The consolidated entity has determined that the reportable operating segments are based on geographical locations as the assets are 10 percent or more of the combined assets all operating segments in accordance with AASB 8.

### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are

**NOTES TO THE FINANCIAL STATEMENTS  
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consistent to those adopted in Note 1 to the accounts and the annual financial statements of the consolidated entity.

**Basis of accounting for purposes of reporting by operating segments**

*Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

*Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the consolidated entity as a whole and are not allocated. Segment liabilities include trade and other payables.

**Segment Results**

The internal reports that are reviewed and used by the Board of Directors comprise only direct exploration expenditure. This information is used by the Board of Directors in assessing performance and in determining the allocation of resources.

|                             | Australia<br>\$ | Tanzania<br>\$ | Unallocated<br>\$ | Consolidated<br>\$ |
|-----------------------------|-----------------|----------------|-------------------|--------------------|
| <b>2014<br/>Results</b>     |                 |                |                   |                    |
| Segment Revenues            | 27,645          | -              | -                 | 27,645             |
| Segment Results             | (1,434,567)     | (28,813)       | -                 | (1,463,380)        |
| <b>2015<br/>Results</b>     |                 |                |                   |                    |
| Segment Revenues            | 49,551          | -              | -                 | 49,551             |
| Segment Results             | (3,983,375)     | (1,720,328)    | -                 | (5,703,703)        |
| <b>2014<br/>Assets</b>      |                 |                |                   |                    |
| Segment Assets              | -               | 6,608,601      | -                 | 6,608,601          |
| Unallocated assets:         |                 |                |                   |                    |
| Cash and cash equivalents   |                 |                |                   | 524,746            |
| Trade and other receivables |                 |                |                   | 46,810             |
| <b>Total Assets</b>         |                 |                |                   | <b>7,180,157</b>   |
| <b>Liabilities</b>          |                 |                |                   |                    |
| Segment liabilities         | 239,000         | 182,150        | -                 | 421,150            |
| <b>Total Liabilities</b>    | <b>239,000</b>  | <b>182,150</b> | <b>-</b>          | <b>421,150</b>     |





| 2015                        | Australia | Tanzania  | Unallocated | Consolidated      |
|-----------------------------|-----------|-----------|-------------|-------------------|
| Assets                      | \$        | \$        | \$          | \$                |
| Segment Assets              | 10,103    | 7,724,852 | -           | 7,734,955         |
| Unallocated assets:         |           |           |             |                   |
| Cash and cash equivalents   |           |           |             | 4,648,784         |
| Trade and other receivables |           |           |             | 80,892            |
| <b>Total Assets</b>         |           |           |             | <b>12,464,631</b> |

|                          | Australia      | Tanzania     | Unallocated | Consolidated   |
|--------------------------|----------------|--------------|-------------|----------------|
| <b>Liabilities</b>       |                |              |             |                |
| Segment liabilities      | 196,035        | 7,558        | -           | 203,593        |
| <b>Total Liabilities</b> | <b>196,035</b> | <b>7,558</b> | <b>-</b>    | <b>203,593</b> |

|   | Consolidated  |               |
|---|---------------|---------------|
|   | 2015          | 2014          |
|   | \$            | \$            |
| <b>3. REVENUE</b>                             |               |               |
| Interest received from financial institutions | 49,551        | 27,645        |
| <b>Total Revenue</b>                          | <b>49,551</b> | <b>27,645</b> |

|  |                  |                |
|--|------------------|----------------|
| <b>4. EXPENSES</b>                             |                  |                |
| Finance & legal expenses                       | 108,378          | 75,415         |
| Occupancy expense                              | 60,429           | 42,000         |
| Communication expense                          | 58,316           | 15,979         |
| Travel & accommodation                         | 350,753          | 84,516         |
| Foreign currency losses                        | 42,428           | 13,686         |
| Other expenses                                 | 777,369          | 398,915        |
| <b>Total expenses from ordinary activities</b> | <b>1,397,673</b> | <b>630,511</b> |

**5. INCOME TAX EXPENSE**

**a) Income Tax Expense**

The *prima facie* tax on operating loss from ordinary activities before income tax is reconciled to the income tax as follows:

|   |             |             |
|---|-------------|-------------|
| Loss before tax   | (5,703,703) | (1,463,380) |
| <i>Prima facie</i> tax on loss from ordinary activities at tax rate of 30% (2014:30%) | (1,711,111) | (564,508)   |
| Tax effect of amounts not deductible  | 29,167      | 13,810      |
| Benefit of tax losses and timing differences not brought to account as an asset       | 1,681,944   | 550,698     |
| Income tax expense attributable to entity   | -           | -           |



Deferred income tax at balance date relates to the following:

|  | 2015             | 2014             |
|--|------------------|------------------|
|  | \$               | \$               |
| <i>Deferred Tax Assets</i>                                   |                  |                  |
| Foreign exchange translation differences                     | 8,999            | 3,752            |
| Tax losses available to offset against future taxable income | 2,741,662        | 1,059,718        |
| Total deferred tax asset                                     | <u>2,750,661</u> | <u>1,063,470</u> |
| <i>Deferred Tax Liabilities</i>                              |                  |                  |
| Accrued expenditure  | (106,224)        | (17,562)         |
| Deferred tax asset used to offset deferred tax liability     | 106,224          | 17,562           |
| Deferred tax assets not brought to account                   | <u>2,644,437</u> | <u>1,045,908</u> |

The benefit of deferred tax assets not brought to account will only be brought to account 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; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

**6. CASH AND CASH EQUIVALENTS**

|                          | 2015             | 2014           |
|--------------------------|------------------|----------------|
|                          | \$               | \$             |
| Cash at bank and on hand | 4,548,784        | 524,746        |
| Short-term bank deposits | 100,000          | -              |
|                          | <u>4,648,784</u> | <u>524,746</u> |

**7. TRADE AND OTHER RECEIVABLES**

|   | 2015          | 2014          |
|---|---------------|---------------|
|   | \$            | \$            |
| Goods and services taxation receivable <sup>(i)</sup> | 80,892        | 18,223        |
| Other receivables                                     | -             | 28,587        |
|   | <u>80,892</u> | <u>46,810</u> |

(i) Goods and services taxation is non-interest bearing and generally on 14 day terms at the end of each quarter.

(ii) None of the receivables are past due and no impairment is required.



| 8. PROPERTY, PLANT AND EQUIPMENT | 2015<br>\$    | 2014<br>\$ |
|----------------------------------|---------------|------------|
| At cost                          | 26,545        | -          |
| Accumulated depreciation         | 3,310         | -          |
|                                  | <b>23,235</b> | <b>-</b>   |

**a) Movements in Carrying Amounts:**

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:

|                         | Office<br>Equipment | Computing<br>Equipment | Total         |
|-------------------------|---------------------|------------------------|---------------|
| Balance at 1 July 2014  | -                   | -                      | -             |
| Additions               | 2,885               | 23,660                 | 26,545        |
| Depreciation expense    | (436)               | (2,874)                | (3,310)       |
| Balance at 30 June 2015 | <b>2,449</b>        | <b>20,786</b>          | <b>23,235</b> |

| 9. EXPLORATION AND EVALUATION EXPENDITURE               | 2015<br>\$       | 2014<br>\$       |
|---|------------------|------------------|
| Exploration and evaluation expenditure carried forward: |                  |                  |
| Carrying amount as at 1 July                            | 6,608,601        | 5,855,381        |
| Exploration expenditure capitalised                     | 2,570,423        | 753,220          |
| Exploration expenditure impaired <sup>1</sup>           | (1,467,304)      | -                |
| Carrying amount as at 30 June                           | <b>7,711,720</b> | <b>6,608,601</b> |

<sup>1</sup> This relates to the impairment of the Kagera Nickel project. The Group has impaired the carrying value of the Kagera Nickel project as substantive expenditure on further exploration for and evaluation for the Kagera Nickel project is neither budgeted nor planned as the Group focuses on developing its graphite assets.

Recoverability of the remaining carrying amount of exploration 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.

| 10. TRADE AND OTHER PAYABLES   | 2015<br>\$     | 2014<br>\$     |
|--------------------------------|----------------|----------------|
| Trade payables <sup>1</sup>    | 18,980         | 304,775        |
| Accruals                       | 106,223        | 102,254        |
| Payroll payables               | 47,919         | 14,121         |
| Sundry payables                | 30,471         | -              |
| Total trade and other payables | <b>203,593</b> | <b>421,150</b> |

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

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11. ISSUED CAPITAL

167,534,223 (2014: 92,327,669) fully paid ordinary shares

24,059,748

13,025,803

(a) Ordinary Shares

|                                  | Date     | \$                | Issue Price | No. of Shares      |
|----------------------------------|----------|-------------------|-------------|--------------------|
| <b>At 30 June 2013</b>           |          | <b>11,936,176</b> |             | <b>67,076,404</b>  |
| Conversion of Performance Share  | 28/01/14 | -                 |             | 15,930,000         |
| Placement                        | 06/02/14 | 1,125,000         | \$0.125     | 9,000,000          |
| Placement                        | 06/02/14 | 32,127            | \$0.10      | 321,265            |
| Transaction Costs                | -        | (67,500)          |             | -                  |
| <b>At 30 June 2014</b>           |          | <b>13,025,803</b> |             | <b>92,327,669</b>  |
| Placement July                   | 11/07/14 | 3,116,059         | 0.135       | 23,081,916         |
| Option Exercise                  | 16/07/14 | 300,000           | 0.200       | 1,500,000          |
| Option Exercise                  | 21/07/14 | 150,000           | 0.100       | 1,500,000          |
| Option Exercise                  | 22/07/14 | 180,000           | 0.300       | 600,000            |
| Option Exercise                  | 22/07/14 | 50,000            | 0.100       | 500,000            |
| Option Exercise                  | 8/08/14  | 80,000            | 0.100       | 800,000            |
| Option Exercise                  | 10/09/14 | 222               | 0.200       | 1,112              |
| Loan Shares                      | 15/10/14 | 905,920           | 0.238       | 3,800,000          |
| Option Exercise                  | 21/10/14 | 200,000           | 0.200       | 1,000,000          |
| Option Exercise                  | 21/10/14 | 100,000           | 0.200       | 500,000            |
| Option Exercise                  | 22/10/14 | 100,000           | 0.200       | 500,000            |
| Option Exercise                  | 22/10/14 | 20,000            | 0.100       | 200,000            |
| Option Exercise                  | 23/03/15 | 15,000            | 0.100       | 150,000            |
| Option Exercise                  | 30/03/15 | 15,000            | 0.100       | 150,000            |
| Placement April 2015             | 27/04/15 | 4,148,000         | 0.170       | 24,400,000         |
| Consultant Shares                | 27/04/15 | 425,000           | 0.170       | 2,500,000          |
| Share Purchase Plan <sup>1</sup> | 15/05/15 | 1,499,996         | 0.170       | 8,823,526          |
| Option Exercise                  | 26/06/15 | 20,000            | 0.100       | 200,000            |
| Loan Shares                      | 30/06/15 | 868,000           | 0.174       | 5,000,000          |
| Transaction Costs                |          | (1,159,252)       |             | -                  |
| <b>At 30 June 2015</b>           |          | <b>24,059,748</b> |             | <b>167,534,223</b> |

Note 1: The plan shares were granted on 30 June 2015, however the shares were not issued until 8 July 2015.

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



(b) Options:

The unissued ordinary shares of the Company under option are as follows:

2015

| Grant Date | Date of Expiry | Exercise Price | Balance at start of the year | Granted          | Exercised          | Expired unexercised | Balance at end of the year |
|------------|----------------|----------------|------------------------------|------------------|--------------------|---------------------|----------------------------|
| 22/10/2010 | 21/10/2015     | 0.20           | 3,500,000                    | -                | (3,500,000)        | -                   | -                          |
| 24/03/2011 | 24/03/2015     | 0.25           | 2,500,000                    | -                | -                  | (2,500,000)         | -                          |
| 31/03/2011 | 31/03/2015     | 0.25           | 700,000                      | -                | -                  | (700,000)           | -                          |
| 31/03/2011 | 30/09/2015     | 0.35           | 700,000                      | -                | -                  | -                   | 700,000                    |
| 31/03/2011 | 31/03/2015     | 0.30           | 600,000                      | -                | (600,000)          | -                   | -                          |
| 31/03/2011 | 31/03/2016     | 0.40           | 700,000                      | -                | -                  | -                   | 700,000                    |
| 24/07/2012 | 30/06/2015     | 0.10           | 3,500,000                    | -                | (3,500,000)        | -                   | -                          |
| 12/02/2013 | 11/02/2017     | 0.27           | 800,000                      | -                | -                  | -                   | 800,000                    |
| 05/02/2014 | 03/08/15       | 0.20           | 4,500,000                    | -                | (1,112)            | -                   | 4,498,888                  |
| 12/05/2014 | 11/05/17       | 0.193          | 4,000,000                    | -                | -                  | -                   | 4,000,000                  |
| 15/05/2015 | 26/10/2016     | 0.30           | -                            | 750,000          | -                  | -                   | 750,000                    |
| 30/06/2015 | 29/10/2017     | 0.40           | -                            | 4,000,000        | -                  | -                   | 4,000,000                  |
|            | <b>TOTAL</b>   |                | <b>21,500,000</b>            | <b>4,750,000</b> | <b>(7,601,112)</b> | <b>(3,200,000)</b>  | <b>15,448,888</b>          |

Weighted average exercise price of options outstanding at 30 June 2015: \$0.27

2014

| Grant Date | Date of Expiry | Exercise Price | Balance at start of the year | Granted                | Exercised | Expired/ Exercised | Balance at end of the year |
|------------|----------------|----------------|------------------------------|------------------------|-----------|--------------------|----------------------------|
| 22/10/2010 | 21/10/2015     | 0.20           | 3,500,000                    | -                      | -         | -                  | 3,500,000                  |
| 24/03/2011 | 24/03/2015     | 0.25           | 2,500,000                    | -                      | -         | -                  | 2,500,000                  |
| 31/03/2011 | 31/03/2015     | 0.25           | 700,000                      | -                      | -         | -                  | 700,000                    |
| 31/03/2011 | 30/09/2015     | 0.35           | 700,000                      | -                      | -         | -                  | 700,000                    |
| 31/03/2011 | 31/03/2015     | 0.30           | 600,000                      | -                      | -         | -                  | 600,000                    |
| 24/07/2012 | 30/06/2015     | 0.10           | 3,500,000                    | -                      | -         | -                  | 3,500,000                  |
| 31/03/2011 | 31/03/2016     | 0.40           | 700,000                      | -                      | -         | -                  | 700,000                    |
| 12/02/2013 | 11/02/2017     | 0.27           | 800,000                      | -                      | -         | -                  | 800,000                    |
| 05/02/2014 | 03/08/15       | 0.20           | -                            | 4,500,000 <sup>1</sup> | -         | -                  | 4,500,000                  |
| 12/05/2014 | 11/05/17       | 0.193          | -                            | 4,000,000 <sup>2</sup> | -         | -                  | 4,000,000                  |
|            | <b>TOTAL</b>   |                | <b>13,000,000</b>            | <b>8,500,000</b>       | <b>-</b>  | <b>-</b>           | <b>21,500,000</b>          |



<sup>1</sup> Options granted pursuant to placement of shares

<sup>2</sup> Options granted as share based payments to consultants and KMP

Weighted average exercise price of options outstanding at 30 June 2014: \$0.13

The weighted average remaining contractual life of options outstanding at 30 June 2015 was 1.30 years (2014: 1.30 years).

**(c) Performance Shares**

At 30 June 2015 there were 15,000,000 (30 June 2014: 15,000,000) performance shares on issue.

22,500,000 performance shares were issued in 2010 to the vendors of the nickel project, Castillian Resources (Tanzania) Limited. These shares can be converted to ordinary shares once certain agreed milestones relating to resource and reserve levels are achieved. 7,500,000 of these performance shares expired in October 2014 as the agreed milestones were not achieved. The remaining performance shares expire in October 2015 (with an option for 1 year extension).

|   | Consolidated       |                  |
|---|--------------------|------------------|
|   | 2015               | 2014             |
|   | \$                 | \$               |
| <b>12. RESERVES</b>                         |                    |                  |
| Foreign currency reserve                    | -                  | (24,974)         |
| Share option Reserve                        | 1,778,775          | 1,637,560        |
| Loan Share Reserve                          | (1,773,920)        | -                |
| Share based Payments                        | 1,779,520          | -                |
|   | <b>1,784,375</b>   | <b>1,612,586</b> |
| <b>Movement in foreign currency reserve</b> |                    |                  |
| Balance at beginning of the year            | (24,974)           | (8,372)          |
| Foreign exchange translation differences    | 24,974             | (16,602)         |
| Balance at the end of the year              | -                  | <b>(24,974)</b>  |
| <b>Movement in share option reserve</b>     |                    |                  |
| Balance at beginning of the year            | 1,637,560          | 1,231,960        |
| Share based payment expense for the year    | 141,215            | 405,600          |
| Balance at the end of the year              | <b>1,778,775</b>   | <b>1,637,560</b> |
| <b>Movement in loan share reserve</b>       |                    |                  |
| Balance at beginning of the year            | -                  | -                |
| Plan shares issued during the year          | (1,773,920)        | -                |
| Balance at the end of the year              | <b>(1,773,920)</b> | -                |



|  | Consolidated     |          |
|--|------------------|----------|
|  | 2015             | 2014     |
|  | \$               | \$       |
| <b>Movement in share based payments</b>        |                  |          |
| Balance at beginning of the year               | -                | -        |
| Plan shares and options issued during the year | 1,779,520        | -        |
| Balance at the end of the year                 | <u>1,779,520</u> | <u>-</u> |

#### Foreign currency reserve

The reserve issued to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

#### Share option reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

#### Plan share reserve

The reserve is used to recognise the value of loans associated with the Plan shares provided to executives as part of their remuneration, and other parties as part of their compensation for services.

#### Share based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

|   | Consolidated        |                    |
|---|---------------------|--------------------|
|   | 2015                | 2014               |
|   | \$                  | \$                 |
| <b>13. ACCUMULATED LOSSES</b>                   |                     |                    |
| Accumulated losses at the beginning of the year | (7,879,382)         | (6,416,002)        |
| Loss for the year                               | (5,703,703)         | (1,463,380)        |
| Accumulated losses at the end of the year       | <u>(13,583,085)</u> | <u>(7,879,382)</u> |



#### 14. CASH FLOW INFORMATION

##### Reconciliation of Cash Flow from Operations with Profit after Income Tax

|  |                    |                  |
|--|--------------------|------------------|
| Loss for year  | (5,703,703)        | (1,463,380)      |
| <b>Adjustments for:</b>                              |                    |                  |
| Share based payments                                 | 1,920,763          | 405,600          |
| Interest income                                      | (49,551)           | (27,645)         |
| Depreciation   | 3,310              | -                |
| Impairment of capitalised exploration assets         | 1,467,304          | -                |
| Unrealised foreign exchange losses                   | 178,281            | -                |
| (Increase) / decrease in trade and other receivables | (34,109)           | (8,768)          |
| Increase / (decrease) in trade and other payables    | (217,556)          | 155,964          |
| <b>Cash flow used in Operations</b>                  | <b>(2,435,261)</b> | <b>(938,229)</b> |

#### 15. EXPENDITURE COMMITMENTS

##### (a) Mineral Tenement Leases

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet minimum expenditure requirements of \$1,286,955 (2014: \$758,105) over the next 12 months, as per the work programmes submitted over the Company's exploration licences.

Financial commitments for subsequent periods are contingent upon future exploration results and cannot be estimated.

#### 16. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

|  | Consolidated |             |
|--|--------------|-------------|
|  | 2015         | 2014        |
| <b>a) Reconciliation of earnings to profit or loss</b>   |              |             |
| Loss for the year used in calculating basic and diluted loss per share                               | (5,703,703)  | (1,463,380) |
| Weighted average number of ordinary shares used in calculating basic loss and diluted loss per share | 129,828,697  | 77,500,523  |

Effect of dilutive securities:

15,448,888 share options on issue at year end (2014: 21,500,000) are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the earnings per share.

15,000,000 performance shares on issue at year end (2014: 15,000,000) are not considered dilutive as the conversion to ordinary shares is considered unlikely.





## 17. AUDITOR'S REMUNERATION

### *Audit services*

|   |        |        |
|---|--------|--------|
| Audit or review of the financial statements | 26,000 | 25,750 |
|---|--------|--------|

### *Other services*

|                       |               |               |
|-----------------------|---------------|---------------|
| Tax advisory services | 7,500         | -             |
|                       | <b>33,500</b> | <b>25,750</b> |

## 18. SHARE BASED PAYMENTS

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

Details of share issued under the Executive Share Incentive Plan are detailed in Note 19.

Details of options issued are:

### *Terms and Conditions*

The terms and conditions relating to the grant of existing share options are as follows:

| Grant Date | Number of Instruments | Vesting Conditions     | Expiry Date | Contractual life of options |
|------------|-----------------------|------------------------|-------------|-----------------------------|
| 15/05/2015 | 750,000               | None                   | 26/10/2016  | 1.4 year                    |
| 30/06/2015 | 1,000,000             | None                   | 29/10/2017  | 2.3 years                   |
| 30/06/2015 | 2,000,000             | Funding raising target | 29/10/2017  | 2.3 years                   |
| 30/06/2015 | 1,000,000             | Target share price     | 29/10/2017  | 2.3 years                   |
|            | <b>4,750,000</b>      |                        |             |                             |

### *Movements*

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

|                                   | 2015              | 2015 | 2014              | 2014  |
|-----------------------------------|-------------------|------|-------------------|-------|
|                                   | Number            | WAEP | Number            | WAEP  |
| Outstanding at 1 July             | 21,500,000        | 0.13 | 13,000,000        | 0.213 |
| Issued during the year            | 4,750,000         | 0.38 | 8,500,000         | 0.193 |
| Exercised/expired during the year | (10,801,112)      | 0.19 | -                 | -     |
| Outstanding at 30 June            | <u>15,448,888</u> | 0.27 | <u>21,500,000</u> | 0.13  |
| Exercisable at 30 June            | <u>13,448,888</u> | 0.26 | <u>21,500,000</u> | 0.13  |

**NOTES TO THE FINANCIAL STATEMENTS  
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The model inputs for the options granted during the year were as follows:

|                              |            |            |
|------------------------------|------------|------------|
| Quantity                     | 750,000    | 4,000,000  |
| Grant date                   | 15/05/2015 | 30/06/2015 |
| Expiry date                  | 26/10/2016 | 29/10/2017 |
| Grant date share price       | \$0.18     | \$0.18     |
| Exercise price               | \$0.30     | \$0.40     |
| Expected volatility          | 85.74%     | 85.74%     |
| Option life (years)          | 1.4        | 2.3        |
| Expected dividend yield      | 0%         | 0%         |
| Risk free rate at grant date | 2.01%      | 2.05%      |

**19. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES**

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

| <u>Name</u>       | <u>Position</u>                                   |
|-------------------|---|
| John Conidi       | Non-Executive Director                            |
| Andrew Spinks     | Managing Director                                 |
| Grant Pierce      | Executive Director Projects                       |
| Robert Hodby      | CFO/Company Secretary                             |
| John Park         | Non-Executive Chairman (passed away 15 June 2015) |
| Simon O'Loughlin  | Non-Executive Director (resigned 21 August 2014)  |
| Robert Greenslade | Non-Executive Director (resigned 21 August 2014)  |

**(a) Key management personnel compensation**

The aggregate compensation made to key management personnel of the consolidated entity is set out below:

|                              | <b>2015</b>      | <b>2014</b>    |
|------------------------------|------------------|----------------|
|                              | <b>\$</b>        | <b>\$</b>      |
| Short term employee benefits | 646,197          | 439,052        |
| Post-employment benefits     | 35,698           | 9,314          |
| Share based payments         | 1,779,520        | 354,900        |
|                              | <b>2,461,415</b> | <b>803,266</b> |

*Executive Share Incentive Plan*

Under the plan, eligible employees are offered shares in the Company at prices determined by the Board. The Board has the ultimate discretion to impose special conditions on the shares issued under the ESP and can grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are escrowed until the loan has been fully repaid. ESP participants receive all the rights associated with the ordinary shares.

Loans granted to participants are limited recourse and interest free unless otherwise determined by the Board. The loans are to be repaid via cash payment and/or the sale of the plan shares. Where

**NOTES TO THE FINANCIAL STATEMENTS  
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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 Group.

During the year, the Company issued the following shares under the ESP:

- 1) 2,000,000 shares at 23.84 cents per share to Andrew Spinks, Managing Director, on 15 October 2014 after shareholder approval
- 2) 300,000 shares at 23.84 cents per share to John Park, Non-Executive Chairman, on 15 October 2014 after shareholder approval
- 3) 1,500,000 shares at 23.84 cents per share to Robert Hodby, Company Secretary, on 15 October 2014 after shareholder approval
- 4) 1,250,000 shares at 17.36 cents per share to Andrew Spinks, Managing Director, on 30 June 2015 after shareholder approval
- 5) 1,250,000 shares at 17.36 cents per share to Grant Pierce, Executive Director Projects, on 30 June 2015 after shareholder approval
- 6) 1,250,000 shares at 17.36 cents per share to John Conidi, Non-Executive Director, on 30 June 2015 after shareholder approval
- 7) 1,250,000 shares at 17.36 cents per share to Robert Hodby, Company Secretary, on 30 June 2015 after shareholder approval

The above shares vest on issue and as such, there are not considered to be any service conditions attaching to the grant of shares under the ESP, and the full expense is recognised at grant date.

*Fair value of shares granted*

Shares granted under the ESP are accounted for as "in-substance" options due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares. The fair value at grant date for the various tranches of shares issued under the ESP is determined using a Black Scholes methodology using the following model inputs:

*October Issue*

|  |                  |
|--|------------------|
| Shares issued  | 3,800,000        |
| Loan price per share (AUD cents)                             | 23.84            |
| Valuation date   | 9 September 2014 |
| Loan expiry date   | 14 October 2019  |
| Underlying security spot price at valuation date (AUD cents) | 33.5             |
| Expected price volatility of the Company's shares            | 140%             |
| Expected dividend yield                                      | 0%               |
| Expected life (years)  | 5.0              |
| Risk-free interest rate                                      | 3.06%            |
| Black Scholes valuation per share (AUD cents per share)      | 30.54            |

*June Issue*

|  |              |
|--|--------------|
| Shares issued  | 5,000,000    |
| Loan price per share (AUD cents)                             | 17.36        |
| Valuation date   | 30 June 2015 |
| Loan expiry date   | 7 July 2020  |
| Underlying security spot price at valuation date (AUD cents) | 18.0         |
| Expected price volatility of the Company's shares            | 85.74%       |
| Expected dividend yield                                      | 0%           |

**NOTES TO THE FINANCIAL STATEMENTS  
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|   |       |
|---|-------|
| Expected life (years)                                   | 5.0   |
| Risk-free interest rate                                 | 2.32% |
| Black Scholes valuation per share (AUD cents per share) | 12.38 |

*Movements in employee share plan shares issued with limited recourse employee loans:*

| Date                             | Details              | Number of Shares | Nominal Value           |
|----------------------------------|----------------------|------------------|-------------------------|
|                                  |                      |                  | \$                      |
| Balance at beginning of the year |                      | -                |                         |
| 15 October 2014                  | Issued during period | 3,800,000        | <b>905,920</b>          |
| 30 June 2015                     | Issued during period | 5,000,000        | <b>868,000</b>          |
| Balance at the end of the year   |                      | <u>8,800,000</u> | <u><b>1,773,920</b></u> |

**20. RELATED PARTY DISCLOSURES**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties :

**(a) Parent entity**

Kibaran Resources Limited is the parent entity.

**(b) Subsidiaries**

Interests in subsidiaries are set out in note 21.

**(c) Key Management Personnel**

Disclosures relating to key management personnel are set out in note 18 and the remuneration report in the directors' report.

**(d) Transactions with related parties**

Strategic Resource Management Pty Ltd, a company of which Mr Spinks and Mr Hodby are Directors, provided the consolidated entity with geological services, a fully serviced office including administration and information technology support totalling \$101,000 (2014: \$132,500) and reimbursement of payments for drilling and explorations costs in Tanzania and minor expenses at a cost of \$100,671 (2014: \$160,612). As at 30 June 2015 there is \$18,700 (2014: \$59,359) payable to Strategic Resource management Pty Ltd.

These transactions have been entered into under normal commercial terms and at market rates.

**21. SUBSIDIARIES**

|  | Country of Incorporation | Percentage Owned (%) |      |
|--|--------------------------|----------------------|------|
|  |                          | 2015                 | 2014 |
| Subsidiaries of Kibaran Resources Ltd: |                          |                      |      |
| Tanzanian Exploration Company Pty Ltd  | Australia                | 100                  | 100  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**



|   |           |     |     |
|---|-----------|-----|-----|
| Castillian Resources (Tanzania) Limited | Tanzania  | 100 | 100 |
| Kibaran Nickel Tanzania Limited         | Tanzania  | 100 | 100 |
| TanzGraphite Pty Ltd                    | Australia | 100 | 100 |
| TanzGraphite (TZ) Limited               | Tanzania  | 100 | 100 |

**22. PARENT ENTITY INFORMATION**

Set out below is the supplementary information about the parent entity.

*Statement of comprehensive income*

|                            | <b>2015</b>        | <b>2014</b>        |
|----------------------------|--------------------|--------------------|
|                            | <b>\$</b>          | <b>\$</b>          |
| Loss after income tax      | (7,380,117)        | (1,767,693)        |
| Total comprehensive income | <u>(7,380,117)</u> | <u>(1,767,693)</u> |

*Statement of financial position*

|                           |                         |                         |
|---------------------------|-------------------------|-------------------------|
| Total current assets      | 4,559,600               | 363,179                 |
| Total assets              | <u>7,899,743</u>        | <u>4,224,596</u>        |
| Total current liabilities | 120,263                 | 239,531                 |
| Total liabilities         | <u>120,263</u>          | <u>239,531</u>          |
| Equity                    |                         |                         |
| Issued capital            | 24,059,748              | 13,025,803              |
| Share option reserve      | 1,778,147               | 1,637,560               |
| Accumulated losses        | (18,058,415)            | (10,678,298)            |
| Total equity              | <u><b>7,779,480</b></u> | <u><b>3,985,065</b></u> |

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2015 and 30 June 2014.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2015.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity
- Associates are accounted for at cost, less any impairment, in the parent entity



### **23. FINANCIAL INSTRUMENTS**

The consolidated entity's activities expose it to a variety of financial risks, market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the consolidated entity does not enter into derivative transactions to mitigate the financial risks. In addition, the consolidated entity's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the consolidated entity's operations change, the directors will review this policy periodically going forward.

The Company's financial instruments consist mainly of cash, short-term deposits with banks, local money market instruments and accounts payable. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

Details of the significant accounting policies and methods adopted, include 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 1 to the financial statements.

The main risks arising from the Company's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

#### **Fair values**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

#### **Foreign currency risk**

The consolidated entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**



The consolidated entity operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US\$, ZAR and EUR due to its operations in Tanzania. Exploration activity in overseas operations is transacted in US\$, TZS, ZAR and EUR.

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

|            | Assets         |               | Liabilities  |                |
|------------|----------------|---------------|--------------|----------------|
|            | 2015<br>\$     | 2014<br>\$    | 2015<br>\$   | 2014<br>\$     |
| US Dollars | 162,950        | 64,179        | -            | 137,905        |
| Euro       | -              | -             | 6,540        | 10,252         |
|            | <b>162,950</b> | <b>64,179</b> | <b>6,540</b> | <b>148,157</b> |

|                           | % change | AUD strengthened                  |                     | % change | AUD weakened                      |                     |
|---------------------------|----------|-----------------------------------|---------------------|----------|-----------------------------------|---------------------|
|                           |          | Effect on<br>profit before<br>tax | Effect on<br>equity |          | Effect on<br>profit before<br>tax | Effect on<br>equity |
| <b>2015</b>               |          |                                   |                     |          |                                   |                     |
| AUD to foreign currencies | 5%       | 8,148                             | 8,148               | 5%       | 8,148                             | (8,148)             |
| <b>2014</b>               |          |                                   |                     |          |                                   |                     |
| AUD to foreign currencies | 5%       | 7,408                             | 10,617              | 5%       | (7,408)                           | (10,617)            |

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.



**Interest rate risk**

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash, local money market instruments and short-term deposits. Cash includes funds held in term deposits and cheque accounts during the year, which earned variable interest at rates ranging between 0% to 3.6% (2014: 0% to 4.3%), depending on the bank account type and account balances. The Company has no loans or borrowings.

At the reporting date, the interest rate profile for the Company and the Company interest-bearing financial instruments was:

|                                | 30 June 2015    |            | 30 June 2014                |             |
|--------------------------------|-----------------|------------|-----------------------------|-------------|
|                                | Carrying amount | Fair Value | Carrying amount             | Fair Value  |
| Cash and cash equivalents      | 4,648,784       | 4,648,784  | 524,746                     | 524,746     |
|                                |                 |            | <b>Carrying Amount (\$)</b> |             |
|                                |                 |            | <b>2015</b>                 | <b>2014</b> |
| Variable rate financial assets |                 |            | 4,648,784                   | 524,746     |

A change of 1% in the variable interest rates at the reporting date would have increased/decreased profit and loss and equity by the amounts shown below. The analysis that all other variables remain constant.

|             | 2015     | 2014    |
|-------------|----------|---------|
|             | \$       | \$      |
| 1% increase | 46,488   | 5,247   |
| 1% decrease | (46,488) | (5,247) |

The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

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





The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

|                          | Carrying<br>Amount | Contractual<br>Cash Flows | 1 year<br>or less | Between 1<br>and 2 years | Between 2<br>and 5 years | Over 5<br>Years |
|--------------------------|--------------------|---------------------------|-------------------|--------------------------|--------------------------|-----------------|
|                          | \$                 | \$                        | \$                | \$                       | \$                       | \$              |
| <b>2015</b>              |                    |                           |                   |                          |                          |                 |
| Trade and other payables | 203,593            | 203,593                   | 203,593           | -                        | -                        | -               |
| <b>2014</b>              |                    |                           |                   |                          |                          |                 |
| Trade and other payables | 421,150            | 421,150                   | 421,150           | -                        | -                        | -               |

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

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.

#### Capital risk management

The consolidated entity's objectives when managing capital are to safeguard the ability to continue as a going concern, so that the consolidated entity can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The consolidated entity's overall strategy remains unchanged from 2014.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debts.



#### **24. CONTINGENT LIABILITIES**

The Board is not aware of any other circumstances or information which leads them to believe there are any material contingent liabilities outstanding as at 30 June 2015.

#### **25. EVENTS AFTER BALANCE DATE**

Subsequent to 30 June 2015 Kibaran announced that it had been granted a Mining Licence for its Epanko Graphite Project paving the way for the development of Epanko. The Group has also released the results of a Bankable Feasibility Study for the Epanko Graphite Project showing the technical and commercial viability of the Project. This positive result then led to the finalisation of an Offtake Agreement with German conglomerate, ThyssenKrupp, for 50% of the planned output at Epanko, further strengthening its development potential.

Other than this there have not been any events that have arisen in the interval between the end of the financial year 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 of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

## DIRECTORS DECLARATION



The Directors of the Company declare that:

- 1) The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, 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 as at 30 June 2015 and of the performance for the year ended on that date of the consolidated entity.
- 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 the achievement of the matters set out in Note 1(a), 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

**Andrew Spinks**

**Managing Director**

**Perth, 30 September 2015**

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

## Report on the financial report

We have audited the accompanying financial report of Kibaran Resources Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

## Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

## Opinion

In our opinion:

- (a) the financial report of Kibaran Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

## Opinion

In our opinion, the Remuneration Report of Kibaran Resources Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Gavin Buckingham  
Partner  
Perth  
30 September 2015



## ASX ADDITIONAL INFORMATION

### a) Distribution of Listed Securities (as at 21 September 2015)

|                    | Fully Paid Ordinary Shares | Number of holders |
|--------------------|----------------------------|-------------------|
| 1 - 1,000          | 22,529                     | 71                |
| 1,001 - 5,000      | 1,170,247                  | 371               |
| 5,001 - 10,000     | 2,562,687                  | 312               |
| 10,001 - 100,000   | 35,046,136                 | 894               |
| 100,001 - and over | 128,827,624                | 248               |
| <b>TOTAL</b>       | <b>167,629,223</b>         | <b>1,896</b>      |

### b) Top Twenty Ordinary Shareholders (as at 21 September 2015)

| Name   | Number of Ordinary Shares held | %             |
|--|--------------------------------|---------------|
| STRATEGIC RESOURCE MANAGEMENT PTY LTD                              | 13,217,736                     | 7.94          |
| J P MORGAN NOMINEES AUSTRALIA LIMITED                              | 8,178,678                      | 4.92          |
| TALISMAN CAPITAL PTE LTD   | 4,882,353                      | 2.93          |
| MR MARK CHRISTOPHER JOBLING  | 3,855,000                      | 2.32          |
| DR PETER DENNETT MEIER & MRS LYNETTE SUZANNE MEIER                 | 3,692,093                      | 2.22          |
| COLBERN FIDUCIARY NOMINEES PTY LTD                                 | 3,327,000                      | 2.00          |
| MR ANDREW PETER SPINKS <A S GOLD SF A/C>                           | 3,199,962                      | 1.92          |
| TY WEBB PTY LTD <TY WEBB A/C>                                      | 2,972,300                      | 1.79          |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                          | 2,881,315                      | 1.73          |
| DAVID HODBY NOMINEES PTY LTD <HODBY SUPER FUND>                    | 2,395,536                      | 1.44          |
| GOLD ELEGANT (HK) INVESTMENT LIMITED                               | 1,600,000                      | 0.96          |
| MR NICOLA CONIDI & MRS GIANNINA CONIDI <NICK & JAN CONIDI S/F A/C> | 1,593,000                      | 0.96          |
| GRANT PIERCE   | 1,545,000                      | 0.93          |
| GP SECURITIES  | 1,500,000                      | 0.90          |
| RWH NOMINEES PTY LTD <RWH A/C>                                     | 1,307,000                      | 0.79          |
| IDINOC PTY LTD <J & R CONIDI FAMILY>                               | 1,250,000                      | 0.75          |
| ANDREW SPINKS  | 1,250,000                      | 0.75          |
| GR ENGINEERING SERVICES LIMITED                                    | 1,470,588                      | 0.88          |
| MR TONY ATHAS & MRS ANGELA ATHAS <ATHAS FAMILY SUPER FUND A/C>     | 1,050,000                      | 0.63          |
| LTL CAPITAL PTY LTD <LTL CAPITAL TRADING A/C>                      | 1,000,000                      | 0.60          |
| <b>Total Top 20 Shareholders</b>                                   | <b>62,167,561</b>              | <b>37.36</b>  |
| <b>Other Shareholders</b>  | <b>104,211,662</b>             | <b>62.64</b>  |
| <b>Total ordinary shares on issue</b>                              | <b>166,379,223</b>             | <b>100.00</b> |



## ASX ADDITIONAL INFORMATION

**c) Non marketable parcels (as at 21 September 2015)**

The number of shareholders holding less than a marketable parcel of shares is 201, totalling 274,025 ordinary shares.

**d) Voting rights**

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

**e) Franking Credits**

The Company has nil franking credits.

**f) Restricted Securities (as at 21 September 2015)**

The Company has 1,250,000 securities subject to voluntary escrow until the 27 October 2015.

**g) Substantial Shareholders (as at 21 September 2015)**

| Name          | Number of Ordinary Shares held | %     |
|---------------|--------------------------------|-------|
| Andrew Spinks | 18,001,998                     | 10.75 |

**h) On-Market Buy Back**

There is no current on market buy back.



## ASX ADDITIONAL INFORMATION

### i) Other Securities on issue (as at 21 September 2015)

|                  | Options<br>(1) | Options<br>(2) | Options<br>(3) | Options<br>(4) | Options<br>(5) | Options<br>(6) | Options<br>(7) | Performance<br>Shares<br>(9) |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------------|
| 1 – 1,000        | 2              | 1              | 2              | 4              | 1              | 2              | 8              | 1                            |
| 1,001 – 5,000    | -              | -              | -              | -              | -              | -              | -              | -                            |
| 5,001 – 10,000   | -              | -              | -              | -              | -              | -              | -              | -                            |
| 10,001 – 100,000 | -              | -              | -              | -              | -              | -              | -              | -                            |
| 100,001 and over | -              | -              | -              | -              | -              | -              | -              | -                            |
|                  | <b>2</b>       | <b>1</b>       | <b>2</b>       | <b>4</b>       | <b>1</b>       | <b>2</b>       | <b>8</b>       | <b>1</b>                     |

|                              | Options<br>(1) | Options<br>(2) | Options<br>(3) | Options<br>(4) | Options<br>(5) | Options<br>(6) | Options<br>(7) | Performance<br>Shares<br>(9) |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------------|
| Number on issue              | 700,000        | 700,000        | 800,000        | 4,000,000      | 4,000,000      | 750,000        | 1,050,000      | 15,000,000                   |
| Number of holders            | 2              | 1              | 2              | 4              | 1              | 2              | 8              | 1                            |
| Yoix Pty Ltd                 | -              | -              | -              | 1,000,000      | -              | -              | -              | -                            |
| Castillian Resources Limited | -              | -              | -              | -              | -              | -              | -              | 15,000,000                   |
| Grant Pierce                 | -              | -              | 300,000        | 1,500,000      | -              | -              | -              | -                            |
| John Park                    | -              | -              | 500,000        | 1,000,000      | -              | -              | -              | -                            |
| Sven Olson                   | -              | -              | -              | 500,000        | -              | -              | 250,000        | -                            |
| Argonaut Securities          | -              | -              | -              | -              | 4,000,000      | -              | -              | -                            |
| Christoph Frey               | -              | -              | -              | -              | -              | 250,000        | -              | -                            |
| Joint Gain Worldwide Ltd     | -              | -              | -              | -              | -              | -              | 100,000        | -                            |

\*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      | 30/09/2015 | \$0.35         | 700,000           |
| 2      | 31/03/2016 | \$0.40         | 700,000           |
| 3      | 11/02/2017 | \$0.27         | 800,000           |
| 4      | 11/05/2017 | \$0.193        | 4,000,000         |
| 5      | 26/10/2017 | \$0.40         | 4,000,000         |
| 6      | 17/10/2017 | \$0.30         | 750,000           |
| 7      | 13/07/2017 | \$0.174        | 1,050,000         |

8 The performance shares will convert into 15,000,000 ordinary shares upon achievement of milestones as noted in the Castillian Resources share sale agreement entered on 21 October 2010.





The tenements below are located in Tanzania and are 100% owned by Kibaran Resources Limited group and controlled by the following subsidiaries:

Tenements controlled by TanzGraphite (TZ) Ltd:

| <b>Ministry ID</b> | <b>Area (square km)</b> | <b>Expiry Date</b> |
|--------------------|-------------------------|--------------------|
| ML 548/2015        | 9.49                    | 12/07/2025         |
| PL 7906/2012       | 130.49                  | 14/05/2016         |
| PL 7907/2012       | 53.78                   | 24/05/2016         |
| PL 7915/2012       | 92.28                   | 24/05/2016         |
| PL 7918/2012       | 121.88                  | 14/05/2016         |
| PL 9306/2013       | 35.31                   | 2-Aug-17           |
| PL 9331/2013       | 2.76                    | 4-Oct-17           |
| PL 9537/2014       | 84.00                   | 15-Jan-18          |
| PL 10090/2015      | 44.88                   | 10/08/2018         |
| PL 10091/2015      | 114.22                  | 10/08/2018         |
| PL 10092/2015      | 23.23                   | 10/08/2018         |
| PL 10388/2014      | 2.57                    | 13-Nov-18          |
| PL 10389/2014      | 103.56                  | 15-Nov-18          |
| PL 10390/2014      | 2.81                    | 15-Nov-18          |
| PL 10392/2014      | 133.95                  | 15-Nov-18          |
| PL 10394/2014      | 9.74                    | 15-Nov-18          |
| PL 10396/2014      | 152.43                  | 14-Nov-18          |

Tenements controlled by Castillian Resources (Tanzania) Ltd:

| <b>Ministry ID</b> | <b>Area (sq. km)</b> | <b>Expiry date</b> |
|--------------------|----------------------|--------------------|
| PL 4985/2008       | 30.71                | 19/09/2016         |
| PL 5306/2011       | 44.65                | 27/08/2016         |
| PL 5192/2008       | 23.93                | 17/07/2016         |
| PL 8368/2012       | 157.62               | 12/11/2016         |



### Mineral Resource Estimation - Governance Statement

Kibaran Resources Limited ensures that the Mineral Resource estimates are subject to appropriate levels of governance and internal controls. The Mineral Resource estimation procedures are well established and are subject to systematic internal peer review and external technical review undertaken by highly competent and qualified professionals. These reviews have not identified any material issues and are undertaken as part of a formal risk assessment. The Company periodically reviews the governance framework in line with the expansion and development of its business.

Kibaran Resources Limited reports its Mineral Resources on an annual basis in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named by the Company are Members or Fellows of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code.

The tables below set out Mineral Resource comparatives for 2014 and 2015.

### Mineral Resource Statement

*Note: totals may not sum exactly due to rounding*

**Table 1 – Epanko Mineral Resource Estimate as at 30 June 2015**

| Mineral Resource Classification | Tonnage (Mt) | Grade (%TGC) | Contained Graphite (t) |
|---------------------------------|--------------|--------------|------------------------|
| Measured                        | 6.6          | 9.7          | 635,800                |
| Indicated                       | 7.9          | 10.0         | 785,300                |
| Inferred                        | 8.8          | 8.7          | 773,500                |
| <b>Total</b>                    | <b>23.3</b>  | <b>9.8</b>   | <b>2,194,600</b>       |

**Table 2 – Epanko Mineral Resource Estimate as at 30 June 2014**

| Mineral Resource Classification | Tonnage (Mt) | Grade (%TGC) | Contained Graphite (t) |
|---------------------------------|--------------|--------------|------------------------|
| Indicated                       | 12.8         | 10.0         | 1,281,200              |
| Inferred                        | 9.9          | 9.6          | 942,100                |
| <b>Total</b>                    | <b>22.7</b>  | <b>9.8</b>   | <b>2,223,300</b>       |



Table 3 – Merelani –Arusha Mineral Resource Estimate as at 30 June 2015

| Mineral Resource Classification | Tonnage (Mt) | Grade (%TGC) | Contained Graphite (t) |
|---------------------------------|--------------|--------------|------------------------|
| Indicated                       | 7.4          | 6.7          | 500,000                |
| Inferred                        | 10.3         | 6.3          | 650,000                |
| <b>Total</b>                    | <b>17.7</b>  | <b>6.5</b>   | <b>1,150,000</b>       |

There was no mineral resource estimate at Merelani Arusha as at 30 June 2014.

**Notes for table 1, 2 and 3**

- Tonnage figures contained within Table 1 have been rounded to nearest 1000. % TGC grades are rounded to 1 decimal figure.
- The Mineral Resource is quoted from blocks where the TGC (%) grade is greater than 8%.
- Abbreviations used: Mt = 1,000,000 tonnes

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. Andrew Spinks 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". Andrew Spinks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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. David Williams 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". David Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.