

2016

Annual Report

Corporate Directory

Directors

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

Company Secretary

Robert Hodby

Registered and Principal Office

338 Hay Street,
Subiaco WA 6008
Telephone: +61 8 6380 1003
Facsimile: +61 8 6380 1026
Internet: www.kibararesources.com
Email: info@kibaranresources.com

Share Registry

Link Market Services Limited
Ground Floor, 178 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9211 6652
Facsimile: +61 8 9211 6660

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings,
16 Milligan Street
Perth WA 6000
Telephone: +61 8 9321 4000
Facsimile: +61 8 9321 4333

Auditor

Ernst & Young
11 Mounts Bay Road,
Perth, WA 6000
Telephone: +61 8 9429 2222
Facsimile: +61 8 9429 2435

Bankers

Westpac Banking Corporation
109 St Georges Terrace,
Perth, WA 6000

Stock Exchange Listing

Australian Securities Exchange
ASX Code: KNL
Borse Frankfurt: FMK
Fully paid ordinary shares

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Chairman's Report



It is a pleasure to be reporting to you for the first time as Chairman of Kibaran Resources Ltd. While new to the company I have known our Managing Director Andrew Spinks and Executive Director Grant Pierce for many years from our time together at Resolute Mining Ltd where I was founding Chairman. I have a high regard for the expertise, experience and energy of the Kibaran team and

the progress and milestones achieved by them at the Epanko Graphite Project.

Compared with other mining projects in which the Kibaran team has been involved, Epanko is technically straight forward. It is relatively low cost with shallow open pit mining and simple metallurgy and processing. It is also located in a sound mining jurisdiction where management has vast operating experience. The feasibility study has been completed to a high standard by GR Engineering, a local firm with an excellent track record in Tanzania, and shows the project to be technically sound and financially robust.

The strengths of the project and high quality of the product are demonstrated by the fact that Kibaran has secured binding agreements covering 100 per cent of Epanko's forecast production.

This is an excellent achievement for a project at Epanko's stage of development and reflects both the strong outlook for graphite demand and the world-class qualities of Epanko's product.

Epanko's status as a premier graphite project is further evidenced by the highly-respected companies which have chosen to be part of it.

The Company has partnered with blue-ribbon German industrial giant ThyssenKrupp, signing a binding offtake agreement, while German bank KfW IPEX-Bank and African resource lender Nedbank are in advanced discussions with Kibaran concerning debt funding for the project.

And in another sign of Epanko's outstanding quality, Kibaran recently announced a binding agreement with Japan's Sojitz Corporation for a further 14,000 tonnes of graphite for the growing lithium-ion battery market in East Asia.

This agreement is considered particularly valuable to Kibaran because it provides the Company with a gateway to the growing lithium-ion battery market via Sojitz. Sojitz is a key

supplier to some of the electronics giants which in turn manufacture the batteries. This market is expanding rapidly and it is already clear that there may soon be an opportunity to increase the capacity of the project to 60,000 tonnes a year to supply the battery market.

In addition to this, Kibaran believes there is also an excellent opportunity to add further value through downstream processing of Epanko graphite making the concentrate into battery grade, or spherical graphite.

These opportunities to add significant value through expansion and downstream processing were the rationale for our recent \$10.9 million capital raising, which was overwhelming supported by existing and new institutional investors.

The proceeds will be used to undertake engineering design, mining and project expansion studies and to conduct feasibility work on downstream processing for battery grade graphite and for other high tech products such as graphite foil. It will also allow your management team to accelerate pre development activities at Epanko, including our relocation action plan. Work has already commenced on these activities and significant progress is expected in the next quarter as we move ever closer to project financing and development.

Underpinning this work and achievements to date is a business plan which your board and management team believe is both realistic and achievable. We aim to produce high quality graphite for the non-Chinese markets and meet the growing graphite demand from the battery markets and other high tech applications. Our objective is to do this while aligning our production capacity to our binding agreements. We also seek to do whatever is feasible to add value to our product with downstream processing. This multi-pronged approach is designed to maximise shareholder value.

I believe your Company has made outstanding progress over the past year towards achieving these objectives. On behalf of the Board, I would like to express our appreciation for the efforts and achievements of our management and project team during the year and to you our shareholders for your continued support.

A handwritten signature in black ink, appearing to read 'Robert Pett'.

Robert Pett
Chairman



Binding agreements in place for 100% of annual production with blue-chip customers

Review of Operations

Kibaran has had a highly successful year, making significant progress towards its key goal of bringing the Epanko Graphite Project, located within the Mahenge District in southeast Tanzania, into production.

Epanko is a high-quality graphite project. The Bankable Feasibility Study (BFS) completed during the year showed the project is technically and economically robust.

Epanko has a low technical risk with shallow mining, simple processing and metallurgy. Operating in Tanzania gives Kibaran the support of a mature mining sector with access to skilled labour and a developed infrastructure network.

Kibaran announced recently that it had started studies on increasing Epanko's planned capacity from 40,000tpa of graphite concentrate to 60,000tpa. The decision to start the expansion studies came after the Company secured binding agreements covering all of the project's forecast 40,000tpa of graphite concentrate production. The signing of these agreements reflects the demand for Epanko's graphite from both a wide range of industries, including the high growth lithium-ion battery market.

Project financing of the Epanko Graphite Project advanced with an indicative term-sheet received from German Bank KfW IPEX-Bank in respect to US\$40 million in debt funding for the construction of Epanko. An Expression of Interest was received from African resources financier Nedbank for further debt funding of up to US\$30m.

A significant expansion work program is underway which includes:

- Expansion and pre-development activities such as engineering design to BFS standards for mining and processing, grade control, mineral resource drilling and mine planning
- Acceleration of Environmental and Social Impact Work
- Definitive Feasibility Study on downstream processing of Epanko graphite, including the production of battery-grade graphite for sale to the lithium-ion battery industry
- Product development and marketing

The expansion program is expected to provide a seamless timeline from debt financing to development of the Epanko Graphite Project. The Company strategy is to become a major producer of high-value, premium quality large flake graphite in Tanzania as a long-term stable supplier of graphite for the high growth battery market. This year's activities has positioned the Company to become a significant supplier for the emerging of battery market.

Highlights 2015 / 2016

Mining Licence Granted

Bankable Feasibility Study Completed

Off-take Agreement secured with ThyssenKrupp Metallurgical Products GmbH for 20ktpa

Debt Financing negotiations commenced with KfW IPEX-Bank for US\$40m supported by German Government Loan Guarantee

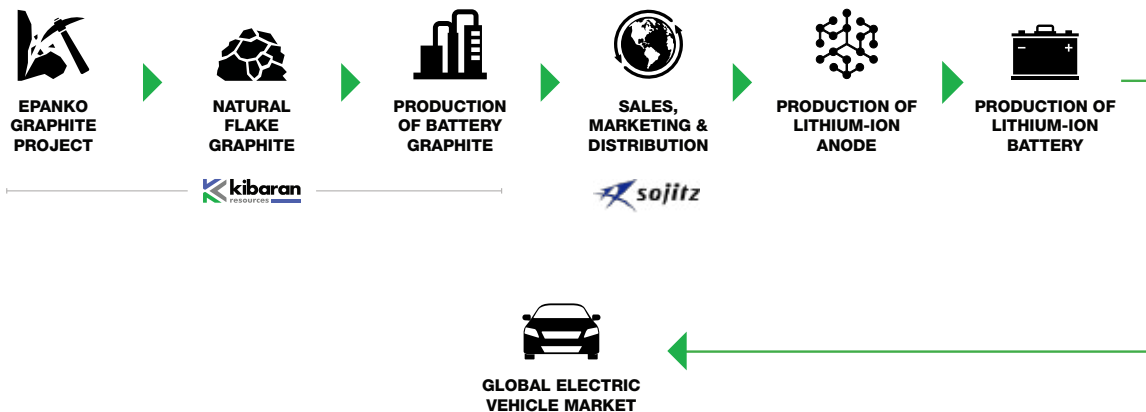
EOI received from African bank Nedbank for US\$30m in project debt

Due Diligence commenced for Project Debt Funding

Binding agreement signed with Sojitz Corporation for 14ktpa

100% of annual production secured in binding agreements with blue-chip customers

Successful completion of equity raisings totalling \$12.9m



Review of Operations

EPANKO GRAPHITE PROJECT (Kibaran 100%)

The Epanko Graphite Project is located 245km south-west of Morogoro in south-east Tanzania within the Mahenge District. During the year, Kibaran continued to make substantial progress on the project, achieving a number of milestones in the Company's pre-development phase.

Infrastructure

The project is ideally located near major existing infrastructure which includes grid power, road and rail. The Kilombero Bridge which links the towns of Ifakara and Epanko is currently under construction. This bridge is a major Tanzanian infrastructure and construction is expected to be completed this year and in the future will allow an increase in production for Epanko.

Mining Licence

The Ministry of Energy and Minerals of Tanzania issued the Mining Lease for Epanko in July 2015. The Mining Licence allows extraction and processing of graphite covering an area of 9.49km² and is valid for 10 years, the maximum period under Tanzanian legislation, but renewable for subsequent 10-year periods. This was a major milestone for the Company.




Project Locations



Epanko Project Infrastructure



Construction of Kilombero Bridge



Epanko:
Ready to Go
Ready to Grow

Review of Operations

Bankable Feasibility Study

A Bankable Feasibility Study (BFS) was completed and confirmed the viability of a conventional open cut mine with a conventional flotation processing plant. The study also confirmed that Epanko is technically and financially viable with robust project economics.

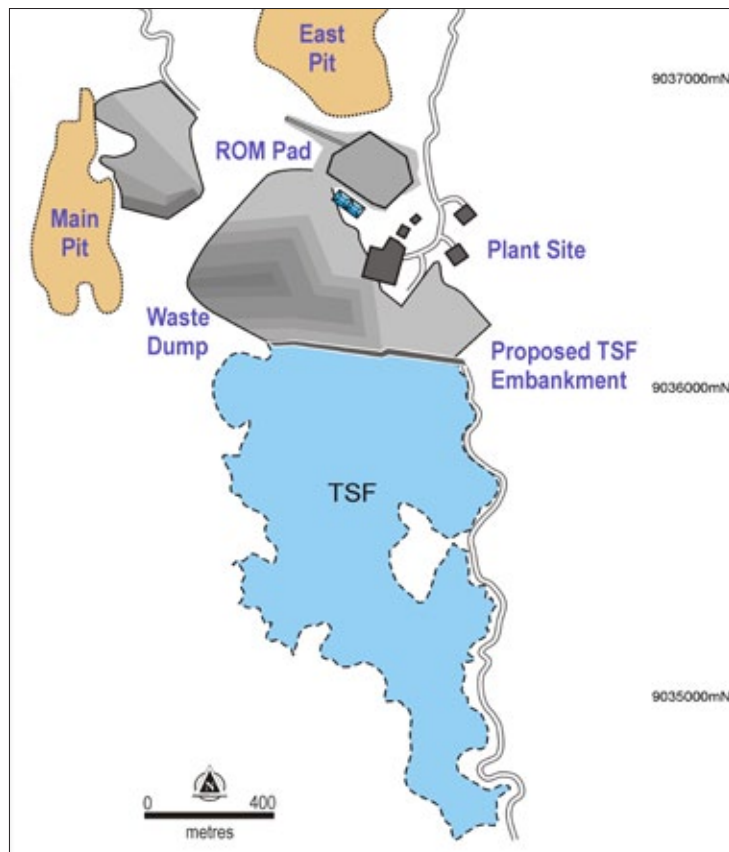
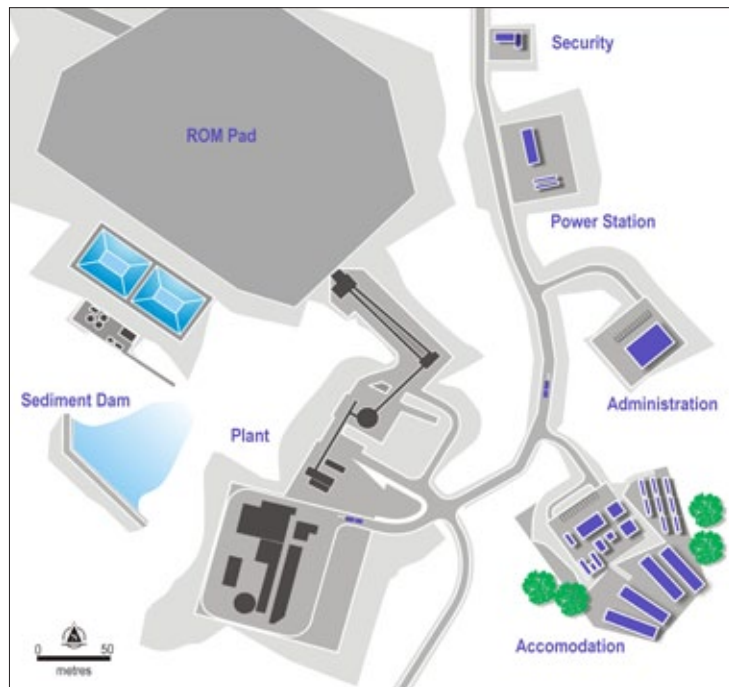
Key BFS Results:

Technical:

- Annual production rate of 40,000 tonnes of graphite concentrate for the first 15 years, and then averaging 31,300tpa for the following 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



Epanko Mine Layout

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
TOTAL	10.9	8.6	938,000

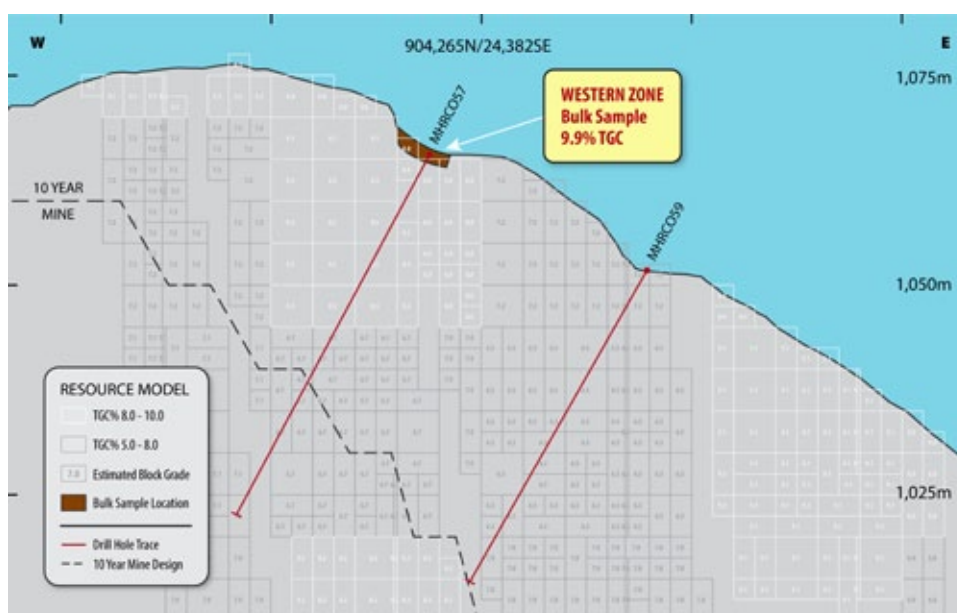
The Ore Reserve Estimate is based on and inclusive of the Measured and Indicated Mineral Resource that was upgraded during the reporting period.

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
TOTAL	23.3	9.4	2,194,600

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.



Western Zone Bulk Sample Grade versus Mineral Resource Estimate

Review of Operations

Binding Agreements

An off-take agreement with ThyssenKrupp Metallurgical Products GmbH, a sub-division of the Materials Services business area of the German multi-national conglomerate, ThyssenKrupp Metallurgical Products GmbH Group, was secured in August 2015.

This exclusive long-term commercial agreement is for the sale of 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.

The off-take agreement was the second to be secured for the Company after having signed an existing agreement with a European Graphite Trader (December 2013) for 10,000tpa.

In a recent announcement, subsequent to the end of the 2016 financial year, Kibaran signed a binding agreement with Japanese commodities trader Sojitz Corporation. Under the agreement, Kibaran will be the sole supplier of Tanzanian graphite to Sojitz for distribution into markets including Japan, Korea and Taiwan. The agreement is for the sale of a minimum of 14,000tpa of natural flake graphite with the initial term of the agreement being for five years.

This agreement means Kibaran has all of its forecast production covered by binding agreements.

Sojitz is a major supplier of raw material and products to the rapidly growing lithium-ion battery industry. The execution of the agreement followed the completion of an extensive due diligence process by Sojitz, including a global review of potential graphite suppliers to meet the increasing demand from the lithium-ion battery industry. The due diligence on Epanko focussed heavily on analysis of Epanko graphite quality, including extensive testwork by end users. The Sojitz agreement provides an avenue for long-term sales of Epanko graphite.



Senior Project Debt Financing

Senior debt financing negotiations progressed with two major finance houses, KfW IPEX-Bank and Nedbank, to secure funding for the US\$77m development of Epanko.

Through KfW IPEX-Bank and with the support of its off-take customers, ThyssenKrupp Metallurgical Products GmbH and a European Trader, Kibaran received confirmation of 'in-principle eligibility for cover' for a loan guarantee for Epanko from the German Government. The confirmation was a significant milestone in the Epanko funding process because it set 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 confirmation was based on ThyssenKrupp Metallurgical Products GmbH and a European Trader supplying the German industry with graphite.

A due diligence process commenced in January as part of KfW IPEX-Bank's senior debt financing requirements for Epanko. SRK was appointed as Independent Engineer to conduct technical due diligence on Epanko. The Independent Engineering Report ("IER") was completed in June this year after a site visit was conducted. The IER identified a number of recommendations. As a result, the Company, in conjunction with SRK, developed a detailed action plan to address the recommendations and subsequently submitted its IER to KfW IPEX-Bank.

The Expression of Interest ("EOI") received from African resources financier Nedbank further supported the development of the Epanko Graphite Project. The EOI is in respect to additional funding of up to US\$30m. This is via Nedbank's Corporate and Investment Banking Division.

Having senior debt financing negotiations well advanced, together with production off-take agreements in place for 100% of Epanko's initial annual production of 40,000tpa, places Kibaran on-track to become a major long-term, stable supplier of Tanzanian graphite to the growing global graphite market.

Bulk Sample Production-Scale Testing

Significant results were received from a 200 tonne bulk sample of Epanko graphite ore for production-scale testing. The samples were sourced from the areas to be mined within the first 3 years of production. (refer to table below).

Bulk Sample Grade versus Mineral Resource Estimate Grade

	Bulk Sample Grade TGC (%)	Resource Block Model Grade TGC (%)
Eastern Zone	11.0	10.7
Western Zone	9.9	8.0

The results from the Western bulk sample reported a 24% increase, returning a grade of 9.9% TGC versus an Estimated Resource grade of 8.0% TGC. The Eastern zone sample reported 11% TGC compared to 10.7% from earlier testing.

Battery Manufacturing Facility

A Battery Grade Graphite Scoping Study was completed and the results highlighted robust economics, and a compelling business case for the development of a manufacturing facility in Tanzania to participate in downstream value added processing. This study was driven by an exponential growth in graphite demand forecasted over the next five years from the electric vehicle (EV) and Battery Storage industries. Testwork confirmed that Epanko Graphite is well suited for the production of Spherical Graphite and other purified graphite products used in the lithium-ion battery market.

Key Results:

- Pre-tax NPV – 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

MERELANI-ARUSHA GRAPHITE PROJECT (100% KNL)

The Merelani-Arusha Graphite Project consists of seven tenements and covers 468.62m² in an area 55km south-east of Arusha, Tanzania. Like Mahenge, the project area is located in geological settings favourable for graphite mineralisation.

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. Mineral Resource estimate 17.5Mt at 6.5% total graphitic carbon.

TANGA GRAPHITE PROJECT (100% KNL)

The Tanga licence covers 84km² 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.

Review of Operations

Community Development & Engagement

Kibaran is very committed to supporting the local communities in its project area. The Company's social development programs are more than just a 'token gesture' they are an investment in the community, driven by our corporate values and in place so the community realises genuine and lasting benefits from the Company's presence in the area.

In April this year Kibaran had the pleasure of donating furniture to the primary and secondary schools in Nawenge. The primary school has a total of 573 students and with the donation of 148 new school desks by Kibaran the school is now a lot closer to having desks for all students at the school.

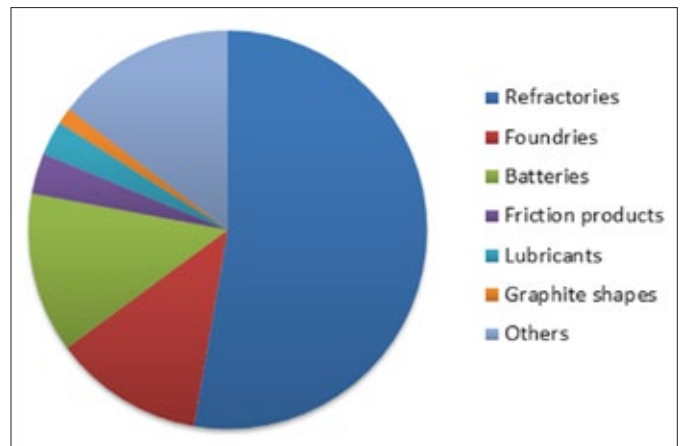
Laboratory tables and stools were donated for the physics and chemistry laboratories at the Nawenge Secondary School. The school has over 600 students most of whom come from three villages in the Nawenge Ward – Epanko, Kisewe and Nawenge.

During the year socks were collected and donated by Mr Mark Ould, Malibu Podiatry in Western Australia. The socks were then distributed by Kibaran to children at Ukwama Children's Orphanage, Mahenge and to students from Epanko Primary School. Kibaran would like to thank Mark Ould for the opportunity to distribute the socks and to be part of such a great initiative.



GRAPHITE MARKET OVERVIEW

Graphite is an industrial mineral with unique physical properties which includes superior thermal/electrical conductivity its current demand is driven by traditional markets with 60% used by the steel industry, however future demand is expected from a number of new uses which includes:



Graphite Market Demand

Spherical Graphite used in the emerging lithium-Ion battery market, given the anode in the battery is graphite.

Expanded Graphite used in the production of foils. The emerging thermally efficient building and fire retardant products are a growth market.

Natural flake Graphite demand for usage in lithium-ion batteries is forecasted to quadruple within the next 10 years. Kibaran's relationship with Sojitz and the ability to expand Epanko's capacity means it will be ideally positioned to capitalise on this opportunity. The potential rapid growth of the battery market is supported by Tesla's 2013 plans to commence production at its lithium-ion 'gigafactory' in the US in 2017 and a ramp-up to full capacity in 2020 when it would supply batteries for up to 500,000 vehicles per annum. This would be equivalent to an output of 35 gigawatt-hours per year of cells and 50 gigawatt-hours per year of battery packs which would alone double global output in 2020. Furthermore massive battery-plants are currently built in Asian countries.

Global supply of graphite is largely dominated by China, while the largest end markets for demand outside China are Europe, US and Japan/Korea. The Company's strategy is to focus its production on supplying these markets.



Global Graphite Demand

Review of Operations

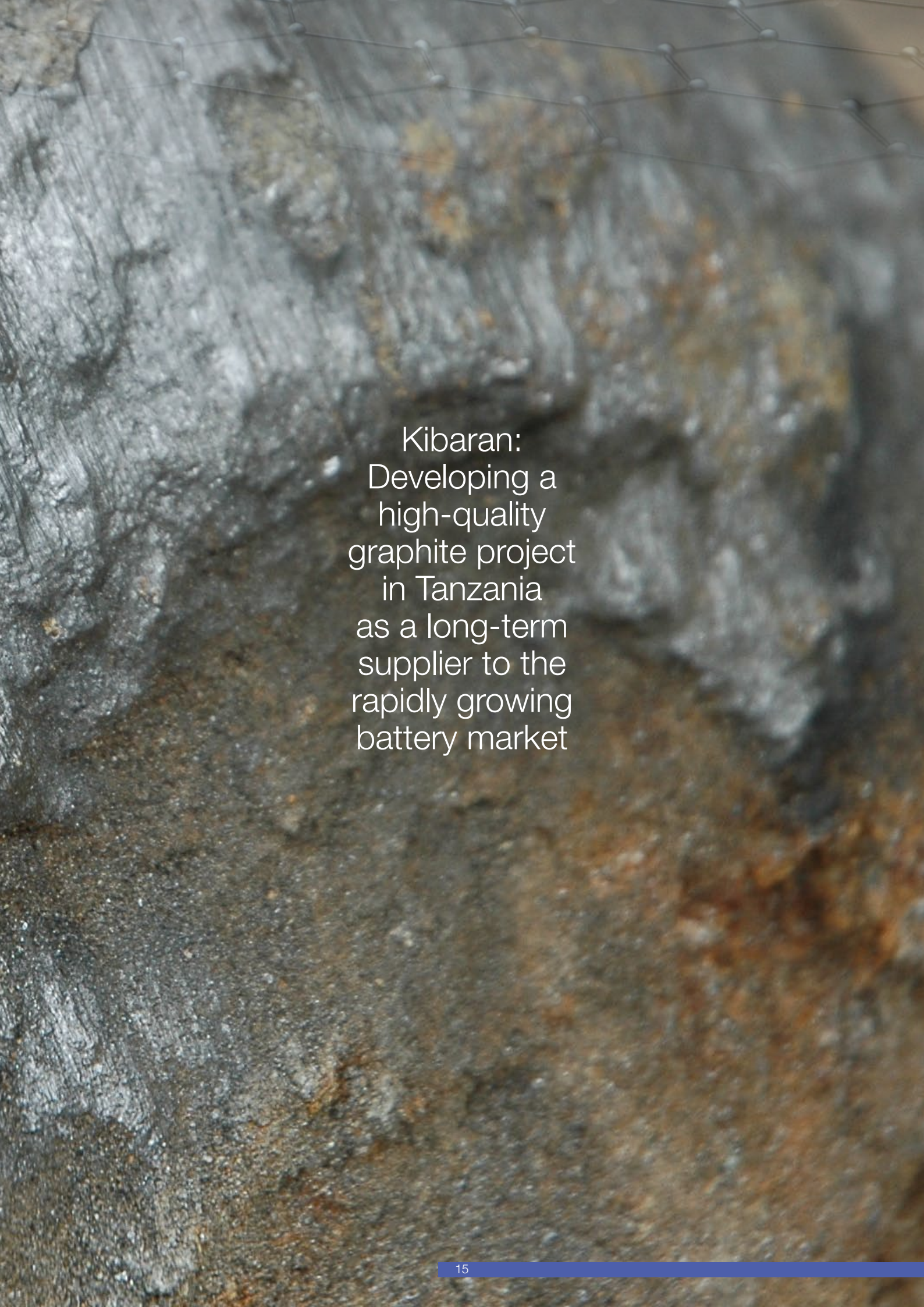
The Company's planned initial production represents 7% of current world demand (refer to table below). Initial production is targeted toward sales within existing traditional markets and its production is expected to replace 30% of current Chinese supply into the European market. The Company's anticipated production increase and growth will be driven by the battery market which has total world consumption of 71,000 tonnes of natural flake graphite.

The Company expects through its binding agreements and partnerships to secure a large portion of the expected growth, that the Company's Tanzanian graphite projects are well positioned to be a major new supply hub for these markets.

Epanko Flake Size Distribution				
Name	Micron (µm)	Mesh Size	Portion Retained	Carbon Grade (%)
Jumbo	>300	>48	20.0	97.1
Large	>180	>80	35.4	96.7
Medium	>106	>150	30.3	96.2
Small	>75	>200	7.4	95.3
Fine	<75	<200	6.9	92.6
			100%	96.3%

Industry Demand for Flake Graphite						
End-Use	Region					TOTAL
	Asia	Europe	North America	South America	Others	
Refractories	225	46	15	30	8	324
Foundries	28	20	15	12	4	79
Batteries	57	4	5	4	1	71
Friction	10	5	3	1	1	20
Lubricants	10	3	2	1	1	17
Others	36	14	14	20	5	81
Total (kt*)	366	92	54	68	20	600

Source: ProGraphite *kt = 1000 tonnes

A close-up photograph of a graphite electrode surface, showing a dark, textured material with some lighter, crystalline regions. A semi-transparent hexagonal grid is overlaid on the top portion of the image, suggesting a molecular or atomic structure. The text is centered in the middle of the image.

Kibaran:
Developing a
high-quality
graphite project
in Tanzania
as a long-term
supplier to the
rapidly growing
battery market

Review of Operations

CORPORATE

Successful Equity Raising

In February 2016, Kibaran raised \$2m via a share placement at 15 cents a share. The proceeds of this placement were used in part to complete the debt funding due diligence probes on Epanko, undertaken by KfW IPEX-Bank.

The Company then raised a further \$10.9m in August 2016 via a placement to institutional and sophisticated investors. This issue was significantly over-subscribed and resulted in several major institutional investors becoming shareholders in the Company.

The proceeds from the \$10.9m placement are being used to fund pre-development activities at Epanko. It will also enable Kibaran to undertake studies on increasing Epanko's planned production from 40,000tpa of graphite concentrate to 60,000tpa and to conduct a feasibility study on downstream processing options, including the production of battery-grade graphite for sale to the lithium-ion battery industry and other value add products.

Board Appointments

The Board welcomed Robert Pett as Non-Executive Chairman on 9 November 2015. Christoph Frey was appointed as Non-Executive Director on 10 August 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 are set out in the Mineral Resource comparatives for 2015 and 2016.

MINERAL RESOURCE STATEMENT

Note: Totals may not sum exactly due to rounding

Table 1: Epanko Mineral Resource Estimate as at 30 June 2016

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
Total	23.3	9.4	2,194,600

Table 2: 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
Total	23.3	9.8	2,194,600

Table 3: Merelani-Arusha Mineral Resource Estimate as at 30 June 2016

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

Table 4: 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
Total	17.7	6.5	1,150,000

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

Board of Directors and Executive Management

ROBERT PETT

Independent Non-Executive Director and Chairman

Skills & Experience

BA(Hons), MA(Econ), FAICD, Minerals Economist

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

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

Robert has also had an active involvement in education and community activities including 9 years' service to Murdoch University Western Australia as Senator and Chairman of their Resources (Finance) Committee.

ANDREW SPINKS

Managing Director

Skills & Experience

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 Mining 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).

GRANT PIERCE

Executive Director

Skills & Experience

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.

JOHN CONIDI

Independent Non-Executive Director

Skills & Experience

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).

CHRISTOPH FREY

Independent Non-Executive Director

Skills & Experience

Christoph Frey is a qualified process engineer who has worked exclusively in the natural graphite industry for the past 22 years. Previously Christoph was engaged at Magnezit Group Europe GmbH (Germany) and served as Project Manager at Dalgraphite Limited in Russia. From 2010 to 2013 he served as Technical Director at Graphit Kropfmuehl AG where he worked on the Ancuabe graphite mine in Mozambique. From 2007 to 2009 he was General Director of Qingdao Kropfmuehl Graphite Limited based in Qingdao, China.

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

ROBERT HODBY

Chief Financial Officer/Company Secretary

Skills & Experience

Robert 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' Report

The Directors of Kibaran Resources Ltd ("Kibaran" or "the Company") and its controlled entities ("consolidated entity" or "the group") present their Directors' Report (including the Remuneration Report) together with the Financial Report of the Company for the year ended 30 June 2016.

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

2. BOARD OF DIRECTORS

The qualifications of the Directors are set out on pages 18 and 19 [see above].

3. 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 and Qualification	Term of Office	Interest in Ordinary Shares ¹	Interest in Options over Ordinary Shares	Australian Listed Company Directorships	Former Australian Listed Company Directorships over the Past Three Years
Independent Non-Executive Director & Chairman					
Robert Pett	Director since 9 November 2015	1,250,000	Nil	No Directorships held in other listed companies	A Cap Resources Limited (resigned 11 June 2015)
	Chairman since 9 November 2015				Ausgold Limited (resigned 2 Sept 2015)
Executive Directors					
Andrew Spinks	Director since 13 July 2012	12,555,130	Nil	Kingsrose Mining Limited (appointed August 2012)	Kingsrose Mining Limited (appointed August 2012)
	Managing Director since 22 April 2015				
Grant Pierce	Director since 13 January 2013	2,570,000	1,800,000	No Directorships held in other listed companies	Nil
	Executive Director - Projects since 21 August 2014				
Independent Non-Executive Directors					
John Conidi	Director since 4 May 2015	3,250,000	Nil	Capitol Health Limited (appointed August 2007) T3D Limited (appointed March 2015)	Capitol Health Limited (appointed August 2007) T3D Limited (appointed March 2015)
Christoph Frey	Director since 10 August 2016	75,000	1,250,000	No Directorships held in other listed companies	Nil

¹ Securities Interest in Kibaran – Detail on the relevant interests in Kibaran are as at the date of this Report and as notified by the Directors to the Australian Securities Exchange ("ASX") in accordance with s.205G(1) of the Corporations Act 2001.

4. DIRECTORS MEETINGS

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

Directors	Directors Meetings		Audit & Risk Committee	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
Robert Pett ¹	2	2	1	1
Andrew Spinks	5	5	-	-
Grant Pierce	5	5	-	-
John Conidi	5	5	1	1

¹ The Chairman of the board is also the chair of the Audit and Risk Committee

5. OPERATING AND FINANCIAL REVIEW

The information reported in this operating and financial review should be read in conjunction with the Review of Operations on pages 4 to 17.

The operating and financial review sets out, in the opinion of Directors and at the date of this Report, the information that shareholders would reasonably require to assess the Company's operations, financial position, business strategies and prospects for future financial years.

Principal Activities

The principal activities of the Company during the financial year consisted of the exploration and evaluation of its tenements in graphite focused mineral resources in Tanzania in East Africa including feasibility work on the Epanko Project and marketing of graphite.

Results from Operations

The net loss after providing for income tax for the year ended 30 June 2016 amounted to \$4,267,666 (2015: \$5,703,703).

Dividends

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2016 (2015: Nil).

Corporate Structure

Kibaran Resources Limited is a public company incorporated and domiciled in Australia, limited by shares. At 30 June 2016, the Company had 189,174,894 ordinary shares and 17,119,167 options on issue.

Directors' Report

DISCLOSURE NOTICES

Forward Looking Statements

This Operating and Financial Review and the Review of Operations may contain forward looking statements, including statements of current intention, statements of opinion and expectations regarding Company's present and future operations, possible future events and future financial prospects. Such statements are not statements of fact and may be affected by a variety of known and unknown risks, variables and changes in underlying assumptions or strategy which could cause the Company's actual results or performance to differ materially from the results or performance expressed or implied by such statements. There can be no certainty of outcome in relation to the matters to which the statements relate, and the outcomes are not all within the control of the Company.

Further information on some important factors that could cause actual results or performance to differ materially from those projected in such statements is contained in the "Material Risks" Section. The Company makes no representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statement. The forward looking statements in this Annual Report reflect expectations held at the date of this Report. Except as required by applicable law or the ASX Listing Rules, the Company disclaims any obligation or undertaking to publicly update any forward looking statements, or discussion of future financial prospects, whether as a result of new information or of future events.

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 2016 Kibaran announced on the 17 August 2016 a successful raising of \$10.9 million through a share placement capital. The purpose of the issue was to fund expansion and predevelopment activities at its Epanko Graphite Project, feasibility work on downstream processing, product marketing and provide working capital.

Christoph Frey was appointed as Non-Executive Director on 10 August 2016.

As announced on the 22 August 2016, the Company was included in an ambit claim seeking a court injunction on mining operations by the Company until compensation has been paid. The Company is aware of its obligations with regard to compensation and relocation and is undertaking due process through the development of a Relocation Action Plan. A court hearing scheduled for 25 August 2016 was adjourned until November 2016 where it will be determined whether the claimants have standing to proceed with the action. The Company does not consider that the claim will impact its current predevelopment work and continues to work with all stakeholders in the Relocation Action Plan process in a consultative and professional manner. The relocation and action planning is being undertaken to standards set by the International Finance Corporation, which exceed the requirements of the Tanzanian government, and if required as a condition precedent to project debt funding.

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.

EMPLOYEES

In addition to the Directors, the Company has eight employees as at the date of this report.

COMPANY SECRETARY

Robert Hodby is the Company Secretary and was appointed on 31 January 2013. Robert has 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.

Robert is a qualified Company Secretary, a member of the Governance Institute of Australia (formerly, Institute of Chartered Secretaries in Australia) and member of CPA Australia.

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.

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.

The total remuneration for audit and non-audit services provided during FY16 is set out in Note 17 of the Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 44 of the Annual Report.

Remuneration Report

1. INTRODUCTION

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 2016. The information provided in this Remuneration Report has been audited by Ernst & Young as required by Section 308(3C) of the Corporations Act 2001 and forms part of the Directors' Report.

Importantly, this report provides shareholders with the necessary information to clearly establish and demonstrate the link between Kibaran's strategy, its performance over the short-term and long-term, and the remuneration outcomes for Executives and Non-Executive Directors.

1.1. REMUNERATION SUMMARY

Kibaran's Executive remuneration framework includes a remuneration mix that places greater emphasis on rewarding long-term performance outcomes. The framework aims to ensure the Managing Director and other Executives are focused on strategic business objectives that enhance shareholder value and grow the business organically and by acquisition.

The Company received in excess of 75% of 'for' votes in relation to its remuneration report for the year ended 30 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

1.2. KEY MANAGEMENT PERSONNEL

Name	Position	Year Joined	Term as KMP
Non-Executive Directors			
Robert Pett	Non-Executive Chairman	2015	9 November 2015 to 30 June 2016
John Conidi	Non-Executive Director	2015	Full financial year
Executives			
Andrew Spinks	Managing Director	2012	Full financial year
Grant Pierce	Executive Director – Projects	2013	Full financial year
Robert Hodby	Chief Financial Officer	2013	Full financial year

2. EXECUTIVE REMUNERATION FRAMEWORK

2.1. 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.

2.2. COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTOR AND EXECUTIVE REMUNERATION

The Remuneration policy is tailored to enhance goal congruence between shareholders, Directors and executives. Equities 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.

Five Year Summary

The table below set out summary information about the entity's earnings and movements in shareholder wealth for the five years to 30 June 2016:

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
	\$	\$	\$	\$	\$
Net loss after tax	(4,267,666)	(5,703,703)	(1,463,380)	(780,224)	(3,825,424)
Share price at end of year	0.26	0.18	0.16	0.07	0.20
Basic loss per share (cents)	(2.46)	(4.39)	(1.89)	(1.22)	(11.27)

Remuneration Report

3. 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 plan shares. Plan shares are awarded to executives over a period of five years.

3.1. 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.

3.2. EMPLOYEE SHARE PLAN

The Employee Share Plan was approved by shareholders on 9 September 2014. The Executive Directors (subject to shareholders' approval) and other participants receive annual equity-based grants under the Employee Share Plan as determined by the Board.

The Employee Share Plan is designed to provide the Board with greater flexibility in:

- attracting, motivating and retaining executives;
- aligning the interests of executives with shareholders by matching rewards with the short and long-term performance of the Company;
- aligning incentives with changes in market practice and prevailing legislative regimes as and when they occur; and
- balancing the form of reward offered to the executives with the Company and shareholders' best interests (including managing potential dilution caused by Share issues, the ability to offer cash rather than shares and to impose clawback and trading restrictions).

It provides the legal framework for the different types of awards to executives and selected senior managers (as determined by the Board from time to time) and may be used to facilitate the issue of both short-term and long-term incentives.

3.3. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Executives		Short-term	Post-employment	Share-based	Total	% of compensation consisting of options	% performance related
		Salary/Fees	Superannuation	Plan Shares			
		\$	\$	\$			
Andrew Spinks	2016	283,333	26,917	194,900	505,150	39%	-
	2015	188,479	17,905	765,550	971,934	79%	-
Grant Pierce	2016	312,556	-	194,900	507,456	38%	-
	2015	232,879	-	154,750	387,629	40%	-
Robert Hodby ¹	2016	226,667	21,533	194,900	443,100	44%	-
	2015	149,698	12,422	612,850	774,970	79%	-
TOTAL	2016	822,556	48,450	584,700	1,455,706	40%	-
	2015	571,056	30,327	1,533,150	2,134,533	72%	-

¹ Note: The share based payments relate to shares issued pursuant to the individual Executives Share Plans. The 2016 shares were purchased by Executives at an issue price of \$0.2282 with a total value of \$684,600 (2015: \$1,485,400). Under the terms of the Share Plans, loans of \$1,198,050 (2015: \$1,485,400) have been conferred to the participants. Plan shares are held in escrow until the loans have been repaid. No loan is recognised in the financial statements when the Plan Shares are granted. The Plan shares issued to Executives are treated as 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. Accordingly, the share based payments reflected above represents the fair value of the Plan shares issued to Executives.

3.4. EXECUTIVES SERVICE CONTRACTS

Remuneration and other terms of employment for the Managing Director, Executive Director and CFO are formalised in service agreements. A summary of the key contractual terms for each KMP in office at 30 June 2016 are set out below.

The Company has an agreement with Mr Andrew Spinks, Managing Director of the Company. The agreement provides for remuneration which has increased since 1 November 2015 from \$200,000 per annum exclusive of superannuation to \$325,000 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 which has increased since 1 November 2015 from \$200,000 per annum plus US\$40,000 to \$280,000 plus US\$50,000 per annum, 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.

Remuneration Report

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 \$250,000 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.

4. NON-EXECUTIVE DIRECTORS REMUNERATION

4.1. NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Kibaran's Non-Executive Director Remuneration Policy is to provide for remuneration that is sufficient to attract and retain Directors with the experience, knowledge and judgement to oversee the Company's success. Fees are not linked to the financial performance of the Company in order for Non-Executive Directors to be classified as independent.

4.2. NON-EXECUTIVE DIRECTORS' REMUNERATION STRUCTURE AND FEE POOL

Kibaran's remuneration structure for Non-Executive Directors consists of a base Director Fee and Committee Fee for participation on nominated Board subcommittees. All fees are inclusive of statutory superannuation. Non-Executive Directors' fees are determined within an aggregated Directors' fee pool limit of \$300,000, which was last approved by shareholders at the 2010 Annual General Meeting.

Director and Committee Fees are benchmarked and reviewed against market data provided by the Company's independent external advisor.

Non-Executive Directors are also entitled to reimbursement for business-related expenses, including travel expenses and also receive the benefit of coverage under a Directors and Officer insurance policy.

4.3. SHARE PLANS

Non-Executive Director Share Plans have been approved by shareholders for John Conidi on 30 June 2015 and Robert Pett on 3 June 2016. The Non-Executive Directors receive annual equity-based grants under their respective Share Plan as determined by the Board subject to shareholders' approval.

4.4. NON-EXECUTIVE DIRECTORS REMUNERATION

Fixed and variable compensations for non-executive directors is shown below.

Executives		Short-term	Post-employment	Share-based	Total	% of compensation consisting of options	% performance related
		Salary/Fees	Other	Super-annuation			
		\$	\$	\$	\$		
Robert Pett ¹	2016	47,114	6,445⁵	4,476	243,625	301,659	80%
	2015	-	-	-	-	-	-
John Conidi	2016	54,750	-	-	194,900	249,650	78%
	2015	5,651	-	-	154,750	160,401	96%
John Park ²	2016	-	-	-	-	-	-
	2015	56,533	-	5,371	91,620	153,524	60%
Simon O'Loughlin ³	2016	-	-	-	-	-	-
	2015	6,290	-	-	-	6,290	-
Robert Greenslade ⁴	2016	-	-	-	-	-	-
	2015	6,667	-	-	-	6,667	-
TOTAL	2016	101,864	6,445	4,476	438,525	551,309	80%
	2015	75,141	-	5,371	246,370	326,882	75%

Note: The share based payments relate to shares issued pursuant to the individual Non-Executive Directors Share Plans. The 2016 shares were purchased by Executives at an issue price of \$0.2282 with a total value of \$684,600 (2015: \$1,485,400). Under the terms of the Share Plans, loans of \$1,198,050 (2015: \$1,485,400) have been conferred to the participants. Plan shares are held in escrow until the loans have been repaid. No loan is recognised in the financial statements when the Plan Shares are granted. The Plan shares issued to Non-Executive Directors are treated as 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. Accordingly, the share based payments reflected above represents the fair value of the Plan shares issued to Non-Executive Directors.

(1) Mr Pett appointed 9 November 2015

(2) Mr Park passed away 15 June 2015

(3) Mr O'Loughlin resigned 21 August 2014

(4) Mr Greenslade resigned 21 August 2014

(5) This relates to expense reimbursement claimed by Robert Pett in performing his duties in accordance with his employment contract

Remuneration Report

5. REMUNERATION GOVERNANCE

5.1. RESPONSIBILITY FOR SETTING REMUNERATION

The Board oversees, and is responsible for, remuneration decisions. 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.

From time to time the Remuneration and Nomination Committee seeks independent external advice on the appropriateness of the remuneration framework and remuneration arrangements for Directors and Executives.

5.2. USE OF REMUNERATION ADVISORS DURING THE YEAR

During the year, the Board engaged Godfrey Remuneration Group as its independent consultant to provide information on remuneration matters. John Conidi as an independent director oversaw the engagement of remuneration services for, and payment of, the independent consultant.

The Board was satisfied that advice received from Godfrey Remuneration Group was free from any undue influence by KMPs to whom the advice related, because strict protocols were observed and complied with regarding any interaction between Godfrey Remuneration Group and management. All remuneration advice was provided directly to the John Conidi. No remuneration recommendations as defined under Division 1, Part 1.2.98 (1) of the Corporations Act 2001, were made by Godfrey Remuneration Group.

6. SHARE BASED COMPENSATION

The following grants of share-based payment compensation to Directors and senior management relate to the 2016 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) 1,000,000 shares at 22.82 cents per share to Andrew Spinks, Managing Director, on 3 June 2016 after shareholder approval
- 2) 1,250,000 shares at 22.82 cents per share to Robert Pett, Non-Executive Chairman, on 3 June 2016 after shareholder approval
- 3) 1,000,000 shares at 22.82 cents per share to Robert Hodby, CFO/Company Secretary, on 3 June 2016 after shareholder approval
- 4) 1,000,000 shares at 22.82 cents per share to Grant Pierce, Executive Director, on 3 June 2016 after shareholder approval
- 5) 1,000,000 shares at 22.82 cents per share to John Conidi, Non-Executive Director, on 3 June 2016 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:

Shares issued	5,250,000
Price per share (AUD cents)	22.82
Valuation date	3 June 2016
Loan expiry date	3 June 2021
Underlying security spot price at valuation date (AUD cents)	25.50
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life (years)	5.0
Risk-free interest rate	1.61%
Black Scholes valuation per share (AUD cents per share)	19.49

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Remuneration Report

7. EXECUTIVE AND DIRECTOR EQUITY OWNERSHIP

7.1. NUMBER OF OPTIONS HELD BY EXECUTIVE AND DIRECTORS

	Balance at 1 July 2015	Granted as Compen- sation	Options Exercised	Net Change Other	Balance at 30 June 2016	Vested at 30 June 2016	Vested and exercisable	Options vested during year
Non-Executives								
Robert Pett	-	-	-	-	-	-	-	-
John Conidi	-	-	-	-	-	-	-	-
Executives								
Andrew Spinks	-	-	-	-	-	-	-	-
Robert Hodby	-	-	-	66,667	66,667	66,667	66,667	66,667
Grant Pierce	1,800,000	-	-	-	1,800,000	1,800,000	1,800,000	-
Total	1,800,000	-	-	66,667	1,866,667	1,866,667	1,866,667	66,667

All options held by Key Management Personnel at 30 June 2016 have vested and are exercisable.

7.2. NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL DURING THE YEAR ENDED 30 JUNE 2016

	Balance at 1 July 2015	Granted as compensation ²	Purchases/ Sales	Net Change Other	Balance at 30 June 2016
Non-Executives					
John Conidi	2,250,000	1,000,000	-	-	3,250,000
Robert Pett	-	1,250,000	-	-	1,250,000
Executives					
Andrew Spinks ¹	18,001,998	1,000,000	162,000	(6,608,868)	12,555,130
Grant Pierce	1,545,000	1,000,000	25,000	-	2,570,000
Robert Hodby ¹	1,687,952	1,000,000	133,333	6,608,868	9,430,153
Total	23,484,950	5,250,000	320,333	-	29,055,283

¹ Strategic Resource Management Pty Ltd, a company of which Mr Spinks and Mr Hodby are Directors, held 13,217,736 ordinary shares. During prior years to avoid double counting they were reported only under Andrew Spinks holding. During the current year these shares were distributed directly to Mr Spinks and Mr Hodby.

² Shares granted as compensation in the current year are under executive share plan arrangement.

7.3. NUMBER OF PLAN SHARES HELD BY KEY MANAGEMENT PERSONNEL DURING THE YEAR ENDED 30 JUNE 2016

Included in the table 7.2 above are plan shares held by key management personnel. The balance and movement during the reporting period in the number of plan shares directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at 1 July 2015	Granted as compensation	Net Change Other	Balance at 30 June 2016
Non-Executives				
John Conidi	1,250,000	1,000,000	-	2,250,000
Robert Pett	-	1,250,000	-	1,250,000
Executives				
Andrew Spinks	3,250,000	1,000,000	-	4,250,000
Grant Pierce	1,250,000	1,000,000	-	2,250,000
Robert Hodby	2,750,000	1,000,000	-	3,750,000
Total	8,500,000	5,250,000	-	13,750,000

7.4. 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 5,250,000 shares were offered to eligible recipients at an issue price of \$0.2282 (being 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.

7.5. 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 \$43,610 (2015: \$101,000). In 2015 Strategic Resource Management Pty Ltd was also reimbursed for payments for drilling and explorations costs in Tanzania and minor expenses at a cost of \$100,671. As at 30 June 2016 there is \$0 (2015: \$18,700) payable to Strategic Resource Management Pty Ltd.

Remuneration Report

7.6. SHARE TRADING RESTRICTIONS

Kibaran's Securities Trading Policy reflects the Corporations Act prohibition on key management personnel and their closely related parties entering into any arrangement that would have the effect of limiting the key management personnel's ("restricted personnel") exposure to risk relating to an element of their remuneration that remains subject to restrictions on disposal.

Under the policy, restricted personnel may only deal in Kibaran's Securities during any of the following periods and provided that they are not in possession of Inside Information ("Trading Windows"):

- Two weeks before and 24 hours after the release of the Company's quarterly, half yearly or annual report to ASX.
- Two weeks before lodgement and during the period that a disclosure document including a prospectus is open for applications except to the extent that Company employees are applying for securities pursuant to that disclosure document.
- Any other period determined by the Board from time to time and notified to the Designated Persons.

Restricted personnel and any of their immediate family and/or controlled entities are also required to obtain consent from the Kibaran' Company Secretary for dealings in Kibaran's securities. The Company Secretary refers all requests to the Chairman and the Managing Director for approval. Approval from the Chairman is required for requests from the Managing Director. Approval cannot be requested for dealings that are subject to prohibitions under the Corporations Act. The policy is available on the Corporate Governance section of the company's website at www.kibaranresources.com.

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

A handwritten signature in black ink, appearing to read 'Andrew Spinks', with a long horizontal flourish extending to the right.

Andrew Spinks

Managing Director

29 September 2016

Corporate Governance

Corporate Governance at Kibaran

The Board is ultimately responsible for all corporate governance matters of the Company and is accountable to shareholders for the performance of the Company. The Board oversees a governance framework which aims to ensure standards of corporate governance are maintained in all parts of the business.

ASX PRINCIPLES OF 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.

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.

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 3rd 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 29 September 2016.

1. PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1. 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;

Corporate Governance

- 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:
 - o Code of Conduct;
 - o Continuous Disclosure Policy;
 - o Diversity Policy;
 - o Performance Evaluation Policy;
 - o Procedures for Selection and Appointment of Directors;
 - o Remuneration Policy;
 - o Risk Management and Internal Compliance and Control Policy;
 - o Securities Trading Policy; and
 - o 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.

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

1.2. 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.

Robert Pett and John Conidi perform 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.

1.3. 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.

1.4. 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.

1.5. DIVERSITY

The Company recognises that a diverse workforce can be a reflection of the quality and skills of its people. To this end, the Company encourages diversity, including diversity by gender, race and geographical location.

The Company recognises the benefits of engaging people with diverse cultures, backgrounds, skills and capability to enrich our breadth of knowledge, capability and experience. The Company is committed to offering valuable and sustainable employment for local people and ultimately to provide genuine support to sustain long-term careers.

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 eight employees. 25% of these positions were filled by women.

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.

This representation reflects on the industry within which the Company operates.

1.6. 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.

Corporate Governance

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.

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

1.7. 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.

2. PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1. 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)
Robert Pett	-	Non-Executive Chairman – independent (appointed 9 November 2015)
Grant Pierce	-	Executive Director - Projects (appointed 16 January 2013)
John Conidi	-	Non-Executive Director – independent (appointed 4 May 2015)
Christoph Frey	-	Non-Executive Chairman – independent (appointed 10 August 2016)

Details on each of the Directors' backgrounds including experience, knowledge, skills and their status as an Independent Non-Executive Director are set out on pages 18 to 19 of this Report

The Board comprises three Non-Executive Directors and two Executive Directors.

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

In assessing the composition of the Board, the Directors have regard to the following policies:

- the Chairman should be an independent, Non-Executive;
- the role of the Chairman and Managing Director should not be filled by the same person;
- the Managing Director should be a full-time employee of the Company;
- the majority of the Board should comprise Directors who are both Non-Executive and independent; and
- the Board should comprise a broad range of qualifications, diversity, experience and expertise.

Where a casual vacancy arises, the Board will seek to appoint a Non-Executive Director with requisite skills and experience in the industry.

Where a Director is seeking election or re-election, details on the Director's skills, experience and qualifications are given in the notice of meeting.

2.2. 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.

2.3. 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.

3. 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.

Corporate Governance

4. 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.

Robert Pett and John Conidi perform 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.

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.

4.1. DIRECTOR AND CFO CERTIFICATIONS

The Managing Director and Chief Financial Officer provide, at the end of each six monthly period, a formal declaration to the Board confirming that the Company's financial reports present a true and fair view, in all material respects, and the Company's financial condition and operational results have been prepared in accordance with the relevant accounting standards.

The statement also confirms that the integrity of the Company's Financial Statements and Sections to the Financial Statements are founded on a sound system of risk management, internal compliance and control which implements the policies approved by the Board, and that the Company's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

5. 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.

6. 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.

7. 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, 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

Corporate Governance

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.

8. 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 \$101,864.

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.

Auditor's Independence Declaration



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the audit of Kibaran Resources Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Gavin Buckingham
Partner
29 September 2016

Financial Statements

For the year ended 30 June 2016

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The financial report covers the consolidated entity consisting of Kibaran Resources Limited and its subsidiaries. The financial report is presented in Australian dollars.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Kibaran Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Suite 1, 338 Hay Street
Subiaco WA 6008

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 29 September 2016. The directors have the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.kibaranresources.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	Consolidated 30 June 2016 \$	30 June 2015 \$
Revenue			
Other income	3	582,729	49,551
		582,729	49,551
Expenses			
Communications		(48,339)	(58,316)
Employee benefits expense		(1,043,580)	(967,542)
Finance & legal		(1,340,170)	(108,378)
Travel & accommodation		(454,549)	(350,753)
Occupancy		(155,298)	(60,431)
Other expenses	4	(692,958)	(585,736)
Depreciation		(9,008)	(3,310)
Share based payments		(1,283,490)	(1,920,735)
Unrealised foreign exchange differences		176,997	(230,749)
Impairment of capitalised exploration expenditure		-	(1,467,304)
		(4,850,395)	(5,753,254)
Loss before income tax		(4,267,666)	(5,703,703)
Income tax expense	5	-	-
Loss after income tax for the year		(4,267,666)	(5,703,703)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		-	24,974
Income tax on other comprehensive income		-	-
Other comprehensive income/(loss) for the year net of tax		-	24,974
Total comprehensive loss for the year		(4,267,666)	(5,678,729)
Loss attributable to Members of Kibaran Resources Limited		(4,267,666)	(5,703,703)
Total comprehensive loss attributable to Members of Kibaran Resources Limited		(4,267,666)	(5,678,729)
Loss per share attributable to the members of Kibaran Resources Limited			
Basic loss per share (cents per share)	16	(2.46)	(4.39)
Diluted loss per share (cents per share)	16	(2.46)	(4.39)

The above consolidated statement of profit or loss & other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 \$	Consolidated 30 June 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,057,463	4,648,784
Trade and other receivables	7	846,786	80,892
Total Current Assets		2,904,249	4,729,676
Non-current Assets			
Property, plant and equipment	8	23,117	23,235
Exploration and evaluation assets	9	9,605,357	7,711,720
Total Non-current Assets		9,628,474	7,734,955
TOTAL ASSETS		12,532,723	12,464,631
LIABILITIES			
Current Liabilities			
Trade and other payables	10	816,811	203,593
Total Current Liabilities		816,811	203,593
TOTAL LIABILITIES		816,811	203,593
NET ASSETS		11,715,912	12,261,038
EQUITY			
Contributed equity	11	27,696,848	24,059,748
Reserves	12	1,869,815	1,784,375
Accumulated losses	13	(17,850,751)	(13,583,085)
TOTAL EQUITY		11,715,912	12,261,038

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

Group	Contributed Equity \$	Accumulated Losses \$	Loan Share Reserve \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total \$
BALANCE AT 30 JUNE 2014	13,025,803	(7,879,382)	-	1,637,560	(24,974)	6,759,007
Loss for the year	-	(5,703,703)	-	-	-	(5,703,703)
Other comprehensive income	-	-	-	-	24,974	24,974
Total Comprehensive Loss for the year	-	(5,703,703)	-	-	24,974	(5,678,729)
Transactions with owners in their capacity as owners						
Shares issued during the year	12,193,197	-	(1,773,920)	-	-	10,419,277
Share based payments	-	-	-	1,920,735	-	1,920,735
Share issue expense	(1,159,252)	-	-	-	-	(1,159,252)
BALANCE AT 30 JUNE 2015	24,059,748	(13,583,085)	(1,773,920)	3,558,295	-	12,261,038
Loss for the year	-	(4,267,666)	-	-	-	(4,267,666)
Other comprehensive loss	-	-	-	-	-	-
Total Comprehensive Loss for the year	-	(4,267,666)	-	-	-	(4,267,666)
Transactions with owners in their capacity as owners						
Shares issued during the year	3,746,550	-	(1,198,050)	-	-	2,548,500
Share based payments	-	-	-	1,283,490	-	1,283,490
Share issue expense	(109,450)	-	-	-	-	(109,450)
BALANCE AT 30 JUNE 2016	27,696,848	(17,850,751)	(2,971,970)	4,841,785	-	11,715,912

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Consolidated	
		2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Other receipts		8,052	-
Research and development tax credit received		172,444	-
Payments to suppliers and employees		(2,744,942)	(2,435,261)
Net cash flows used in operating activities	14	(2,564,446)	(2,435,261)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(2,960,371)	(2,859,962)
Payments for property plant & equipment		(8,890)	(26,546)
Interest received		75,103	49,551
Research and development tax credit received		728,234	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,165,924)	(2,836,957)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares and options		2,248,500	9,994,277
Capital raising costs for issue of shares		(109,450)	(518,092)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		2,139,050	9,476,185
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS HELD		(2,591,321)	4,203,967
Net foreign exchange difference		-	(79,929)
Cash and cash equivalents at beginning of financial year		4,648,784	524,746
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6	2,057,463	4,648,784

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

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 2016 were authorised for issue in accordance with a resolution of the Directors on 29 September 2016.

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.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Comparative information

The balance outstanding on the option reserve at 30 June 2015 (in equity) has been consolidated into the share based payment reserve (also in equity) as they both were 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. This restatement did not impact the financial performance or position for the Group for the year ended 30 June 2015.

New and amended standards applicable in future years

The following standards and interpretations have been issued by the AASB but are not yet effective for the year ending 30 June 2016.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 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> <p>a. 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.</p> <p>b. 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.</p> <p>c. 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.</p>	1 January 2018	1 July 2018

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Application date for Group
(continued) AASB 9		<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"> • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss <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><i>Impairment</i></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><i>Hedge accounting</i></p> <p>Amendments to AASB 9 (December 2009 & 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>		

Reference	Title	Summary	Application date of standard	Application date for Group
(continued) AASB 9		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.		
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> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation 	1 January 2018	1 July 2018

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Application date for Group
(continued) AASB 15		<p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted</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>AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.</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

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
AASB 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <p>(a) Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>(b) A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.</p> <p>(c) Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</p> <p>(d) AASB 16 contains disclosure requirements for lessees.</p> <p>Lessor accounting</p> <p>(a) AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>(b) AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</p>	1 January 2019	1 July 2019

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Application date for Group
(continued) AASB 16		<p>AASB 16 supersedes:</p> <p>(a) AASB 117 Leases</p> <p>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</p> <p>(c) SIC-15 Operating Leases—Incentives</p> <p>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</p> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>		
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p><i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</i></p> <p>(a) Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.</p> <p><i>AASB 7 Financial Instruments: Disclosures:</i></p> <p>(a) Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is ‘continuing involvement’ for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.</p> <p>(b) Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 <i>Disclosure–Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134.</p>	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard	Application date for Group
(continued) AASB 2015-1		<p>AASB 119 <i>Employee Benefits</i>:</p> <p>(a) Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.</p> <p>AASB 134 <i>Interim Financial Reporting</i>:</p> <p>(a) Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.</p>		

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

Accounting Policies

a) 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.

b) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. 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.

d) Exploration and development expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development 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.

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.

e) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

f) Property plant & equipment

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

Plant and equipment

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
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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.

g) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

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

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

h) Foreign Currency Transactions and Balances

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.

i) 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.

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.

j) Issued capital

Ordinary shares are classified as equity.

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

k) Trade and other receivables

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

l) Trade and other payables

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

m) Cash and cash equivalents

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

n) 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).

o) Goods and services tax (GST)

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

p) 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.

q) 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 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

	Australia \$	Tanzania \$	Unallocated \$	Consolidated \$
2015				
Results				
Segment Revenues	49,551	-	-	49,551
Segment Results	(3,983,375)	(1,720,328)	-	(5,703,703)
2016				
Results				
Segment Revenues	582,729	-	-	582,729
Segment Results	(3,936,724)	(330,942)	-	(4,267,666)
2015				
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
Total Assets				12,464,631
Liabilities				
Segment liabilities	196,035	7,558	-	203,593
Total Liabilities	196,035	7,558	-	203,593
2016				
Assets				
Segment Assets	7,798	9,620,676	-	9,628,474
Unallocated assets:				
Cash and cash equivalents				2,057,463
Trade and other receivables				846,786
Total Assets				12,532,723
Liabilities				
Segment liabilities	(787,224)	(29,587)	-	(816,811)
Total Liabilities	(787,224)	(29,587)	-	(816,811)
Other disclosures				
2016				
Exploration and evaluation expenditure	-	2,958,184	-	2,958,184
Additions to property, plant and equipment	999	9,357	-	10,356
2015				
Exploration and evaluation expenditure	-	2,570,423	-	2,570,423
Additions to property, plant and equipment	10,104	16,441	-	26,545

		Consolidated	
		2016	2015
		\$	\$
3. OTHER INCOME			
Interest received from financial institutions		82,105	49,551
Research and development tax credit		492,572	-
Proceeds from insurance claim		8,052	-
Total Revenue		582,729	49,551
4. EXPENSES			
Loss before income tax includes the following specific expenses:			
Other expenses			
Administration expense		(127,392)	(417,418)
Marketing and promotion		(565,566)	(168,318)
Total other expenses from ordinary activities		(692,958)	(585,736)
5. INCOME TAX EXPENSE			
a) Income Tax Expense			
The <i>prima facie</i> tax on operating loss from ordinary activities before income tax is reconciled to the income tax as follows:			
Loss before tax		(4,267,666)	(5,703,703)
<i>Prima facie</i> tax on loss from ordinary activities at tax rate of 28.5% (2015:30%)		(1,216,285)	(1,711,111)
Tax effect of amounts not deductible		26,597	29,167
Benefit of tax losses and timing differences not brought to account as an asset		1,189,688	1,681,944
Income tax expense attributable to entity		-	-
Deferred income tax at balance date relates to the following:			
<i>Deferred Tax Assets</i>			
Foreign exchange translation differences		16,369	8,999
Tax losses available to offset against future taxable income		3,734,783	2,741,662
Total deferred tax asset		3,751,151	2,750,661
<i>Deferred Tax Liabilities</i>			
Accrued expenditure		(105,025)	(106,224)
Deferred tax asset used to offset deferred tax liability		105,025	106,224
Deferred tax assets not brought to account		3,646,126	2,644,437
Tax losses on which no deferred tax asset has been recognised		12,647,556	9,138,873

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

	Consolidated	
	2016 \$	2015 \$
6. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1,457,463	4,548,784
Short-term bank deposits	600,000	100,000
	2,057,463	4,648,784
7. TRADE AND OTHER RECEIVABLES		
Goods and services taxation receivable ⁽ⁱ⁾	51,443	80,892
Research and development tax credit receivable ⁽ⁱⁱ⁾	660,234	-
Other receivables	135,109	-
	846,786	80,892

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

(ii) Since balance date funds were received as announced to market on 6 September 2016.

8. PROPERTY, PLANT AND EQUIPMENT		
At cost	35,603	26,545
Accumulated depreciation	12,486	3,310
Net book amount	23,117	23,235

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:

	Plant & Equipment Office \$	Plant & Equipment Field \$	Total \$
Balance at 1 July 2014	-	-	-
Additions	10,104	16,441	26,545
Depreciation expense	(993)	(2,317)	(3,310)
Balance at 30 June 2015	9,111	14,124	23,235
Additions	999	9,357	10,356
Write off	-	(1,466)	(1,466)
Depreciation expense	(2,311)	(6,697)	(9,008)
Balance at 30 June 2016	7,799	15,318	23,117

	Consolidated	
	2016 \$	2015 \$
9. EXPLORATION AND EVALUATION ASSET		
Exploration and evaluation expenditure carried forward:		
Carrying amount as at 1 July	7,711,720	6,608,601
Capitalised acquisition expenditure at cost	2,958,184	2,570,423
Exploration & evaluation expenditure impaired ¹	-	(1,467,304)
Exploration expenditure R&D refund	(1,064,547)	-
Total non-current exploration & evaluation expenditure as at 30 June	9,605,357	7,711,720

¹ This relates to the impairment of the Kagera Nickel project. The Group impaired the carrying value of the Kagera Nickel project at 30 June 2015 as substantive expenditure on further exploration for and evaluation for the Kagera Nickel project was 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		
Trade payables ¹	376,436	18,980
Accruals	325,374	106,223
Payroll payables	109,099	47,919
Sundry payables	5,902	30,471
Total trade and other payables	816,811	203,593

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

	Consolidated	
	2016 \$	2015 \$
11. CONTRIBUTED EQUITY		
189,174,894 (2015: 167,534,223) fully paid ordinary shares	27,696,849	24,059,748

	Date	\$	Issue Price	Number of shares
(a) Ordinary Shares				
At 30 June 2014		13,025,803		92,327,669
Share placement	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
Issue of plan 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
Share placement	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	15/05/15	1,499,996	0.170	8,823,526
Option exercise	26/06/15	20,000	0.100	200,000
Issue of plan shares	30/06/15	868,000	0.174	5,000,000
Transaction costs		(1,159,252)		-
At 30 June 2015		24,059,748		167,534,223
Option exercise	05-08-15	19,000	0.200	95,000
Issue of shares to consultant in lieu of cash	01-10-15	250,000	0.169	1,481,505
Share placement	26-02-16	2,000,000	0.150	13,333,334
Issue of shares to consultant in lieu of cash	30-03-16	50,000	0.150	333,333
Option exercise	23-06-16	229,500	0.200	1,147,499
Issue of plan shares	28-06-16	1,198,050	0.228	5,250,000
Transaction costs		(109,450)		-
At 30 June 2016		27,696,848		189,174,894

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:

Grant Date	Date of Expiry	Exercise Price	Balance at start of year	Granted	Exercised	Expired unexercised	Balance at end of year
2016							
31/03/2011	30/09/2015	0.35	700,000	-	-	(700,000)	-
31/03/2011	31/03/2016	0.40	700,000	-	-	(700,000)	-
05/02/2014	03/08/2015	0.20	4,498,888	-	(95,000)	(4,403,888)	-
11/02/2013	11/02/2017	0.27	800,000	-	-	-	800,000
22/05/2014	11/05/2017	0.193	4,000,000	-	-	-	4,000,000
8/07/2015	22/10/2017	0.40	4,000,000	-	-	-	4,000,000
15/05/2015	17/10/2017	0.30	750,000	-	-	-	750,000
13/07/2015	13/07/2017	0.174	-	1,050,000	-	-	1,050,000
29/02/2016	29/08/2016	0.20	-	6,666,666 ¹	(1,147,499)	-	5,519,167
27/06/2016	2/06/2019	0.228	-	1,000,000	-	-	1,000,000
TOTAL			15,448,888	8,716,666	(1,242,499)	(5,803,888)	17,119,167

Weighted average exercise price of options outstanding at 30 June 2016: \$0.25

¹ This relates to the February 2016 placement where one free option was attached to every 2 shares subscribed for.

2015

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
TOTAL			21,500,000	4,750,000	(7,601,112)	(3,200,000)	15,448,888

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

(c) Performance Shares

On 27 October 2015 the 15,000,000 performance shares that were linked to the Kigara nickel projects lapsed. At 30 June 2016 there were no (30 June 2015: 15,000,000) performance shares on issue.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

	Consolidated	
	2016 \$	2015 \$
12. RESERVES		
Foreign currency reserve	-	-
Share based payment reserve	4,841,785	3,558,295
Loan share reserve	(2,971,970)	(1,773,920)
Balance at the end of the year	1,869,815	1,784,375
Movement in foreign currency reserve		
Balance at beginning of the year	-	(24,974)
Foreign exchange translation differences	-	24,974
Balance at the end of the year	-	-
Movement in share based payment reserve		
Balance at beginning of the year	3,558,295	1,637,560
Share based payment expense for the year	1,283,490	1,920,735
Balance at the end of the year	4,841,785	3,558,295
Movement in loan share reserve		
Balance at beginning of the year	(1,773,920)	-
Plan shares issued during the year	(1,198,050)	(1,773,920)
Balance at the end of the year	(2,971,970)	(1,773,920)

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.

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	
	2016 \$	2015 \$
13. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the year	(13,583,085)	(7,879,382)
Loss for the year	(4,267,666)	(5,703,703)
Accumulated losses at the end of the year	(17,850,751)	(13,583,085)
14. CASH FLOW INFORMATION		
Reconciliation of Cash Flow Used in Operations to Loss for Year		
Loss for year	(4,267,666)	(5,703,703)
Adjustments for:		
Share based payments	1,283,490	1,920,763
Interest income	(82,105)	(49,551)
Depreciation	9,008	3,310
Impairment of capitalised exploration assets	-	1,467,304
Unrealised foreign exchange gain/(losses)	(176,997)	178,281
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(256,874)	(34,109)
Increase / (decrease) in trade and other payables	926,698	(217,556)
Net cash outflows used in operations	(2,564,446)	(2,435,261)

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 \$401,340 (2015: \$1,286,955) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

	Consolidated	
	2016	2015
	\$	\$
16. LOSS PER SHARE		
Loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.		
The following table reflects the income and share data used in the basic loss per share computations:		
Loss for the year used in calculating basic loss per share	(4,267,666)	(5,703,703)
Weighted average number of ordinary shares used in calculating basic loss per share	173,429,200	129,828,697
Basic and diluted loss per share (cents)	(2.46)	(4.39)
17,119,167 share options outstanding at 30 June 2016 (2015: 15,448,888) have not been included in determining the diluted loss per share as these are considered to be anti-dilutive given the loss position for year ended 30 June 2015 and 2016.		
17. AUDITOR'S REMUNERATION		
Amounts received or due and receivable by Ernst & Young Australia for		
<i>Auditor of the services</i>		
Audit or Review of the Financial Report	28,000	26,000
<i>Other Non- Audit Services</i>		
Tax advisory services	32,700	7,500
Total Auditor's Remuneration	60,700	33,500

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
13/07/2015	1,050,000	None	13/07/2017	2 years
29/02/2016	6,666,666 ⁽¹⁾	None	29/08/2016	0.5 years
28/06/2016	1,000,000	None	02/06/2019	2.9 years
	8,716,666			

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

Movements

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

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at 1 July	15,448,888	0.27	21,500,000	0.13
Issued during the year	8,716,666	0.20	4,750,000	0.38
Exercised/expired during the year	(7,046,387)	0.24	(10,801,112)	0.19
Outstanding at 30 June	17,119,167	0.25	15,448,888	0.27
Exercisable at 30 June	17,119,167	0.25	15,448,888	0.27

The model inputs for the options granted during the year were as follows:

Quantity	1,050,000	1,000,000
Grant date	13/07/2015	27/06/2016
Expiry date	26/10/2017	2/6/2019
Grant date share price	\$0.09149	\$0.1642
Exercise price	\$0.1736	\$0.2282
Expected volatility	85.74%	70.61%
Option life (years)	2.3	2.9
Expected dividend yield	0%	0%
Risk free rate at grant date	2.32%	2.05%

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

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:

Name	Position
John Conidi	Non-Executive Director
Andrew Spinks	Managing Director
Grant Pierce	Executive Director
Robert Hodby	CFO/Company Secretary
Robert Pett	Non-Executive Chairman (appointed 9 November 2015)

(a) Key management personnel compensation

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

	Consolidated	
	2016	2015
	\$	\$
Short term employee benefits	924,419	646,197
Post-employment benefits	52,926	35,698
Share based payments	1,023,225	1,779,520
Other benefits	6,445	0
	2,007,015	2,461,415

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:

- 6) 1,000,000 shares at 22.82 cents per share to Andrew Spinks, Managing Director, on 3 June 2016 after shareholder approval
- 7) 1,250,000 shares at 22.82 cents per share to Robert Pett, Non-Executive Chairman, on 3 June 2016 after shareholder approval
- 8) 1,000,000 shares at 22.82 cents per share to Robert Hodby, Company Secretary, on 3 June 2016 after shareholder approval
- 9) 1,000,000 shares at 22.82 cents per share to Grant Pierce, Executive Director, on 3 June 2016 after shareholder approval
- 10) 1,000,000 shares at 22.82 cents per share to John Conidi, Non-Executive Director, on 3 June 2016 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:

June Issue

Shares issued	5,250,000
Price per share (AUD cents)	22.82
Valuation date	3 June 2016
Loan expiry date	3 June 2021
Underlying security spot price at valuation date (AUD cents)	25.50
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life (years)	5.0
Risk-free interest rate	1.61%
Black Scholes valuation per share (AUD cents per share)	19.49

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

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at 1 July	8,800,000	0.2016	-	-
Granted during the year	5,250,000	0.2282	8,800,000	0.2016
Outstanding at 30 June	14,050,000	0.2115	8,800,000	0.2016

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

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 19 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 \$43,610 (2015: \$101,000) and reimbursement of payments for drilling and explorations costs in Tanzania and minor expenses at a cost of \$0 (2015: \$100,671). As at 30 June 2016 there is \$0 (2015: \$18,700) 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 (%)	
		2016	2015
Subsidiaries of Kibaran Resources Ltd:			
Tanzanian Exploration Company Pty Ltd	Australia	100	100
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

	Consolidated	
	2016 \$	2015 \$
22. PARENT ENTITY INFORMATION		
Set out below is the supplementary information about the parent entity.		
<i>Statement of comprehensive income</i>		
Loss after income tax	(3,936,714)	(3,903,134)
Total comprehensive loss	(3,936,714)	(3,903,134)
<i>Statement of financial position</i>		
Total current assets	2,657,934	4,559,600
Total assets	13,682,717	13,896,890
Total current liabilities	787,224	120,263
Total liabilities	787,224	120,263
Equity		
Contributed equity	27,696,849	24,059,748
Share option reserve	1,863,586	1,778,146
Accumulated losses	(15,877,718)	(11,941,004)
Total equity	13,682,717	13,896,890

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 2016 and 30 June 2015.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 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 2016 and 30 June 2015.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

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.

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

23. FINANCIAL INSTRUMENTS (continued)

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	
	2016 \$	2015 \$	2016 \$	2015 \$
USD	127,632	162,950	56,946	-
Euro	231	-	-	6,540
TZS	48,293	-	1,107	-
GBP	-	-	203,640	-
Total	176,156	162,950	261,693	6,540

Note all currencies above mentioned are translated at the closing AUD equivalent.

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
2016						
AUD to foreign currencies	10%	29,520	29,520	10%	(26,836)	(26,836)
2015						
AUD to foreign currencies	5%	8,148	8,148	5%	8,148	(8,148)

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 2.7% (2015: 0% to 3.6%), 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 2016		30 June 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	2,057,463	2,057,463	4,648,784	4,648,784
			Carrying Amount (\$)	
			2016	2015
Variable rate financial assets			2,057,463	4,648,784

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

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.

	2016 \$	2015 \$
1% increase	20,575	46,488
1% decrease	(20,575)	(46,488)

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 amount \$	Contractual cash flows \$	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
2016						
Trade and other payables	816,812	816,812	816,812	-	-	-
2015						
Trade and other payables	203,593	203,593	203,593	-	-	-

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 2015.

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 2016.

25. EVENTS AFTER BALANCE DATE

Subsequent to 30 June 2016 Kibaran announced on the 17 August 2016 a successful raising of \$10.9 million through a share placement capital, this is a key success driver to begin key development preparations and initiate expansion studies for its Epanko graphite project in Tanzania.

Christoph Frey was appointed as Non-Executive Director on 10 August 2016.

As announced on the 22 August 2016, the Company was included in an ambit claim seeking a court injunction on mining operations by the Company until compensation has been paid. The Company is aware of its obligations with regard to compensation and relocation and is undertaking due process through the development of a Relocation Action Plan. A court hearing scheduled for 25 August was adjourned until November 2016 where it will be determined whether the claimants have standing to proceed with the action. The Company does not consider that the claim will impact its current predevelopment work and continues to work with all stakeholders in the Relocation Action Plan process in a consultative and professional manner. The relocation and action planning is being undertaken to standards set by the International Finance Corporation, which exceed the requirements of the Tanzanian government, and if required as a condition precedent to project debt funding.

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.

This is the end of the Financial Statements.

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 2016 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) 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:

A handwritten signature in black ink, appearing to read 'Andrew Spinks', is written over a horizontal line.

Andrew Spinks

Managing Director

Perth, 29 September 2016

Independent Auditor's Report



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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.

Independent Auditor's 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 2016 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.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Gavin Buckingham
Partner
Perth
29 September 2016

ASX Additional Information

a) Distribution of Listed Securities (as at 19 September 2016)

		Fully Paid Ordinary Shares	Number of holders
1	- 1,000	25,357	79
1,001	- 5,000	1,156,175	363
5,001	- 10,000	2,630,219	318
10,001	- 100,000	41,283,308	1,017
100,001	- and over	187,257,335	356
TOTAL		228,352,394	2,133

b) Top Twenty Ordinary Shareholders (as at 19 September 2016)

	Name	Number of Ordinary Shares held	%
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	15,324,367	6.71
2	ZERO NOMINEES PTY LTD	13,600,000	5.96
3	CITICORP NOMINEES PTY LIMITED	10,395,368	4.55
4	TALISMAN CAPITAL PTE LTD	4,882,353	2.14
5	DR PETER DENNETT MEIER & MRS LYNETTE SUZANNE MEIER	4,694,496	2.06
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,078,903	1.79
7	MR ANDREW PETER SPINKS A S GOLD SF	4,051,846	1.77
8	GR ENGINEERING SERVICES LIMITED	3,952,093	1.73
9	COLBERN FIDUCIARY NOMINEES PTY LTD	3,277,000	1.44
10	SANDHURST TRUSTEES LTD (ENDEAVOR ASSET MGMT MDA A/C)	3,043,478	1.33
11	RWH NOMINEES PTY LTD (KAR SUPERFUND A/C)	2,810,386	1.23
12	RWH NOMINEES PTY LTD (RWH NOMINEES A/C)	2,429,434	1.06
12	ANDREW SPINKS THE SPINKS FAMILY	2,429,434	1.06
13	MR MARK CHRISTOPHER JOBLING	2,000,000	0.88
14	DAVID HODBY NOMINEES PTY LTD HODBY SUPER FUND	1,995,536	0.87
15	MR ANDREW PETER SPINKS (A S GOLD SF A/C)	1,719,550	0.75
16	GOLD ELEGANT (HK) INVESTMENT LIMITED	1,600,000	0.70
17	MR NICOLA CONIDI & MRS GIANNINA CONIDI (NICK & JAN CONIDI S/F A/C)	1,593,000	0.70
18	NATIONAL NOMINEES LIMITED	1,578,408	0.69
19	PRF BELL SUPERANNUATION PTY LTD	1,510,972	0.66
20	GP SECURITIES	1,500,000	0.66
Total Top 20 Shareholders		88,466,624	38.74
Other Shareholders		139,885,770	61.26
Total ordinary shares on issue		228,352,394	100.00

ASX Additional Information

c) Non marketable parcels (as at 19 September 2016)

The number of shareholders holding less than a marketable parcel of shares is 168, totalling 184,211 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 19 September 2016)

The Company has no restricted securities.

g) Substantial Shareholders (as at 19 September 2016)

The Company has no substantial shareholders.

h) On-Market Buy Back

There is no current on market buy back.

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

	Options (1)	Options (2)	Options (3)	Options (4)	Options (5)	Options (6)
1 – 1,000	2	4	1	2	8	1
1,001 – 5,000	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-
100,001 and over	-	-	-	-	-	-
	2	4	1	2	8	1

	Options (1)	Options (2)	Options (3)	Options (4)	Options (5)	Options (6)
Number on issue	800,000	4,000,000	4,000,000	750,000	1,050,000	1,000,000
Number of holders	2	4	1	2	8	1
Yoix Pty Ltd	-	1,000,000	-	-	-	-
Castillian Resources Limited	-	-	-	-	-	-
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	-	1,000,000
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	11/02/2017	\$0.27	800,000
2	11/05/2017	\$0.193	4,000,000
3	26/10/2017	\$0.40	4,000,000
4	17/10/2017	\$0.30	750,000
5	13/07/2017	\$0.174	1,050,000
6	02/06/2019	\$0.228	1,000,000

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:

Ministry ID	Area (square km)	Expiry Date
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	11.88	14/05/2016
PL 9537/2014	84.00	15/01/2018
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	13/11/2018
PL 10390/2014	2.81	15/11/2018
PL 10394/2014	9.74	15/11/2018

ASX Additional Information

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 2016 and 2015.

Mineral Resource Statement

Note: totals may not sum exactly due to rounding

Table 1: Epanko Mineral Resource Estimate as at 30 June 2016

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
Total	23.3	9.4	2,194,600

Table 2: 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
Total	23.3	9.8	2,194,600

Table 3: Merelani –Arusha Mineral Resource Estimate as at 30 June 2016


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

Table 4: 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
Total	17.7	6.5	1,150,000

Notes for table 1, 2, 3 and 4

- 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.

www.kibaranresources.com



Kibaran Resources Limited

Phone: + 61 8 6380 1003 Email: info@kibaranresources.com

ASX: KNL FSE: FMK ABN: 15 117 330 757

www.kibaranresources.com