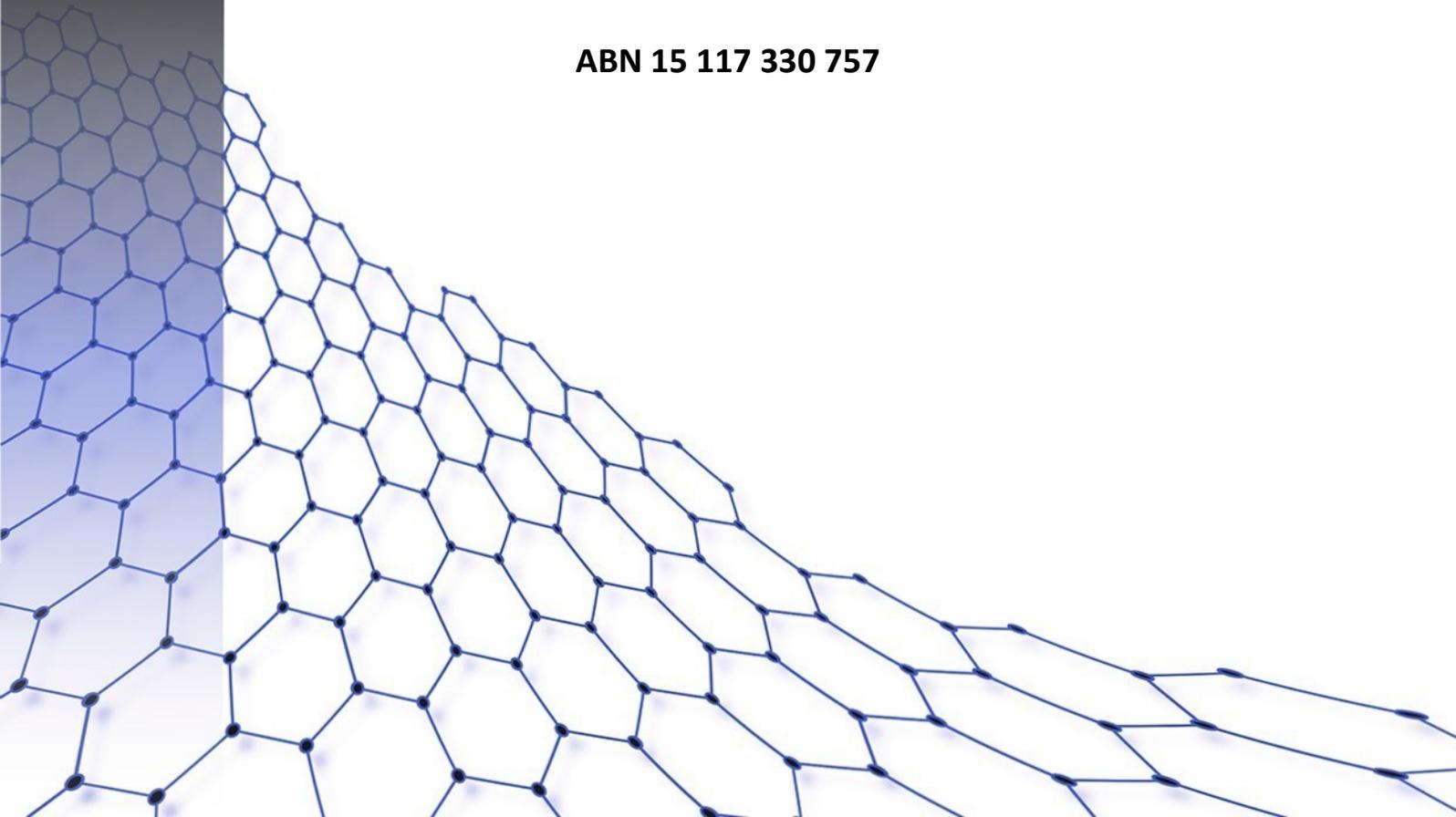


**Interim Financial Report  
for the Half-Year Ended  
31 December 2015**

**ABN 15 117 330 757**





## CORPORATE DIRECTORY

### Directors

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

### 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](http://www.kibararesources.com)

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



## CONTENTS

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	<b>Page</b>
Directors' Report	1
Auditor's Independence Declaration	3
Directors' Declaration	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Review Report	14



## DIRECTORS' REPORT

The Board of Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the “Group” or “Kibaran Resources”) consisting of Kibaran Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2015.

### DIRECTORS

The names of the Directors of Kibaran Resources in office during the half-year and until the date of this report are:

Robert Pett	Non-Executive Chairman (appointed 9 November 2015)
Andrew Spinks	Managing Director
Grant Pierce	Executive Director
John Conidi	Non-Executive Director

All Directors were in office from the beginning of the half-year until the date of this report unless otherwise stated.

### PRINCIPAL ACTIVITIES

The principal activities of the Group during the interim period were mineral resource exploration and evaluation of its tenements in Tanzania. The Group is focused on exploring for graphite on its Mahenge and Arusha projects and the development of the Epanko graphite project.

### OPERATING RESULTS

The loss after tax for the half-year ended 31 December 2015 was \$1,368,606 (31 December 2014: \$2,338,317).

### REVIEW OF OPERATIONS

The Group's exploration and corporate activities during the six months ended 31 December 2015 are detailed in the reports released to the ASX. Other than the ASX announcements, there has been no other significant change in the operations of the Group.

Significant Milestones:

- Mining Licence Granted
- Positive Scoping Study completed for Battery Grade Manufacturing Facility
- Bankable Feasibility Study completed for Epanko Graphite Project confirming Economic Viability
- Off-take Agreement with ThyssenKrupp signed for 20,000tpa of planned production
- In-principle German Government Loan Guarantee (UFK) received for Debt Financing with German state-owned KfW IPEX Bank
- Mineral Resource Estimate increase of 43% received for the Merelani East Graphite Deposit
- Production Target for Epanko Graphite Project increased by 50% to 150,000tpa
- Mandate Letter signed with KfW IPEX-Bank
- Appointment of Mr Robert Pett as Non-Executive Chairman.

### EVENTS AFTER BALANCE DATE

On 22 February 2016, the Company completed the placement of 13,333,334 shares to raise \$2m before costs.

No other matters or circumstances have arisen since 31 December 2015 that have significantly affected or may significantly affect;

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



## DIRECTORS' REPORT

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The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 3 and forms part of the Director's report for the six months ended 31 December 2015.

Signed in accordance with a resolution of the Board of Directors

**ANDREW SPINKS**  
**Managing Director**

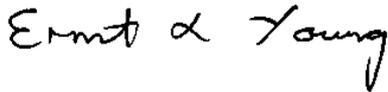
14 March 2016

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

As lead auditor for the review of Kibaran Resources Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Gavin Buckingham  
Partner  
14 March 2016



## DIRECTORS' DECLARATION

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The Directors declare that:

- (a) In the Directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Regulations 2001* as disclosed in Note 1 and giving a true and fair view of the financial position and performance of the consolidated entity for the half-year ended 31 December 2015; and
- (b) In the Director's opinion, subject to achieving the matters set out in Note 1 to the financial report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors, made pursuant to S303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

**ANDREW SPINKS**  
Managing Director

14 March 2016



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Half Year Ended 31 December 2015

	Note	Half Year Ended 31 December 2015 \$	Half Year Ended 31 December 2014 \$
<b>Revenue</b>			
Revenue	2	28,573	33,883
		<u>28,573</u>	<u>33,883</u>
<b>Expenses</b>			
Communications		(29,410)	(31,580)
Employee benefits expense		(427,769)	(418,736)
Finance & legal		(365,677)	(60,597)
Travel & accommodation		(248,893)	(192,585)
Occupancy		(52,962)	(26,729)
Other expenses		(349,775)	(422,397)
Depreciation		(7,291)	-
Share based payment		(96,065)	(1,160,520)
Unrealised foreign exchange differences		180,663	(59,056)
		<u>(1,397,179)</u>	<u>(2,372,200)</u>
<b>Loss before income tax</b>		<b>(1,368,606)</b>	<b>(2,338,317)</b>
Income tax expense		-	-
		<u>(1,368,606)</u>	<u>(2,338,317)</u>
<b>Loss after income tax for the half-year</b>			
<b>Other comprehensive income</b>			
<b><i>Items that may be reclassified subsequently to profit or loss</i></b>			
Exchange differences arising on translation of foreign operations		-	24,974
Income tax on other comprehensive income		-	-
		<u>-</u>	<u>24,974</u>
<b>Other comprehensive income/(loss) for the period net of tax</b>		<b>-</b>	<b>24,974</b>
<b>Total comprehensive loss for the period</b>		<b>(1,368,606)</b>	<b>(2,313,343)</b>
Loss attributable to Members of Kibaran Resources Limited		<u>(1,368,606)</u>	<u>(2,338,317)</u>
Total comprehensive income attributable to Members of Kibaran Resources Limited		<u>(1,368,606)</u>	<u>(2,313,343)</u>
<b>Loss per share attributable to the members of Kibaran Resources Limited</b>			
Basic loss per share (cents per share)		(0.81)	(1.93)
Diluted loss per share (cents per share)		(0.81)	(1.93)

The accompanying notes form part of the financial statement



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	31 December 2015 \$	30 June 2015 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	1,411,786	4,648,784
Trade and other receivables		120,496	80,892
<b>Total Current Assets</b>		<b>1,532,282</b>	<b>4,729,676</b>
<b>Non-current Assets</b>			
Property, plant and equipment		16,730	23,235
Exploration and evaluation assets	3	9,960,685	7,711,720
<b>Total Non-current Assets</b>		<b>9,977,415</b>	<b>7,734,955</b>
<b>TOTAL ASSETS</b>		<b>11,509,697</b>	<b>12,464,631</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		252,970	203,593
<b>Total Current Liabilities</b>		<b>252,970</b>	<b>203,593</b>
<b>TOTAL LIABILITIES</b>		<b>252,970</b>	<b>203,593</b>
<b>NET ASSETS</b>		<b>11,256,727</b>	<b>12,261,038</b>
<b>EQUITY</b>			
Issued capital	4	24,327,978	24,059,748
Reserves		1,880,440	1,784,375
Accumulated losses		(14,951,691)	(13,583,085)
<b>TOTAL EQUITY</b>		<b>11,256,727</b>	<b>12,261,038</b>

The accompanying notes form part of the financial statement



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Half Year Ended 31 December 2015

	Issued Capital	Accumulated Losses	Loan Reserve Shares	Share Based Payments Reserve	Option Reserve	Foreign Exchange Translation Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	13,025,803	(7,879,382)	-	-	1,637,560	(24,974)	6,759,007
<b>Total comprehensive loss for the period</b>							
Loss for the period	-	(2,338,317)	-	-	-	-	(2,338,317)
Other comprehensive Profit	-	-	-	-	-	24,974	24,974
<b>Total comprehensive loss for the period</b>	-	(2,338,317)	-	-	-	24,974	2,313,343
<b>Transactions with owners of the Company</b>							
Share Based Payments	905,920	-	(905,920)	1,160,520	-	-	1,160,520
Issue of shares	4,296,281	-	-	-	-	-	4,296,281
Share issue expense	(221,964)	-	-	-	-	-	(221,964)
<b>Balance at 31 December 2014</b>	<b>18,006,040</b>	<b>(10,217,699)</b>	<b>(905,920)</b>	<b>1,160,520</b>	<b>1,637,560</b>	<b>-</b>	<b>9,680,501</b>
<b>Balance at 1 July 2015</b>	24,059,748	(13,583,085)	(1,773,920)	1,779,520	1,778,775	-	12,261,038
<b>Total comprehensive loss for the period</b>							
Loss for the period	-	(1,368,606)	-	-	-	-	(1,368,606)
Other comprehensive Profit	-	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	(1,368,606)	-	-	-	-	(1,368,606)
<b>Transactions with owners of the Company</b>							
Share Based Payments	-	-	-	96,065	-	-	96,065
Issue of shares	269,000	-	-	-	-	-	269,000
Share issue expense	(770)	-	-	-	-	-	(770)
<b>Balance at 31 December 2015</b>	<b>24,327,978</b>	<b>(14,951,691)</b>	<b>(1,773,920)</b>	<b>1,875,585</b>	<b>1,778,775</b>	<b>-</b>	<b>11,256,727</b>

The accompanying notes form part of the financial statement



## CONSOLIDATED STATEMENT OF CASH FLOWS

For The Half Year Ended 31 December 2015

	Half Year Ended 31 December 2015 \$	Half Year Ended 31 December 2014 \$
<b>Cash flows from operating activities</b>		
Receipt of other income	6,292	-
Payments to suppliers and employees	(1,280,923)	(1,146,138)
<b>Net cash used in operating activities</b>	<b>(1,274,631)</b>	<b>(1,146,138)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration activities	(2,001,153)	(1,547,448)
Payments for purchase of property, plant & equipment	(785)	(2,766)
Interest received	21,341	33,883
<b>Net cash used in investing activities</b>	<b>(1,980,597)</b>	<b>(1,516,331)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	19,000	4,296,281
Transaction costs of issue of shares	(770)	(221,963)
<b>Net cash from financing activities</b>	<b>18,230</b>	<b>4,074,318</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(3,236,998)</b>	<b>1,411,849</b>
Net foreign exchange difference	-	(26,064)
Cash and cash equivalents at the beginning of the period	4,648,784	524,746
<b>Cash and cash equivalents at the end of the period</b>	<b>1,411,786</b>	<b>1,910,531</b>

The accompanying notes form part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For The Half Year Ended 31 December 2015

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## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

### General information

The interim condensed consolidated financial statements of Kibaran Resources Limited and its subsidiaries (the Group) for the six months ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 14 March 2016.

Kibaran Resources Limited (the Company) is a limited company, incorporated and domiciled in Australia, whose shares are publicly traded. The Group's principal activities are described in the Directors Report.

### Basis of preparation

The half-year Financial Report is a general purpose condensed financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The half-year Financial Report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the Annual Financial Report.

The half-year Financial Report should be read in conjunction with the Annual Financial Report of Kibaran Resources Limited as at 30 June 2015.

It is also recommended that the half-year Financial Report be considered together with the public announcements made by Kibaran Resources Limited during, and since, the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year Financial Report has been prepared on a historical cost basis and in Australian dollars.

### Going Concern Basis

The Group recorded a loss of \$1,368,606 (2014: loss \$2,338,317) for the half year ended 31 December 2015 and had cash outflows from operating and investing activities of \$3,255,228 (2014: \$2,662,469 outflow) during the six month period. The Group had cash and cash equivalents at 31 December 2015 and 8 March 2016 of \$ 1,411,786 and \$2,451,385 respectively. The increase in cash and cash equivalents balance subsequent to period end is attributable to a successful share placement of \$2,000,000 before costs in February 2016.

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For The Half Year Ended 31 December 2015 (Continued)

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## 1. GENERAL INFORMATION AND BASIS OF PREPARATION (continued)

### Changes in accounting policies, disclosures, standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2015 except for the adoption of new standards and interpretations as of 1 July 2015.

The adoption of any new and revised standards and interpretation effective 1 July 2015, has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported to the current or prior period.

## 2. SEGMENT INFORMATION

### Identification of reportable segments

The Group 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 period ended 31 December 2015 the Group operates in the industry of exploration of graphite in Tanzania.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the type of product and service. The Group has determined that the reportable operating segments are based on geographical locations as they are the source of the Group's major assets.

### *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 Group.

### 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 Group as a whole and are not allocated. Segment liabilities include trade and other payables.



## NOTES TO THE FINANCIAL STATEMENTS

For The Half Year Ended 31 December 2015 (Continued)

### 2. SEGMENT INFORMATION (continued)

#### 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 and as such no segment result or segment revenues are separately disclosed.

	Australia \$	Tanzania \$	Total \$
Segment revenue for the half year ended 31 December 2015	28,573	-	28,573
Segment results for the half year ended 31 December 2015	(1,345,953)	(22,653)	(1,368,606)

	Australia \$	Tanzania \$	Total \$
Segment assets as at 31 December 2015	7,969	9,969,446	9,977,415
Unallocated Assets:			
Cash and cash equivalent			1,411,786
Trade and other current assets			120,496
Total assets per the statement of financial position			11,509,697

	Australia \$	Tanzania \$	Total \$
Segment revenue for the half year ended 31 December 2014	33,883	-	33,883
Segment results for the half year ended 31 December 2014	(2,338,317)	-	(2,338,317)

	Australia \$	Tanzania \$	Total \$
Segment assets as at 30 June 2015	10,103	7,724,852	7,734,955
Unallocated Assets:			
Cash and cash equivalent			4,648,784
Trade and other current assets			80,892
Total assets per the statement of financial position			12,464,631



## NOTES TO THE FINANCIAL STATEMENTS

For The Half Year Ended 31 December 2015 (Continued)

### 3. EXPLORATION AND EVALUATION ASSETS

	31 December 2015 \$	30 June 2015 \$
Carrying value at beginning of the period	7,711,720	6,608,601
Exploration expenditure capitalised	2,248,965	2,570,423
Exploration expenditure impaired	-	(1,467,304)
Carrying value at end of the period	9,960,685	7,711,720

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.

### 4. ISSUED CAPITAL

	31 December 2015 \$	30 June 2015 \$
<b>(a) Ordinary shares</b>		
Fully paid ordinary shares	24,327,978	24,059,748
Total issued and paid up capital	24,327,978	24,059,748

#### (b) Movements in Ordinary Shares During the Past Six Months Were as Follows:

Date	Details	Number of Shares	\$
1 July 2015	Opening balance	167,534,223	24,059,748
5 August 2015	Option Exercise	95,000	19,000
1 October 2015	Consultant Shares	1,481,505	250,000
	Transaction Costs	-	(770)
31 December 2015	Closing balance	169,110,728	24,327,978

#### (c) Performance shares

At 26 October 2015, 15,000,000 performance shares that were on issue lapsed. (30 June 2015: 15,000,000)

#### (d) Movements in employee share plan shares issued with limited recourse employee loans:

Date	Details	Number of Shares	Nominal Value \$
1 July 2015	Opening balance	3,800,000	905,920
	Nil Issued	-	-
<b>31 December 2015</b>	<b>Closing Balance</b>	<b>3,800,000</b>	<b>905,920</b>



## NOTES TO THE FINANCIAL STATEMENTS

For The Half Year Ended 31 December 2015 (Continued)

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### 5. RELATED PARTY DISCLOSURES

During the period ended 31 December 2015, 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 \$34,898. As at 31 December 2015, there is nil payable to Strategic Resource Management Pty Ltd.

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

### 6. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year (30 June 2015: nil).

### 7. CONTINGENT LIABILITIES AND COMMITMENTS

There has been no significant change to contingent liabilities and commitments since 30 June 2015.

### 8. EVENTS AFTER BALANCE DATE

On 22 February 2016, the Company completed the placement of 13,333,334 shares to raise \$2m before costs.

No other matters or circumstances have arisen since 31 December 2015 that have significantly affected or may significantly affect;

- The Group's operations in future financial years; or
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

### 9. FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount.

To the members of Kibaran Resources Limited

## Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Kibaran Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' responsibility for the half-year financial report

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

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kibaran Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kibaran Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Emphasis of matter

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



Ernst & Young



Gavin Buckingham  
Partner  
Perth  
14 March 2016