KIBARAN
RESOURCES

2017 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
Nicholas Katris

Registered and Principal Office
Level 1/18 Richardson Street
West Perth WA 6005
Telephone: +61 8 6424 9000
Website: www.kibaranresources.com
Email: info@kibaranresources.com

Share Registry
Link Market Services Limited
Ground Floor 178 St George's 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 George's Terrace
Perth WA 6000

Stock Exchange Listing
Australian Securities Exchange
ASX Code: KNL
Börse Frankfurt: FMK
Fully paid ordinary shares

Contents

Downstream processing opportunities expected from the sale of value-added graphite products for the expanding lithium-ion battery market

Chairman's report

"One billion electric vehicles on the road by 2050".

This is the latest estimate by Morgan Stanley. It represents a paradigm shift in transport technology, will create enormous new demand for key components in the manufacture of these vehicles and a huge economic opportunity for those who become part of the supply chain.

Graphite is one of the key components of this future. Not just any graphite but a high quality product capable of handling the intense operating demands of the anode in a lithium-ion battery. There are traditional uses for graphite in refractories, foundries, lubricants etc. which are growing modestly, but this will be swamped by new demand for graphite suitable for battery use, which is expected to grow exponentially along with electric vehicle demand.

It is this huge growth in demand for quality graphite for lithium-ion batteries that is the key raison d'etre for Kibaran and it's Epanko Graphite Project ('Epanko') and provides the opportunity for your Company to become an important player in the supply chain for electric vehicle manufacture.

To exploit this opportunity a number of essential ingredients need to be in place, namely:

- a source of high quality graphite that can be mined and processed economically;
- the ability to sell all of the graphite production initially into traditional markets and then expand into the growing battery market when this demand accelerates;
- competitive technology and know-how to produce high value battery grade graphite suitable for lithium-ion battery anodes and to fully exploit downstream processing opportunities; and
- a management and technical team that not only has skills and experience in traditional mining and processing but also has experience in the graphite markets and expertise in the science and technology required to produce high quality battery grade graphite for anode production and other value added graphite products.

Kibaran and it's Epanko Graphite Project, I am pleased to report, has all these key ingredients along with dedication and commitment.

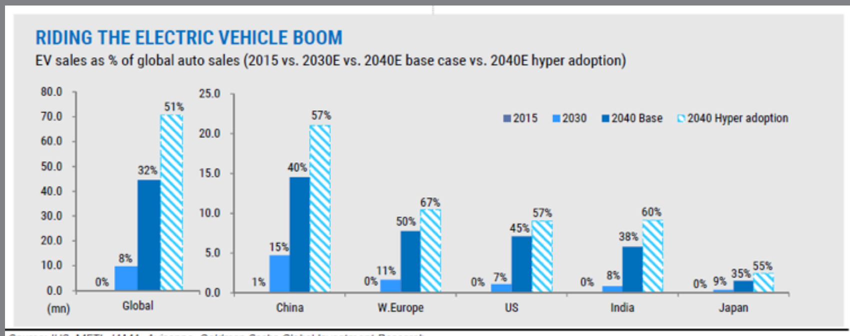
A high quality source of graphite at Epanko, which starts with the geological forces of extreme temperature and pressure that created the remarkable crystalline structure of Epanko graphite, delivering excellent flake size distribution, high carbon grades from simple processing and purity of product. This favourable mineralogy is the fundamental driver of project economics. This is demonstrated by the results of the upgraded Bankable Feasibility Study ('BFS') released in June which was based on very conservative parameters and shows an extremely robust and very profitable long-term project for the production of graphite concentrate. The BFS was completed to the highest technical standards, incorporated compliance with International Finance Corporation Performance Standards and World Bank Group Environmental Health and Safety Guidelines and was subjected to thorough due diligence by bank appointed Independent Engineers SRK Consulting (UK) and thus rendering project risk to the upside.

There is no profit however, unless all of the concentrate production can be sold. It is a measure of the quality of the product, confidence in the project and our team that offtake and sales agreements have been secured with blue-chip European and Japanese graphite partners catering to both traditional markets for concentrate and lithium-ion battery markets where the future opportunities lie. The product marketing is ongoing with significant new opportunities in the pipeline.

To fully exploit the opportunity of this electric vehicle future your Company has invested heavily in downstream processing research and technology to produce from our Epanko concentrate, battery grade spherical graphite suitable for anodes in lithium-ion batteries. This work has not only demonstrated the suitability of our product for spherical graphite with excellent end user feedback, it has also broken new ground in the important purification process. All this work is being incorporated into a Feasibly Study that is nearing completion and which will measure the added profit from the further processing of Epanko concentrate to produce spherical graphite and other specialised graphite products. The aim is to place your Company squarely in the supply chain for lithium-ion batteries, ride the wave of growth in electric vehicles and capture the economic benefits flowing from this opportunity.

The development of the Epanko Graphite Project and the advances in downstream processing would not be possible without a management and technical team with all the requisite experience and expertise not only in mining and processing, but also in the graphite markets and the science

Electric Vehicle Market



Source: IHS, METI, JAMA, Avicenne, Goldman Sachs Global Investment Research

and technology underlying production of graphite products. Our skilled and dedicated Managing Director Andrew Spinks has assembled an outstanding technical team supported by our directors; Christoph Frey, with his unique experience of graphite markets and technology and Grant Pierce, with his invaluable operating experience in Tanzania overseeing site activities, including social and environmental aspects and also our CFO Howard Rae, with experience focussed on the development and financing of new mining operations.

All the skills are in place. The Epanko Graphite Project is ready to go and the focus is now on financing and implementation. There has been a brief pause while the Company and our bankers wait for new regulations flowing from recent legislative changes in Tanzania. It is our opinion that Epanko will not be adversely affected and that the strategy of value adding our graphite concentrate in Tanzania is consistent with the general aims of this new legislation.

It has been an ardous year that has delivered our upgraded Bankable Feasibility Study and sign-off by the bank's Independent Engineers. The effort was very professionally supervised by GR Engineering Services and overseen and coordinated by David Cairns and our management team, involving over a dozen different specialist organisations covering mineralogy, geology, mineral resources, mining, metallurgy, process design, engineering, social and environmental planning, marketing and project economics. To all of the people within those groups, our own management team and the Independent Engineers SRK Consulting (UK), I would like to express on behalf of the Board our sincere thanks for the hard work and dedication that has secured such a successful outcome. Thanks also to my fellow director John Conidi for his underlying support.

Finally, I would like to thank you our shareholders for your patience and continuing support with the assurance that it is our singular aim to ensure that this is fully rewarded.

Robert Pett - Chairman

Review of operations

Epanko Graphite Project (KNL:100%)

On 21 June 2017, Kibaran announced the completion of its updated Bankable Feasibility Study ('BFS') and associated Environmental and Social Management Planning for the Epanko Graphite Project ('Epanko') in Tanzania. Finalising the BFS is a critical milestone in the advancement of Epanko towards a final investment decision and is the result of an extensive 12 month program of work and an investment of more than A$10 million.

The BFS incorporates conservative design parameters and has been subjected to rigorous due diligence by bank appointed Independent Engineers SRK Consulting (UK) Limited ('SRK Consulting') who completed an Independent Engineer's Report ('IER') for project lenders. The IER has concluded that the BFS satisfies the requirements of international project financing standards and that the Environmental and Social Management Planning components, including the supporting impact assessments, conform to relevant Tanzanian legislation, International Finance Corporation ('IFC') Performance Standards and World Bank Group Environmental Health and Safety Guidelines. This positive outcome enables Kibaran to progress its commercialisation plan for Epanko, focussing on securing debt and equity funding, finalising construction arrangements and obtaining regulatory approvals for the commencement of development activities.

Highlights

The Epanko BFS produced a robust business case for the establishment of a highly profitable, long term graphite mining operation that will provide exceptional returns for shareholders and provide substantial economic and social benefits for Tanzania.

Key highlights include:

- Production of graphite concentrate increased to 60,000tpa to support customer demand
- Financial results:
    - Pre-tax NPV_{10} of US$211m
    - Internal rate of return: 38.9%
    - Capital cost of US$88.9m
    - Annual EBITDA of US$44.5m (A$59.3m)
    - Payback period of 3.4 years
- Product sales agreements secured with leading German and Japanese graphite customers
- Additional on-strike exploration potential to extend the mine life beyond 18 years
- Downstream processing opportunities expected from the sale of value-added graphite products for the expanding lithium-ion battery market

As a result of the conservative approach adopted for the BFS design principles, SRK Consulting identified a number of potential value adding opportunities during the course of conducting the Independent Engineer's Review that are expected to enhance the BFS outcomes and which will be pursued as part of the engineering and design program.

Program Management

The BFS scope of work was determined in conjunction with potential project lenders to ensure the delivery of a bankable standard of feasibility analysis and project definition, while also addressing the IFC Performance Standards and World Bank Group Environmental Health and Safety Guidelines in order to satisfy the Equator Principles, a global risk management framework adopted by the world's leading financial institutions for the assessment of environmental and social aspects of project funding transactions.

It included:

- Ground and aerial electromagnetic surveys to identify targets for high-grade mineralisation;
- 8,000 metres of new drilling with supporting geological, geotechnical and structural analysis;
- Mineralogical studies;
- Evaluation of structural geology and further geological modelling;
- Update of the mineral resource and mining ore reserves;
- Design and optimisation of mining pits for the expanded production scenario;
- Geotechnical studies to determine pit slope design parameters;
- Metallurgical studies, including commercial processing of a 200 tonne bulk sample;
- Design of the expanded processing plant;
- Engineering studies for tailings facilities, roads, power supplies and supporting infrastructure;
- Social and environmental studies and planning;
- Estimation of capital and operating costs; and
- Market analysis and independent pricing study.

The BFS was managed by GR Engineering Services Limited and utilised consultants across a range of specific disciplines to ensure a comprehensive and rigorous evaluation was conducted of all aspects of the proposed Epanko development in order to satisfy key stakeholders.

Experts involved in the preparation of the BFS were:

- GR Engineering Services
  Study Management and Engineering Design
- CSA Global
  Mineral Resource and Geology
- Knight Piésold
  Hydrology and Infrastructure
- ECG Engineering
  Power and Electrical Engineering
- Independent Metallurgical Operations
  Metallurgy
- Intermine Engineering
  Mining and Ore Reserves
- George Orr & Associates
  Geotechnical Mine Design
- Trinity Promotions
  Social and Community
- Bollore Logistics
  Transportation
- Zyl Consulting
  Environmental and Social
- PML (Tanzania)
  Survey and Valuation
- MTL (Tanzania)
  Environmental
- SELCA (Tanzania)
  Architectural Design

Key Outcomes

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

Resources and Reserves

Over 8,000m of resource drilling was completed as part of the BFS, together with a new program of geophysics and structural geology that increased resource confidence levels, extended the scale of the resource and confirmed the continuity of graphite mineralisation along strike.

As a result, the Epanko Mineral Resource Estimate prepared by CSA Global Pty Ltd was increased by 40% to 30.7Mt grading 9.9% TGC (*total contained carbon*) for 3.0Mt of graphite, using a cut-off grade of 8% TGC, of which 67% is classified as Measured & Indicated. A substantial amount of graphite mineralisation exists within the Mineral Resource Estimate at a lower cut-off grade of 5% TGC, which results in 113.3Mt grading 7.2% TGC for 8.1Mt of graphite. The extent of mineralisation in the resource envelope and potential for extension along strike and at depth highlights the flexibility for increased production rates and mine life.

Epanko Mineral Resource Estimate > 8% TGC

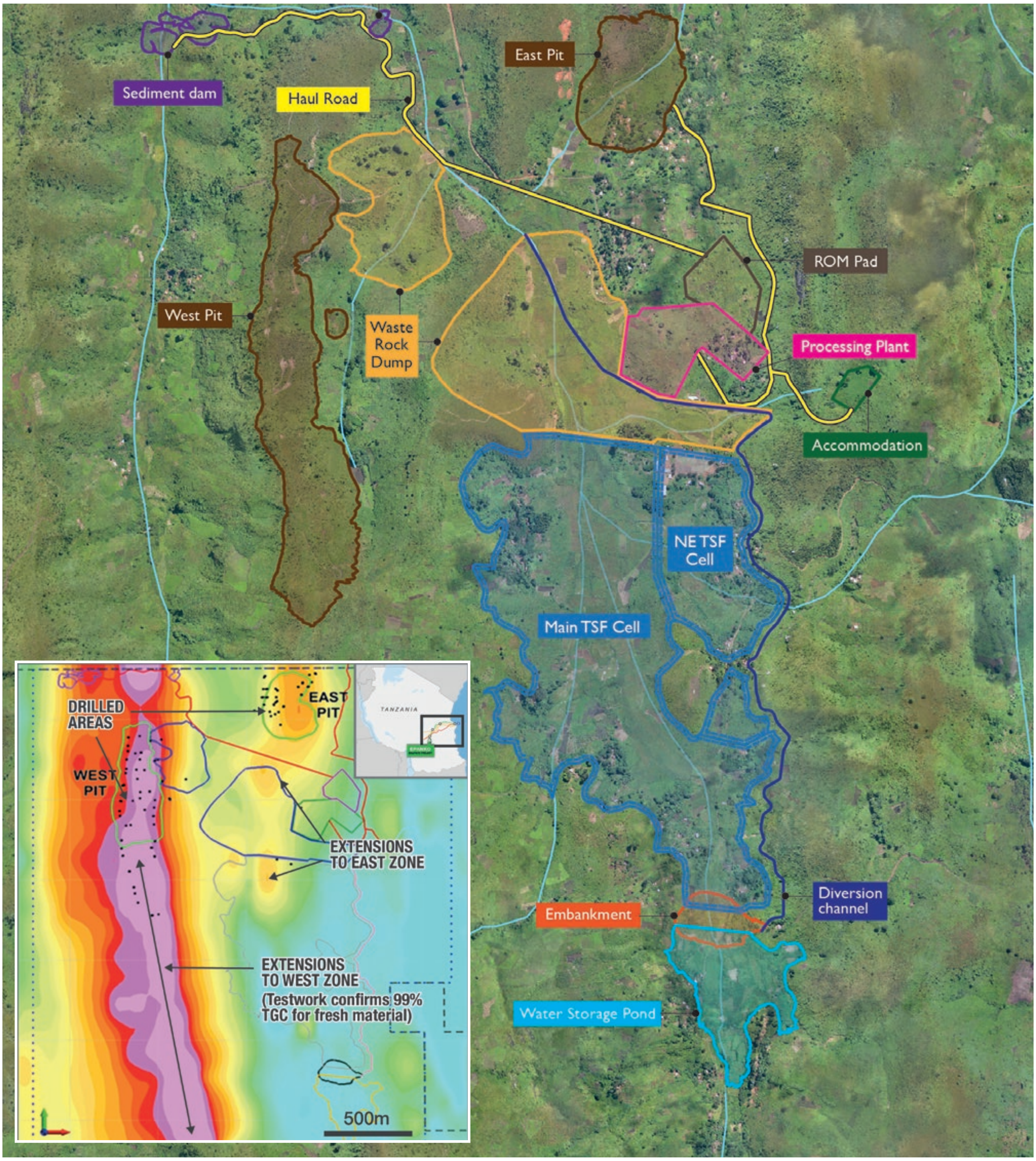
JORC Classification	Tonnage (Mt)	Grade (% TGC)	Contained Graphite (Kt)
Measured	7.5	9.8	738.9
Indicated	12.8	10.0	1,280.0
Inferred	10.4	9.9	1,030.6
Total	**30.7**	**9.9**	**3,049.5**

After producing the expanded Mineral Resource Estimate, the Proven and Probable Ore Reserve was re-estimated by Intermine Engineering based on and inclusive of the Measured and Indicated Mineral Resource. The Ore Reserve was reported at a 5% cut-off grade due to a reduction in the economic cut-off grade determined during the BFS.

Epanko Ore Reserve Statement >5% TGC

JORC Classification	Proven			Probable			Total		
	Tonnes (Mt)	Grade (% TGC)	Graphite (Kt)	Tonnes (Mt)	Grade (% TGC)	Graphite (Kt)	Tonnes (Mt)	Grade (% TGC)	Graphite (Kt)
Oxide	4.2	8.48	356	3.0	7.54	227	7.2	8.09	583
Transitional	0.5	7.99	43	0.6	8.96	55	1.1	8.51	97
Fresh	1.0	8.36	85	2.3	8.95	206	3.3	8.77	291
Total	**5.7**	**8.41**	**483**	**5.9**	**8.23**	**488**	**11.7**	**8.32**	**971**

The exploration drilling and associated testwork provided valuable data for the hydrological studies, geotechnical programs and the design and optimisation of the new mining pits and associated mining schedule.



Mining

Mining operations will commence in the Eastern Pit and move to the Western Pit in Year 6 of operations with the scheduled exhaustion of reserves occurring in Year 16. The average life of mine strip ratio is expected to be 0.4:1 (waste to ore).

Conventional drill and blast methods will be used for mining operations with the fleet comprising an 80 tonne backhoe excavator in conjunction with 40 tonne off-highway haul trucks. It is assumed that these activities will be undertaken using a mining contractor.

The Eastern Pit is located partially over a hill within a small valley and will be mined along a strike length of 350m, to a depth of 125m, while the Western Pit consists of mining a strike length of 1,360m along the top of a ridge, to a depth of 210m.

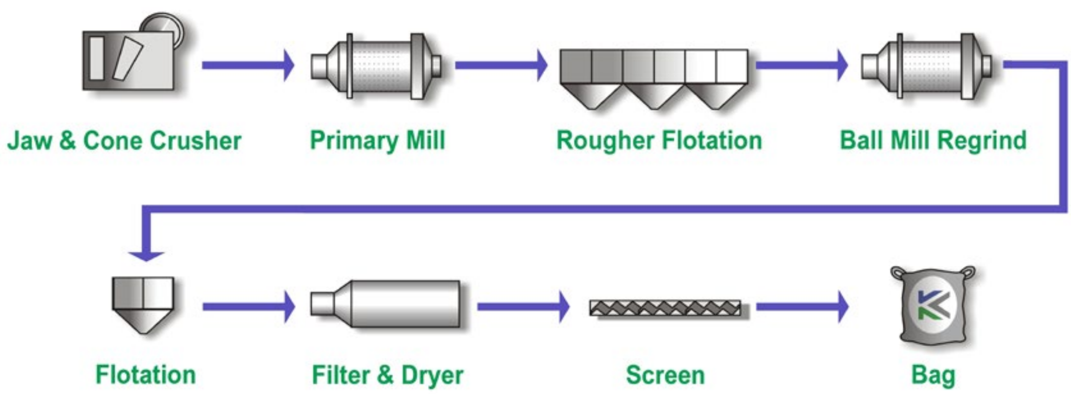
Processing and Metallurgy

The processing plant is designed with a throughput capacity of 720ktpa for an average TGC grade of 96% and average annual production of 60,000tpa. It is based on a crush and grind comminution circuit (two stage crushing circuit with a single stage rod mill) followed by rougher flotation. The tailings are reground in a ball mill before they enter the scavenger flotation. The rougher and scavenger concentrates are combined and fed into the primary cleaner section, consisting of polishing mills and cleaner flotation banks. The concentrate is screened into two size fractions, with subsequent polishing and the application of a four stage cleaning process, with no further milling required in the cleaning circuit. Graphite concentrate products are then dewatered, dried and screened into saleable size fractions.

The flowsheet is optimised to achieve a high yield of large graphite flakes, while retaining the flexibility to enable future modifications to obtain higher product carbon content as required.

Epanko Simplified Process Flowsheet

The plant will initially produce four separate graphite concentrate products, from small to jumbo sizes at carbon grades of up to 99% providing Kibaran with the capacity to deliver a range of products that are individually optimised for specific customer applications.



Flake Size Distribution			Western Oxide		Western Fresh		Eastern Oxide		Eastern Fresh	
Name	Micron	Mesh	Mass (%)	Carbon Grade (%)	Mass (%)	Carbon Grade (%)	Mass (%)	Carbon Grade (%)	Mass (%)	Carbon Grade (%)
Jumbo	>500	>35	1.4	97.2	1.8	98.7	5.3	96.5	0.2	98.5
	>300	>50	16.8	97.5	15.9	98.9	292	96.4	10.4	98.5
Large	>180	>80	31.8	97.1	26.7	99.0	35.6	96.4	30.9	98.5
Medium	>150	>100	13.4	96.9	11.7	99.0	13.3	96.4	15.5	98.5
Small	>106	>150	17.1	96.2	13.0	99.0	10.2	96.2	16.9	98.4
	>75	>200	8.7	95.4	9.2	98.9	3.0	96.2	10.5	98.3
	<75	<200	10.8	92.8	21.8	95.2	3.4	95.3	15.6	97.5

Note: 1mm=1000 micron and fixed carbon content was determined using the Loss on Ignition method.

High Grade Graphite

Sales and Market Development

Product sales agreements have been entered into with Germany's ThyssenKrupp, a leading European trading group and Sojitz Corporation of Japan, with the high proportion of >150micron size flake product and high graphitic carbon grades proving an attractive proposition for customers in established carbon markets.

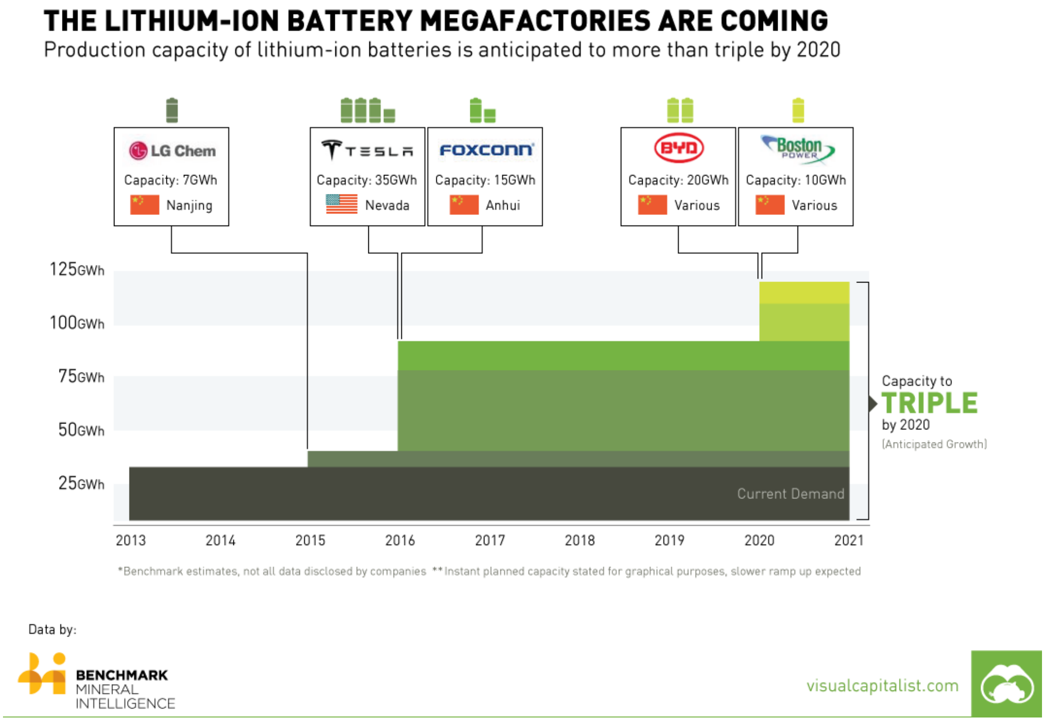
Specifications were developed for each customer and the BFS assumes that sales for traditional carbon product applications are forecast to provide the majority of market share during the initial years of production, with the quality of Epanko products expected to support expansion into the newer, high growth lithium-ion battery markets over the medium term.

In conjunction with the BFS, an evaluation is being undertaken of the potential to manufacture value-added graphite products through downstream processing to produce Epanko spherical graphite. The initial results from this study are highly encouraging and include:

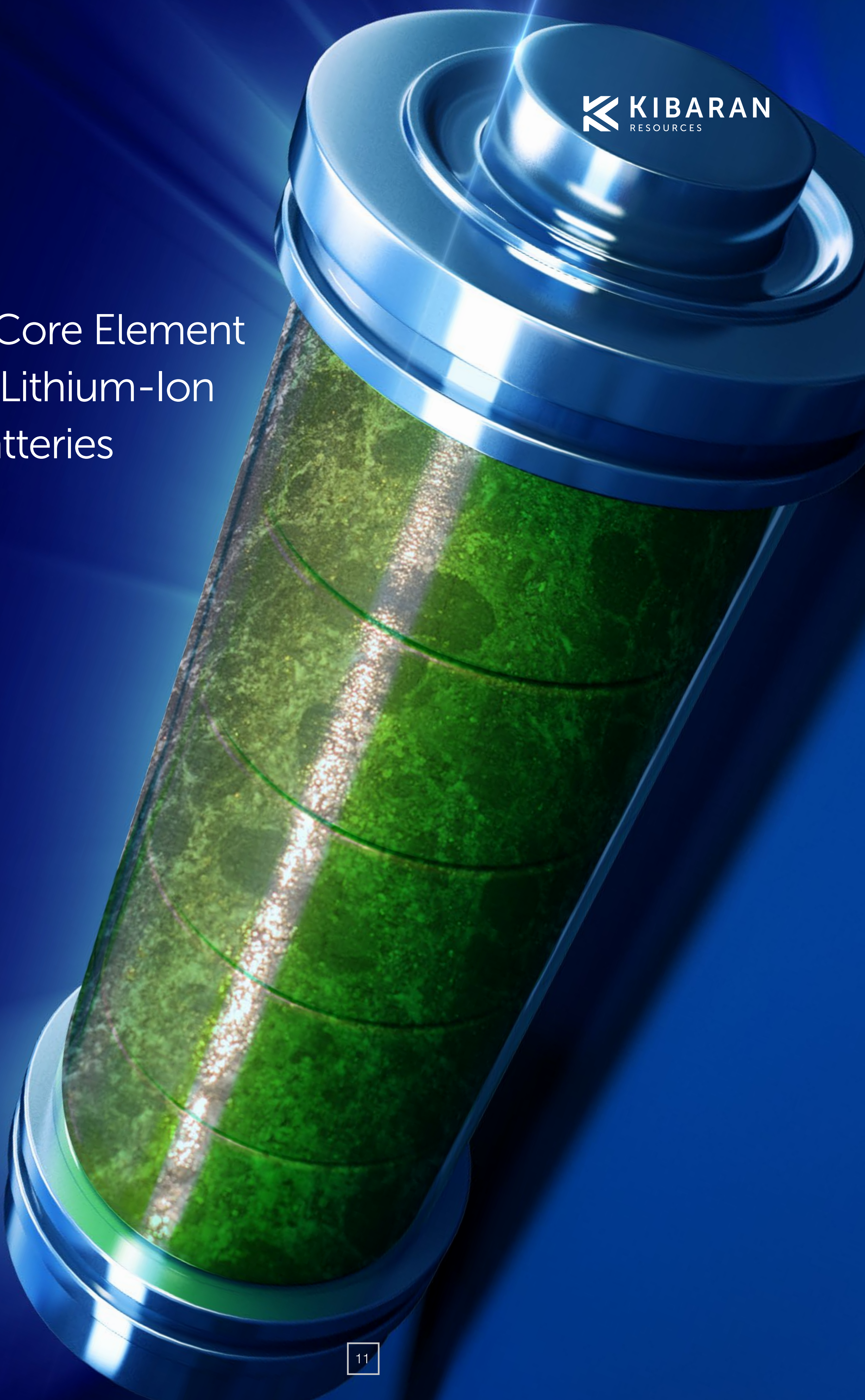
- design of the micronisation, spherical shaping and purification processes;
- confirmation that the key product properties, such as particle size distribution, tap density and impurity levels, satisfy the specifications demanded by leading battery anode manufacturers; and
- positive feedback from end users on product suitability, based on the industrial scale production of spherical graphite in testing facilities.

Lithium-ion battery anodes were then produced from materials prepared using Epanko spherical graphite products and successfully tested in Germany within batteries under a range of conditions, demonstrating the attractive performance characteristics of the Epanko products in battery applications.

These downstream processing results support Kibaran's strategy to expand its planned sales of Epanko products into the high value lithium-ion battery market, building upon its established relationships and developing this market opportunity will continue to be a key focus over the next 12 months.



A Core Element in Lithium-Ion Batteries



Infrastructure

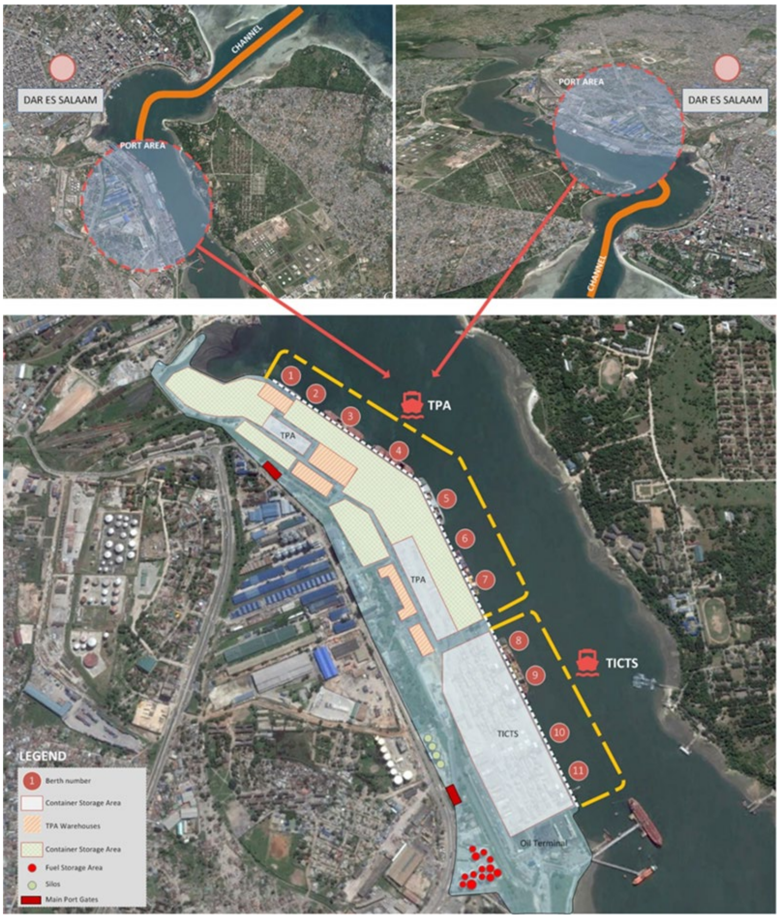
The waste output (tailings) from the processing plant flotation process will be pumped to a purpose built tailings storage facility designed to accommodate an average of 660,000tpa over the initial life of mine.

Epanko is expected to have installed power generation capacity of 2.8MW and a maximum power draw of 2.4MW with initial power requirements supplied through on-site diesel generation for the project construction phase and the first year of production, followed thereafter by access to grid power sourced from the Tanzania Electric Supply Company via a dedicated 33KV powerline originating at a substation in the town of Ifakara.

Water for the process plant will be sourced from the tailings storage facility and supernatant water storage, with a borefield and pit dewatering providing raw water requirements. The borefield will comprise of two bores and possess sufficient capacity to supply the necessary volume of water for the operation.

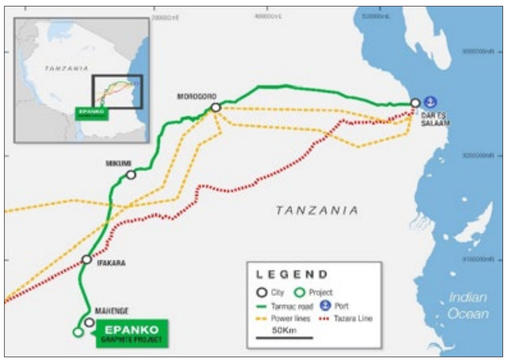
Access to Epanko is via an existing national road network that links directly to the port of Dar es Salaam. The road from Dar es Salam to Ifakara is bitumen, with the final section from Ifakara to Epanko consisting of predominantly compacted soil. Graphite products will be transported in bulk bags via truck to Dar es Salaam over a distance of 370km, with the potential to alternatively utilise a combination of road and rail networks via the Ifakara rail siding located 120km from the mine site.

Graphite products will be shipped from the port of Dar es Salaam to customers in Europe and Asia. The port has seven deep water berths and the World Bank Group has recently announced a US$345m funding package to enable the Government of Tanzania to undertake an expansion of the port facilities.



Port of Dar es Salaam

The New Kilombero Bridge



Epanko Regional Location

Social and Environmental

Over A$3m was expended during the BFS on environmental and social studies, ensuring compliance with IFC Environmental and Social Performance Standards and the Equator Principles and to undertake the Resettlement Action Plan. This investment builds on Kibaran's commitment to achieve global best practice in community relations and environmental management for Epanko.

The environmental and social program was assisted by UK based Zyl Consulting and consisted of an intensive on-ground process of environmental review and social engagement involving Kibaran's social development and community relations team, together with experienced resettlement, social and environmental professionals such as independent valuers, surveyors, planners, architects and engineers.

A comprehensive environmental and social strategy has been developed in accordance with the Equator Principles and is supported by a suite of 14 detailed management plans to ensure impacts and risks are identified and managed in accordance with leading global standards.

Completion of the Resettlement Action Plan program is a major milestone for Kibaran as it is an important component of the Epanko implementation plan and an essential pre-requisite for securing credit approvals under the debt financing process.

It involved 12 months of intensive field work, that included:

- Identification of all affected persons and completion of detailed socio-economic surveys;
- Surveys of land, assets and roads;
- Preparation of preliminary valuations;
- Evaluation of resettlement areas for housing, associated infrastructure and farm land;
- Continuous consultation and engagement with affected persons and the establishment of a Resettlement Working Group;
- Design of the proposed resettlement village; and
- Finalisation of a comprehensive A$10m community investment package consisting of new and improved housing, upgraded road infrastructure, new school, medical dispensary, church, related community infrastructure and assistance with the establishment of sustainable micro-enterprises among village family groups.

Project Funding

Completion of the updated Epanko BFS and achieving compliance with the Performance Standards prescribed by the IFC and mandated under the Equator Principles for best practice in international project financing developments is a key milestone in the advancement of the project towards a positive final investment decision.

Satisfying the requirements of the Equator Principles is essential to facilitate debt financing and discussions are progressing with Germany's KfW IPEX-Bank, South Africa's Nedbank Limited (acting through its Corporate and Investment Banking division) and Australia's Export Finance and Insurance Corporation ('EFIC') in relation to the Epanko financing arrangements.

The focus of these discussions is to obtain covered debt funding through a combination of:

- the German Untied Loan Guarantee ('UFK') scheme, which supports the development of businesses that can supply products deemed to be important to the future of German industry; and
- export credit insurance schemes provided by the Export Credit Insurance Corporation of South Africa and Australia's EFIC that support the export of goods and services from those countries.

Accessing debt finance through covered funding sources will enable Kibaran to secure longer term, lower cost loan facilities and the process involves the preparation of a detailed project information memorandum, country sourcing procurement plans, experts' due diligence reports, a base case financial model, key project contracts and drafting of proposed loan arrangements.

Following release of the positive outcomes of the updated BFS, work commenced to finalise the Epanko construction and operations contracts to support the lenders' credit review processes and ensure successful delivery of the new mine once all approvals are received.

In conjunction with the debt financing program, Kibaran is also in discussion with a range of strategic investors, including both industry participants and financial investors, about potential equity participation to support the overall Epanko funding process and the future development of downstream processing capabilities and involvement in the high growth lithium-ion battery market.

Tanzanian Legislative Changes

On 29 June 2017, the Tanzanian Government introduced three Bills into the National Assembly, being the *Natural Wealth and Resources (Permanent Sovereignty) Act 2017*, the *Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act 2017* and the *Written Laws (Miscellaneous Amendments) Act 2017*.

These Bills were passed by the Tanzanian Parliament on 3 and 4 July 2017 and introduce a range of changes that are primarily focused on the mining and export of precious metals and metal concentrates from existing operations in Tanzania.

Although the majority of the new laws are not expected to adversely impact Kibaran, a further review will be undertaken once additional details are released in the accompanying legislative regulations, particularly in relation to possible implications for cross-border financing arrangements and potential Tanzanian Government equity participation in the minerals sector.

Promoting relationships with the Tanzanian People and Government.

Community Development and Engagement

Kibaran reinforced its commitment to investing in local communities by supporting a range of social initiatives during the year to assist with village access issues and to promote the attendance of children at schools, including:

- repairing the Mahenge road after unseasonal rainfall resulted in it becoming impassable and the local rural community losing access to their nearby township;
- contributing to the relief program in the southern region of the Ulanga District after significant flooding isolated those communities;
- donating cement to assist with the construction of classrooms for the Ulanga Secondary School;
- providing a 12 month supply of hygiene products for each girl at the Nawenge Secondary School and the Celina Kombani Secondary School under the banner of the Keep-A-Girl-In-School program; and
- supplying socks, footballs and netballs to children at various secondary schools within the Ulanga District under the Socks for Schools initiative of Mr Mark Ould from Malibu Podiatry in Western Australia.

Merelani-Arusha Graphite Project (KNL:100%)

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

Merelani-Arusha contains a Mineral Resource Estimate of 17.7Mt grading 6.5% TGC for 1.15Mt of graphite and benefits from favourable metallurgical properties derived from large flake graphite that does not require fine grinding or acid treatments to produce graphite products. Kibaran's exploration target for Merelani-Arusha is 60-200Mt.

An Environmental and Social Impact Assessment is currently in progress and Kibaran has completed the National Environmental Council registration processes which are the first step towards obtaining an Environmental Certificate and a pre-requisite to apply for a Mining Licence.

Tanga Graphite Project (KNL:100%)

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

Directors' report

Board of directors and executive management

Robert Pett
Independent Non-Executive Director and Chairman

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

He was founding Chairman of Resolute Mining Limited (gold mines and exploration Africa and Australia), Sapphire Mines (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

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 across exploration, project development and mining. He is a co-founder of TanzGraphite Pty Ltd and was responsible for the strategy, target generation and acquisitions of that company.

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

Grant Pierce
Executive Director

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

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

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

John Conidi
Independent Non-Executive Director

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

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

Christoph Frey
Independent Non-Executive Director

Christoph Frey is a qualified process engineer who has worked exclusively in the natural graphite industry for the past 24 years. Previously Christoph was engaged at Magnezit Group Europe GmbH (Germany) and served as Project Manager at Dalgraphite Limited in Russia. From 2010 to 2013 he served as Technical Director at Graphit Kropfmuehl AG where he worked on the Ancuabe Graphite Mine in Mozambique. From 2007 to 2009 he was General Director of Qingdao Kropfmuehl Graphite Limited based in Qingdao, China.

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

Robert Hodby
Chief Financial Officer (resigned 5 June 2017)

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

Howard Rae
Chief Financial Officer (appointed 1 July 2017)

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

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

The directors' of Kibaran Resources Ltd ("Kibaran" or "the Company") and its controlled entities ("consolidated entity") present their directors' report (including the Remuneration Report) together with the financial statements of the Company for the year ended 30 June 2017.

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

Board of directors

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

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 are:

Director and Qualification	Term of Office	Interest in Ordinary Shares[1]	Interest in Options over Ordinary Shares	Australian Listed Company Directorships	Former Directorships (Last Three Years)
Independent Non-Executive Director & Chairman					
Robert Pett	Director since 9 November 2015 Chairman since 9 November 2015	1,250,000	-	None	A Cap Resources Limited (resigned 11 June 2015) Ausgold Limited (resigned 2 Sept 2015)
Executive Directors					
Andrew Spinks	Director since 13 July 2012 Managing Director since 22 April 2015	12,605,130	-	None	Kingsrose Mining Limited (resigned 16 August 2017)
Grant Pierce	Director since 13 January 2013 Executive Director - Projects since 21 August 2014	2,570,000	-	None	None
Independent Non-Executive Directors					
John Conidi	Director since 4 May 2015	3,250,000	-	333D Limited (appointed 25 March 2015)	Capitol Health Limited (resigned 6 October 2016) Total Face Group Limited (resigned 31 December 2016)
Christoph Frey	Director since 10 August 2016	75,000	1,250,000	None	None

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

Director's meetings

During the financial year, 7 meetings were held and attendance by each director was as follows:

	Directors Meetings	
Directors	**Number Eligible to Attend**	**Number Attended**
Robert Pett	7	7
Andrew Spinks	7	7
Grant Pierce	7	6
John Conidi	7	6
Christoph Frey	6	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.

Principal activities

The principal activities of the Company during the financial year consisted of the exploration and evaluation of its graphite projects in Tanzania, including conducting feasibility studies in relation to the Epanko Graphite Project.

Operating results

The loss after income tax incurred by the consolidated entity for the year ended 30 June 2017 was $4,099,000 (2016: $4,268,000).

Dividends

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

Corporate structure

Kibaran Resources Limited is a public company incorporated and domiciled in Australia, limited by shares. At the date of this report, the Company had 244,202,394 ordinary shares and 8,850,000 unlisted options on issue.

Disclosure notices

Forward looking statements

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

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the consolidated entity other than those disclosed in this report.

Significant events after the balance date

Tanzanian legislative changes

On 29 June 2017, the Tanzanian Government introduced three Bills into the National Assembly, being the *Natural Wealth and Resources (Permanent Sovereignty) Act 2017,* the *Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act 2017* and the *Written Laws (Miscellaneous Amendments) Act 2017.*

These Bills were passed by the Tanzanian Parliament on 3 and 4 July 2017 and introduce a range of changes that are primarily focused on the mining and export of precious metals and metal concentrates from existing operations in Tanzania.

Although the majority of the new laws are not expected to adversely impact the Company, a further review will be undertaken once additional details are released in the accompanying legislative regulations, particularly in relation to possible implications for cross-border financing arrangements and potential Tanzanian Government equity participation in the minerals sector.

Executive appointments

Following the successful delivery of the 2017 Bankable Feasibility Study (refer to ASX announcement 21 June 2017), Mr Howard Rae was appointed as Chief Financial Officer to assist the Company execute the debt and equity financing plan for the Epanko Graphite Project.

Apart from the above, 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, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

Future developments, prospects and business strategies

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

Environmental issues

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

Proceedings on behalf of the company

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

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

Employees

In addition to the directors, the Company has three employees as at the date of this report.

Company secretary

Nicholas Katris was appointed company secretary on 22 June 2017. Mr Katris is a Chartered Accountant and has over 10 years' experience in the mining industry.

Howard Rae was appointed joint company secretary on 18 July 2017.

Robert Hodby held the position of company secretary from 31 January 2013 to 22 June 2017.

Indemnifying directors and officers

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

Indemnification of auditors

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

Non-audit services

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

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

The total remuneration for audit and non-audit services provided during the prior and current financial years is set out in note 17 of the consolidated financial statements.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, is set out on page 30 of this report.

Rounding

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

Corporate governance

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

The Company's corporate governance statement is available on the Company's website at www.kibaranresources.com

Remuneration report (audited)

1. Introduction

The following sections provide details of the remuneration paid to key management personnel by the Company and its controlled entities for the year ended 30 June 2017. It forms part of the directors' report and has been audited in accordance with section 308C of the *Corporations Act 2001*.

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

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

Key Management Personnel	Position	Tenure during the Year
Non-executive directors		
Robert Pett	Non-Executive Chair	Full financial year
John Conidi	Non-Executive Director	Full financial year
Christoph Frey	Non-Executive Director	Appointed 10 August 2016
Executive directors		
Andrew Spinks	Managing Director	Full financial year
Grant Pierce	Executive Director – Projects	Full financial year
Senior executives		
Robert Hodby	Chief Financial Officer	Ceased 5 June 2017*

*Robert Hodby will continue to act as a consultant to the Company until December 2017.

2. Executive remuneration

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

2.1 Principles of executive remuneration

Key principles that guide decisions about executive remuneration are:

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

2.2 Executive remuneration framework

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

The components of executive remuneration currently consist of:

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

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

2.3 Financial performance

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

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Net loss after tax ($000)	4,099	4,268	5,704	1,463	780
Share price at end of year ($)	0.18	0.26	0.18	0.16	0.07
Basic loss per share (cents)	(1.86)	(2.46)	(4.39)	(1.89)	(1.22)

2.4 Remuneration decision making

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

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

2.5 Use of remuneration advisors

During the year ended 30 June 2017, the Board did not engage the services of remuneration advisors, however in the prior financial year the Board engaged Godfrey Remuneration Group as its independent consultant to report on remuneration matters and has implemented the recommendations of that report in its remuneration arrangements.

2.6 Employee share plan

There were no shares granted to executives during the year ended 30 June 2017.

2.7 Executive employment agreements

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

Mr Andrew Spinks, Managing Director, has an employment contract with the Company that specifies duties and obligations to be fulfilled and provides for an annual review of remuneration. Mr Spinks receives fixed remuneration of $325,000 per annum plus statutory superannuation and did not receive an increase in his base salary during the reporting period.

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

Mr Robert Hodby, Company Secretary and Chief Financial Officer, received fixed remuneration of $250,000 plus statutory superannuation up until his resignation as an employee on 5 June 2017. Mr. Hodby has waived his six months' notice period and is acting as a consultant to the Company until December 2017.

Termination provisions

Executive termination notice periods and payment provisions are as follows:

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

3. Non-executive director remuneration

3.1 Remuneration policy

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

3.2 Maximum aggregate amount

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

3.3 Non-executive director share and option plans

There were no shares or options issued to non-executive directors during the year ended 30 June 2017.

4. Key management personnel remuneration

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

		Short-term			Post-employment	Share-based payments		
		Salary/Fees	Fees for special duties or exertion	Consultant fees/other	Super-annuation	Plan shares	Total	Equity % of compen-sation
Non-executive directors								
Robert Pett	**2017**	**73,059**	**100,000**[2]	**-**	**6,941**	**-**	**180,000**	**-**
	2016	47,114	-	6,445[1]	4,476	243,625	301,659	81%
John Conidi	**2017**	**54,750**	**-**	**-**	**-**	**-**	**54,750**	**-**
	2016	54,750	-	-	-	194,900	249,650	78%
Christoph Frey[3]	**2017**	**44,680**	**204,724**[4]	**-**	**-**	**-**	**249,404**	**-**
	2016	-	-	-	-	-	-	-
Executives								
Andrew Spinks	**2017**	**325,000**	**-**	**-**	**30,875**	**-**	**355,875**	**-**
	2016	283,333	-	-	26,917	194,900	505,150	39%
Grant Pierce	**2017**	**346,934**	**-**	**-**	**-**	**-**	**346,934**	**-**
	2016	312,556	-	-	-	194,900	507,456	38%
Robert Hodby[5]	**2017**	**232,052**	**-**	**6,944**	**22,705**	**-**	**261,701**	**-**
	2016	226,667	-	-	21,533	194,900	443,100	44%
Total remuneration	**2017**	**1,076,475**	**304,724**	**6,944**	**60,521**	**-**	**1,448,664**	**-**
	2016	924,420	-	6,445	52,926	1,023,225	2,007,016	51%

Note: The share based payments relate to shares issued pursuant to a non-executive director and employee share plans. The 2016 shares were acquired at an issue price of $0.2282 with a total value of $1,198,050. Under the terms of the share plans, non-cash loans of $1,198,050 have been conferred to the participants for the purpose of purchasing the shares, which are held in escrow until the loans have been fully repaid. No loan is recognised in the financial statements when the plan shares are granted and such shares issued are accounted for as "in-substance" share options due to the limited recourse nature of the loan. Accordingly, the share based payments reflected above represents the fair value of $0.1949 per plan share issued with a total accounting value of $1,023,225.

[1] Relates to expense reimbursement for Robert Pett.

[2] Consultancy services in relation to the August 2016 equity raising and 2017 Bankable Feasibility Study.

[3] Appointed 10 August 2016.

[4] Technical services performed in relation to the 2017 Bankable Feasibility Study.

[5] Resigned 5 June 2017 and continues as a consultant to the Company until December 2017.

5. Share based compensation

There were no share based payments to key management personnel during the year ended 30 June 2017.

6. Key management personnel equity ownership

6.1 Options

	Balance at 1 July 2016	Balance at date of appointment	Options exercised	Net change/ Other	Balance at 30 June 2017	Vested at 30 June 2017	Vested and exercisable	Options vested during year
Non-Executives								
Robert Pett	-	-	-	-	-	-	-	-
John Conidi	-	-	-	-	-	-	-	-
Christoph Frey	-	1,275,000	(25,000)	-	1,250,000	1,250,000	1,250,000	-
Executives								
Andrew Spinks	-	-	-	-	-	-	-	-
Grant Pierce	1,800,000	-	-	(1,800,000)[1]	-	-	-	-
Robert Hodby	66,667	-	(66,667)	-	-	-	-	-
Total	**1,866,667**	**1,275,000**	**(91,667)**	**(1,800,000)**	**1,250,000**	**1,250,000**	**1,250,000**	**-**

[1] Unlisted options expired unexercised - 300,000 options expired on 11 February 2017 and 1,500,000 options expired on 22 May 2017.

6.2 Shares

	Balance at 1 July 2016	Balance at date of appointment	Movement during the year	Balance at 30 June 2017
Non-Executives				
John Conidi	3,250,000	-	-	3,250,000
Robert Pett	1,250,000	-	-	1,250,000
Christoph Frey	-	50,000	25,000[2]	75,000
Executives				
Andrew Spinks	12,555,130	-	50,000[1]	12,605,130
Grant Pierce	2,570,000	-	-	2,570,000
Robert Hodby	9,430,153	-	66,667[2]	9,496,820
Total	**29,055,283**	**50,000**	**141,667**	**29,246,950**

[1] Shares purchased on market.

[2] Options exercised.

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

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

	Balance at 1 July 2016	Net Change	Balance at 30 June 2017
Non-Executives			
John Conidi	2,250,000	-	2,250,000
Robert Pett	1,250,000	-	1,250,000
Executives			
Andrew Spinks	4,250,000		4,250,000
Grant Pierce	2,250,000	-	2,250,000
Robert Hodby	3,750,000	-	3,750,000
Total	**13,750,000**	**-**	**13,750,000**

6.4 Loans to key management personnel

There were no loans to key management personnel of the consolidated entity, including their personally related parties, as at 30 June 2017.

6.5 Other transactions with key management personnel

There were no other transactions with key management personnel of the consolidated entity, including their personally related parties during the year ended 30 June 2017 other than 'Fees for special duties or exertion' disclosed in the remuneration table in section 4.

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

Andrew Spinks

Managing Director

28 September 2017

EY
Building a better working world

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 2017, 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
28 September 2017

GB:EH:KNL:031

Financial statements

For the year ended 30 June 2017

Consolidated statement of profit or loss And other comprehensive income

For the year ended 30 June 2017

	Notes	Consolidated 2017 $'000	2016 $'000
Revenue			
Other income	3	388	583
		388	583
Expenses			
Communications		(59)	(48)
Employee benefits expense		(1,389)	(1,044)
Corporate & legal		(971)	(1,340)
Travel & accommodation		(336)	(455)
Occupancy		(216)	(155)
Other expenses	4	(807)	(693)
Depreciation		(59)	(9)
Share based payments		(523)	(1,284)
Unrealised foreign exchange differences		31	177
Exploration expensed		(158)	-
		(4,487)	(4,851)
Loss before income tax		(4,099)	(4,268)
Income tax expense	5	-	-
Loss after income tax for the year		(4,099)	(4,268)
Total comprehensive loss for the year		(4,099)	(4,268)
Loss attributable to members of Kibaran Resources Limited		(4,099)	(4,268)
Total comprehensive loss attributable to members of Kibaran Resources Limited		(4,099)	(4,268)
Loss per share attributable to the Members of Kibaran Resources Limited			
Basic loss per share (cents per share)	16	(1.86)	(2.46)
Diluted loss per share (cents per share)	16	(1.86)	(2.46)

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

Consolidated statement of financial position

As at 30 June 2017

	Notes	Consolidated 2017 $'000	2016 $'000
Assets			
Current assets			
Cash and cash equivalents	6	1,950	2,057
Trade and other receivables	7	1,169	847
Prepayments		52	-
Total current assets		3,171	2,904
Non-current assets			
Property, plant and equipment	10	295	23
Exploration and evaluation assets	8	17,036	9,606
Total non-current assets		17,331	9,629
Total assets		20,502	12,533
Liabilities			
Current liabilities			
Trade and other payables	9	1,218	817
Total current liabilities		1,218	817
Total liabilities		1,218	817
Net assets		19,284	11,716
Equity			
Contributed equity	11	39,215	27,697
Reserves	12	2,019	1,870
Accumulated losses	13	(21,950)	(17,851)
Total equity		19,284	11,716

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

Consolidated statement of changes in equity

For the year ended 30 June 2017

	Contributed Equity $'000	Accumulated Losses $'000	Loan Share Reserve $'000	Share Based Payment Reserve $'000	Total $'000
Balance at 30 June 2015	**24,060**	**(13,583)**	**(1,774)**	**3,558**	**12,261**
Loss for the year	-	(4,268)	-	-	(4,268)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(4,268)	-	-	(4,268)
Transactions with owners in their capacity as owners					
Shares issued during the year	3,747	-	(1,198)	-	2,549
Share based payments	-	-	-	1,284	1,284
Share issue expense	(110)	-	-	-	(110)
Balance at 30 June 2016	**27,697**	**(17,851)**	**(2,972)**	**4,842**	**11,716**
Loss for the year	-	(4,099)	-	-	(4,099)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(4,099)	-	-	(4,099)
Transactions with owners in their capacity as owners					
Shares issued during the year	12,248	-	(114)	-	12,134
Share based payments	-	-	-	263	263
Share issue expense	(730)	-	-	-	(730)
Balance at 30 June 2017	**39,215**	**(21,950)**	**(3,086)**	**5,105**	**19,284**

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

Consolidated statement of cash flows

For the year ended 30 June 2017

	Notes	Consolidated 2017 $'000	2016 $'000
Operating activities			
Other receipts		-	8
Research and development tax credit received		320	172
Payments to suppliers and employees		(3,768)	(2,745)
Net cash flows used in operating activities	14	**(3,448)**	**(2,565)**
Investing activities			
Payments for exploration and evaluation		(7,910)	(2,960)
Payments for property plant & equipment		(330)	(9)
Interest received		101	75
Research and development tax credit received		336	728
Net cash flows used in investing activities		**(7,803)**	**(2,166)**
Financing activities			
Net proceeds from issue of shares and options		11,874	2,249
Capital raising costs for issue of shares		(730)	(110)
Net cash flows from financing activities		**11,144**	**2,139**
Net decrease in cash and cash equivalents held		(107)	(2,592)
Cash and cash equivalents at beginning of the year		2,057	4,649
Cash and cash equivalents at end of the year	6	**1,950**	**2,057**

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

1. Company information

The consolidated financial statements of Kibaran Resources Limited and its subsidiaries (collectively, the consolidated entity") for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 28 September 2017.

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

The nature of the operations and principal activities of the consolidated entity are described in the directors' report. Information on the consolidated entity's structure is provided in note 22 and details of other related party relationships is provided in note 21.

2. Basis of preparation

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

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

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

Going concern

The directors have prepared the financial statements on a going concern basis which contemplates the continuation of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The directors have prepared a cash flow forecast which indicates that the consolidated entity will have adequate funds to meet its ongoing working capital requirements and committed exploration and evaluation expenditure for a 12 month period from the date of this financial report. The directors are aware that the consolidated entity will need to raise additional funding to develop its flagship Epanko Graphite Project. At the date of this report, there is no expenditure commitment for the development of the Epanko Graphite Project. Commitment for development expenditure will not be incurred unless the Group has raised the additional funding through debt and/or equity financing alternatives that include financial institutions, strategic investors and equity capital markets.

Functional and presentational currency

These consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated in accordance with ASIC Corporations (rounding in financial/directors' reports) instrument 2016/191.

		Consolidated	
		2017 $'000	**2016 $'000**
3.	**Other income**		
	Interest received from financial institutions	103	82
	Research and development tax credit	285	493
	Proceeds from insurance claim	-	8
		388	**583**
4.	**Other expenses**		
	Loss before income tax includes the following specific expenses:		
	Administration expense	(189)	(127)
	Marketing and promotion costs	(618)	(566)
		(807)	**(693)**
5.	**Income tax expense**		
	Reconciliation of tax benefit/expense and the accounting loss multiplied by Australia's domestic tax rate for 2016 and 2017:		
	Accounting loss before tax	(4,099)	(4,268)
	At Australia's statutory income tax rate of 27.5% (2016: 28.5%)	(1,127)	(1,216)
	Tax effect of amounts not deductible	144	27
	Effect of different rates of tax	35	-
	Benefit of tax losses and timing differences not brought to account as an asset	948	1,189
	Income tax expense attributable to entity	-	-
	Deferred income tax at balance date relates to the following:		
	Deferred tax assets		
	Foreign exchange translation differences	-	16
	Tax losses available to offset against future taxable income	7,418	3,735
	Total deferred tax asset	7,418	3,751
	Deferred tax liabilities		
	Exploration and evaluation assets	(5,111)	(2,882)
	Accrued expenditure	-	(105)
	Total deferred tax liability	(5,111)	(2,927)
	Deferred tax asset recognised to offset deferred tax liability	5,111	2,927
		-	-
	Net deferred tax asset not brought to account	2,307	764
	Total tax losses not used against deferred tax liabilities for which no deferred tax asset has been recognised (not tax effected)	8,391	2,544

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

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

		Consolidated 2017 $'000	Consolidated 2016 $'000
6.	**Cash and cash equivalents**		
	Cash at bank and on hand	1,950	1,457
	Short-term bank deposits	-	600
		1,950	**2,057**
7.	**Trade and other receivables**		
	Goods and services taxation receivable (1)	62	51
	Research and development tax credit receivable (2)	963	660
	Other receivables	16	136
	Security deposits	128	-
		1,169	**847**

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

(2) The research and development tax credit for the 2016 financial year was received on 10 July 2017. The research and development tax credit for the 2017 financial year has not been accrued as the Company is in the process of finalising the claim amount and the application has not been lodged.

		2017 $'000	2016 $'000
8.	**Exploration and evaluation asset**		
	Exploration and evaluation expenditure carried forward:		
	Carrying amount as at 1 July	9,606	7,712
	Capitalised expenditure at cost	8,104	2,958
	Exploration expenditure research and development refund	(674)	(1,064)
	Carrying amount at 30 June	**17,036**	**9,606**

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest and the sale of minerals, or the sale of the respective areas of interest.

		2017 $'000	2016 $'000
9.	**Trade and other payables**		
	Trade payables (1)	669	377
	Accruals	424	325
	Payroll payables	96	109
	Sundry payables	29	6
		1,218	**817**

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

		2017 $'000	2016 $'000
10.	**Property, plant and equipment**		
	At cost	362	36
	Accumulated depreciation	(67)	(13)
	Net carrying amount	**295**	**23**

10. Property, plant and equipment (continued)

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 $'000	Plant & Equipment Field $'000	Motor Vehicles $'000	Furniture & Equipment $'000	Lease-hold Assets $'000	Total $'000
Balance at 1 July 2015	**9**	**14**	**-**	**-**	**-**	**23**
Additions	1	9	-	-	-	10
Write offs	-	(1)	-	-	-	(1)
Depreciation expense	(2)	(7)	-	-	-	(9)
Balance at 30 June 2016	**8**	**15**	**-**	**-**	**-**	**23**
Additions	26	21	261	14	9	331
Transfers	-	(17)		17	-	-
Depreciation expense	(9)	(7)	(39)	(3)	(1)	(59)
Balance at 30 June 2017	**25**	**12**	**222**	**28**	**8**	**295**

	Consolidated 2017 $'000	Consolidated 2016 $'000
11. Contributed equity		
243,202,394 (2016: 189,174,894) fully paid ordinary shares	39,215	27,697

(a) Ordinary shares	**$'000**	**No. of Shares**
At 30 June 2015	**24,060**	**167,534,223**
Share placement	2,000	13,333,334
Option exercise	249	1,242,499
Issue of shares to consultant in lieu of cash	300	1,814,838
Issue of plan shares	1,198	5,250,000
Transaction costs	(110)	-
At 30 June 2016	**27,697**	**189,174,894**
Share placement	10,878	47,300,000
Options exercised	996	4,977,500
Issue of shares to consultant in lieu of cash	260	1,250,000
Issue of plan shares	114	500,000
Transaction costs	(730)	-
Balance at 30 June 2017	**39,215**	**243,202,394**

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

11. Contributed equity (continued)

(b) Options unissued are as follows:

Grant Date	Date of Expiry	Exercise Price	Balance at start of year	Granted	Exercised	Expired unexercised	Balance at end of year
2017							
11/02/13	11/02/17	0.27	800,000	-	-	(800,000)	-
22/05/14	11/05/17	0.193	4,000,000	-	-	(4,000,000)	-
08/07/15	22/10/17	0.40	4,000,000	-	-	-	4,000,000
15/05/15	17/10/17	0.30	750,000	-	-	-	750,000
13/07/15	26/10/17	0.174	1,050,000	-	-	-	1,050,000
29/02/16	29/08/16	0.20	5,519,167[1]	-	(4,977,500)	(541,667)	-
27/06/16	02/06/19	0.228	1,000,000	-	-	-	1,000,000
16/01/17	16/01/20	0.23		1,050,000	-	-	1,050,000
09/01/17	31/12/18	0.30		1,000,000	-	-	1,000,000
Total			**17,119,167**	**2,050,000**	**(4,977,500)**	**(5,341,667)**	**8,850,000**

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

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

Grant Date	Date of Expiry	Exercise Price	Balance at start of year	Granted	Exercised	Expired unexercised	Balance at end of year
2016							
31/03/11	30/09/15	0.35	700,000	-	-	(700,000)	-
31/03/11	31/03/16	0.40	700,000	-	-	(700,000)	-
05/02/14	03/08/15	0.20	4,498,888	-	(95,000)	(4,403,888)	-
11/02/13	11/02/17	0.27	800,000		-	-	800,000
22/05/14	11/05/17	0.193	4,000,000		-	-	4,000,000
08/07/15	22/10/17	0.40	4,000,000		-	-	4,000,000
15/05/15	17/10/17	0.30	750,000		-	-	750,000
13/07/15	13/07/17	0.174		1,050,000	-	-	1,050,000
29/02/16	29/08/16	0.20		6,666,666[1]	(1,147,499)	-	5,519,167
27/06/16	02/06/19	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] Issue of one free option for every two shares placement.

		Consolidated	
		2017 $'000	2016 $'000
12.	**Reserves**		
	Share based payment reserve	5,105	4,842
	Loan share reserve	(3,086)	(2,972)
	Balance at end of year	**2,019**	**1,870**
	Movement in share based payment reserve		
	Balance at beginning of year	4,842	3,558
	Share based payments	263	1,284
	Balance at end of year	**5,105**	**4,842**
	Movement in loan share reserve		
	Balance at beginning of year	(2,972)	(1,774)
	Plan shares issued	(114)	(1,198)
	Balance at end of year	**(3,086)**	**(2,972)**

Share based payments reserve

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

Loan share reserve

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

		2017 $'000	2016 $'000
13.	**Accumulated losses**		
	Balance at beginning of year	(17,851)	(13,583)
	Loss for the year	(4,099)	(4,268)
	Balance at end of year	**(21,950)**	**(17,851)**

	Consolidated 2017 $'000	2016 $'000
14. Cash flow information		
Reconciliation of cash flow from operations with loss for the year		
Loss for the year	(4,099)	(4,268)
Adjustments for:		
Share based payments	523	1,283
Interest income	(103)	(82)
Depreciation	59	9
Unrealised foreign exchange gain	(31)	(177)
Changes in assets and liabilities:		
Increase in trade and other receivables	(198)	(257)
Increase in trade and other payables	401	927
Net cash outflows used in operations	**(3,448)**	**(2,565)**

15. Expenditure commitments

Mineral tenements

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to satisfy minimum expenditure requirements of $430,195 (2016: $401,340) over the next 12 months, in accordance with agreed work programmes submitted over the Company's exploration licences. Financial commitments for subsequent periods are contingent upon future exploration results.

		Consolidated 2017 $'000	Consolidated 2016 $'000
16.	**Loss per share**		
	Data used in the basic loss per share computations		
	Loss for the year	(4,099)	(4,268)
	Weighted average number of ordinary shares	219,842,269	173,429,200
	Basic and diluted loss per share (cents)	(1.86)	(2.46)

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

8,850,000 share options outstanding at 30 June 2017 (2016: 17,119,167) have not been included in determining the diluted loss per share as they are not considered to be dilutive due to the loss position of the Company for years ended 30 June 2016 and 2017.

		Consolidated 2017 $	Consolidated 2016 $
17.	**Auditor's remuneration** Amounts received or due and receivable by Ernst & Young Australia for:		
	Auditor of the services Audit or review of the financial report	30,900	28,000
	Other non- audit services Taxation services	28,800	32,700
		59,700	**60,700**

18. Segment information

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

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

	Australia $'000	Tanzania $'000	Consolidated $'000
Revenue by geographical region			
2017			
Results			
Segment revenues	388	-	388
Segment results	(3,193)	(906)	(4,099)
2016			
Results			
Segment revenues	583	-	583
Segment results	(3,937)	(331)	(4,268)
Assets by geographical region			
2017			
Assets			
Segment assets	36	17,295	17,331
Unallocated assets:			
Cash and cash equivalents			1,950
Trade and other receivables			1,169
Prepayments			52
Total assets			**20,502**
Liabilities			
Segment liabilities	(915)	(303)	(1,218)
Total liabilities			**(1,218)**
2016			
Assets			
Segment assets	8	9,621	9,629
Unallocated assets:			
Cash and cash equivalents			2,057
Trade and other receivables			847
Total assets			**12,533**
Liabilities			
Segment liabilities	(787)	(30)	(817)
Total liabilities			**(817)**

19. Share based payments

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

Details of options issued during year ended 30 June 2017 are:

Terms and Conditions

Grant Date	Number	Expiry Date	Contractual life
16/01/17	1,050,000	16/01/20	3 years
09/01/17	1,000,000	31/12/18	1.8 years
	2,050,000		

Movements

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

	2017 Number	2017 WAEP	2016 Number	2016 WAEP
Outstanding at 1 July	17,119,167	0.25	15,448,888	0.27
Issued during the year	2,050,000	0.26	8,716,666	0.20
Exercised/expired during the year	(10,319,167)	0.21	(7,046,387)	0.24
Outstanding at 30 June	8,850,000	0.31	17,119,167	0.25
Exercisable at 30 June	8,850,000	0.31	17,119,167	0.25

The assumptions for calculating the fair value of the options granted during the year were as follows:

Quantity	1,050,000	1,000,000
Grant date	16/01/17	09/01/17
Expiry date	16/01/20	31/12/18
Share price on grant date (cents)	18.00	16.50
Exercise price (cents)	23.00	30.00
Expected volatility	100%	100%
Option life	3 yrs	2 yrs
Expected dividend yield	0%	0%
Risk free interest rate on grant date	1.94%	1.75%

Employee share plan

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

The number and weighted average exercise prices (WAEP) of, and movements in plan shares during the year (2016: 5,250,000):

	2017 Number	2017 WAEP	2016 Number	2016 WAEP
Outstanding at 1 July	**14,050,000**	**0.2115**	**8,800,000**	**0.2016**
Granted during the year	500,000	0.2282	5,250,000	0.2282
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 30 June	**14,550,000**	**0.2121**	**14,050,000**	**0.2115**

Plan shares issued during the year:	
Quantity	500,000
Valuation date	1 July 2016
Loan expiry date	27 June 2021
Underlying security share price at valuation date (cents)	15.00
Price per share (cents)	22.82
Expected price volatility of the Company's shares	100%
Expected life	5 yrs
Expected dividend yield	0%
Risk-free interest rate	2.19%
Black Scholes valuation per share (cents per share)	19.04

20. Directors and key management personnel disclosures

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

Name	Position
Robert Pett	Non-Executive Chairman
John Conidi	Non-Executive Director
Christoph Frey	Non-Executive Director (appointed 10 august 2016)
Andrew Spinks	Managing Director
Grant Pierce	Executive Director
Robert Hodby	Chief Financial Officer and Company Secretary (resigned 5 June 2017)

(b) Key management personnel remuneration

Aggregate compensation of key management personnel of the consolidated entity:

	Consolidated	
	2017 $'000	2016 $'000
Short term employee benefits	1,388	931
Post-employment benefits	61	53
Share based payments (non-cash)	-	1,023
	1,449	**2,007**

Detailed information about the remuneration received by each key management personnel is provided in the remuneration report on pages 24 to 29.

21. Related party disclosures

Transactions between related parties are on normal commercial terms.

Ultimate parent
Kibaran Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Key management personnel
Disclosures relating to key management personnel are set out in note 20 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions were undertaken with Key Management Personnel during the year ended 30 June 2017. The transactions reflected below have been included in 'Fees for special duties or exertion' disclosed in the remuneration table in section 4.

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

Entity	Services provided	2017 $'000	2016 $'000
Economics Consultants Pty Ltd	Consultancy services	50	-
Prevelly Holdings Pty Ltd	Consultancy services	50	-

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

Entity	Services provided	2017 $'000	2016 $'000
Prographite GmbH	Technical consultancy services	205	-

22. Consolidated entity information

Information about subsidiaries

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

	Country of Incorporation	Percentage Owned (%) 2017	2016
Tanzanian Exploration Company Pty Ltd	Australia	100	100
TanzGraphite Pty Ltd	Australia	100	100
TanzGraphite (AUS) Pty Ltd	Australia	100	-
TanzGraphite Technologies Pty Ltd	Australia	100	-
Kibaran Nickel (Tanzania) Limited	Tanzania	100	100
Castillian resources (Tanzania) Limited	Tanzania	100	100
TanzGraphite Technologies Limited	Tanzania	100	-
TanzGraphite (TZ) Limited	Tanzania	100	100

	Consolidated 2017 $'000	Consolidated 2016 $'000
23. Parent information		
Kibaran Resources Limited		
Current assets	2,917	2,658
Non-current assets	20,313	11,811
Total assets	23,230	14,469
Current liabilities	915	787
Total liabilities	915	787
Net assets	**22,315**	**13,682**
Equity		
Contributed equity	39,216	27,697
Share option reserve	2,013	1,864
Accumulated losses	(18,914)	(15,879)
Total equity	**22,315**	**13,682**
Loss of the parent entity	(3,035)	(3,937)
Total comprehensive loss of the parent entity	(3,035)	(3,937)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity did not have any at 30 June 2017 or 30 June 2016.

Contingent liabilities
The parent entity did not have contingent liabilities at 30 June 2017 or 30 June 2016.

Capital commitments
The parent entity did not have capital commitments at 30 June 2017 or 30 June 2016.

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

24. Financial instruments

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

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

Details of the significant accounting policies and methods adopted, 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 26. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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

Foreign currency risk

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

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

	Assets		Liabilities	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
USD	177	128	107	57
EUR	-	-	13	-
TZS	19	48	-	1
GBP	-	-	83	204
JPY	1	-	-	-
Total	**197**	**176**	**203**	**262**

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

	Appreciation in AUD exchange rate			Depreciation in AUD exchange rate		
	% change	**Effect on loss before tax**	**Effect on equity**	**% change**	**Effect on loss before tax**	**Effect on equity**
2017	10%	26,599	26,599	10%	(24,181)	(24,181)
2016	10%	29,520	29,520	10%	(26,836)	(26,836)

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

24. Financial instruments (continued)

Interest rate risk

The consolidated entity's exposure to market risk for changes in interest rates arises from its holding cash, and deposits. Funds held in operating accounts and term deposits earned variable interest at rates ranging between 0% to 1.5% (2016: 0% to 2.7%), depending on the type of bank account and cash balances. The consolidated entity does not have any loans or borrowings.

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

	30 June 2017 $'000	30 June 2016 $'000
Cash and cash equivalents	1,950	2,057

A change of 1% in the variable interest rate at the reporting date would have an impact on the consolidated entity profit and loss and equity of $19,000 (2016: $21,000) assuming all other variables remain constant.

Liquidity risk

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

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

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

	Carrying amount $'000	Contractual cash flows $'000	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
2017						
Trade and other payables	1,218	1,218	1,218	-	-	-
2016						
Trade and other payables	817	817	817	-	-	-

Credit risk management

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

25. Events after balance date

Tanzanian legislative changes

On 29 June 2017, the Tanzanian Government introduced three Bills into the National Assembly, being the *Natural Wealth and Resources (Permanent Sovereignty) Act 2017,* the *Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act 2017* and the *Written Laws (Miscellaneous Amendments) Act 2017.*

These Bills were passed by the Tanzanian Parliament on 3 and 4 July 2017 and introduce a range of changes that are primarily focused on the mining and export of precious metals and metal concentrates from existing operations in Tanzania.

Although the majority of the new laws are not expected to adversely impact the Company, a further review will be undertaken once additional details are released in the accompanying legislative regulations, particularly in relation to possible implications for cross-border financing arrangements and potential Tanzanian Government equity participation in the minerals sector.

Executive appointments

Following the successful delivery of the 2017 Bankable Feasibility Study (refer to ASX announcement 21 June 2017), Mr Howard Rae was appointed as Chief Financial Officer to assist the Company execute the debt and equity financing plan for the Epanko Graphite Project.

Apart from the above, 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, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

26. Significant accounting policies

(a) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only, and information about the parent entity is disclosed in note 23.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2017. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its to direct the activities of the entity.

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

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

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

(c) Taxes

Current income tax

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

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

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

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

(d) Exploration and development expenditure

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

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

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with 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 evaluation expenditure are recorded net of any government grants and partner contributions.

(e) Operating segments

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

(f) Property plant & equipment

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

Plant and equipment

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

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

Depreciation

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

Plant and equipment	3-5 years

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

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

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

(g) Impairment of non-financial assets

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

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

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

(h) Foreign currency transactions and balances

Transaction and balances

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

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

Subsidiaries

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

(i) Employee benefits

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

Share-based payments

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

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

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

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

(j) Issued capital

Ordinary shares are classified as equity.

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

(k) Trade and other receivables

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

(l) Trade and other payables

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

(m) Cash and cash equivalents

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

(n) Revenue

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

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

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

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

(o) Goods and services tax (GST)

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

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

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

(p) Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the 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) Government grants

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

(r) Critical accounting estimates and judgements

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

Key estimates — impairment

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

Recoverability of exploration and evaluation costs

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

Share-based payment transactions

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

(s) New accounting standards and interpretations

New and amended standards adopted by the consolidated entity

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2016:

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

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

27. Standards issued but not yet effective

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
AASB 9 Financial instruments	AASB 9, published in July 2014, replaces the existing guidance in AASB 39 financial instruments: recognition and measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 39. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	Based on an initial impact assessment, the new standard is not expected to significantly impact the recognition and measurement of financial instruments.
AASB 15 Revenue from contracts with customers	AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 revenue, AASB 111 construction contracts and IFRIC 13 customer loyalty programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	Based on an initial impact assessment, the new standard is not expected to impact the consolidated entity as it currently does not generate revenue.
AASB 16 leases	The key feature of AASB 16 (for lease accounting) are as follows: • 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. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similar to other financial liabilities. • 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. • AASB 16 contains disclosure requirements for lessees. AASB 16 is effective for annual reporting periods beginning on 1 January 2019, with early adoption permitted.	The consolidated entity is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 16.

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

This is the end of the financial statements.

Directors' declaration

In the directors' opinion:

(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 and accompanying notes, are in accordance with the Corporations Act 2001 and:

(a) Comply with accounting standards and the Corporations Regulations 2001; and

(b) Give a true and fair view of the financial position at 30 June 2017 and of the performance for the year ended on that date.

(2) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with international financial reporting standards.

(3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(4) The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001

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

Andrew Spinks

Managing Director

Perth, 28 September 2017

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 audit of the financial report

Opinion

We have audited the financial report of Kibaran Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

Key audit matters

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

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

Building a better working world

1. Carrying value of capitalised exploration and evaluation

Why significant	How our audit addressed the key audit matter
As disclosed in note 8 to the financial report, the Group held capitalised exploration and evaluation expenditure of $17,036,000 as at 30 June 2017. The carrying value of exploration and evaluation assets is subjective based on the Group's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the results of exploration work and feasibility studies.	Our audit procedures included the following: • considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as licence agreements. • considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included an assessment of the Group's future cash flow forecasts and enquired of management and the Board of Directors as to the intentions and strategy of the Group. • assessed results of recent exploration activity to determine if there were any negative indicators that would suggest a potential impairment of the capitalised exploration and evaluation expenditure. • considered the Group's assessment of the commercial viability of results relating to exploration and evaluation activities carried out in the relevant licence area.

2. Going concern assessment

Why significant	How our audit addressed the key audit matter
The Group is not currently generating revenue and is in the exploration and evaluation stage. Accordingly the testing of the availability of sufficient funding for the Group to meet its obligations as and when they fall due is considered to be a key part of our going concern assessment and therefore a significant aspect of our audit. This assessment is largely based on the expectations of and the estimates made by the Group of future cash flows. The expectations and estimates can be influenced by subjective elements such as estimates of amounts and timing of future cash outflows and inflows (including timing of capital raisings or other funding sources). The financial report has been prepared on a going concern basis. The Group's assessment of going concern is set out in note 2 to the financial report.	Our audit procedures included the following: • analysed the Group's cash flow forecast and enquired with the Directors to gain an understanding of the inputs and process underpinning the cash flow model prepared for the purpose of the going concern assessment. • assessed whether the cash flow model accurately reflects the budget that was approved by the Directors. • Assessed the reasonableness of the future cash inflows from research and development tax credits and /or capital raisings. • assessed the future cash outflows from exploration expenditure and corporate expenses taking into account our knowledge of the Group's operations, historical spend and future plans. • assessed the possible mitigating actions identified by the Group in the event that actual cash flows are below forecast including performing sensitivity analysis. • assessed the adequacy of the disclosures included in the financial report in respect of the use of the going concern basis.

GB:EH:KNL:029

EY
Building a better working world

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

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

GB:EH:KNL:029

► Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

► Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

► Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Kibaran Resources Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Ernst & Young

Gavin Buckingham
Partner
Perth
28 September 2017

GB:EH:KNL:029

Shareholder information

Distribution of Listed Securities (as at 25 September 2017)

Range	Total holders	Units	% of issued capital
1 to 1,000	89	27,910	0.01
1,001 to 5,000	309	994,260	0.41
5,001 to 10,000	298	2,481,158	1.02
10,001 to 100,000	872	34,524,870	14.14
100,001 and over	296	206,174,196	84.42
Total	**1,893**	**244,202,394**	**100**

Top 20 ordinary shareholders (as at 25 September 2017)

Rank	Name	Number of Ordinary Shares held	% of issued capital
1	J P Morgan Nominees Australia Limited	24,053,009	9.85
2	Citicorp Nominees Pty Limited	19,792,981	8.11
3	Value-On-Growth Investment Pty Ltd	10,335,352	4.23
4	Dr Peter Dennett Meier & Mrs Lynette Suzanne Meier	7,332,496	3.00
5	HSBC Custody Nominees (Australia) Limited	6,255,688	2.56
6	Pershing Australia Nominees Pty Ltd	5,440,536	2.23
7	Mr Andrew Peter Spinks <A S Gold Sf>	4,926,846	2.02
8	GR Engineering Services Limited	3,952,093	1.62
9	Andrew Spinks <The Spinks Family Trust>	3,304,434	1.35
10	Talisman Capital Pte Ltd	3,139,318	1.29
11	RWH Nominees Pty Ltd <RWH Nominees A/C>	3,125,000	1.28
12	RWH Nominees Pty Ltd <KAR Superfund A/C>	2,810,386	1.15
13	RWH Nominees Pty Ltd <RWH Nominees A/C>	2,686,434	1.10
14	Idinoc Pty Ltd	2,250,000	0.92
14	Reindeer Investments Pty Ltd	2,250,000	0.92
14	Grant Pierce	2,250,000	0.92
14	Andrew Spinks	2,250,000	0.92
15	Mr William Kevin Renshaw	1,822,351	0.75
16	Mr Kosta Trajkovski & Mrs Susanne Trajkovski	1,798,888	0.74
17	Mr Andrew Peter Spinks <A S Gold SF A/C>	1,769,550	0.72
18	Mr Vincent Teubler & Mrs Rosanna Gabrielle Teubler	1,746,108	0.72
19	Gold Elegant (HK) Investment Limited	1,600,000	0.66
20	Mr Nicola Conidi & Mrs Giannina Conidi <Nick & Jan Conidi S/F A/C>	1,593,000	0.65
Total		**116,484,470**	**47.70**

Other Securities on issue (as at 25 September 2017)

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

	Options (1)	Options (2)	Options (3)	Options (4)	Options (5)	Options (6)
Number on issue	4,000,000	750,000	1,050,000	1,000,000	1,050,000	1,000,000
Number of holders	1	2	8	1	5	1
Sven Olson	-	-	250,000	-	-	-
Argonaut Securities	4,000,000	-	-	-	-	-
Christoph Frey	-	250,000	-	1,000,000	-	-
Joint Gain Worldwide Ltd	-	-	100,000	-	-	-
Fivemark Partners	-	-	-	-	-	1,000,000

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

Number	Expiry	Exercise Price	Number of Options
1	26/10/17	$0.40	4,000,000
2	17/10/17	$0.30	750,000
3	26/10/17	$0.174	1,050,000
4	02/06/19	$0.228	1,000,000
5	15/01/20	$0.23	1,050,000
6	31/12/18	$0.30	1,000,000

Mineral tenements

Consolidated entity's 100% interest:

Location	Ministry ID	Area (km^2)
Mahenge	ML 548/2015	9.62
Mahenge	PL 9306/2013	35.31
Mahenge	PL 9331/2013	2.76
Mahenge	PL 10388/2014	2.57
Mahenge	PL 10390/2014	2.81
Mahenge	PL 10394/2014	9.74
Mahenge	PL 10752/2016	23.45
Mahenge	PL 10972/2016	3.83
Merelani-Arusha	PL 7906/2012	59.24
Merelani-Arusha	PL 7907/2012	26.42
Merelani-Arusha	PL 7915/2012	41.47
Merelani-Arusha	PL 10090/2014	44.88
Merelani-Arusha	PL 10091/2014	114.22
Merelani-Arusha	PL 10092/2014	23.23
Merelani-Arusha	PL 10868/2016	72.82
Merelani-Arusha	PL 10869/2016	29.95
Merelani-Arusha	PL 10872/2016	2.6
Merelani-Arusha	PL 11081/2017	2.08
Merelani-Arusha	PL 11082/2017	20.77
Merelani-Arusha	PL 11083/2017	50.73
Tanga	PL 9537/2014	84.00

Mineral Resource Statement

Epanko Graphite Project Mineral Resource Estimate

Classification	30 June 2017			30 June 2016		
	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)
Measured	7.5	9.8	738.9	6.6	9.7	635.8
Indicated	12.8	10.0	1,280.0	7.9	10.0	785.3
Inferred	10.4	9.9	1,030.6	8.8	8.7	773.5
Total	**30.7**	**9.9**	**3,049.5**	**23.3**	**9.4**	**2,194.6**

Merelani–Arusha Graphite Project Mineral Resource Estimate

Classification	30 June 2017			30 June 2016		
	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)
Measured	7.4	6.7	500.0	7.4	6.7	500.0
Inferred	10.3	6.3	650.0	10.3	6.3	650.0
Total	**17.7**	**6.5**	**1,150.0**	**17.7**	**6.5**	**1,150.0**

Notes

- The Epanko and Merelani-Arusha Graphite Projects are located in Tanzania.
- The Epanko Mineral Resource Estimate was updated during the year following further drilling and announced to the ASX on 31 March 2017.
- Totals may not sum due to rounding.
- Mt = 1,000,000 tonnes.
- Tonnage figures have been rounded to the nearest 1,000 and % TGC grades have been rounded to 1 decimal place.
- Mineral Resources are quoted from blocks where the TGC grade is greater than 8%.

Competent persons' statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Spinks, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy and is employed by Kibaran Resources Limited. Mr Spinks has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Spinks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy and is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

Mineral resource estimation - Governance statement

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

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

KIBARAN

RESOURCES LTD

Phone: + 61 8 6424 9000

Email: info@kibaranresources.com

www.kibaranresources.com

ASX: KNL FSE: FMK

ABN 15 117 330 757

TanzGraphite