



# FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017  
ABN 15 117 330 757



## CORPORATE INFORMATION

### Directors

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

### Registered and Principal Office

Level 1, 18 Richardson Street  
West Perth WA 6005

Telephone: +61 8 6424 9000  
Website: [www.kibaranresources.com](http://www.kibaranresources.com)  
Email: [info@kibaranresources.com](mailto:info@kibaranresources.com)

### Share Registry

#### Link Market Services

Level 12, QV1 Building  
250 St Georges Terrace  
Perth WA 6000

Telephone: 1300 554 474  
(toll free within Australia)  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

### Solicitors

#### Steinepreis Paganin

Level 4 The Read Buildings  
16 Milligan Street  
Perth WA 6000

Telephone: +61 8 9321 4000  
Facsimile: +61 8 9321 4333

#### King & Wood Mallesons

Level 30, QV1 Building  
250 St Georges Terrace  
Perth WA 6000

Telephone: +61 8 9269 7000  
Facsimile: +61 8 9269 7999

### Auditors

#### Ernst & Young

11 Mounts Bay Road  
Perth WA 6000

Telephone: +61 8 9429 2222  
Facsimile: +61 8 9429 2435

### Bankers

#### Westpac Banking Corporation

Level 3, Tower 2  
123 St Georges Terrace  
Perth WA 6000

### Stock Exchange Listing

#### Australian Securities Exchange

ASX Code: KNL

#### Frankfurt Stock Exchange (Börse Frankfurt)

FSX Code: FMK  
Fully paid ordinary shares

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# DIRECTORS' REPORT

The directors of Kibaran Resources Limited (“Kibaran” or “the Company”) and its controlled entities (collectively, the “consolidated entity”) present their report together with the financial statements of the consolidated entity for the half year ended 31 December 2017.

## Board of directors

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

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

## Principal activities

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

- exploration and evaluation of graphite projects in Tanzania;
- pre-development of the Epanko Graphite Project (“Epanko” or the “Project”); and
- development of downstream processing technology for the use of natural flake graphite to manufacture purified spherical graphite products for lithium-ion batteries.

## Operating results

The loss after income tax incurred by the consolidated entity for the six months ended 31 December 2017 was \$1,539,000 (2016 loss: \$2,152,000).

No dividends were declared or paid during the six months ended 31 December 2017 (2016: nil).

Cash reserves at 31 December 2017 totalled \$2,148,000.

## Review of operations

Key highlights:

- Epanko Bankable Feasibility Study passes bank appointed Independent Technical Engineer’s review;
- Feasibility study into the downstream processing of graphite demonstrates strong financial returns; and
- Key regulatory milestone achieved with approval of the Epanko Resettlement Action Plan.



### EPANKO GRAPHITE PROJECT

Following the completion of the Epanko Bankable Feasibility Study (“BFS”) in June 2017, bank appointed Independent Technical Engineer SRK Consulting completed their comprehensive review and report, concluding that all technical areas of the BFS satisfy Project Finance standards and the environmental and social management planning aspects of the BFS are in accordance with Tanzanian requirements, International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines.

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

The BFS is based on the production of 60,000tpa of premium natural flake graphite over an initial operational period of 18 years, generating annual EBITDA of US\$44.5m, a pre-tax NPV<sub>10</sub> of US\$211m and a 38.9% internal rate of return.

#### *New Mining Legislation*

The Company engaged with the Tanzanian Government to progress the Epanko development plan. In mid-November, Kibaran and one of its proposed financiers met with Tanzania’s High Commissioner to Japan, Australia and South Korea, His Excellency Mathias Chikawe. The Company briefed the High Commissioner on the Project and also highlighted aspects of the new legislation that present challenges to its financing. The High Commissioner confirmed the Government’s support to pave the way forward for the Project and acknowledged its significant positive economic and social impacts for the Ulunga District and Morogoro Region.

Subsequently, the Company and a representative of KfW IPEX-Bank, was provided with an opportunity to meet with the recently appointed Minister for Minerals, Honourable Angellah Kairuki (MP) in Tanzania, to present the Project to the Minister and to highlight aspects of the new legislation that require clarity in relation to international banking requirements for the debt financing of mineral projects.

The mining Regulations supporting the new mining laws were issued by the Tanzanian Government in January 2018. Kibaran has reviewed the Regulations and is waiting for the Mining Commission to be operational in order to discuss matters that the Regulations are silent on and their impact on the proposed Epanko debt financing arrangements.

The Company believes it is well positioned to comply with the new Act and Regulations, having completed an Equator Principles compliant bankable feasibility study that satisfies the stringent International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines. The project development plans are consistent with the standards required by the new mining Regulations.

The Company has completed all documents required to secure Government development approvals, including the Resettlement Action Plan and will provide an update on the Epanko development timeline after it has presented it to the new Mining Commission.

#### *Resettlement Action Plan*

A key regulatory milestone was achieved during the half year with approval of the Resettlement Action Plan compensation schedules by the Government Chief Valuer from the Ministry of Lands, Housing and Human Settlements Development, the Regional Commissioner for Morogoro and the District Commissioner for Ulunga.

Kibaran has now completed all technical, environmental and social planning requirements for the planned development of the Epanko graphite mining and processing operation and has secured offtake commitments with German and Japanese customers for the sale of products in Europe and Asia.

### SPHERICAL GRAPHITE PILOT PLANT

The feasibility study into the downstream processing of graphite was completed in December, showing the proposed downstream processing plant will be low-cost and environmentally friendly, while generating strong financial returns and enhancing the Company’s proposed graphite operations through vertical integration.



Led by GR Engineering, the feasibility study involved extensive process and product testing undertaken by ProGraphite GmbH, an international study of new industry developments and the participation of leading laboratories and potential lithium-ion battery customers in Asia. The outcomes exceeded expectations, with the Company identifying a new eco-friendly non-hydrofluoric purification technology capable of producing high quality spherical graphite at a cost competitive with less environmentally acceptable production techniques adopted by the majority of existing anode material manufacturers.

During the feasibility study two types of spherical graphite, SPG14.5 and SPG20, were produced for analysis under commercial production plant conditions, using -195micron Epanko natural flake graphite. These products were evaluated by a number of leading battery anode manufacturers in Asia, who confirmed that the Company's battery graphite satisfied their specification and performance requirements for potential future supply arrangements. The results and feedback provided by these organisations was universally positive, with particular interest in Kibaran's new proprietary non-hydrofluoric acid purification process.

Financial modelling undertaken as part of the feasibility study, demonstrated a highly attractive return on investment. The study is based on the production of 20,000tpa of purified spherical graphite, generating annual EBITDA of US\$30.5m, a pre-tax NPV<sub>10</sub> of US\$145m and a 34.3% internal rate of return. Following the completion of the feasibility study, Kibaran submitted patent applications to secure the intellectual property assets developed as part of the new purification processing technology and also committed to a pilot plant program in Germany with carbon products specialists ProGraphite GmbH, as part of a phased spherical graphite production strategy.

#### VERTICAL INTEGRATION

Kibaran is fast-tracking the development of its graphite mine in Tanzania with support from strategic partnerships, offtake agreements and potential funding partners. The planned mining operations are now fully integrated with a value adding downstream plan and the Company will be actively involved in all aspects of the graphite supply chain, from exploration, mining and production of flake graphite through to supplying major anode manufacturing technology companies with purified spherical graphite products for use in lithium-ion batteries.

#### Significant events after the balance date

##### *New Tanzanian Mining Regulations*

As noted in the review of operations above, the mining Regulations supporting the new mining laws were issued by the Tanzanian Government in January 2018 and Kibaran is waiting for the Mining Commission to be operational to discuss matters that the Regulations are silent on and their impact on the proposed Epanko debt financing arrangements.

The Company believes it is well positioned to comply with the new Act and Regulations and has completed all documents required to secure Government development approvals, including the Resettlement Action Plan. It has prepared a comprehensive implementation agreement to be presented to the new Mining Commission once it is established and is also currently in discussion with the Government to obtain approvals for mining licence conditions including an extension for a condition that is past due in connection with the commencement of continuous mining operations and production. Under the new Act, the Company's wholly-owned subsidiary TanzGraphite (TZ) Limited has legal and working title to all of its granted mineral tenure within Tanzania. Kibaran will provide an update on the Epanko development program after meeting with the Mining Commission.

Apart from the above, there have not been any events that have arisen in the interval between the end of the reporting period 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.

#### Auditor independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, is set out on page 20 of this report.

Signed in accordance with a resolution of the directors.

**Andrew Spinks**  
Managing Director

18 March 2018





# FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017





# CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	NOTES	31 DECEMBER 2017 \$'000	31 DECEMBER 2016 \$'000
<b>Income</b>			
Other income		404	67
		404	67
<b>Expenses</b>			
Accounting and audit		(16)	(6)
Consultants & contractors		(469)	(967)
Employee benefits		(575)	(402)
Depreciation		(28)	(19)
Directors' fees		(97)	(142)
Information systems and technology		(30)	(32)
Listing & compliance		(57)	(103)
Office rental & outgoings		(114)	(61)
Other		(50)	(195)
Share based payments	6	(431)	-
Travel & accommodation		(62)	(239)
Unrealised foreign exchange loss		(14)	(53)
		(1,943)	(2,219)
<b>Loss before income tax</b>		<b>(1,539)</b>	<b>(2,152)</b>
Income tax expense		-	-
<b>Loss after income tax for the period</b>		<b>(1,539)</b>	<b>(2,152)</b>
Other comprehensive loss		-	-
<b>Total comprehensive loss for the period net of tax</b>		<b>(1,539)</b>	<b>(2,152)</b>
Total other comprehensive loss for the period attributable to:			
Equity holders of the Company		(1,539)	(2,152)
<b>Total other comprehensive income for the period, net of tax</b>		<b>(1,539)</b>	<b>(2,152)</b>
<b>Loss per share attributable to equity holders of the Company:</b>			
Basic loss per share		(0.70)	(0.94)
Diluted loss per share		(0.70)	(0.94)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	NOTES	31 DECEMBER 2017 \$'000	30 JUNE 2017 \$'000
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents		2,148	1,950
Trade and other receivables		106	1,169
Prepayments		18	52
<b>Total current assets</b>		<b>2,272</b>	<b>3,171</b>
<i>Non-current assets</i>			
Property, plant and equipment		255	295
Exploration and evaluation assets	5	16,143	17,036
<b>Total non-current assets</b>		<b>16,398</b>	<b>17,331</b>
<b>Total assets</b>		<b>18,670</b>	<b>20,502</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables		494	1,218
<b>Total current liabilities</b>		<b>494</b>	<b>1,218</b>
<b>Total liabilities</b>		<b>494</b>	<b>1,218</b>
<b>Net assets</b>		<b>18,176</b>	<b>19,284</b>
<b>Equity</b>			
Contributed equity	4	41,179	39,215
Reserves		486	2,019
Accumulated losses		(23,489)	(21,950)
<b>Total equity</b>		<b>18,176</b>	<b>19,284</b>

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	CONTRIBUTED EQUITY	ACCUMULATED LOSSES	LOAN SHARE RESERVE	SHARE BASED PAYMENTS RESERVE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2016</b>	27,697	(17,851)	(2,972)	4,842	11,716
Loss for the period	-	(2,152)	-	-	(2,152)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	(2,152)	-	-	(2,152)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the period	12,084	-	-	-	12,084
Share based payments	-	-	-	-	-
Share issue expense	(730)	-	-	-	(730)
<b>Balance at 31 December 2016</b>	<b>39,051</b>	<b>(20,003)</b>	<b>(2,972)</b>	<b>4,842</b>	<b>20,918</b>
<b>As at 1 July 2017</b>	<b>39,215</b>	<b>(21,950)</b>	<b>(3,086)</b>	<b>5,105</b>	<b>19,284</b>
Loss for the period	-	(1,539)	-	-	(1,539)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	(1,539)	-	-	(1,539)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the period	1,964	-	(1,964)	-	-
Share based payments	-	-	-	431	431
Share issue expense	-	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>41,179</b>	<b>(23,489)</b>	<b>(5,050)</b>	<b>5,536</b>	<b>18,176</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 DECEMBER 2017 \$'000	31 DECEMBER 2016 \$'000
<b>Operating activities</b>		
Payments to suppliers and employees	(1,489)	(1,609)
Research and development tax credit received <sup>1</sup>	684	660
<b>Net cash flows used in operating activities</b>	<b>(805)</b>	<b>(949)</b>
<b>Investing activities</b>		
Payments for exploration and evaluation	(1,131)	(4,711)
Payments for property, plant & equipment	(10)	(348)
Interest received	9	49
Research and development tax credit received <sup>1</sup>	2,135	-
<b>Net cash flows from/(used in) investing activities</b>	<b>1,003</b>	<b>(5,010)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	-	11,875
Capital raising costs for issue of shares	-	(730)
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>11,145</b>
<b>Net increase in cash and cash equivalents</b>	<b>198</b>	<b>5,186</b>
Cash and cash equivalents at the beginning of the period	1,950	2,057
<b>Cash and cash equivalents at the end of the period</b>	<b>2,148</b>	<b>7,243</b>

<sup>1</sup> Allocated according to the operating or capital nature of the expenditure.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### 1. Company information

The consolidated financial statements of Kibaran Resources Limited and its subsidiaries (collectively, the “consolidated entity”) for the half year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 14 March 2018.

### 2. Basis of preparation

#### (a) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial report for the year ended 30 June 2017, together with the public announcements made by the Company during the half year ended 31 December 2017 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

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

#### (b) Significant accounting policies

The accounting policies adopted by the consolidated entity in the financial statements are consistent with those adopted in its financial statements for the year ended 30 June 2017.

New, amended and revised accounting standards that are mandatory for the interim period ended 31 December 2017 have been applied in these financial statements and did not have a significant impact on the reported results. Certain new accounting standards and interpretations have been published that are not mandatory for the interim reporting period, which the consolidated entity has elected not to apply in these financial statements.

#### *Changes in presentation of comparative expense information*

Comparative expense information in the consolidated statement of profit or loss and other comprehensive income has been restated to provide a more detailed and relevant breakdown of expenditures.

#### (c) Going concern

For the half year ended 31 December 2017 the consolidated entity reported a loss after income tax of \$1,539,000 (2016: loss \$2,152,000). As at 31 December 2017 the consolidated entity held cash and cash equivalents of \$2,148,000 (30 June 2017: \$1,950,000).

The balance of cash and cash equivalents as at 31 December 2017 is not sufficient to meet the consolidated entity’s planned expenditures over the next 12 months for the development of the Epanko Graphite Project, commercialisation of spherical graphite purification technology and general corporate activities. It is planned that these initiatives will be funded via a combination of limited recourse debt finance and equity, through the participation of banks, strategic industry investors and the consolidated entity’s shareholders.

In the event that the consolidated entity is unable to obtain sufficient funding as required, there is material uncertainty whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the consolidated entity not be able to continue as a going concern.

### 3. Segment information

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

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

	AUSTRALIA \$'000	TANZANIA \$'000	TOTAL \$'000
<b>Six months ended 31 December 2017</b>			
Segment revenues	404	-	404
Segment results	(1,212)	(327)	(1,539)
<b>Six months ended 31 December 2016</b>			
Segment revenues	67	-	67
Segment results	(1,630)	(522)	(2,152)
<b>31 December 2017</b>			
Segment assets	27	16,371	16,398
Unallocated assets:			
Cash and cash equivalents			2,148
Trade and other receivables			106
Prepayments			18
<b>Total assets</b>			<b>18,670</b>
Segment liabilities	(451)	(43)	(494)
<b>Total liabilities</b>			<b>(494)</b>
<b>30 June 2017</b>			
Segment assets	36	17,295	17,331
Unallocated assets:			
Cash and cash equivalents			1,950
Trade and other receivables			1,169
Prepayments			52
<b>Total assets</b>			<b>20,502</b>
Segment liabilities	(915)	(303)	(1,218)
<b>Total liabilities</b>			<b>(1,218)</b>



#### 4. Contributed equity

	NO. OF SHARES	\$'000
<b>1 July 2016</b>	<b>189,174,894</b>	<b>27,697</b>
Share placement	47,300,000	10,878
Option exercise	4,977,500	996
Issue of shares to consultants in lieu of cash	1,250,000	260
Issue of plan shares	500,000	114
Transaction costs	-	(730)
<b>At 30 June 2017</b>	<b>243,202,394</b>	<b>39,215</b>
Issue of plan shares	12,500,000	1,964
<b>31 December 2017</b>	<b>255,702,394</b>	<b>41,179</b>

#### 5. Exploration and evaluation assets

	31 DECEMBER 2017 \$'000	30 JUNE 2017 \$'000	31 DECEMBER 2016 \$'000
<b>Carrying amount at the beginning of the period</b>	<b>17,036</b>	<b>9,606</b>	<b>9,606</b>
Capitalised expenditure at cost	964	8,104	4,711
Exploration expenditure research and development refund	(1,857)	(674)	-
<b>Carrying amount at the end of the period</b>	<b>16,143</b>	<b>17,036</b>	<b>14,317</b>

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, compliance with the new Tanzanian Mining Regulations as disclosed in note 9, or the sale of the respective areas of interest.

#### 6. Share based payments

##### Share plans

During the half year shareholders approved the issue of plan shares to each of the directors in recognition of their performance with the Company and as incentive remuneration under the respective director and employee share plans (together the "Share Plans"). The terms and conditions of the Share Plans are identical, other than in respect of who is eligible to participate in each plan.

Under the Share Plans, eligible directors and employees are offered plan shares in the Company at prices determined by the board, which has the discretion to impose conditions on the shares issued under the Share Plans and may also grant a loan, in the form of a credit facility, to a participant, for the purposes of subscribing for plan shares. Shares issued via loan facility may not be granted at less than the volume weighted average price of the Company's shares during the 5 trading days up to and including the date of acceptance and are escrowed as security until the loan has been fully repaid, via cash payment and/or the sale of the plan shares. If the loan is repaid by the sale of shares, any surplus on sale is remitted to the participant and any shortfall is borne by the consolidated entity.

On 13 July 2017 the Company issued 1,000,000 plan shares to an employee under the terms of appointment and on 22 December 2017, the Company issued 9,000,000 plan shares to directors in accordance with shareholder approval obtained on 9 November 2017 and 2,500,000 plan shares to employees, in recognition of their performance and as incentive remuneration.

#### *Fair value of plan shares granted*

Plan shares are accounted for as options due to the limited recourse nature of the loan facility used to subscribe for the shares. The fair value at the date of grant of the plan shares issued during the period was determined via a Black Scholes methodology using the assumptions set-out in the following table, with the resulting amounts expensed as share based payments on a pro-rata basis over the six month vesting period.

Grant date	13 JULY 2017	9 NOVEMBER 2017	22 DECEMBER 2017
Quantity	1,000,000	9,000,000	2,500,000
Loan price per share	22.82 cents	15.09 cents	15.09 cents
Loan expiry date	13 July 2022	22 December 2022	22 December 2022
Underlying share price at valuation date	19 cents	17 cents	17 cents
Expected dividend yield	0%	0%	0%
Expected life	5 years	5 years	5 years
Risk-free interest rate	2.01%	2.3%	2.3%
Black Scholes valuation per share	13.78 cents	13.04 cents	13.04 cents

## 7. Dividends

No dividends were declared or paid during the half year ended 31 December 2017 (2016: nil).

## 8. Related party transactions

During the half year, the Company entered into a binding Heads of Agreement to secure exclusive spherical graphite services with German carbon products specialists, ProGraphite GmbH in which Christoph Frey a director of Kibaran, is the Managing Director.

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

## 9. Events after balance date

### *New Tanzanian Mining Regulations*

Mining Regulations supporting new mining laws were issued by the Tanzanian Government in January 2018. Kibaran has reviewed the Regulations and is waiting for the Mining Commission to be operational in order to discuss matters that the Regulations are silent on and their impact on the proposed Epanko debt financing arrangements.

The Company believes it is well positioned to comply with the new Act and Regulations and has completed all documents required to secure Government development approvals, including the Resettlement Action Plan. It has prepared a comprehensive implementation agreement to be presented to the new Mining Commission once it is established and is also currently in discussion with the Government to obtain approvals for mining licence conditions including an extension for a condition that is past due in connection with the commencement of continuous mining operations and production. Under the new Act, the Company's wholly-owned subsidiary TanzGraphite (TZ) Limited has legal and working title to all of its granted mineral tenure within Tanzania. Kibaran will provide an update on the Epanko development program after meeting with the Mining Commission.

Apart from the above, there have not been any events that have arisen in the interval between the end of the reporting period 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.





## DIRECTORS' DECLARATION

In the directors' opinion:

- (1) The interim financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) Comply with accounting standards and the *Corporations Regulations 2001*; and
  - (b) Give a true and fair view of the financial position at 31 December 2017 and of the performance for the period ended on that date.
- (2) Subject to achievement of matters set out in note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

**Andrew Spinks**  
Managing Director

18 March 2018

# INDEPENDENT AUDITOR'S REVIEW REPORT



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
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## Independent auditor's review report to the Members of Kibaran Resources Limited

### Report on the half-year financial report

#### Conclusion

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

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Emphasis of matter – material uncertainty related to going concern

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

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

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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

### Independence

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

Ernst & Young

Gavin Buckingham  
Partner  
Perth  
18 March 2018

# AUDITOR'S INDEPENDENCE DECLARATION



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

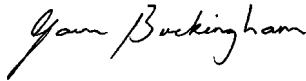
As lead auditor for the review of Kibaran Resources Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Gavin Buckingham  
Partner  
18 March 2018



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