

## **KIBARAN RESOURCES LTD**

### **DIRECTORS REPORT**

---

The Directors present their report on the consolidated entity consisting of Kibaran Resources Limited and the entities it controlled during the financial year ended 30 June 2013.

#### **DIRECTORS**

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

Simon O'Loughlin	-	Non-Executive Chairman
Andrew Spinks	-	Executive Director (appointed 13 July 2012)
Robert Greenslade	-	Non-Executive Director
John Park	-	Non-Executive Director (appointed 12 September 2012)
Grant Pierce	-	Non-Executive Director (appointed 16 January 2013)
David Gower		Non-Executive Director (resigned 5 February 2013)

#### **BOARD OF DIRECTORS**

##### **Mr Simon O'Loughlin**

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

BA (Acc), Law Society Certificate in Law

Simon O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide based medium sized specialist commercial law firm. He has obtained extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide. More recently, he has been focusing on the resources sector. Simon also holds accounting qualifications. He is currently chairman of Kibaran Resources Limited, AO Energy Ltd and Lawson Gold Ltd and a non-executive director of Petratherm Limited, Chesser Resources Limited, WCP Resources Limited and Goldminex Limited. He has comprehensive experience with companies in the small industrial and resources sectors. Simon is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

During the past three years Mr O'Loughlin has held the following ASX listed company directorships; Avenue Resources Limited, World Titanium Resources Limited, Living Cell Technologies Ltd, Oncosil Medical Ltd, Wolf Petroleum Limited and Bioxyne Ltd.

##### **Mr Andrew Spinks**

##### ***Executive Director***

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

Andrew Spinks is a geologist with over 20 years professional experience in nickel, coal, iron-ore and diamonds in Australia and Africa. Andrew has performed in diverse roles from grassroots exploration through to senior management in 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.

## **KIBARAN RESOURCES LTD**

### **DIRECTORS REPORT CONTINUED**

---

Andrew is currently Non-Executive Director of Kingsrose Ming Ltd and has served as Chairman, Managing Director and President of Central Iron Ore Limited.

#### **Mr Robert Greenslade**

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

BA (Ec)

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

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

#### **Mr John Park**

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

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

John is a metallurgist with a long record of success in technical, financial and management aspects of the minerals industry. He has held executive and board positions for a number of UK, Canadian and Australian listed and unlisted companies including Selection Trust, BP Minerals, Cluff Resources and Longview Capital Partners. He was a founder and executive director of the highly successful TSX listed SAMAX Gold, since acquired by AngloGold-Ashanti, which, along with several major gold discoveries now in operation in the Lake Victoria Goldfields, developed and operated the Merelani graphite mine in Tanzania in the late 1990s. AIM listed African Eagle Resources where John was a founder director and chairman until the end of 2009 discovered the Myabi gold project and is currently developing the Dutwa nickel project, both in Tanzania.

#### **Mr Grant Pierce**

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

B.Eng (Mining), Dip.Eng, Order of Australia Medal

Mr Pierce is a mining engineer with over 25 years of experience in both open-pit and underground mining operations. He brings to the Company, extensive management experience and knowledge of the Tanzanian mining industry, having, over the course of his career, worked in several senior management roles with mining / exploration companies operating in Africa.

## KIBARAN RESOURCES LTD DIRECTORS REPORT CONTINUED

---

Mr Pierce held the position of Country Manager for Montero Mining and Exploration Ltd.'s Tanzanian operations. Focus on the Environmental and Social Impact Assessment as a prerequisite for a Mining Licence application. Mr Pierce has previously worked for Perseus Mining Ltd: Resolute Mining Ltd, Barrick Gold, Africo Resources Ltd and Albidon Ltd in senior management positions.

### COMPANY SECRETARY

#### Mr Robert Hodby

Mr Hodby holds a Bachelor of Commerce from Murdoch University and is a member of CPA Australia and Chartered Secretaries Australia. Mr Hodby provides corporate, management and accounting advice to a number of companies involved in the resource and energy industries. Mr Hodby is the Company Secretary of Torrens Energy Limited and OncoSil Medical Limited.

### DIRECTORS INTERESTS

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

Director	Ordinary Shares	Performance Shares	Options over Ordinary Shares
Simon O'Loughlin	1,078,575	-	500,000
Robert Greenslade	2,900,001	-	1,500,000
Andrew Spinks	5,314,386	11,151,000	-
John Park	310,000	-	500,000
Grant Pierce	240,000	-	300,000

### REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration paid to each director of the Company and Key Management for the financial year 30 June 2013. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

#### Key Management Personnel

##### (i) Directors

Simon O'Loughlin (Non-Executive Chairman) (appointed 13 September 2010)

Robert Greenslade (Non-Executive Director) (appointed 22 December 2005)

Andrew Spinks (Executive Director) (appointed 20 July 2012)

John Park (Non-Executive Director) (appointed 12 September 2012)

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

David Gower (Non-Executive Director) (resigned 5 February 2013)

##### (ii) Executives

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

## KIBARAN RESOURCES LTD

### DIRECTORS REPORT CONTINUED

---

#### Remuneration Policy

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

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

Alignment to shareholders' interests:

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

Alignment to program participants' interests:

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

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

#### *Non-executive directors remuneration*

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

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting.

#### *Executive remuneration*

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

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives

## KIBARAN RESOURCES LTD

### DIRECTORS REPORT CONTINUED

---

- share-based payments
- other remuneration such as superannuation and long service leave

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

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

#### *Consolidated entity performance and link to remuneration*

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

#### *Voting and comments made at the company's 22 November 2012 Annual General Meeting ('AGM')*

The company received in excess of 75% of 'for' votes in relation to its remuneration report for the year ended 30 June 2012 . The company did not receive any specific feedback at the AGM regarding its remuneration practices.

### **Employment Contracts**

The consolidated entity did not have any services agreements with respect to the Key Management Personnel. Remuneration and other terms of employment for the following Key Management Personnel are set out below:

Simon O'Loughlin, Non-Executive Chairman

- Term of agreement – commencing 13 September 2010 and subject to re-election as required by the Company's constitution.
- Termination as per constitution or breach of code of conduct.
- Annual director fees of \$45,000.

Andrew Spinks, Executive Director

- Term of agreement – commencing 20 July 2012 and subject to re-election as required by the Company's constitution.
- Termination as per constitution or breach of code of conduct.
- Annual director fees of \$40,000.

Robert Greenslade, Non-Executive Director

- Term of agreement – commencing 22 December 2005 and subject to re-election as required by the Company's constitution.
- Termination as per constitution or breach of code of conduct.
- Annual director fees of \$40,000.

## KIBARAN RESOURCES LTD DIRECTORS REPORT CONTINUED

---

John Park, Non-Executive Director

- Term of agreement – commencing 12 September 2012 and subject to re-election as required by the Company's constitution.
- Termination as per constitution or breach of code of conduct.
- Annual director fees of \$40,000.

Grant Pierce, Non-Executive Director

- Term of agreement – commencing 16 January 2013 and subject to re-election as required by the Company's constitution.
- Termination as per constitution or breach of code of conduct.
- Annual director fees of \$40,000.

Rob Hodby, Company Secretary

- Term of agreement – commencing 23 November 2009
- Month to month contract
- Fees charged on a monthly basis

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

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

### **Remuneration Committee**

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

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

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

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

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

## KIBARAN RESOURCES LTD DIRECTORS REPORT CONTINUED

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

### Key Management Personnel Compensation

	Short-term	Post-employment	Share-based payment		
2013	Salary/Fees \$	Superannuation \$	Options \$	Total \$	% of compensation consisting of options
<i>Non Executive</i>					
Simon O'Loughlin <sup>1</sup>	45,000	-	-	45,000	-
Robert Greenslade <sup>2,3</sup>	39,667	-	-	39,667	-
John Park	30,515	1,651	24,800	56,966	43.5
Grant Pierce	18,280	-	14,880	33,160	44.8
David Gower <sup>4</sup>	20,000	-	-	20,000	-
<i>Executive</i>					
Andrew Spinks <sup>5</sup>	214,453	3,101	-	217,554	-
Robert Hodby <sup>6</sup>	24,000	-	-	24,000	-
<b>TOTAL</b>	<b>391,915</b>	<b>4,752</b>	<b>39,680</b>	<b>436,347</b>	<b>8.5</b>

- (1) Includes consultancy fees and expense allowances of \$22,500 paid or payable to Yoix Pty Ltd, of which Mr O'Loughlin is a director and beneficiary.
- (2) Includes consultancy fees and expense allowances of \$19,666.64 paid or payable to GP Securities Pty Ltd, of which Mr Geenslade is a director and beneficiary.
- (3) Includes consultancy fees and expense allowances of \$20,000 paid or payable to Gryphon Pty Ltd, of which Mr Greenslade is a director and beneficiary.
- (4) Mr Gower resigned as a Director on 5 February 2013.
- (5) Includes consultancy fees and expense allowances of \$180,000 paid or payable to Strategic Resource Management Pty Ltd, of which Mr Spinks is a director and beneficiary.
- (6) Includes consultancy fees and expense allowances of \$24,000 paid or payable to Strategic Resource Management Pty Ltd, of which Mr Hodby is a director and beneficiary.
- (7) Short term non-monetary benefits: during the year the Company paid insurance premiums in respect of a contract insuring the directors, company secretary and all executive officers of the Company and of any related body corporates against liability incurred as a director, secretary or executive officer.

**KIBARAN RESOURCES LTD**  
**DIRECTORS REPORT CONTINUED**

	Short-term	Post-employment	Share-based payment		
2012	Salary/Fees \$	Superannuation \$	Options \$	Total \$	% of compensation consisting of options
<i>Non Executive</i>					
Simon O'Loughlin	35,000	-	-	35,000	-
Robert Greenslade	36,000	-	-	36,000	-
David Argyle	30,000	-	-	30,000	-
<i>Executive</i>					
David Gower	88,575	-	-	88,575	-
<b>TOTAL</b>	<b>189,575</b>	<b>-</b>	<b>-</b>	<b>189,575</b>	<b>-</b>

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

**Options Granted as Remuneration**

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

Key Management Personnel	Option Series	Grant Date	No. Granted	Vesting Date	No. Vested	Grant date fair value (\$)	Exercise Price (\$)	Expiry Date
<i>Non Executive</i>								
John Park	Issued 28 February 2013	28/02/2013	500,000	28/02/2013	500,000	\$0.0496	\$0.27	11/02/2017
Grant Pierce	Issued 28 February 2013	28/02/2013	300,000	28/02/2013	300,000	\$0.0496	\$0.27	11/02/2017

These options represent the only share-based payments in existence as at 30 June 2013.

There were no Options granted as Remuneration in 2012.

Options granted are not subject to performance criteria in accordance with the Company's Remuneration policy. All options were granted for nil consideration.

No directors and senior management exercised options during the year that were granted to them as part of their compensation. (2012: NIL).

**[END OF REMUNERATION REPORT]**



## KIBARAN RESOURCES LTD

### DIRECTORS REPORT CONTINUED

#### Meetings of Directors

During the financial year, three meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors Meetings		Audit Meetings	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
<i>Directors</i>				
Simon O'Loughlin	3	3	-	-
Andrew Spinks	3	3	-	-
Robert Greenslade	3	1	1	1
John Park	2	2	1	1
Grant Pierce	1	1	-	-
David Gower	2	1	-	-

#### Indemnifying Directors and Officers

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

The tables below set out summary information about the entity's earnings and movements in shareholder wealth for the five years to 30 June 2013:

	30 June 2013 \$	30 June 2012 \$	30 June 2011 \$	30 June 2010 \$
Net loss after tax	(780,224)	(3,825,424)	(1,410,445)	(90,220)

	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Share price at start of year	0.07	0.20	0.17	0.25
Basic earnings per share (cents)	(1.22)	(11.27)	(5.01)	(0.54)

# **KIBARAN RESOURCES LTD**

## **DIRECTORS REPORT CONTINUED**

---

### **OPERATING AND FINANCIAL REVIEW**

#### **Principal Activities**

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

The consolidated entity has acquired the graphite projects through acquisition of Tanzgraphite Pty Ltd in July 2013.

#### **Review of Operations**

The review of operations is presented before the directors report.

#### **Results from Operations**

The net loss after providing for income tax for the year ended 30 June 2013 amounted to \$780,224 (2012: \$3,825,424).

#### **Employees**

The Company has no employees as at the date of this report.

#### **Corporate Structure**

Kibaran Resources Limited is a public company incorporated and domiciled in Australia, limited by shares. At the date of this report the Company had 67,076,404 ordinary shares (includes ordinary acceptances issued pursuant to the Entitlement Issue) and 13,000,000 options on issue.

#### **DIVIDENDS**

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2013 (2012: Nil).

#### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

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

#### **AFTER BALANCE DATE EVENTS**

There have not been any events that have arisen in the interval between the end of the financial year and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial year.

#### **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

Likely future developments in the operations of the Company are referred to in the Annual Report. Other than as referred to in this report, further developments in the operations of the Company and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Company and its shareholders.

#### **ENVIRONMENTAL ISSUES**

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

## **KIBARAN RESOURCES LTD DIRECTORS REPORT CONTINUED**

---

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

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

### **NON-AUDIT SERVICES**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements

The Board, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in note 18 below did not compromise the independence of the external auditor for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the audit services do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

### **AUDITORS INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 18 of the Annual Report.

### **CORPORATE GOVERNANCE**

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

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

On behalf of the Directors



Andrew Spinks

Executive Director

Dated 30 September 2013