

# Copy of financial statements and reports

## Company details

Company name

**KALBAR RESOURCES LTD.**

ACN

**149 545 362**

## Lodgement details

Registered auditor number

**450101**

Registered auditor name

**GREGORY WILLIAM CLIFFE**

## Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial  
year ends

Financial year end date

**30-06-2016**

## Auditor's report

Were the financial statements audited?

**Yes**

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

**No**

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

**Yes**

### Details of current auditor or auditors

---

**Current auditor**

Date of appointment **02-03-2011**  
Name of auditor **BDJ PARTNERS**  
Address **LEVEL 13  
122 ARTHUR STREET  
NORTH SYDNEY NSW 2060**

---

### Certification

---

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.  
**Yes**

---

### Signature

---

Select the capacity in which you are lodging the form  
Agent

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.  
**Yes**

---

### Authentication

---

This form has been authenticated by  
Name GREGORY WILLIAM CLIFFE  
This form has been submitted by  
Name Gregory William CLIFFE  
Date 31-10-2016

---

**For more help or information**  
Web [www.asic.gov.au](http://www.asic.gov.au)  
Ask a question? [www.asic.gov.au/question](http://www.asic.gov.au/question)  
Telephone 1300 300 630

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

**Liability limited by a scheme approved under  
Professional Standards Legislation**

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**CONTENTS**

Directors' Report	1
Auditors' Independence Declaration	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	24
Auditors' Report	25

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2016.

**Directors**

The names of the directors in office at any time during, or since the end of the year are:

Mr Rob Bishop  
Mr Ian Warden  
Mr Robert Waring, ceased as director on 31/3/16  
Mr James Kerr  
Mr Neil O'Loughlin, elected as director on 25/5/16  
Mr Brad Petterson, elected as director on 25/5/16  
Mr Brad Farrell

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Review of Financial Statement**

The company's core business is exploration and project development. The company's only income is derived from interest on cash holdings. The loss of the company for the financial year amounted to \$285,833.

Trade and other payables increased by \$550k due to a loan from Inkjar Pty Ltd to purchase the Steenholdt Property. Inkjar is owned by Mr Brad Farrell, a director of Kalbar. The loan is due for repayment in the March quarter 2017.

During the year, the company qualified for a Research and Development Rebate of \$128k. This was received after the financial year.

**Review of Operations**

The company has an advanced mineral sands development project in Gippsland, Victoria, and an early stage bauxite exploration project in the Tiwi Islands, Northern Territory. The company holds six exploration licence applications in Gippsland that are prospective for mineral sands and two mineral sands deposits: Glenaladale and Mossiface. During the year the company's entire focus was on the development of the Fingerboards Mineral Sands mine in the Glenaladale deposit.

In August 2015 we drilled four sonic drill holes, a type of drilling that delivers intact core that can be assessed geotechnically and geologically..

A Mineral Resource Estimate was completed in January. In the eastern area of the Glenaladale deposit, 330Mt was upgraded to an indicated JORC resource. The inferred resource was increased from 1.7Bt to 2.7Bt. Most importantly, the very high grade Marker Horizon was identified and defined over an area of 30km<sup>2</sup>. It is the Marker Horizon that makes the initial Fingerboards Mine economic.

Preliminary Feasibility metallurgical studies on the Reflux Classifier and MG12 spirals were carried out in 1H16. Both returned promising results in terms of grade and recovery and will be the subject of the Definitive Feasibility work currently being planned.

Ore body characterization work commenced in the June quarter 2016. The work tested the variability of the ore body in terms of its performance through the processing plant. Subsequent to the year end, the work was

## **KALBAR RESOURCES LIMITED**

**A.B.N. 30 149 545 362**

### **DIRECTORS' REPORT**

completed and confirmed a low variability across the planned mine path.

Our fourth round of air core drilling commenced in the June quarter 2016. The purpose of this drilling was to infill to enable a further upgrade of the resource, twin some of the holes drilled by Rio Tinto, define the Northern boundary of the orebody, and provide enough sample to complete Definitive Feasibility level metallurgical work.

Late in 2015 we completed the initial design of what we decided to call the Fingerboards Mine, for the first time defining a high grade, long-life mineral sands project. The location of the mine is in an area known by locals as the Fingerboards, because it is a crossroads that used to have a fingerboard sign post.

In November, we purchased the Steenholdt block, which is a strategically important block that will be the location of our plant, offices and associated infrastructure.

We raised \$3.048m in March. The raising was done at 20c and each share had an attaching option with a 35c exercise price.

Kalbar proposed to Southern Rural Water (the water regulator in Gippsland) to use a portion of the mine void for water storage for the local irrigators. The federal government granted \$660k to study the viability of this project and two alternatives as part of the Lindenow Water Security Project. If the project proves feasible, it will have access to \$2b of federal government funding.

Kalbar commenced "socializing" the project with the local community through many one on one and small group meetings. Kalbar held a stall at the East Gippsland Field Days to introduce the project to the wider community. Kalbar also joined the Committee for Gippsland, East Gippsland Marketing Institute, Minerals Council Australia and the Bairnsdale and Lindenow Football and Netball clubs. Towards the end of the financial year we established a permanent presence in Bairnsdale with the establishment of a local headquarters/storage/sample prep lab/community display centre as at 50 Forge Creek, Bairnsdale.

We are currently preparing the documentation for referral to the Minister to rule on whether an Environmental Effects Statement is required. We expect that one is, and commenced the flora and fauna surveys in FY16 so as not to miss the Autumn survey. We will shortly be doing a Spring survey. It is important to survey the area over a number of seasons as some species are not observable all year round. Initial analysis suggests the project presents a low risk to endangered flora/fauna.

The Fingerboards project is located entirely on Retention Licence 2026. During FY16 this was in Application, which has been granted subsequent to the end of the financial year.

With regard to the Northern Territory Bauxite Project, the Victoria River licences were dropped. We had planned an initial reconnaissance for mid 2016, but we received some assays from a nearby laterite that showed very low alumina levels meaning our licences were unlikely to be prospective for bauxite. The decision was made to drop the licences rather than commit to an expensive exploration campaign. This leaves the three Tiwi Island applications. There is no work planned for these licences at this stage. Our focus is entirely on advancing to production the Fingerboards Mine.

Personal wise, Matthew Golovanoff, took up a regular position with Kalbar. Matt is a geologist and has worked on all Kalbar's drilling campaigns. Chris Cook, a local East Gippslander and civil engineer, has also joined the team as Regional Manager. Brad Petterson, a corporate accountant with significant mining experience, joined the board post the March raising. Neil O'Loughlin, who had been acting as Technical Advisor, became Managing Director, and Rob Bishop moved to the Executive Chairman role. Rob Waring left the board, but remains Company Secretary.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**DIRECTORS' REPORT**

**Significant Changes in the State of Affairs**

No significant changes in the company's state of affairs occurred during the financial year.

**Principal Activities**

The principal activity of the company during the financial year was to carry out mineral exploration and mineral development.

**Events Subsequent to the End of the Reporting Period**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**Likely Developments and Expected Results of Operations**

The Company intends to continue the development of the Fingerboards Mineral Sands Project. It will shortly commence the Environmental Effects Statement which is the key approval required. This is expected to take two years and a positive result could result in the construction of the mine.

## **KALBAR RESOURCES LIMITED**

**A.B.N. 30 149 545 362**

### **DIRECTORS' REPORT**

#### **Environmental Regulation**

The company's drilling activities occur in accordance with Department of Economic Development, Jobs, Transport and Resources, and the Department of Environment and Primary Industry guidelines, with reference to the DEPI's code of practice for mineral exploration 2006 and Guidelines for Environmental Management in Exploration and Mining.

#### **Dividends**

No dividends were paid during the year and no recommendation is made as to the dividends.

The directors do not recommend the payment of a dividend.

#### **Options**

As part of the March raising and as incentive to key staff the company issued options. At 30 June 2016, there were 16.351 million options exercisable at 35c and expiring two years from issue.

#### **Indemnification of Officers**

The Company indemnifies to the extent permitted by law, officers of the company when acting in their capacity in good faith in respect of liabilities to third parties and costs and expenses of successfully defending legal proceedings. The Directors named in this report have the benefit of indemnity.

The company has paid insurance premiums in respect of contracts insuring all Directors and Secretaries against liabilities incurred in their capacity as Directors and Secretaries. The contract prohibits disclosure of the nature of the liabilities and the amount of premiums paid and Corporations Act (2001) does not require disclosure under such circumstances.

#### **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.



**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

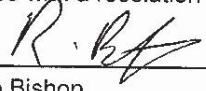
**DIRECTORS' REPORT**

**Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.


Signed in accordance with a resolution of the Board of Directors:

Director:

  
\_\_\_\_\_

Mr Rob Bishop

Director:

  
\_\_\_\_\_

Mr Ian Warden

Dated this day of

28/10/16

## partners

A J Dowell CA  
M Galouzis CA  
A N Fraser CA  
G W Cliffe CA  
B Kolevski CPA (Affiliate ICAA)

## associate

M A Nakkan CA

## consultant

C H Barnes FCA

## north sydney office

Level 13, 122 Arthur St  
North Sydney NSW 2060

## all correspondence

PO Box 1664  
North Sydney NSW 2059

t 02 9956 8500

f 02 9929 7428

e [bdj@bdj.com.au](mailto:bdj@bdj.com.au)

[www.bdj.com.au](http://www.bdj.com.au)

## Auditor's Independence Declaration

To the directors of Kalbar Resources Limited

As engagement partner for the audit of Kalbar Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

BDJ Partners  
Chartered Accountants



.....  
Gregory W Cliffe  
Partner  
27 October 2016

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>Income</b>			
Revenue		13,039	8,310
<b>Expenditure</b>			
Accounting expenses		(27,744)	(10,900)
Advertising expenses		-	(1,800)
Auditors' remuneration		(11,000)	(10,000)
Interest expenses		(16,500)	-
Depreciation		(814)	(875)
Exploration Expenditure		-	(40,000)
Share Based Payments		(70,000)	-
Travelling expense		(76,063)	(2,960)
Other expenses		(96,751)	(23,459)
		<u>(298,872)</u>	<u>(89,994)</u>
<b>Loss before income tax</b>	<b>2</b>	<u>(285,833)</u>	<u>(81,684)</u>
Income tax expense		-	-
<b>Loss for the year</b>		<u>(285,833)</u>	<u>(81,684)</u>
<b>Total comprehensive income for the year</b>		<u>(285,833)</u>	<u>(81,684)</u>

The accompanying notes form part of these financial statements.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,675,598	983,588
Trade and other receivables	4	48,552	58,910
Bank Guarantees	5	80,000	60,000
<b>TOTAL CURRENT ASSETS</b>		<u>2,804,150</u>	<u>1,102,498</u>
<b>NON-CURRENT ASSETS</b>			
	5	10,000	30,000
Property, plant and equipment	8	5,276	6,089
Other non-current assets	6	3,177,524	1,387,004
<b>TOTAL NON-CURRENT ASSETS</b>		<u>3,192,800</u>	<u>1,423,093</u>
<b>TOTAL ASSETS</b>		<u>5,996,950</u>	<u>2,525,591</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	7	567,000	17,000
Accrued Expenses		239,568	179,344
<b>TOTAL CURRENT LIABILITIES</b>		<u>806,568</u>	<u>196,344</u>
<b>TOTAL LIABILITIES</b>		<u>806,568</u>	<u>196,344</u>
<b>NET ASSETS</b>		<u>5,190,382</u>	<u>2,329,247</u>
<b>EQUITY</b>			
Issued capital	9	5,449,770	2,302,802
Reserves		150,374	150,374
(Accumulated losses) Retained earnings	10	(409,762)	(123,929)
<b>TOTAL EQUITY</b>		<u>5,190,382</u>	<u>2,329,247</u>

The accompanying notes form part of these financial statements.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Issued Capital \$	Retained earnings / (Accumulate d losses) \$	Share Redemption Reserve \$	Total \$
<b>Balance at 1 July 2014</b>		830,514	(42,245)	150,374	938,643
Issue of ordinary shares		1,472,289			1,472,288
Profit attributable to equity shareholders			(81,684)		(81,684)
<b>Balance at 30 June 2015</b>		2,302,803	(123,929)	150,374	2,329,247
Issue of ordinary shares		3,146,967			3,146,967
Profit attributable to equity shareholders			(285,833)		(215,832)
<b>Balance at 30 June 2016</b>	<b>9</b>	<u>5,449,770</u>	<u>(409,762)</u>	<u>150,374</u>	<u>5,190,382</u>

The accompanying notes form part of these financial statements.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	6,000	7,008
Payments to suppliers and employees	(200,768)	(101,014)
Interest received	7,585	8,310
<b>Net cash used in operating activities</b>	<b>11</b> <u>(187,183)</u>	<u>(85,696)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for other current assets	-	(6,981)
Payments for other non current assets	<u>(1,747,775)</u>	<u>(820,727)</u>
<b>Net cash provided by (used in) investing activities</b>	<u>(1,747,775)</u>	<u>(827,708)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	3,076,968	1,472,288
Proceeds from borrowings	<u>550,000</u>	<u>-</u>
<b>Net cash provided by (used in) financing activities</b>	<u>3,626,968</u>	<u>1,472,288</u>
Net increase (decrease) in cash held	1,692,010	558,884
Cash at beginning of financial year	<u>983,588</u>	<u>424,704</u>
Cash at end of financial year	<b>3</b> <u>2,675,598</u>	<u>983,588</u>

The accompanying notes form part of these financial statements.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

---

**1 Summary of Significant Accounting Policies**

Kalbar Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

**Basis of Preparation**

The directors have prepared the financial statements on the basis that the company is a non reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The financial statements have been prepared in accordance with recognition and measurement criteria in the Australian Accounting Standards and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless stated otherwise in the notes. The accounting policies that have been adopted in the preparation of these statements are as follows:

**Income Tax**

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

- 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 accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

## **KALBAR RESOURCES LIMITED**

**A.B.N. 30 149 545 362**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

---

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

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### **Property, Plant and Equipment**

Classes of property, plant and equipment are measured using the cost model.

Asset are carried at cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

#### **Plant and equipment**

Plant and equipment are measured using the cost model.



**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

---

**Depreciation**

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed Asset Class	Depreciation Rate
Plant and Equipment	13.33% Diminishing

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

**Financial Instruments**

**Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**Classification and Subsequent Measurement**

- (i) Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

---

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(i) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

---

**Derivative instruments**

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Kalbar Resources Limited designates certain derivatives as either:

- (i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (ii) Hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the company's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

- (i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of hedge assets or liabilities that are attributable to the hedged risk.

- (ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

---

**Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

At the end of each reporting period, property, plant and equipment, intangible assets and investments singly and in aggregate are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

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

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

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

---

### **Trade and Other Receivables**

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in income statement.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

### **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

---

**Trade and Other Payables**

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

**Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

**Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area 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.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
<b>2 Loss for the year</b>		
Loss before income tax from continuing operations includes the following specific expenses:		
<b>Expenses</b>		
Depreciation of property, plant and equipment	814	875
Foreign currency translation losses	-	-
<b>3 Cash and Cash Equivalents</b>		
ANZ Bus Classic AC	148,610	3,195
ANZ Bus Online Saver AC	726,988	980,393
ANZ Term Deposit	1,800,000	-
	<u>2,675,598</u>	<u>983,588</u>
<b>Reconciliation of cash</b>		
Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:		
Cash and cash equivalents	2,675,598	983,588
	<u>2,675,598</u>	<u>983,588</u>

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>4 Trade and Other Receivables</b>		
<b>Current</b>		
Tax Refundable	48,552	58,891
Advance to Directors	-	19
	48,552	58,910
<p>The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.</p>		
<b>5 Financial Assets</b>		
<b>Current</b>		
Bank Guarantees	80,000	60,000
<b>Non-Current</b>		
Bank Guarantees	10,000	30,000
<b>6 Project Acquisition Costs and Capitalised Expenditures</b>		
Gippsland HMS Project	335,950	303,467
Capitalised Expenditure	2,841,574	1,083,537
<b>Total</b>	3,177,524	1,387,004
<p>In December 2015 Kalbar purchased the property Steenholdt for \$581,760.60. This Amount has been included in Project Acquisition Costs and Capitalised Expenditures and the property will eventually be used to build the projects.</p>		
<b>7 Trade and Other Payables</b>		
<b>Current</b>		
Sundry Creditors	17,000	17,000
Loan – Inkjar Pty Ltd	550,000	-
	567,000	17,000



**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8 Property, Plant and Equipment</b>		
<b>PLANT AND EQUIPMENT</b>		
<b>Plant and Equipment:</b>		
At cost	6,964	6,964
Accumulated depreciation	<u>(1,688)</u>	<u>(875)</u>
<b>Total Plant and Equipment</b>	<u><b>5,276</b></u>	<u><b>6,089</b></u>

**Movements in Carrying Amounts of Property, Plant and Equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land	Buildings	Plant and Equipment	Leased Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	-	-	6,964	-	6,964
Depreciation expense	<u>-</u>	<u>-</u>	<u>(875)</u>	<u>-</u>	<u>(875)</u>
Balance at 30 June 2015	<u>-</u>	<u>-</u>	<u>6,089</u>	<u>-</u>	<u>6,089</u>
Balance at 1 July 2015	-	-	6,089	-	6,089
Depreciation expense	<u>-</u>	<u>-</u>	<u>(813)</u>	<u>-</u>	<u>(813)</u>
Carrying amount at 30 June 2016	<u>-</u>	<u>-</u>	<u>5,276</u>	<u>-</u>	<u>5,276</u>

**9 Issued Capital**

Fully Paid Ordinary Shares	5,397,320	2,250,352
Escrowed Shares	52,450	52,450
Total dollar value of issued capital	<u>5,449,770</u>	<u>2,302,802</u>

Total number of shares on issue at the start of the period	43,220,133	24,605,300
Shares issued during the year	15,854,675	18,614,833
Total number of shares on issue at the end of the period	<u>59,074,808</u>	<u>43,220,133</u>

There are no externally imposed capital requirements.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<p>There have been no changes in the strategy adopted by management to control the capital of the company since the prior year.</p>		
<b>10 (Accumulated Losses) Retained Earnings</b>		
Retained earnings at the beginning of the financial year	(123,929)	(42,245)
Net loss attributable to members of the company	(285,833)	(81,684)
Dividends provided for or paid	-	-
(Accumulated losses) Retained earnings at the end of the financial year	(409,762)	(123,929)
<b>11 Cash Flow Information</b>		
<b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Loss after income tax	(285,833)	(81,684)
<b>Non-cash flows in loss</b>		
Depreciation	814	875
Write off of exploration expenditure	-	40,000
Share based payments	70,000	-
<b>Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries</b>		
(Increase) Decrease in current receivables	10,357	(42,577)
Increase (Decrease) in other creditors	17,479	(2,310)
Increase (Decrease) in tax assets	-	-
	(187,183)	(85,696)
<b>12 Company Details</b>		
Kalbar Resources Limited		
The registered office and principal place of the business of the company is:		
Suite 7, Level 5, 66 Hunter Street SYDNEY NSW 2000		

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
<b>13 Commitments</b>		
Exploration licence expenditure requirements		
In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These commitments are not binding as the exploration tenements can be reduced or relinquished at any time.		
Payable not later than one year	515,000	99,000
Payable later than one year but not later than two years	<u>829,000</u>	<u>150,000</u>
	<u>1,344,000</u>	<u>249,000</u>

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Company from time to time.

**KALBAR RESOURCES LIMITED**  
**A.B.N. 30 149 545 362**

**DIRECTORS' DECLARATION**

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 23 are in accordance with the Corporations Act 2001;
  - (a) comply with Australian Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2016 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debt as and when they become due and payable.

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

Director:

  
\_\_\_\_\_

Mr Rob Bishop

Director:

  
\_\_\_\_\_

Mr Ian Warden

Dated this day of

28/10/16

## partners

A J Dowell CA  
M Galouzis CA  
A N Fraser CA  
G W Cliffe CA  
B Kolevski CPA (Affiliate ICAA)

## associate

M A Nakkan CA

## consultant

C H Barnes FCA

## north sydney office

Level 13, 122 Arthur St  
North Sydney NSW 2060

## all correspondence

PO Box 1664  
North Sydney NSW 2059

t 02 9956 8500

f 02 9929 7428

e [bdj@bdj.com.au](mailto:bdj@bdj.com.au)

[www.bdj.com.au](http://www.bdj.com.au)

## Independent Auditor's Report

To the members of Kalbar Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Kalbar Resources Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Kalbar Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion the financial report of Kalbar Resources Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

BDJ Partners  
Chartered Accountants



.....  
Gregory W Cliffe  
Partner

31 October 2016