

15 March 2012

Company Announcements Office  
Australian Securities Exchange  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

*Via E Lodgement*

## **Interim Financial Report**

Zambian focused manganese exploration and mining company Kaboko Mining Limited (ASX:KAB) is pleased to announce its half-yearly results and attaches its Interim Financial Report for the half-year ended 31 December 2011.

For and on behalf of the Board



**JASON BREWER**  
Executive Director

For further information please contact:

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**KABOKO**  
**MINING LTD**  
ABN 93 107 316 683

(Formerly Uran Limited)

**Interim Financial Report  
for the Half-Year ended 31 December 2011**

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Malenga Machel	Non-Executive Chairman (Appointed 13 February 2012)
Mr Jason Brewer	Executive Director (Appointed 30 August 2011)
Ms Shannon Robinson	Non-Executive Director (Appointed 30 August 2011)

### **JOINT COMPANY SECRETARIES**

Ms Jane Flegg	(Appointed 30 August 2011)
Ms Shannon Robinson	(Appointed 30 August 2011)

### **PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE**

Ground Floor, 1 Havelock Street  
WEST PERTH, WA, AUSTRALIA, 6005

### **CONTACT DETAILS**

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Ground Floor, 1 Havelock Street  
WEST PERTH, WA, AUSTRALIA, 6005

### **SOLICITORS TO THE COMPANY**

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
Perth WA 6000

### **AUDITORS**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### **STOCK EXCHANGE**

Australian Securities Exchange  
Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Codes: KAB, KABO, KABOA

### **SHARE REGISTRY**

Computershare Investor Services  
45 St Georges Terrace  
Perth WA 6000

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# **KABOKO MINING LIMITED**

ABN 93 107 316 683

## **INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

### **Table of Contents**

Directors' Report.....	1
Auditor's 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 .....	20
Independent Auditor's Review Report .....	21

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## DIRECTORS' REPORT

Your Directors submit the Financial Report for Kaboko Mining Limited (the "Company") for the half-year end 31 December 2011.

### DIRECTORS

The names of the Directors who held office during or since the end of the half –year:-

Mr Malenga Machel	Non-Executive Chairman (Appointed 13 February 2012)
Mr Jason Brewer	Executive Director (Appointed 30 August 2011)
Ms Shannon Robinson	Non-Executive Director (Appointed 30 August 2011)
Mr Patrick Ryan	Executive Chairman (Resigned 30 August 2011)
Ms Kate Hobbs	Managing Director (Resigned 13 February 2012)
Mr Shane Hartwig	Non-Executive Director (Resigned 30 August 2011)

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

### FINANCIAL PERFORMANCE

#### Financial Position

The net assets of the company have increased to \$6,522,753 as at 31 December 2011 (30 June 2011: \$3,253,626)

#### Financial Performance

The loss of the company for the half-year ended 31 December 2011 amounted to \$1,400,285 (31 December 2010: \$438,767).

### REVIEW OF OPERATIONS

During the half-year ended 31 December 2011 the Company finalised its technical, legal and financial due diligence on the acquisition of 100% of the share capital of African Asian Mining Development Ltd ("AAMD") and its subsidiaries.

At the Company's General Meeting on 20 September 2011, shareholders provided all the outstanding approvals required by the Company to finalise the Share Sale Agreement and formalise the Heads of Agreement that was entered into with AAMD by the Company on 28 December 2010.

On the 28 October 2011, the Company subsequently announced that it had executed the Share Sales Agreement to acquire 100% of the share capital of AAMD and completed an underwritten Rights Issue raising gross proceeds of approx. A\$3m through the issue of 142,562,594 new shares and 142,562,594 new options exercisable at A\$0.03 on or before 30 June 2013.

Shareholders of the Company subsequently approved the change of name of the Company at the Annual General Meeting on 24 November 2011 from Uran Limited to "Kaboko Mining Limited". The Company's securities commenced trading on the ASX under the new code "KAB" on 30 November 2011.

The acquisition of AAMD provided the Company with a 51% interest in 5 Large Scale Prospecting Licenses and 3 Small Scale Prospecting Licenses covering 2,734km<sup>2</sup> including large areas known to be prospective for manganese and comprising the Emmanuel Project which includes the Chowa Open Pit Mine, the Peco Project, and the Kanona Project (together the "Zambian Manganese Projects"). The proceeds from the Rights Issue provided the Company with capital to fund exploration and development costs of the Zambian Manganese Projects and to meet general working capital requirements of the Company.

#### Emmanuel Project – Mining and Exploration

The Emmanuel Project is located 10km north-east of Kabwe. The project lies within the Kabwe Manganese Field, a region of known manganese occurrences and several established open pit manganese operations. The Emmanuel Project includes a granted mining lease, the Chowa Open Pit.



***The Chowa Open Pit Mine***

The Company completed the first production blast of approximately 2,000 tonnes, as a bulk-sample on 30 August 2011. This followed the dewatering of the existing open pit in June 2011 and the pre-stripping of the open pit in July 2011.

During the half-year ended 31 December 2011, exploration activities at the Emmanuel Project comprised ground and aeromagnetic surveys that were completed over 12 blocks to generate drill targets and to assist in a broader interpretation of the structural geology. Based on this work the Company has committed to a RC drilling program to be completed before 30 June 2012 and focused primarily on the Chowa Open Pit and surrounding mining lease.

In the Chowa Open Pit, in addition to the 3 bands of manganese mineralisation that were exposed following the production blast in August 2011 and were sampled with assays of over 52% manganese (refer ASX announcement 1 September 2011), geological mapping has identified a lower grade intermediary zone of manganese mineralisation. The Company is awaiting results of samples taken across this highly visible zone of mineralisation.

Open pit mining activities at the Emmanuel Project and in the Chowa Open Pit were limited during the 6 month period ending 31 December 2011, whilst mine optimisation studies were advanced and pending receipt of funds from the Rights Issue to order new mining equipment on site. In addition the onset of the rainy season late in the period restricted operations given the capabilities of the existing mining equipment and fleet on site. With the arrival of new equipment, mining activities are forecast to intensify with conventional truck and shovel open pit mining at planned mining rates of 10,000 tonnes per month

**Emmanuel Project – Laboratory Facilities, Sampling and Ore Stockpiling**

During the half-year ended 31 December 2011 the 2,000 tonnes of material from the first production blast was transported 11km from the Chowa Open Pit to the Company's Southern Depot at Kabwe where it was sampled and bagged.



***High grade manganese ore bagged at the Southern Depot at Kabwe***

**DIRECTORS' REPORT**

During the period the Company completed the construction of its own laboratory facilities on the 2 hectare site at its Southern Depot in Kabwe to allow testing and analyses of the ore delivered and stockpiled. The laboratory has the ability to sample run-of-mine ores as well as the final sellable product, through the process of crushing and milling the material down to specification for accurate analyses of key elements.



Samples of the manganese ore at the Southern Depot was also completed during the period at Alex Stewart International's assay and analytical laboratory at Kalulushi.

Assay results for these samples reported average manganese grades of 59%. Iron, sulphur and phosphorous grades of 0.19% - 0.23%, 0.01% and 0.03% respectively confirmed the high quality nature of the manganese ore.

The Company entered into a logistics agreement with UTI Worldwide, an industry-leading, supply chain management company that has over 370 offices and 240 logistics centres in over 60 countries. The agreement with UTI Worldwide was to manage the logistics associated with the export of the Company's high grade manganese lump ores from the Southern Depot, through the port of Beira in Mozambique to the various destination ports in Asia.

**Emmanuel Project – Trial Shipments of High Grade Manganese Lump Ore to China**

During the half-year ended 31 December 2011 the Company finalised agreements with two major Chinese steel manufacturers for aggregate trial shipments of 510 tonnes of high grade manganese lump ore to the ports of Xinganag and Xiamen in China.

The agreements allowed for the treatment of manganese ore at their respective furnaces in China, prior to entering into longer term off-take agreements. The trial shipments have been sold at a price based on BHP's reference price (expressed in US\$ DMTU (per dry metric ton unit Mn content), CIF China basis.



**The trial shipments being loaded at the Southern Depot for transportation to Beira**

The trial shipments were loaded in 1 tonne bags at the Southern Depot in late December 2011 for transportation to port in Mozambique. Subsequent to 31 December 2011 the trial shipments were loaded into containers onto the MV Maersk Wakamatsu and MV Kota Harum at the port of Beira.

**Peco Project – Exploration**

The Peco Project is located 65 km east-northeast of the town of Mansa town, in the northern Luapula Province of Zambia and in addition to the mining operations at the Emmanuel Project, the Peco Project is proposed to be the second mine to be brought into development by the Company later this year.





***The Peco Project***

During the half-year ended 31 December 2011 the Company completed ground and airborne magnetic, gravity and radiometric surveys over the project area. These surveys identified a number of follow up targets and also exposed more than eight old exploration trenches (exposing manganese mineralization) and artisanal mine workings. An RC drilling program and further bulk trenching and sampling has been scheduled by the Company based on the results to date.

The Company completed construction of a 26.3km access road to the site to improve access during the period and in addition commenced construction of the site offices and engaged with local businesses for the supply of key materials for the construction of offices and houses.



***Construction of the 26km road through to improve access to the Peco Project***

**Kanona Project**

The Kanona Project is located between the towns of Serenje and Mpika of Central Zambia. The project is approx. 80km from Serenje, 5km from the Tazara Railway line and close to the Great Northern Highway.

Manganese occurs in veins and rubble zones which appear to be several hundred metres in length. During the half-year ended 31 December 2011 mapping and surveying was completed over parts of the area, and ground magnetic surveys completed over 3 areas.



## DIRECTORS' REPORT

### Uranium Projects

The Company's holds interests in a number of uranium projects in New Mexico. These comprise:

1. the Grants Ridge Joint Venture ("GRJV") with Uranium Energy Corp (NYSE:UEC) that comprises the Mesa Montanosa, Armijo and F33 Projects where the Company is earning a 65% interest;
2. a 100% interest in the Kit Carson Project located contiguous to the Grants Ridge Joint Venture; and
3. a 100% interest in the Northern Projects located close to the Mesa Montanosa Project.

With the Company's focus firmly on the development of its Zambian Manganese Projects no significant exploration activities were conducted during the period. Going forward, the Company is reviewing its options in respect of its Uranium Projects.

### EVENTS SUBSEQUENT TO REPORTING DATE

On 27 January 2012, the Group announced that two trial shipments had been loaded at the port of Beira in Mozambique for shipment to major steel manufacturers in China as part of the finalisation of a long-term off-take agreement for the Group's Zambian Manganese Projects.

On 13 February 2012, the Group announced the appointment of Non-Executive Chairman Mr Malenga Machel. Mr Machel is a founding Director and Managing Director of Energy of Whatana Investments Group. The Whatana Group is a privately owned and highly successful Mozambican-based investment group established in 2005 that has interests throughout Africa in resources, energy, logistics, telecommunications, the financial sector and property development. The Whatana Group is headed up by Graca Machel, widow of the first president of Mozambique, Samora Machel, and current wife of South African former president Nelson Mandela.

Other than the matters referred to above, there are no matters or circumstances that have arisen since 31 December 2011 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditors independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 for the half-year ended 31 December 2011.

Signed in accordance with a resolution of the Directors.



**Jason Brewer**  
**Executive Director**

Dated this 15<sup>th</sup> day of March 2012

15 March 2012

Kaboko Mining Limited  
The Board of Directors  
Ground Floor, 1 Havelock Street  
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF KABOKO MINING LIMITED

As lead auditor for the review of Kaboko Mining Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
  - no contraventions of any applicable code of professional conduct in relation to the review.
- This declaration is in respect of Kaboko Mining Limited and the entities it controlled during the period.



Glyn O'Brien  
Director

BDO Audit (WA) Pty Ltd  
Perth, Western Australia

**Statement of Comprehensive Income**  
for the half-year ended 31 December 2011

	<b>Consolidated</b>	
	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>\$</b>	<b>\$</b>
Revenue and other income	11,324	34,686
Depreciation	(49,592)	(32,487)
Director's fees	(195,950)	(38,674)
Employee benefit expense	(164,729)	(121,062)
Impairment of mineral exploration expenditure	-	(24,858)
Other expenses	(1,001,337)	(256,372)
	<hr/>	<hr/>
Loss before income tax expense	(1,400,285)	(438,767)
Income tax expense	-	-
	<hr/>	<hr/>
Loss after income tax expense	<u>(1,400,285)</u>	<u>(438,767)</u>
Other Comprehensive income		
Foreign currency translation	(433,479)	(147,972)
Income tax relating to components of other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive loss for the period	<u><u>(1,833,764)</u></u>	<u><u>(586,739)</u></u>
Basic loss per share (cents per share)	(0.37)	(0.18)
Diluted loss per share (cents per share)	(0.37)	(0.18)

The accompanying notes form part of these financial statements

**Statement of Financial Position**

for the half-year ended 31 December 2011

	Notes	Consolidated	
		31/12/2011	30/06/2011
		\$	\$
<b>CURRENT ASSETS</b>			
Cash		248,360	446,840
Trade and other receivables		263,816	5,616
<b>TOTAL CURRENT ASSETS</b>		<u>512,176</u>	<u>452,456</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		601,362	180,050
Mineral exploration expenditure	2	9,785,904	3,185,245
<b>TOTAL NON CURRENT ASSETS</b>		<u>10,387,266</u>	<u>3,365,295</u>
<b>TOTAL ASSETS</b>		<u>10,899,442</u>	<u>3,817,751</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		349,548	118,130
Borrowings		738,981	401,447
Provisions		46,173	44,548
Deferred acquisition liability 7(a)(ii)		240,000	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,374,704</u>	<u>564,125</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred acquisition liability 7(a)(iii)		900,000	-
Deferred tax liability	7	2,101,985	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>3,001,985</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>4,376,689</u>	<u>564,125</u>
<b>NET ASSETS</b>		<u>6,522,753</u>	<u>3,253,626</u>
<b>EQUITY</b>			
Contributed equity	3	19,171,090	14,257,930
Reserves		2,873,602	3,117,349
Accumulated losses		(15,521,938)	(14,121,653)
Non-controlling interest		-	-
<b>TOTAL EQUITY</b>		<u>6,522,753</u>	<u>3,253,626</u>

The accompanying notes form part of these financial statements

## Statement of Changes in Equity

for the half-year ended 31 December 2011

Consolidated	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2010</b>	12,365,338	(13,197,066)	22,097	3,309,090	2,499,459
Loss attributable to equity shareholders	-	(438,767)	-	-	(438,767)
Foreign currency translation	-	-	(147,972)	-	(147,992)
Comprehensive loss attributable to equity shareholders	-	(438,767)	(147,972)	-	(586,739)
Shares issued during the period	1,230,058	-	-	-	1,230,058
Capital raising costs	(113,466)	-	-	-	(113,466)
<b>Balance at 31 December 2010</b>	<b>13,481,930</b>	<b>(13,635,833)</b>	<b>(125,875)</b>	<b>3,309,090</b>	<b>3,029,312</b>
<b>Balance at 1 July 2011</b>	14,257,930	(14,121,653)	(191,741)	3,309,090	3,253,626
Loss attributable to equity shareholders	-	(1,400,285)	-	-	(1,400,285)
Foreign currency translation	-	-	(433,479)	-	(433,479)
Comprehensive loss attributable to equity shareholders	-	(1,400,285)	(433,479)	-	(1,833,764)
Shares issued during the year	5,123,695	-	-	-	5,123,695
Capital raising costs	(210,535)	-	-	-	(210,535)
Transfers to and from reserve - option reserve	-	-	-	189,732	189,732
<b>Balance at 31 December 2011</b>	<b>19,171,090</b>	<b>(15,521,938)</b>	<b>(625,220)</b>	<b>3,498,822</b>	<b>6,522,753</b>

The accompanying notes form part of these financial statements



**Statement of Cash Flows**

for the half-year ended 31 December 2011

	<b>Consolidated</b>	
	<b>31/12/2011</b>	<b>31/12/2010</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Other income	8,360	23,290
Payments to suppliers and employees	(590,403)	(579,731)
Interest received	2,964	11,396
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(579,079)</b>	<b>(545,045)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for mineral exploration expenditure	(441,346)	(328,631)
Net cash on acquisition of subsidiary	125,646	-
Payments for property, plant and equipment	(14,200)	(1,189)
Refund of environmental bond deposits	-	121,396
Loan advanced to related party	(3,540)	-
Loan advanced to unrelated party	(26,946)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(360,386)</b>	<b>(208,424)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	1,447,813	1,230,058
Payments for share issue costs	(210,535)	(113,466)
Repayment of borrowings	(500,437)	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>736,841</b>	<b>1,116,592</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(202,664)</b>	<b>363,123</b>
Cash at the beginning of the period	446,840	114,918
Impact of movement in foreign exchange rates	4,144	-
<b>CASH HELD AT END OF PERIOD</b>	<b>248,360</b>	<b>478,041</b>

The accompanying notes form part of these financial accounts

## Notes to the Financial Statements

for the half-year ended 31 December 2011

### Note 1. Basis of Preparation

This general purpose financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures the financial report compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Kaboko Mining Limited during the half-year.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period.

#### a) Going Concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

At reporting date the Company incurred a loss of \$1,400,285, had current assets of \$512,176 and current liabilities of \$1,374,704. The Directors believe the company will be able to raise the funds necessary to meet their current liabilities and commitments from the profitable sale of manganese from its Zambian Projects and further capital raising.

The ability of the company to continue as a going concern and settle its current liabilities is fundamentally dependent upon the ability of the company to raise funding for future activities. The Directors consider that there are reasonable grounds to believe that the company will continue to raise equity and/or debt funding to meet its short to medium term funding requirements.

### Note 2. Mineral Exploration Expenditure

	<u>Consolidated</u>	
	<b>31 Dec 2011</b>	<b>30 June 2011</b>
	<b>\$</b>	<b>\$</b>
<b>Movements</b>		
Balance at beginning of the period	3,185,245	2,168,903
Exploration expenditure acquired (see note 7)	6,896,081	-
Exploration expenditure incurred during the year	441,346	1,135,748
Exploration expenditure impaired	-	(24,858)
Impact of movement in foreign exchange rates	(736,768)	(94,548)
Balance at end of the period	<u>9,785,904</u>	<u>3,185,245</u>

Recoverability of the carrying amount of the capitalised exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

**Notes to the Financial Statements**

for the half-year ended 31 December 2011

**Note 3. Contributed Equity**

	<u>Consolidated</u>	
	<b>31 Dec 2011</b>	<b>30 June 2011</b>
	\$	\$
<b>a) Paid up capital:</b>		
Ordinary shares	19,171,090	14,257,930
<b>b) Movements</b>		
	<u>No. of Shares</u>	<u>Paid Up Capital</u>
		\$
Balance 1 July 2011	285,125,188	14,257,930
Entitlement issue – October 2011	142,562,594	3,123,695
Consideration for 100% of the share capital of AAMD – November 2011 (i)	80,000,000	2,000,000
Less: capital raising costs	-	(210,535)
Balance 31 December 2011	507,687,782	19,171,090

- (i) The value of these shares has been recorded based on the share price at grant date. The grant date has been determined to be 20 September 2011, the date on which the issue of these shares was approved by the Group's shareholders. The closing share price on 20 September 2011 was \$0.025.

See Note 7 for additional information regarding the acquisition of African Asian Mining Development Ltd (AAMD).

**Note 4. Options**

	<u>Consolidated</u>	
	<b>31 Dec 2011</b>	<b>30 June 2011</b>
	\$	\$
<b>a) Option reserve</b>	3,498,822	3,309,090
<b>b) Movements</b>		
	<u>No. of Options</u>	<u>Option reserve</u>
		\$
Balance 1 July 2011	92,750,709	3,309,090
Options issued (i)	4,000,000	60,000
Options issued (ii)	9,979,382	129,732
Options issued (iii)	142,562,594	-
Options expired	(2,500,000)	-
Options exercised	-	-
Balance 31 December 2011	246,792,685	3,498,822

- (i) On 30 September 2011, the Group issued 4,000,000 Options exercisable at \$0.03 on or before 15 June 2015 to Managing Director Catherine Hobbs in accordance with her appointment agreement and as approved at the General Meeting of Shareholders held 16 September 2011.

## Notes to the Financial Statements

for the half-year ended 31 December 2011

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### Note 4. Options (continued)

2,000,000 Options will be exercisable on and from the date the Zambian Manganese Projects achieve 3 consecutive months of manganese production at 30,000 tonnes or more, and 2,000,000 Options will be exercisable on and from the date a feasibility study is commissioned for the Grants Ridge Project in the USA.

The value of these options has been determined by using the black-scholes valuation methodology with the following inputs:

Exercise price	\$0.03
Grant date	9 August 2011
Expiry date	15 June 2015
Share price at grant date	\$0.020
Expected volatility of the Group's shares	125%
Expected dividend yield	Nil
Risk free interest rate	3.84%

The total value of the 4,000,000 Options issued to Catherine Hobbs is \$60,000

- (ii) On 21 November 2011, the Group issued 9,979,382 Options exercisable at \$0.022 on or before 21 November 2014 to Komodo Capital Pty Ltd in accordance its Corporate Advisory Mandate Agreement as approved at the General Meeting of Shareholders held 16 September 2011.

The value of these options has been determined by using the black-scholes valuation methodology with the following inputs:

Exercise price	\$0.022
Grant date	21 November 2011
Expiry date	21 November 2014
Share price at grant date	\$0.018
Expected volatility of the Group's shares	125%
Expected dividend yield	Nil
Risk free interest rate	3.23%

The total value of the 9,979,382 Options issued to Komodo Capital Pty Ltd is \$129,732

- (iii) On 19 October 2011, the Company issued 142,562,594 Options in accordance with the Entitlements Issue Prospectus dated 9 September 2011. The Options are listed options exercisable at \$0.03 on or before 30 June 2013.

The Options were free attaching to the Shares issued on the same date and accordingly have not been assigned a value.

## Notes to the Financial Statements

for the half-year ended 31 December 2011

### Note 5. Share Based Payments

During the period, the Group made the following share based payments:

- a) On 3 November 2011, the Group issued 80,000,000 Shares as consideration for 100% of the issued capital of African Asian Mining Development Ltd and its controlled entities as explained at Note 3(b)(i).

The total value of these shares of \$2,000,000 has been included within capitalised Mineral Exploration Expenditure in the 31 December 2011 Consolidated Statement of Financial Position.

- b) On 30 September 2011, the Group issued 4,000,000 Options to Managing Director Catherine Hobbs, the terms and conditions of which are set out in Note 4(b)(i).

- c) On 21 November 2011, the Group issued 9,979,382 Options to Komodo Capital Pty Ltd, the terms and conditions of which are set out in Note 4(b)(ii).

A total of \$189,732 was recognised as a share based payment expense within the Consolidated Statement of Comprehensive Income during the period ended 31 December 2011.

### Note 6. Segment information

The Consolidated entity has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors have considered the business from both a geographic and business segment perspective.

During the half-year, Kaboko Mining Limited operated in the mineral exploration industry within the geographical segments, Africa and USA.

#### Geographical

	Period to 31 December 2011			Period to 31 December 2010		
	Mineral Exploration Africa \$	Mineral Exploration USA \$	Total \$	Mineral Exploration Africa \$	Mineral Exploration USA \$	Total \$
<b>Segment performance</b>						
External revenue/other income	-	-	-	-	-	-
<b>TOTAL SEGMENT REVENUE</b>	-	-	-	-	-	-
Segment net profit/(loss) before tax	-	-	-	-	-	-
<b>Reconciliation of segment result to net profit/(loss) before tax</b>						
<b>Amounts not included in segment results but reviewed by the Board:</b>						
Interest received			2,964			34,686
Other income			8,360			-
Other expenses			(1,411,609)			(473,453)
<b>NET PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>			<u>(1,400,285)</u>			<u>(438,767)</u>



**Notes to the Financial Statements**

for the half-year ended 31 December 2011

**Note 6. Segment information (continued)**

	31 December 2011			30 June 2011		
	Mineral Exploration Africa	Mineral Exploration USA	Total	Mineral Exploration Africa	Mineral Exploration USA	Total
	\$	\$	\$	\$	\$	\$
<b>Segment assets</b>						
Segment assets	9,299,707	1,413,603	10,713,310	419,527	2,834,982	3,254,509
<b>Reconciliation of segment assets to total assets</b>						
<b>Unallocated assets:</b>						
Cash and cash equivalents			84,199			446,840
Receivables			10,950			5,616
Plant and equipment			90,983			110,786
<b>TOTAL ASSETS FROM CONTINUING OPERATIONS</b>			<b>10,899,442</b>			<b>3,817,751</b>

	31 December 2011			30 June 2011		
	Mineral Exploration Africa	Mineral Exploration USA	Total	Mineral Exploration Africa	Mineral Exploration USA	Total
	\$	\$	\$	\$	\$	\$
<b>Segment liabilities</b>						
Segment liabilities	738,981	6,439	745,420	-	31,938	31,938
<b>Reconciliation of segment liabilities to total liabilities</b>						
<b>Unallocated liabilities:</b>						
Other liabilities			343,111			487,639
Provisions			46,173			44,548
Deferred acquisition liability			1,140,000			
Deferred tax liability (note 7)			2,101,985			-
<b>TOTAL LIABILITIES FROM CONTINUING OPERATIONS</b>			<b>4,376,689</b>			<b>564,125</b>

**Revenue by Geographical Region**

There is no revenue attributed to external customers by location as the group is still in its exploration stage.

## Notes to the Financial Statements

for the half-year ended 31 December 2011

### Note 6. Segment information (continued)

#### Assets by Geographical Region

The location of assets is disclosed below by the geographical location of the assets.

	<b>31 December 2011</b>	<b>30 June 2011</b>
	\$	\$
Australia	186,132	563,242
Africa	9,299,707	419,527
USA	1,413,603	2,834,982
	<u>10,899,442</u>	<u>3,817,751</u>

#### Major Customers

Due to the nature of its current operations, the Group does not have any major customers.

### Note 7. Business Combination

The business combination has been provisionally accounted for at 31 December 2011 in accordance with AASB 3.

#### a) Summary of acquisition

On 28 October 2011, the Group announced that, following the completion of its technical, legal and financial due diligence, it had acquired 100% of the share capital of African Asian Mining Development Ltd ("AAMD") and its subsidiaries. The acquisition of AAMD provides the Group with a 51% interest in 5 Large Scale Prospecting Licenses and 3 Small Scale Prospecting Licenses covering 2,734 square kilometers including large areas known to be prospective for manganese comprising the Emmanuel Project which includes the current Chowa Open Pit Mine, the Peco Project, and the Kanona Project (together the "Zambian Manganese Projects").

Details of the purchase consideration, net assets acquired, and fair value of exploration acquired are as follows:

Purchase consideration (refer to b below):

	\$
Cash	1
Tranche 1 Shares (i)	2,000,000
Tranche 2 Shares and Options(ii)	240,000
Tranche 3 Shares and Options (iii)	900,000
Royalties (iv)	-
<b>Total</b>	<u><u>3,140,001</u></u>

- (i) In accordance with the share sale agreement, the Group issued 80,000,000 Shares on 3 November 2011 upon completion of the acquisition, refer to Note 3 above.

## Notes to the Financial Statements

for the half-year ended 31 December 2011

### Note 7 Business Combination (continued)

- (ii) In accordance with the share sale agreement, the Group will issue 80,000,000 Shares with 80,000,000 free attaching options exercisable at \$0.08 on or before 31 July 2012 on the date the Zambian Manganese Projects achieve a minimum of 10,000,000 tonnes of JORC (or equivalent) manganese resource within 18 months from the execution of the share sale agreement. A value of \$240,000 has been assigned to these shares and options based upon a 50% probability of meeting the performance milestone due to the delays in mobilising our drill rig to site and in sourcing alternative drilling contractors to commence and complete resource definition drilling in the period.
- (iii) In accordance with the share sale agreement, the Group will issue 80,000,000 Shares with 80,000,000 free attaching options exercisable at \$0.08 on or before 1 April 2014 on the date the Zambian Manganese Projects achieve a minimum manganese production of 30,000 tonnes per month of JORC (or equivalent) Saleable Manganese Ore for at least 3 months within any 6 month period, provided that it is achieved within 30 months from the execution of the share sale agreement. A value of \$900,000 has been assigned to these shares and options based upon a 75% probability of meeting the performance milestone due to inherent risks associated in achieving these production rates - geological, resource, mining, particularly as the Company has yet to have defined a JORC compliant resource or finalise optimised mine plans across the 3 project areas
- (iv) The Company will also pay a \$1 per tonne royalty to parties nominated by AAMD as consideration for the acquisition. It is impossible to estimate the total amount of royalties payable, if any, at 31 December 2011 or the date of this report; the Company will expense royalties, if any, as they are incurred.
- (v) To secure its 100% equity interest in AAMD, the Company must spend a total of \$2,500,000 on the acquired projects in the two years from acquisition date. The Company estimates the expenditure will occur equally over the two year period (refer commitments note 10).

The assets and liabilities recognised as a result of the acquisition are as follows:

	Carrying Value \$	Provisional Fair Value \$
Cash	125,646	125,646
Trade and other receivables	164,578	164,578
Plant and equipment	121,949	121,949
Mineral exploration expenditure	890,508	6,896,081
Trade and other creditors	-	-
Borrowings	(791,835)	(791,835)
Inter-company borrowings	(1,274,433)	(1,274,433)
Deferred tax liability	-	(2,101,985)
Net assets/(liabilities) acquired	<u>(763,587)</u>	<u>3,140,001</u>

#### b) Purchase consideration – cash outflow

	\$
Cash consideration paid as of 31 December 2011	1
Less: cash balances acquired	<u>(125,646)</u>
Net outflow/(inflow) of cash – investing activities	<u><u>(125,645)</u></u>

## Notes to the Financial Statements

for the half-year ended 31 December 2011

### Note 7. Business Combination (continued)

Acquisition related costs of approximately \$64,000 are included within other expenses in profit or loss and in operating cash flows in the statement of cash flows.

### Note 8. Controlled Entities

	Country of incorporation	Percentage voting power held	
		31 December 2011 \$	30 June 2011 \$
<b>Subsidiaries of Kaboko Mining Limited</b>			
New Mexico Investments Pty Ltd	USA	100%	100%
Juno Minerals Pty Ltd	Australia	100%	100%
African Asian Mining Development Ltd	Zambia	100%	-
<b>Subsidiaries of New Mexico Investments Pty Ltd</b>			
Grants Ridge Inc	USA	100%	100%
<b>Subsidiaries of African Asian Mining Development Ltd</b>			
Impondo Zambia Mining Ltd	Zambia	51%	-
Zambia Manganese Mining Ltd	Zambia	60%	-
Serenje Manganese Mining Ltd	Zambia	60%	-
Mansa Manganese Mining Ltd	Zambia	60%	-
Innovative Mining Ltd	Zambia	51%	-

### Note 9. Events Subsequent to Reporting Date

On 27 January 2012, the Group announced that two trial shipments had been loaded at the port of Beira in Mozambique for shipment to major steel manufacturers in China as part of the finalisation of a long-term off-take agreement for the Group's Zambian Manganese Projects.

On 13 February 2012, the Group announced the appointment of Non-Executive Chairman Mr Malenga Machel. Mr Machel is a founding Director and Managing Director of Energy of Whatana Investments Group. The Whatana Group is a privately owned and highly successful Mozambican-based investment group established in 2005 that has interests throughout Africa in resources, energy, logistics, telecommunications, the financial sector and property development. The Whatana Group is headed up by Graca Machel, widow of the first president of Mozambique, Samora Machel, and current wife of South African former president Nelson Mandela.

Other than the matters referred to above, there are no matters or circumstances that have arisen since 31 December 2011 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

## Notes to the Financial Statements

for the half-year ended 31 December 2011

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### Note 10. Contingencies and commitments

As a result of the acquisition of African Asian Mining Development Ltd during the period, the Group's contingencies have changed as follows since 30 June 2011:-

(i) The Company will pay a \$1 per tonne royalty to parties nominated by AAMD as consideration for the acquisition. It is impossible to estimate the total amount of royalties payable, if any, at 31 December 2011 or the date of this report; the Company will expense royalties, if any, as they are incurred.

(ii) To secure its 100% equity interest in AAMD, the Company must spend a total of \$2,500,000 on the acquired projects in the two years from acquisition date. The Company estimates the expenditure will occur equally over the two year period.

Commitments of the Group are of a similar value and nature as those reported at 30 June 2011.

### Note 11. Related Party Transactions

During the period consulting fees of \$100,000 were paid to Okap Ventures Pty Ltd, a company in which Mr Brewer is a Director, for the provision of company secretarial, financial management, strategic and corporate advisory, capital raising, investor and public relations and associated services in fully serviced offices in both Perth and London.

During the period 9,979,382 Options exercisable at \$0.022 on or before 21 November 2014 were issued to Komodo Capital Pty Ltd, a company in which Mr Brewer is a Director in accordance its Corporate Advisory Mandate Agreement as approved at the General Meeting of Shareholders held 16 September 2011.

### Note 12. Dividends

There has been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.



## Notes to the Financial Statements

for the half-year ended 31 December 2011

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### Directors' Declaration

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The directors of the company declare that:

- 1) The financial statements and notes, as set out within this financial report:
  - (a) comply with the Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Act 2001*; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
- 2) In the directors' opinion there are reasonable grounds to believe that Kaboko Mining Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



**Jason Brewer**  
**Executive Director**

Dated this 15<sup>th</sup> day of March 2012

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KABOKO MINING LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kaboko Mining Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from the time to time during the half year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity 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, we have become aware of any matter that makes us 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 consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kaboko Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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



## Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that Kaboko Mining Limited incurred a net loss of \$1,400,285 during the half-year ended 31 December 2011 and the consolidated entity will seek additional funding in order to progress its exploration and evaluation activities. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', with the letters 'BDO' written above it.

Glyn O'Brien  
Director

Perth, Western Australia  
Dated this 15<sup>th</sup> day of March 2012