

30 October 2012

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

Via E Lodgement

ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Please find attached the Company's Annual Report, which is available on the Company's website www.kabokominig.com and Notice of Annual General Meeting as despatched to shareholders of the Company together with the personalised proxy form.

Yours faithfully



JASON BREWER

Executive Director

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KABOKO
MINING LTD
ABN 93 107 316 683



ANNUAL REPORT

2011/2012

CONTENTS

Corporate Directory	2
Directors' Report	3
Auditors Independence Declaration	19
Financial Statements	
Consolidated Statement of Comprehensive Income	20
Consolidated Statement of Financial Position	21
Consolidated Statement of Cash Flows	22
Consolidated Statement of Changes in Equity	23
Notes to the Consolidated Financial Statements	24
Directors' Declaration	65
Independent Auditor's Report	66
Additional Information	68
Corporate Governance Statement	70

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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WEST PERTH, WA, AUSTRALIA, 6005

SOLICITORS TO THE GROUP

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

DIRECTOR'S REPORT

Your Directors present their report on the Group (referred to hereafter as the "Group") consisting of Kaboko Mining Limited and the entities it controlled at the end of, or during, the year ended 30 June 2012.

DIRECTORS

The names of the directors of the Group in office at any time during or since the financial year and up to the date of this financial report are as follows. Directors were in office for the entire period unless otherwise stated.

The names of the Directors who held office during or since the end of the year are as follows:

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 Catherine Hobbs	Managing Director (Resigned 13 February 2012)
Mr Shane Hartwig	Non-Executive Director (Resigned 30 August 2011)

PRINCIPAL ACTIVITIES

During the year ending 30 June 2012, the Group strategically changed its focus from Uranium exploration in New Mexico USA to exploration, development and mining of high grade Manganese in Zambia with the acquisition of African Asian Mining Development Ltd ("AAMD") and its subsidiaries.

OPERATING RESULTS

The operating loss for the Group after income tax amounted to \$7,154,679(2011: \$924,587).

Of the operating loss incurred approximately \$3,255,000 relates to impairment and other costs associated with Grants Ridge. Approximately \$900,000 relates to non-cash share based payment expenses.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year by the Group.

The directors have recommended that no dividend be paid by the Group in respect of the year ended 30 June 2012.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Group occurred during the financial year.

On 1 September 2011 the Group announced a restructure of the Board with the appointment of two new directors, Jason Brewer and Shannon Robinson, and joint company secretaries Shannon Robinson and Jane Flegg.

On 19 October 2011 the Group announced the allotment of 23,662,175 ordinary fully paid shares and 23,662,175 free attaching new options exercisable at \$0.03 on or before 30 June 2013 in accordance with the Entitlement Issue Prospectus dated 9 September 2011. On 3 November 2011, the Group announced the placement of the rights issue shortfall of 116,290,764 ordinary fully paid shares and free attaching new options exercisable at \$0.03 on or before 30 June 2013. Funds raised from the Rights Issue totalled \$2,945,856 before costs.

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 kilometres 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").

On 3 November 2011 the Group announced the issue of 80,000,000 ordinary fully paid shares as consideration for the acquisition of AAMD as approved by shareholders at the Group's General Meeting on 20 September 2011.

Effective from 30 November 2011, the Group changed its name to Kaboko Mining Limited and its ASX security trading codes to KAB (ordinary fully paid shares), KABO (listed options exercisable at \$0.03 on or before 30 June 2013), and KABOA (in respect of listed options exercisable at \$0.08 on or before 13 July 2012).

On 13 February 2012 the Group announced the appointment of Non-Executive Chairman Malenga Machel, who brings to the Group an established network of relationships in Africa rarely accessible to emerging companies.

On 2 April 2012 the Group announced the issue of 74,100,000 ordinary fully paid shares, raising \$1,482,000 before costs.

On 29 May 2012 the Group announced that it had elected to exercise its option to acquire an additional 24% interest in

DIRECTOR'S REPORT

AAMD's subsidiary Impondo Zambia Mining Limited, bringing its total interest in Impondo Zambia Limited from 51% to 75%. Impondo Zambia Limited holds the right to the Chowa Open Pit Mine, which is part of the Emmanuel Project. Consideration for exercising the option and acquiring the additional interest is 24,000,000 fully paid ordinary shares, which were issued on 14 August 2012 following receipt of Shareholder approval.

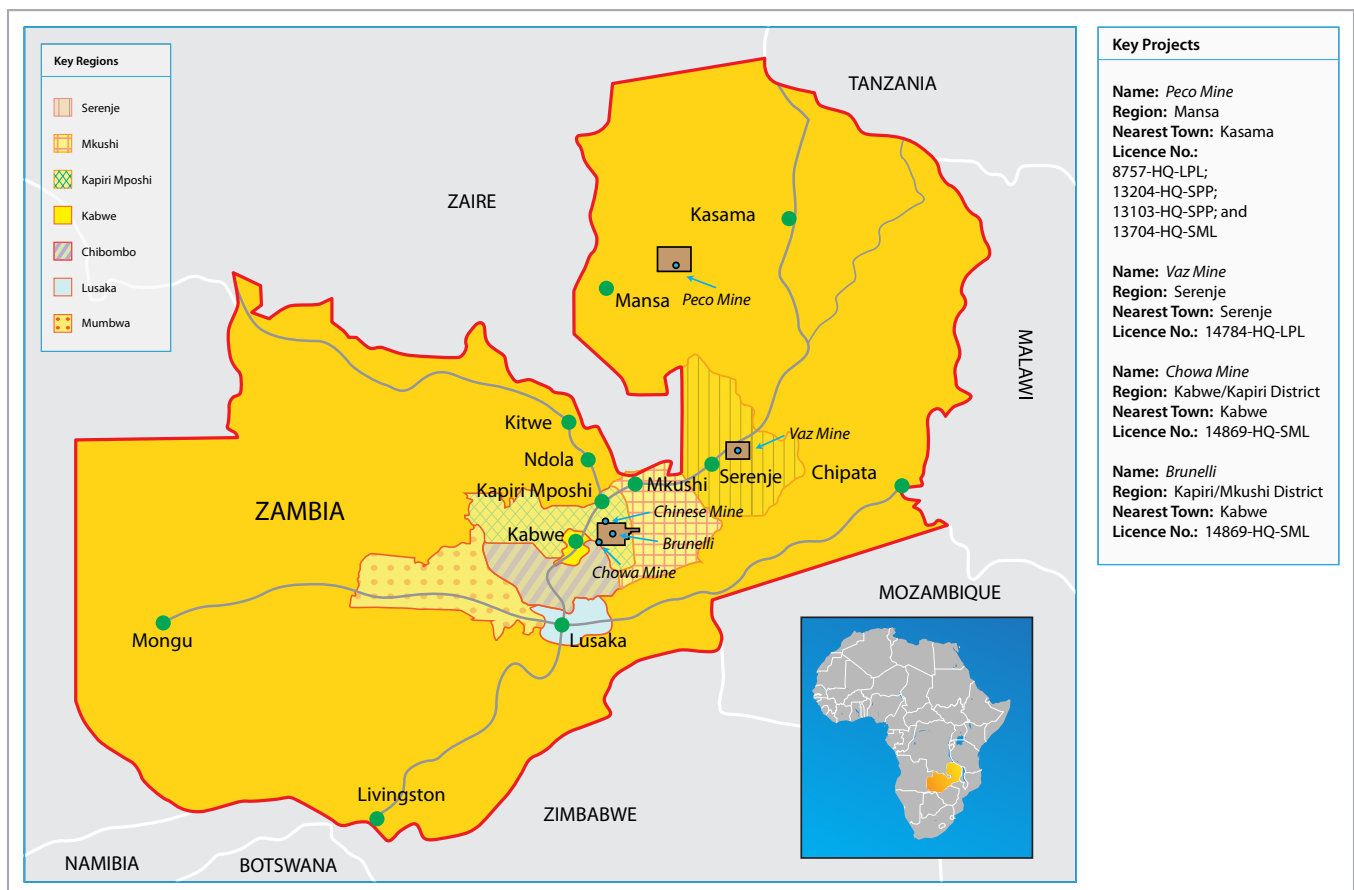
REVIEW OF OPERATIONS

During the 2011/12 financial year the Group strategically changed its focus from Uranium exploration in New Mexico USA to exploration, development and mining of high grade Manganese in Zambia with the acquisition of African Asian Mining Development Ltd ("AAMD") and its subsidiaries.

The acquisition of AAMD has provided the Group with a 51% interest (with options to increase to 75%) in 5 Large Scale Prospecting Licences and 3 Small Scale Prospecting Licences covering 2,734km² 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").

Subsequent to acquisition, on 29 June 2012, the Group increased its shareholding in AAMD's subsidiary Impondo Zambia Limited from 51% to 75%, increasing its interest in 4 of the 8 acquired licences by the same amount.

The locations of the Group's projects in Zambia are as follows:



DIRECTOR'S REPORT

Key achievements during the financial year included:

- Executed the Share Sales Agreement to acquire 100% of the share capital of AAMD. Change of name from Uran Limited to Kaboko Mining Limited. The Group's securities commenced trading on the ASX under the new code "KAB" on 30 November 2011.
- Successful completion of a fully underwritten Rights Issue raising gross proceeds of approx. A\$3m and a placement to institutional and sophisticated investors raising gross proceeds of approx. A\$1.5m to further fund mine development and exploration costs in Zambia.
- Strategic offtake agreement executed with Sinosteel Australia Pty Ltd, a subsidiary of Chinese conglomerate Sinosteel Corporation and China's largest importer of manganese ore, for exports of high quality, high grade lump manganese ore to China.
- Progressed exploration activities across its Zambian Manganese Projects.
- Advanced development activities with mine optimisation and processing plant design work undertaken.
- Increased from an initial 51% to 75% interest in Impondo Zambia Limited.
- Subsequent to the financial year end the Group executed binding loan documentation for a staged US\$10m secured Prepayment Debt Facility and a 10 year Manganese Ore Off-take Agreement with Noble Resources Limited, a subsidiary of Noble Group Limited.
- Subsequent to financial year end the sale of the Group's interests in its New Mexico Uranium projects for USD \$50,000, a 2% Yellow Cake Royalty (net smelter recovery equivalent), and return of the USD \$110,000 cash deposit for environmental bonds.

Offtake agreement with Sinosteel

The execution of the offtake agreement with Sinosteel followed the completion of two trial shipments to China of a total of 510 tonnes of manganese ore delivered to Sinosteel and another major Chinese steel manufacturer.

The certified results of both the trial shipments confirmed the high grade and high quality of the manganese ore mined from the Chowa Open Pit at the Group's Emmanuel Project.

Under the terms of the Off-take Agreement with Sinosteel, the Group will deliver total deliveries of 180,000 tonnes over 5 years of a minimum 48% manganese lump ore with minimum deliveries of 20,000 tonnes for each 12 month period.

Manganese ore sold under the Off-take Agreement will be priced based on the BHP reference price (expressed in US\$ DMTU (per dry metric ton unit Mn content)), CIF China basis. The higher of BHP's 45.5% Manganese Ore (Lumpy) Reference Price or BHP's 48% Manganese Ore (Particle) Reference Price, at the Group's option. If BHP's Reference Price is less than US\$3.50 DMTU for more than 4 months then the Group is not bound to deliver the minimum deliveries.

Production from the Emmanuel Project is forecast to be the primary source of manganese product to be delivered into the offtake agreement with Sinosteel.

Off-take agreement and US\$10m 30-month secured debt facility with Noble Resources Limited ("Noble")

Subsequent to financial year end the Group reached a major milestone in advancing its Zambian Manganese Projects with the signing of a binding 10 year manganese ore off-take agreement and US\$10m 30-month secured debt facility with Noble Resources Limited ("Noble").

The US\$10m Prepayment Facility is to be advanced in two tranches upon satisfaction of a number of conditions precedent:

- Tranche A - an initial advance of US\$0.5m (already received by the Group) and a second advance of US\$5.5m upon satisfaction of a number of conditions precedent and final sign off by Noble, including, amongst other things, execution of documentation in respect to the transportation and export of manganese ore; and
- Tranche B - an advance of US\$4.0m upon delivery by the Group of 105,000 tonnes of manganese ore under the 10 Year Manganese Ore Off-take Agreement.

Under the terms of the Off-take Agreement, the Group will deliver to Noble approximately 180,000 DMT per year of a minimum 48% manganese lump ore from the Group's Zambian Manganese Projects on a quarterly basis over an initial 10 year term. Manganese ore sold under the Off-take Agreement will be priced based on the BHP reference price (expressed in US\$ DMTU (per dry metric ton unit Mn content)), CIF China basis.

The injection of capital from Noble enables the company to progress with its 52 hole resource definition RC drilling program at the Emmanuel Project, 40 hole definition RC drilling program at the Peco Project and fund the processing plant at the Emmanuel project.

DIRECTOR'S REPORT

EMMANUEL PROJECT

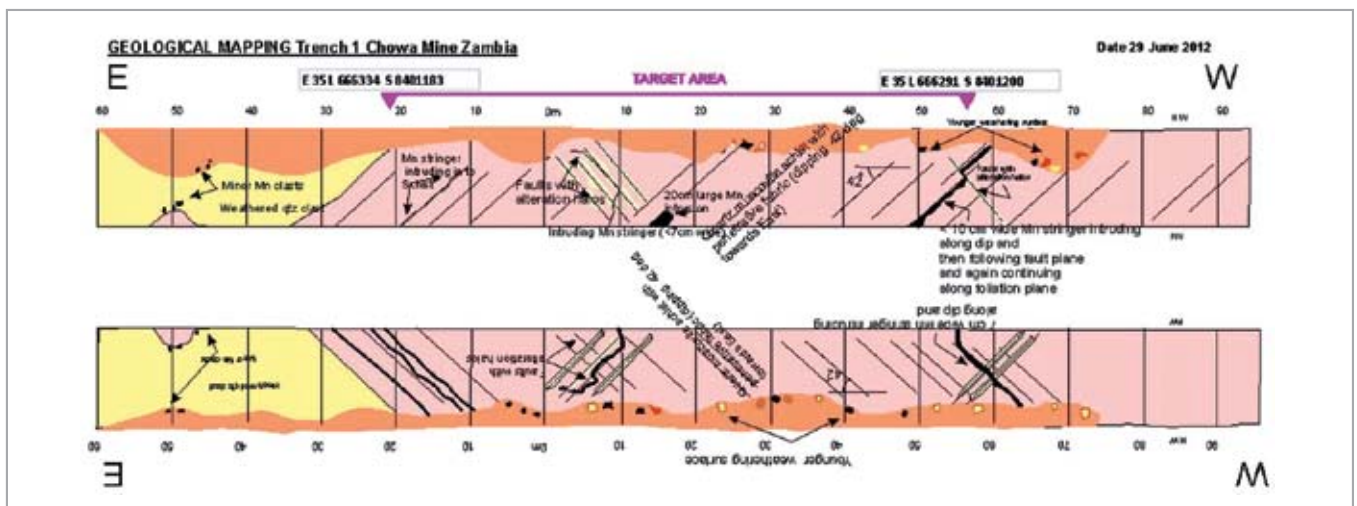
The Emmanuel Project is located 10km north-east of Kabwe and covers over 2,000km². The project lies within the Kabwe Manganese Field, a region of known manganese occurrences and several established open pit manganese operations. The Emmanuel Project includes a granted small scale mining lease, the Chowa Open Pit.

Previous ground and aeromagnetic and density surveys and diamond and RC drilling on the Emmanuel Project identified manganese mineralisation that occurs in several veins, each 1.5m to 5m in thickness. The Group advanced trenching and detailed mapping of the trench area to determine the strike extent of exposed manganese mineralisation in the Chowa Open Pit Mine and from surface mapping of outcrops.

Some prominent bodies of manganese mineralisation were identified, of most significance in and around the small village of Brunerly, lying roughly 10km on strike (NNE) from the Chowa Open Pit and within the concession area.

Exploration activities focused on two key strategic areas:

1. Testing the strike extent from existing pits, with structural analyses in the exposed trenches, and minimum 200m length trenches perpendicular to strike direction on 100m to 250m spacings and to depths of 3.0m to 5.0m. RC drilling of 2 confirmatory holes per trench down dip to depths of 30m to 55m is planned to allow subsequent resource calculation.
2. On a more regional basis across the 2,000km² license area mapping and geological interpretation of potential dislocated reefs, mapping of surface outcrops, structural analyses, studies on the petrology and followed by trenching.



DIRECTOR'S REPORT



Detailed mapping of recently completed trenches indicated that the manganese mineralisation tends to dissipate to the south and appears to increase in volume to the north.

In both trenches 2 and 3 new manganese veins were identified to the west of the known position of the main manganese vein exposed in the Chowa Open Pit.

During the year, and based on the exploration results and aeromagnetic survey work previously completed, the

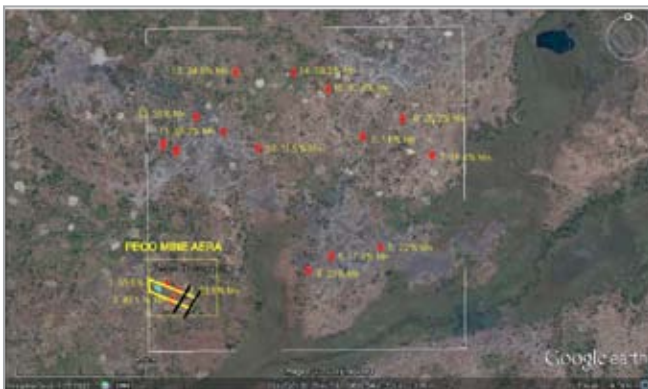
Company had proposed to complete up to a 52 hole RC resource definition drilling program. The proposed program was not commenced during the year, with the Company rather focussing its activities on trenching work to confirm the strike extent of the identified manganese mineralisation and to satisfy the outstanding conditions of the US\$10m 30-month secured debt facility with Noble Resources Limited. The Company is anticipating the commencement of the planned RC resource definition drilling program in 1H FY 2013.

DIRECTOR'S REPORT

PECO PROJECT

The Peco Project is located 65km east-northeast of the town of Mansa town, in the northern Luapula Province of Zambia and is proposed to be the second mine to be brought into development by the Group late in 2012.

Exploration work completed to date has identified high grade manganese mineralisation in veins typically in excess of 4.0m width and strike lengths of over 400m. Trenching has also shown that the reef is open-ended towards the NW and SE. Further trenching has been planned to intersect the regional striking (140°/320°) mineralisation.



Location of Trenching at the Peco Project

During the year, and based on the exploration work previously completed, the Company had proposed to complete up to a 40 hole RC resource definition drilling program. The proposed program was not commenced during the year, with the Company rather focussing its activities again on trenching work to confirm the strike extent of the identified manganese mineralisation and to satisfy the outstanding

conditions of the US\$10m 30-month secured debt facility with Noble Resources Limited. The Company is anticipating the commencement of the planned RC resource definition drilling program in 1H FY 2013.

KANONA PROJECT

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

Although the exploration program has focused on the Emmanuel and Peco Projects, major manganese mineralisation has been identified at the Kanona Project over a significant strike length.

MANGANESE PROCESSING PLANT

In the last quarter of the financial year the Group received the design and detailed capital costs for the manganese processing plant that is proposed to be constructed at its Zambian Manganese Projects.

The proposed plant will allow the Group to produce 3 cleaned and classified manganese lumpy ore products (course 21%, medium 60%, and small 12%) as well as an upgraded fines product (7%) for the export markets.

The plant will consist of a modular crushing circuit, scrubber, screens and a fines cleaning and dewatering circuit. The plant was designed as a first stage to immediately start production of sellable lumpy product at the lowest possible initial capital investment cost for liquidity purposes. The plant was specifically designed with expansion in mind at a later stage to further upgrade the manganese ore. Those expansions will be a jigging circuit for the fine lumpy and spirals circuit for the fines.



DIRECTOR'S REPORT

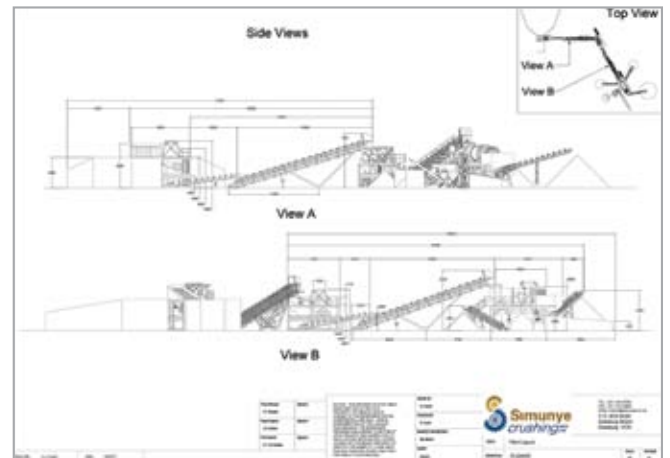
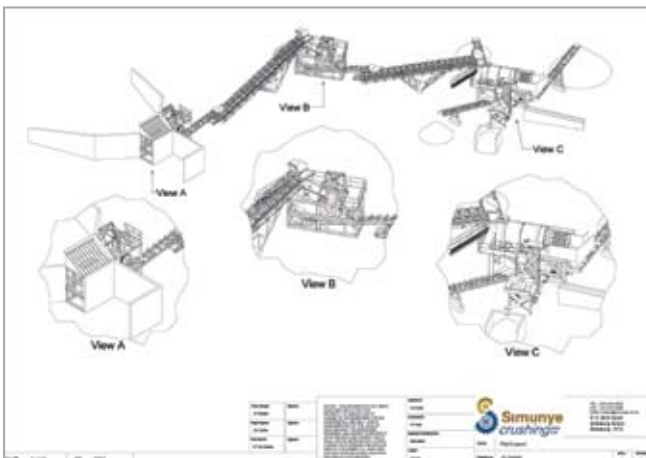


Proposed Manganese Processing Plant

The head feed for the processing plant is designed to be 80t/h, producing an estimated 18,400t of lumpy ore per month. This is based on a 16 hour per day production cycle, 24 days per month. If plant production is on a 22 hour production cycle, the monthly output would be around

25,000mt per month, buffering the extra tonnages needed to make up for the impact of the rainy season on operations.

The estimated total costs for the construction and erection of the process plant are ZAR10.2 million (approximately US\$1.5m) and incorporates a 20% contingency.



Detailed schematics of the proposed manganese ore processing plant at the Emmanuel Project

DIRECTOR'S REPORT

LOGISTICS AND EXPORT OF MANGANESE ORE

The Group finalised its short and medium term logistics and export strategy and continues to develop its longer term logistics arrangements to ensure it meets the increased tonnages of high grade manganese ore that are forecast to be produced and available for export following completion of the debt funding and associated off-take agreement with Noble. The Group undertook a review of its logistics arrangement and approached several logistics groups active in bulk commodity transportation and exports in Southern Africa to determine the further available capacity, capabilities and costs associated with both road and rail transportation and shipment to and from the ports of Beira, Dar Es Salaam in Tanzania and Durban in South Africa.

Based on its review, the Group concluded that:

1. there is sufficient road, rail and port capacity at rates that allow the Group to commercially operate and export containerised, bulk bagged high grade manganese ore at the production rates anticipated under the Noble off-take agreement, from its planned Emmanuel and Peco open pit mining operations;
2. there is a significant opportunity to further optimise logistics arrangements through a dedicated road transportation fleet and rail haulage contract, dry bulk shipment, through securing dedicated port space and stockpiling facility; and
3. there are available rail sidings adjacent to the Kabwe and Serenje Depots and rail capacity available to increase shipments, and these are being secured in anticipation of the expanded production.

The Group engaged with established and proven logistic groups in Zambia and South Africa and received competitive and economic quotes for the transportation of the forecast production of high grade manganese ore from the Group's proposed open pit mining operations at Kabwe, Mansa and Serenje and to the various loading ports of Beira, Dar Es Salaam and Durban and through to destination ports in China.

All the logistic groups have confirmed the availability of road and rail capacity to meet the forecast production rates and off-take obligations under the recently concluded Noble debt funding arrangements. The detailed quotes received from the logistics groups support the Group's logistic and export plans and plans for the commencement of larger scale open pit mining operations at Kabwe, Mansa and Serenje.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years except as follows:

- On 30 July 2012, the Group announced that it had entered into a USD \$10,000,000 Secured Prepayment Debt Facility and a 10 year binding Manganese Ore Off-Take Agreement with Noble Resources Limited, a subsidiary of Noble Group Limited.
- On 28 August 2012, the Group announced that it had finalised the disposal of its subsidiary New Mexico Investments Ltd, which via its wholly owned subsidiary Grants Ridge Inc, holds 3 uranium projects in New Mexico.
- On 25 September 2012, the Group announced that it had been granted two Certificates of Registration (Investment Licence) through its Zambian Subsidiaries Mansa Manganese Mining Limited and Zambian Manganese Mining Limited.
- On 28 September 2012, the Group executed a AUD\$1m convertible debt facility with Perth based Celtic Capital Pty Ltd to provide the Company with interim funding whilst it continues to work towards satisfaction of the Conditions Precedent to the US\$10m Secured Prepayment Debt Facility and Off-take Agreement with Noble Resources Limited.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The directors intend to actively pursue the exploration and development of the mineral interests in Zambia and focus on progressing the manganese Zambian projects to production.

ENVIRONMENTAL REGULATION

The Group's environmental obligations are regulated under both state and federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to government agency audits and site inspections. The Group has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. No environmental breaches have occurred or have notified by any government agencies during the year ended 30 June 2012.

DIRECTOR'S REPORT

The Directors have considered compliance with the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Malenga Machel – appointed 13 February 2012

Non-Executive Chairman

Qualifications and Experience:

Malenga Machel is a founding Director and Managing Director of Resources 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.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None

Special Responsibilities:

Chairman of the Board

Interest in shares and options of the Group as at the date of signing this report:

None

Jason Paul Brewer – appointed 30 August 2011

Executive Director

Qualifications and Experience:

Jason Brewer has over 18 years' international experience in the natural resources sector. He is a mining engineer with a Master's degree in mining engineering with honours from the Royal School of Mines, London. He has experience in mining operations in Africa, North America and Australia and has worked for major investment banks in London, Sydney and Perth. His experience in successfully leading companies from exploration into production and raising their profiles internationally are considered a major asset for the Group as it seeks to expand its production capabilities in Zambia.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

Continental Coal Limited	from 16 December 2009
Black Mountain Limited	from 3 February 2012
Altona Mining Limited	from 2 October 2007 to 28 September 2011
De Grey Mining Limited	from 3 December 2010

Interest in shares and options of the Group as at the date of signing this report:

5,850,000 fully paid ordinary shares
1,500,000 listed options exercisable at \$0.03 on or before 30 June 2013

Shannon Jayne Robinson – appointed 30 August 2011

Non-Executive Director and Joint Company Secretary

Qualifications and Experience:

Shannon Robinson is a corporate lawyer and an associate of the Institute of Chartered Secretaries and Administrators (ICSA) and Chartered Secretaries Australia (CSA) and a member of AMPLA. Ms Robinson provides corporate advice in relation to mergers and acquisitions, capital raisings, due diligence reviews and legal compliance, takeovers and managing legal issues associated with client transactions. Ms Robinson has acted as Company Secretary for a number of ASX listed and unlisted companies.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None
681,818 fully paid ordinary shares
681,818 listed options exercisable at \$0.03 on or before 30 June 2013

Patrick Edward Ryan – resigned 30 August 2011

Chairman (Executive)

Qualifications and Experience:

From 1971 to 1992, Mr Ryan held various senior executive positions with Perth Building Society which became Challenge Bank, of which he was Managing Director from 1989 to 1992. From 1993 to 1994 he was Chief Executive of the Hospital Benefit Fund of WA. He has been Deputy Chairman of Energy Equity Corporation and a Director of a number of ASX-listed companies across several sectors between 1993 and 2003. Mr Ryan was the driving force behind a consortium which purchased regional WA airline Skywest from the administrators of Ansett Airlines in 2001. He was Chairman of Skywest from 2001 until its takeover by Singapore-based CVC in late 2004.

DIRECTOR'S REPORT

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None

Interest in shares and options of the Group as at the date of resignation:

324,762 fully paid ordinary shares

13,066 listed options exercisable at \$0.08 on or before 13 July 2012

Catherine Mary Hobbs – resigned 13 February 2012

Managing Director

Qualifications:

BA(Geol) FAusIMM

Experience:

Ms Hobbs was the founding Managing Director of Hindmarsh Resources Ltd, a substantial uranium exploration company previously listed on the ASX. Ms Hobbs was a founder and Executive Director of Focus Minerals Ltd, a gold and nickel mining company listed on the Australian Stock Exchange. She has worked as a uranium exploration geologist with the Australian Atomic Energy Commission, Agip Nucleare, and Noranda (now Falconbridge). She has extensive experience in strategic planning and acquisitions, and joint venture management.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None

Interest in shares and options of the Group as at the date of resignation:

8,082,262 Ordinary Shares

2,020,566 listed options exercisable at \$0.08 on or before 13 July 2012

4,000,000 unlisted options exercisable at \$0.03 on or before 15 June 2015

Shane Hartwig – resigned 30 August 2011

Director (Non-Executive)

Qualifications:

B.Bus, CPA, ACIS

Experience:

Mr Hartwig was a founder of Cardrona Capital prior to its acquisition by Transocean Securities Pty Ltd, of which he is now a Director of Corporate Finance. Transocean provides corporate, strategic and equity capital raising services.

Prior to this he worked in corporate advisory roles with Montagu Stockbrokers (now Patersons Securities) in Perth and in the debt capital markets area for Bankers Trust plc in London. He is a CPA and Chartered Secretary.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None

Interest in shares and options of the Group as at the date of resignation:

None

Jane Rosemary Flegg – appointed 30 August 2011

Joint Company Secretary

Experience:

Jane Flegg has over 20 years of experience in finance and administration. Ms Flegg has been a corporate advisor to several ASX and AIM listed mining and oil and gas exploration companies and specialises in corporate and financial management, compliance and company secretarial advice. Ms Flegg is currently Joint Company Secretary of Range Resources Limited and Continental Coal Limited and Company Secretary/CFO of Paynes Find Gold Limited.

Interest in shares and options of the Group as at the date of this report:

None

Jack Toby – resigned 30 August 2011

Company Secretary

Qualifications:

Mr Toby is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Australian Computer Society.

Experience:

Mr Toby has extensive experience as Company Secretary and Chief Financial Officer of several listed public companies and major corporations over the last 28 years.

DIRECTOR'S REPORT

REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by Section 308(3c) of the *Corporations Act 2001*.

This remuneration report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly.

Remuneration Policy

The Group has not established a Remuneration Committee, the role of the Committee is assumed by the Board as a whole, which is responsible for determining and reviewing the remuneration arrangements of the directors and executives.

The Board is of the view that the Group is not of a size to warrant the use of remuneration consultants; accordingly there have been no services received from remuneration consultants during the year to 30 June 2012.

The Board assesses the appropriateness of the nature and amount of emoluments of such Directors and executives on an annual basis by reference to market and industry conditions.

In order for the Group to prosper, thereby creating shareholder value the Group must be able to attract and retain the highest calibre executives.

Executive and non-executive directors, other key management personnel and other senior employees may be granted ordinary shares and options over ordinary shares. The recipients of options are responsible for growing the Group and increasing shareholder value. If they achieve this goal the value of the options granted to them will also increase. Therefore the options provide an incentive to the recipients to remain with the Group and to continue to work to enhance the Group's value.

There is no relationship between the performance or the impact on shareholder wealth of the Group for the current financial year or the previous four financial years and either the remuneration of directors and executives or the issue of shares and options to directors. Remuneration is set at levels to reflect market conditions and encourage the continued services of directors and executives.

Remuneration is otherwise based on fees approved by the Board of directors.

Non-Executive Directors Remuneration

The Board seeks to set remuneration levels that provide the Group with the ability to attract and retain the highest calibre professionals.

Fees and payments to non-executive Directors reflect the demands that are made on, and the responsibilities of the Directors from time to time.

Directors' fees are determined by the Board within the aggregate directors' fee limit approved by shareholders. The maximum currently stands at \$500,000 approved by shareholders on 25 October 2006.

The Group may provide remuneration in the form of shares to Directors in lieu of Director's Fees. The issue of shares to Directors requires the Group to obtain prior Shareholder approval. The Board considers that remuneration of Directors in equity will align their interests with those of the shareholders.

Remuneration in the form of share options issued under the Group's Employee Share Option Plan is designed to reward Directors and executives in a manner aligned to the creation of shareholder wealth. Subject to shareholders approval non-executive directors may participate in the Group's Employee Share Option Plan.

Non-executive Directors receive superannuation benefits in accordance with the Superannuation Guarantee Legislation. Non-executive directors are permitted to salary sacrifice all or part of their fees.

The remuneration of directors and executives does not include performance-based incentives.

Voting and Comments Made at the Group's 2011 Annual General Meeting

Kaboko Mining Ltd received more than 90% of "yes" votes on its remuneration report for the 2011 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Appointment Contracts with Directors

Executive Director – Mr Jason Brewer

- Term of Agreement – The agreement commenced on 30 August 2011 for an unspecified term or until either party gives two months' written notice of termination or otherwise terminated in accordance with the Executive Services Agreement.
- Remuneration of \$45,000 per annum plus GST payable monthly to Mr Jason Brewer or his nominee.
- Payment of termination of Agreement without cause – one months' notice and one months' fee or two months' fee.

DIRECTOR'S REPORT

Non-Executive Director – Ms Shannon Robinson

- Term of Agreement – The agreement commenced on 30 August 2011 for an unspecified term or until either party gives written notice.
- Remuneration of \$30,000 per annum plus 9% superannuation payable monthly and reviewed annually to Ms Shannon Robinson or her nominee.

Non-Executive Chairman – Mr Malenga Machel

- Term of Agreement – The agreement commenced on 13 February 2012 for an unspecified term or until either party gives written notice.
- Remuneration of USD \$120,000 (AUD \$118,096 at 30 June 2012 exchange rate) per annum payable monthly and reviewed annually to Mr Malenga Machel or his nominee.

Details of Remuneration

Key Management Personnel

The names and positions of key management personnel of the Group who have held office during the financial year are:

Directors

Malenga Machel	Non-Executive Chairman (appointed 13 February 2012)
Jason Brewer	Executive Director (appointed 30 August 2011)
Shannon Robinson	Non-Executive Director (appointed 30 August 2011)
Patrick Edward Ryan	Executive Chairman (resigned 30 August 2011)
Catherine Mary Hobbs	Managing Director (resigned 13 February 2012)
Shane Anthony Hartwig	Director (resigned 30 August 2011)

Executives

Jane Flegg	Company Secretary (appointed 30 August 2011)
Jack Toby	Company Secretary (resigned 30 August 2011)

2012	Short-term benefits		Post-employment benefits	Share-based payments	Total	Performance Related	Options as Remuneration
Name	Cash, Salary and Commissions \$	Termination Payments	Super-annuation \$	Options \$	\$	\$	%
Key Management Personnel							
Malenga Machel (from 13 February 2012)	58,185	-	-	-	58,185	-	-
Jason Brewer (from 30 August 2011)	37,500	-	-	-	37,500	-	-
Shannon Robinson (from 30 August 2011)	25,000	-	2,250	-	27,250	-	-
Patrick Ryan (to 30 August 2011)	5,000	-	450	-	5,450	-	-
Catherine Hobbs (to 13 February 2012)	133,792	85,303	12,024	60,000	291,119	-	21%
Shane Hartwig (to 30 August 2011)	5,000	-	-	-	5,000	-	-
Jane Flegg (i) (from 30 August 2011)	-	-	-	-	-	-	-
Jack Toby (to 30 August 2011)	13,000	-	-	-	13,000	-	-
	277,477	85,303	14,724	60,000	437,504	-	14%

(i) Jane Flegg is an employee of Okap Ventures Pty Ltd and is paid through Okap's consulting agreement with Kaboko Mining Limited.

DIRECTOR'S REPORT

2012	Short-term benefits		Post-employment benefits	Share-based payments	Total	Performance Related	Options as Remuneration
Name	Cash, Salary and Commissions \$	Termination Payments	Super-annuation \$	Options \$	\$	\$	%
Key Management Personnel							
Patrick Ryan	23,750		10,313	-	34,063	-	-
Catherine Hobbs	227,638		22,362	-	250,000	-	-
Shane Hartwig	30,000		-	-	30,000	-	-
Wolf Martinick (to 12 November 2010)	-		11,250	-	11,250	-	-
Jack Toby	31,500		-	-	31,500	-	-
Philip Schiemer (to August 2010)	17,575		-	-	17,575	-	-
	330,463		43,925	-	374,388	-	-

Equity-Based Compensation

Options issued as part of remuneration for the year ended 30 June 2012

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to increase goal congruence between executives, directors and shareholders.

Details of options over ordinary shares in the Group provided as remuneration to each director of Kaboko Mining Limited are set out below. When exercisable, each option is convertible into one ordinary share of Kaboko Mining Limited. Further information on the options is set out in note 13 of the financial statements.

Options Granted As Remuneration

Name	Number of options granted during the year		Number of options vested during the year	
	2012	2011	2012	2011
Malenga Machel	-	-	-	-
Jason Brewer	-	-	-	-
Shannon Robinson	-	-	-	-
Patrick Ryan	-	-	-	-
Catherine Hobbs	4,000,000	-	-	-
Shane Hartwig	-	-	-	-
Jane Flegg	-	-	-	-
Jack Toby	-	-	-	-

DIRECTOR'S REPORT

Key Management Personnel	Vested No.	Granted No.	Date Granted	Date Vested & Exercisable	Last Exercisable Date	Exercise Price \$	Value per option at grant date \$	Total Value \$
Malenga Machel	-	-	-	-	-	-	-	-
Jason Brewer	-	-	-	-	-	-	-	-
Shannon Robinson	-	-	-	-	-	-	-	-
Patrick Ryan	-	-	-	-	-	-	-	-
Catherine Hobbs	-	4,000,000	9 Aug 2011	(i)	15 Jun 2015	0.03	0.015	60,000
Shane Hartwig	-	-	-	-	-	-	-	-
Jane Flegg	-	-	-	-	-	-	-	-
Jack Toby	-	-	-	-	-	-	-	-
	-	4,000,000						60,000

(i) 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 assessed fair value at grant date of options granted to individuals is allocated over the period from grant date to vesting date, and the amount is included in the tables above. Where the vesting period is uncertain the total value of the options is expensed at the time of issue.

The fair values of unlisted options at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the expected dividend yield and the risk-free interest rate for the term of the option.

The options issued during 2012 were unlisted and therefore valued using a Black-Scholes option pricing model with the following inputs:

	2012
exercise price:	\$0.03
grant date:	9 Aug 2011
expiry date:	15 Jun 2015
share price at grant date:	\$0.02
expected volatility of the Group's shares:	125%
expected dividend yield: nil	Nil
risk-free interest rate:	3.84%

Based on the above inputs, the value per option at grant date was determined to be \$0.015.

There were no options issued during 2011.

No options lapsed and no options were exercised during the year.

DIRECTOR'S REPORT

Issued, unvested options at 30 June 2012 are as follows:

	2012	2012	2012
	Options Granted as Part of Remuneration \$	% Vested to date	Maximum Total Value of Grant yet to Vest \$
Malenga Machel	-	-	-
Jason Brewer	-	-	-
Shannon Robinson	-	-	-
Patrick Ryan	-	-	-
Catherine Hobbs	4,000,000	-	60,000
Shane Hartwig	-	-	-
Jane Flegg	-	-	-
Jack Toby	-	-	-
	4,000,000	-	60,000 (i)

(i) Expensed upfront as vesting period of options is uncertain.

Trading in the Group's Securities by Directors, Officers, and Employees

The Board has adopted a policy in relation to dealings in the securities of the Group which applies to all directors and employees. Under the policy, the directors, officers and employees are prohibited from dealing in the Group's securities whilst in possession of price sensitive information and also prohibited from short term or "active" trading in the Group's securities. The directors, officers and employees should also prevent dealing in the Group's securities during specific blackout periods. The Company Secretary or a director must be notified upon a trade occurring.

The policy is provided to all directors and employees. Compliance with it is reviewed on an ongoing basis in accordance with the Group's risk management systems.

There were no loans to directors during the financial year.

This is the end of the *audited remuneration report*.

DIRECTORS MEETINGS

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

Director	BOARD MEETINGS	
	Held & Eligible to Attend	Attended
Mr Malenga Machel (from 13 February 2012)	-	-
Mr Jason Brewer (from 30 August 2011)	2	2
Ms Shannon Robinson (from 30 August 2011)	2	2
Mr Patrick Ryan (to 30 August 2011)	1	1
Ms Catherine Hobbs (to 13 February 2012)	3	2
Mr Shane Hartwig (to 30 August 2011)	1	1

DIRECTOR'S REPORT

INDEMNIFYING AND INSURING DIRECTORS, OFFICERS OR AUDITORS

During the financial year, the Group paid premiums for Directors and Officers liability insurance of \$16,093.

Except as disclosed above, the Group has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Group or a related body corporate:

- a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

OPTIONS

At the date of this report, the unissued ordinary shares of Kaboko Mining Limited under option are as follows:

Expiry Date	Exercise Price	Number of Options
30/06/2013	\$0.03	305,813,529
15/07/2015	\$0.03	4,000,000
01/12/2014	\$0.022	9,979,382
		319,792,911

1 Listed Options

During the year ended 30 June 2012 and as of the date of this report, 750 ordinary shares were issued by virtue of the exercise of options.

No person entitled to exercise any of these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

PROCEEDINGS ON BEHALF OF GROUP

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

NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year (if any) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

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

BDO Perth provided non-audit services to the parent company for \$11,689 (note 17) in relation to tax compliance during the year.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001* section 307C a signed Auditor's Independence Declaration to the directors in relation to the year ended 30 June 2012 has been provided to the Group and can be found on the following page.

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



Jason Brewer
Executive Director

Dated this 28th day of September 2012

Competent Person's Statement

The information in this report that relates to exploration results is based on information reviewed and compiled by Mr Francois Martins, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions. Mr Martins is employed by Kaboko Mining Limited and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Coal Resources and Ore Reserves. Mr Martins consents to the inclusion in this report of this information in the form and context in which it appears.

AUDITORS INDEPENDENCE DECLARATION



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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

28 September 2012

Kaboko Mining Ltd
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 LTD**

As lead auditor of Kaboko Mining Ltd for the year ended 30 June 2012, 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 audit;
and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kaboko Mining Ltd and the entities it controlled during the period.

GLYN O'BRIEN
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2012

	GROUP		
	Note	2012 \$	2011 \$
Revenue and other income	2	17,268	71,126
Corporate and operational costs		(1,329,186)	(43,663)
Consulting costs		(360,513)	(31,625)
Depreciation		(132,013)	(66,230)
Directors' costs		(377,520)	(356,813)
Employee benefits expense		(344,987)	(209,268)
Interest expense		(113,534)	(1,447)
Legal and accounting costs		(190,036)	(68,500)
Occupancy expenses		(169,881)	(218,167)
Share based payment expenses	13	(899,482)	-
LOSS BEFORE INCOME TAX EXPENSE		(3,899,884)	(924,587)
Income tax expense	3	-	-
LOSS AFTER INCOME TAX EXPENSE FROM CONTINUING OPERATIONS		(3,899,884)	(924,587)
Loss from discontinued operation	14	(3,254,795)	-
LOSS FOR THE YEAR		(7,154,679)	(924,587)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation		216,806	(213,838)
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER INCOME TAX		216,806	(213,838)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(6,937,873)	(1,138,425)
NET LOSS IS ATTRIBUTABLE TO:			
Owners of Kaboko Mining Limited		(6,895,509)	(924,587)
Non-controlling interest		(259,170)	-
		(7,154,679)	(924,587)
TOTAL COMPREHENSIVE LOSS IS ATTRIBUTABLE TO:			
Owners of Kaboko Mining Limited		(6,678,703)	(1,138,425)
Non-controlling interest		(259,170)	-
		(6,937,873)	(1,138,425)
EARNINGS/(LOSS) PER SHARE FOR LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic loss per share (cents per share)	4	(0.86)	(0.36)
Diluted loss per share (cents per share)	4	(0.86)	(0.36)
EARNINGS/(LOSS) PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic loss per share (cents per share)	4	(1.52)	(0.36)
Diluted loss per share (cents per share)	4	(1.52)	(0.36)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2012

		GROUP	
	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents		206,513	446,840
Trade and other receivables	5	700,037	5,616
		906,550	452,456
Non-current assets classified as held for sale	14	49,207	-
TOTAL CURRENT ASSETS		955,757	452,456
NON-CURRENT ASSETS			
Plant and equipment	6	1,155,162	180,050
Mineral exploration expenditure	7	11,635,080	3,185,245
TOTAL NONCURRENT ASSETS		12,790,242	3,365,295
TOTAL ASSETS		13,745,999	3,817,751
CURRENT LIABILITIES			
Trade and other payables	8	697,655	118,130
Borrowings	9	1,967,691	401,447
Provisions	10	-	44,548
Deferred acquisition liability	21	696,200	-
		3,361,546	564,125
Liabilities directly associated with assets classified as held for sale	14	16,089	-
TOTAL CURRENT LIABILITIES		3,377,635	564,125
NON-CURRENT LIABILITIES			
Deferred acquisition liability	21	3,035,601	-
Deferred tax liability	3	3,717,257	-
TOTAL NON-CURRENT LIABILITIES		6,752,858	-
TOTAL LIABILITIES		10,130,493	564,125
NET ASSETS		3,615,506	3,253,626
EQUITY			
Contributed equity	11	21,315,614	14,257,930
Reserves	12	3,384,289	3,117,349
Accumulated losses		(21,017,162)	(14,121,653)
Equity attributable to owners of Kaboko Mining Limited		3,682,741	3,253,626
Non-controlling interest		(67,235)	-
TOTAL EQUITY		3,615,506	3,253,626

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2012

			GROUP	
Note	2012 \$	2011 \$		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	118,471	-		
Payments to suppliers and employees	(1,800,363)	(1,158,334)		
Interest received	6,951	24,932		
Other income	10,317	45,491		
NET CASH USED IN OPERATING ACTIVITIES	16	(1,664,624)	(1,087,911)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Payment for mineral exploration expenditure	7	(2,346,793)	(1,111,748)	
Net cash on acquisition of subsidiary	21(b)	125,645	-	
Purchase of plant and equipment		(1,111,649)	(7,492)	
Loans advanced to other parties		(878,488)	-	
Proceeds from disposal of controlled entities	16	-	80,000	
Proceeds from disposal of other financial assets		-	213,845	
NET CASH USED IN INVESTING ACTIVITIES		(4,211,285)	(825,395)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from equity issues		4,145,534	2,030,058	
Payments for capital raising expenses		-	(161,466)	
Borrowing from unrelated entities		1,849,187	400,000	
Repayment of borrowings		(353,815)	-	
NET CASH FROM FINANCING ACTIVITIES		5,640,906	2,268,592	
NET INCREASE/(DECREASE) IN CASH HELD				
Impact of movement in foreign exchange rates		(235,003)	355,286	
Cash and cash equivalents at beginning of year		(5,324)	(23,364)	
CASH AND CASH EQUIVALENTS AT END OF YEAR (i)	16	446,840	114,918	
		206,513	446,840	

(i) Subsequent to 30 June 2012, the Group received USD \$500,000 (AUD \$477,327) in accordance with the Secured Prepayment Debt Facility with Noble Resources Limited as announced on 30 July 2012 and on 28 September 2012, the Group executed a AUD\$1m convertible debt facility with Perth based Celtic Capital Pty Ltd.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2012

	GROUP							
	Issued Capital	Option Reserve	Currency Translation Reserve	Other Reserve	Accumulated Losses	Equity Attributable to Owners of Kaboko Mining Ltd	Non-Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
AT 1 JULY 2010	12,365,338	3,309,090	22,097	-	(13,197,066)	2,499,459	-	2,499,459
Currency translation	-	-	(213,838)	-	-	(213,838)	-	(213,838)
Loss for year	-	-	-	-	(924,587)	(924,587)	-	(924,587)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-	-	(213,838)	-	(924,587)	(1,138,425)	-	(1,138,425)
Securities issued	2,054,058	-	-	-	-	2,054,058	-	2,054,058
Equity raising costs	(161,466)	-	-	-	-	(161,466)	-	(161,466)
AT 30 JUNE 2011	14,257,930	3,309,090	(191,741)	-	(14,121,653)	3,253,626	-	3,253,626
AT 1 JULY 2011	14,257,930	3,309,090	(191,741)	-	(14,121,653)	3,253,626	-	3,253,626
Currency translation	-	-	216,806	-	-	216,806	-	216,806
Loss for year	-	-	-	-	(6,895,509)	(6,895,509)	(259,170)	(7,154,679)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	-	-	216,806	-	(6,895,509)	(6,678,703)	(259,170)	(6,937,873)
Securities issued	7,762,412	834,959	-	-	-	8,597,371	-	8,597,371
Equity raising costs	(704,728)	-	-	-	-	(704,728)	-	(704,728)
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	-	(109,317)	(109,317)
Transactions with non-controlling interests	-	-	-	(784,825)	-	(784,825)	301,252	(483,573)
AT 30 JUNE 2012	21,315,614	4,144,049	25,065	(784,825)	(21,017,162)	3,682,741	(67,235)	3,615,506

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Kaboko Mining Limited (formerly Uran Limited) and Controlled Entities (the "Group").

Kaboko Mining Limited is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Kaboko Mining Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. Financial information for Kaboko Mining Limited as an individual entity is disclosed in note 15.

Basis of Preparation of Accounts

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on a historical cost basis, except for any available-for-sale financial assets that have been measured at fair value. The presentation currency used in this financial report is Australian Dollars.

This financial report is issued in accordance with a resolution of the directors of the Group on the same date as the Directors' Declaration which is contained with these financial statements.

Functional and Presentation Currency

The presentation currency of the Group is Australian dollars. The functional currency of the Group is Australian dollars.

Summary of Accounting Policies

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

a) Principles of Consolidation

Subsidiaries

A controlled entity is any entity over which Kaboko Mining Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in note 22 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interest results in gains and losses for the Group that are recorded in the profit or loss. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

All inter-group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively.

Changes in Ownership Interests

The Group treats transactions with non-controlling interest that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Kaboko Mining Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Principles of Consolidation (continued)

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained recognised in other comprehensive income in respect of that entity or financial asset. In addition, any amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control; or significant influence is retained, on a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where applicable.

Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

All purchase consideration is recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss.

Acquisition-related costs are expensed as incurred.

Non-controlling interests in an acquiree are recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

If the Group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will not be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

b) Foreign Currency Translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

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

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Foreign Currency Translation (continued)

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated 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 enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and a settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, bank deposits repayable on demand at reporting date and shortterm deposits with a maturity of three months or less. Cash equivalents include deposits that are readily convertible to a known amount of cash and subject to only an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

f) Revenue Recognition

Revenue is measured at the fair value of gross consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for the Group's activities. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of Goods

Sales earned during the testing period/before mine reaches commercial production are offset against exploration and or development and not taken to the profit or loss.

Revenue from the sale of goods and disposal of other assets once commercial production has been achieved is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price can be reasonably estimated, and collectability is reasonably assured.

The Group recognises revenue when the risks and rewards transfers to the buyer which is typically the bill of lading date.

Interest revenue

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.

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

g) Goods and Services Tax (GST) and (VAT)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

h) Impairment of Assets

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

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

i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from the equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributed incremental costs (net of income taxes) is recognised directly in equity.

k) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated Group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Zambia	
Motor vehicles	20-40%
Plant & equipment	16.67% - 66.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

l) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Trade and Other Receivables (continued)

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of provision is recognised in the profit or loss within other expenses.

m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and they are usually paid within 30 days of recognition.

n) Financial Instruments

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 5) in the statement of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition, Initial Measurement and De-recognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the profit or loss as gains and losses from investment securities.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial instruments is determined are disclosed in note 24.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Exploration and Evaluation Expenditure

Exploration, evaluation and development 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.

p) Share-Based Payments

Share-based compensation benefits to directors, employees and consultants are provided at the discretion of the board.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipient becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most

recent estimate. The impact of the revision to original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to equity.

q) Earnings/(Loss) per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no considerations in relation to dilutive potential ordinary shares.

r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who is responsible for making strategic decisions.

s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities, which are not an incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Borrowings (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

u) Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

v) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

w) Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered to be highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets, and investment property that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are classified separately from other liabilities in the statement of financial position.

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

x) Significant Accounting Judgements, Estimates and Assumptions

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out above. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, we conclude that we are unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

x) Significant Accounting Judgements, Estimates and Assumptions (continued)

Key Estimates

(i) Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(ii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes option pricing model, using the assumptions detailed in note 13.

(iv) Deferred acquisition liability

As disclosed at note 21, the Group has recorded a deferred acquisition liability of \$3,731,801 at 30 June 2012, of which \$1,680,000 relates to milestone payments and \$2,051,801 relates to a royalty payable to the vendors of African Asian Mining Development Ltd. Both components of the deferred acquisition liability are subject to judgements and estimates and therefore are subject to change as the underlying assumptions change.

At 30 June 2012, milestone payments have been estimated based on a 100% probability that the performance milestones as detailed in note 21(a)(ii) and (iii) will be met in the stated timeframes. Should the milestones not be met, or not be met in accordance with the timeframes, actual milestone payments will be less than milestone payments those recorded at 30 June 2012.

Details of the royalty payable to the vendors of African Asian Mining Development Lt can be found in note 21(a) (iv). At 30 June 2012, the estimated royalty payable has been determined based on forecast run of mine production over the life of the mine using a discount rate of 16.5%. Should run of mine production be significantly different than forecast and/or not proceed in accordance with the expected timeframe, the royalty payable may be significantly different than that recorded at 30 June 2012. Significant changes in either the Group's borrowing rate or cost of capital will impact the Group's discount rate, which may also cause the royalty payable to differ significantly from that recorded at 30 June 2012.

y) Going Concern

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

As disclosed in the financial statements, the Group incurred losses of \$7,154,679 for the year ending 30 June 2012. The Group also had net cash outflows from operating activities for the year of \$1,664,624 and net current liabilities of \$2,421,878.

The Directors believe the Group 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.

As announced 30 July 2012, the Group has entered into a USD \$10,000,000 Secured Prepayment Debt Facility and a 10 year binding Manganese Ore Off-Take Agreement with Noble Resources Limited, a subsidiary of Noble Group Limited.

The ability of the Group to continue as a going concern and settle its current liabilities is fundamentally dependent upon the ability of the Group to fulfil the agreement's conditions precedent and/or raise additional funding for future activities. The Directors consider that there are reasonable grounds to believe that the Group will fulfil the agreement's conditions precedent and/or raise additional funding as necessary.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 2. REVENUE AND EXPENSES

The profit/(loss) before income tax has been determined after:

Revenue and other income from continuing operations

Interest received

Rent received

Other revenue

TOTAL REVENUE AND OTHER INCOME FROM CONTINUING OPERATIONS

CHARGING AS EXPENSES FROM CONTINUING OPERATIONS

Consulting costs

Depreciation

Employee benefits and directors costs

Interest expense

Legal costs

Rental expense on operating lease

Exploration expenditure from continuing operations written off

Share based payment expense

Unrealised exchange loss

	GROUP	
	2012 \$	2011 \$
	6,951	25,635
	7,100	41,542
	3,217	3,949
	17,268	71,126
	360,513	31,625
	132,013	66,230
	722,507	566,081
	113,534	1,447
	190,036	68,500
	169,881	218,167
	-	24,858
	899,482	-
	1,650	1,576
	-	-
	(7,154,679)	(924,587)
	(2,146,404)	(277,376)
	(357,734)	-
	529,970	42,740
	269,845	-
	1,704,323	234,636
	-	-

NOTE 3. INCOME TAX

INCOME TAX BENEFIT

Numerical reconciliation between tax expense and pre-tax net loss:

LOSS BEFORE INCOME TAX BENEFIT

Income tax using the Group's domestic tax rate of 30%

Foreign tax rate differential of 5%

Expenditure not allowable for income tax purposes

Share based payments

Deferred tax assets not brought to account as realisation is not considered probable

INCOME TAX BENEFIT (EXPENSE) ATTRIBUTABLE TO ENTITY

Unrecognised deferred tax asset

Unused tax losses of \$3,539,638 (2011: \$1,835,315) have not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the relevant regulatory authorities in each of the jurisdictions in which the Group operates. The benefit of deferred tax assets not brought to account will only be brought to account if future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised and the conditions for deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Group in realising the benefit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 3. INCOME TAX (CONTINUED)

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES ARE ATTRIBUTABLE TO THE FOLLOWING:

Fair value adjustment on mineral exploration expenditure on Kaboko Mining Ltd's acquisition of AAMD (see note 21)	(3,437,791)	-
Fair value adjustment on mineral exploration expenditure on AAMD's acquisition of its subsidiaries	(268,105)	-
Currency exchange adjustment	(11,361)	-
Net deferred tax asset/(liability)	(3,717,257)	-

GROUP	
2012 \$	2011 \$
(3,437,791)	-
(268,105)	-
(11,361)	-
(3,717,257)	-

NOTE 4. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

From continuing operations attributable to the ordinary equity holders of the Company	(0.86)	(0.36)
From discontinued operations attributable to the ordinary equity holders of the Company	(0.66)	-
Total basic earnings per share attributable to the ordinary equity holders of the Company	(1.52)	(0.36)

(0.86)	(0.36)
(0.66)	-
(1.52)	(0.36)

DILUTED EARNINGS PER SHARE

The Group's potential ordinary shares were not considered dilutive, and as a result, diluted EPS is the same as basic EPS.

Potential ordinary shares that could dilute EPS in the future:

Weighted average number of ordinary shares (basic)	454,388,494	258,545,487
Effect of share options on issue	410,043,620	92,750,709
Weighted average number of ordinary shares (diluted) at 30 June	864,432,114	351,296,196

454,388,494	258,545,487
410,043,620	92,750,709
864,432,114	351,296,196

RECONCILIATIONS OF EARNINGS/(LOSS) USED IN CALCULATING EARNINGS PER SHARE

Net loss from continuing operations attributable to the ordinary equity holders of the Company	(3,640,714)	(924,587)
Net loss from discontinued operations attributable to the ordinary equity holders of the Company	(3,254,795)	-
Net loss used in the calculation of basic and dilutive EPS	(6,895,509)	(924,587)

(3,640,714)	(924,587)
(3,254,795)	-
(6,895,509)	(924,587)

WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and dilutive earnings per share

No.	No.
454,388,494	258,545,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 5. TRADE AND OTHER RECEIVABLES

Other debtors and prepayments
Other receivables

GROUP	
2012 \$	2011 \$
25,447	5,616
674,590	-
700,037	5,616

Other debtors are non-interest bearing and generally on 30 day terms.

Other receivables generally arise from transactions outside the usual operating activities of the Group. They are non-interest bearing and have no set terms of repayment.

Due to the short term nature of the debtors and receivables balances, their carrying amounts are assumed to approximate their fair values.

Information on the Group's exposure to foreign currency risk is disclosed in note 24. The Group has no interest risk exposure in relation to its receivables.

There were no receivables impaired during the year ended 30 June 2012 (2011: nil). There were no receivables past due, or past due but not impaired, at 30 June 2012 (2011: nil).

NOTE 6. PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

At cost	1,268,232	384,858
Accumulated depreciation	(113,070)	(204,808)
TOTAL PLANT AND EQUIPMENT	1,155,162	180,050

Movements in the carrying amount of plant and equipment

	Furniture, fittings, and equipment	Machinery and vehicles	Total
At 1 July 2010			
Cost or fair value	403,800	-	403,800
Accumulated depreciation	(145,483)	-	(145,483)
Net book amount	258,317	-	258,317
Year ended 30 June 2011			
Opening net book amount	258,317	-	258,317
Additions	7,492	-	7,492
Depreciation expense	(66,230)	-	(66,230)
Currency exchange adjustment	(19,529)	-	(19,529)
Closing net book amount	180,050	-	180,050
Year ended 30 June 2012			
Opening net book amount	180,050	-	180,050
Additions	497,029	614,620	1,111,649
Acquired balances (note 21)	84,192	37,757	121,949
Grants Ridge assets written off	(28,784)	-	(28,784)
Other assets written off	(73,282)	-	(73,282)
Depreciation from continuing operations	(87,891)	(44,122)	(132,013)
Depreciation from discontinued operations (note 14)	(47,863)	-	(47,863)
Currency exchange adjustment	13,227	10,229	23,456
Closing net book amount	536,678	618,484	1,155,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 7. MINERAL EXPLORATION EXPENDITURE

At the beginning of the financial year
 Expenditure incurred during the year
 Exploration expenditure acquired (note 21)
 Pre-production revenue offset against exploration expenditure
 Transfer to mineral exploration expenditure held for sale
 Grants Ridge exploration expenditure impaired (note 14)
 Currency exchange adjustment

TOTAL MINERAL EXPLORATION EXPENDITURE

GROUP	
2012 \$	2011 \$
3,185,245	2,168,903
2,346,793	1,135,748
9,660,748	-
(52,754)	-
(49,207)	-
(2,789,758)	(24,858)
(665,987)	(94,548)
11,635,080	3,185,245

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

Pre-production revenue and costs will be offset against exploration expenditure until commercial production levels are achieved.

The group holds several exclusive prospecting licences in Zambia which provide the legal right to exploration and underpins the exploration and evaluation expenditure asset a 30 June 2012. Some of these licences are due for renewal and renewal documentation has been lodged within the required timeframe and the group see no reason why these will not be renewed.

NOTE 8. TRADE AND OTHER PAYABLES

Trade creditors
 Sundry creditors and accrued expenses

250,837	62,476
446,818	55,654
697,655	118,130

Trade creditors and sundry creditors are non-interest bearing and generally on 30 day terms.

NOTE 9. BORROWINGS

CURRENT

Unsecured convertible loan (i)
 Unsecured other loans (ii)
 Unsecured other loans (iii)

-	401,447
1,576,877	-
390,814	-
1,967,691	401,447

(i) Interest bearing at a rate of 12% per year.

(ii) Interest bearing at a rate of 10% per year and secured by way of a corporate guarantee and undertaking. The loan is repayable by 31 December 2012.

(iii) Non-interest bearing with no set term of repayment.

NOTE 10. PROVISIONS

Employee benefits

MOVEMENTS IN THE CARRYING AMOUNT OF PROVISIONS FOR EMPLOYEE BENEFITS

At the beginning of the financial year
 Amount used during the year

AT THE END OF THE FINANCIAL YEAR

-	44,548
-	44,548
44,548	58,082
(44,548)	(13,534)
-	44,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 11. ISSUED CAPITAL

644,250,815 (2011: 285,125,188) fully paid ordinary shares

GROUP	
2012 \$	2011 \$
21,315,614	14,257,930
21,315,614	14,257,930

MOVEMENTS IN ORDINARY SHARES - 2012

	No.	\$
At the beginning of the financial year	285,125,188	14,257,930
Shares issued during the year:		
19/10/2011 – Shares issued at \$0.022 per share pursuant to a pro-rata entitlements issue	139,952,939	2,945,856
03/11/2011 – Shares issued as consideration for 100% of the share capital of AAMD (i) (note 21)	80,000,000	2,000,000
19/03/2012 – Shares placed at \$0.02 per share to sophisticated and institutional investors	50,000	1,100
30/03/2012 – Shares placed at \$0.02 per share to sophisticated and institutional investors	66,100,000	1,322,000
30/03/2012 – Shares issued to underwriter of the pro-rata entitlements issue (i)	15,371,938	338,183
30/03/2012 – Shares issued to consultants at \$0.02 per share (i)	8,000,000	160,000
30/03/2012 – Shares issued on the conversion of options	750	23
30/03/2012 – Shares issued pursuant to the Grants Ridge Joint Venture Agreement (i)	750,000	17,250
06/07/2012 – Shares placed at \$0.02 per share to sophisticated and institutional investors(ii)	13,900,000	278,000
06/07/2012 – Shares issued to consultants at \$0.02 per share (i)	8,000,000	160,000
06/07/2012 – Shares issued at \$0.02 as consideration for placement (i)	3,000,000	60,000
14/08/2012 – Shares issued as consideration for additional 24% of Impondo Zambia Ltd share capital (i)(iii)	24,000,000	480,000
Share issue expenses	-	(704,728)
AT THE END OF THE FINANCIAL YEAR	644,250,815	21,315,614

MOVEMENTS IN ORDINARY SHARES - 2011

At the beginning of the financial year	166,007,703	12,365,338
Shares issued during the year:		
11/08/2010 – Shares issued at \$0.015 per share pursuant to a pro-rata rights issue	82,003,851	1,230,058
06/01/2011 – Shares placed at \$0.022 per share to sophisticated and institutional investors	36,363,635	800,000
06/01/2011 – Shares issued pursuant to the Grants Ridge Joint Venture Agreement	750,000	24,000
Share issue expenses	-	(161,466)
AT THE END OF THE FINANCIAL YEAR	285,125,188	14,257,930

(i) Refer to note 13 for details of share based payments that were made during the year.

(ii) Shares were issued post year end, however as cash was received before year end these shares have been reflected at 30 June 2012.

(iii) Additional 24% shareholding in Impondo Zambia Ltd was acquired by African Asian Mining Development Ltd in June 2012. These Shares were granted at the 29 June 2012 General Meeting of Shareholders and are therefore reflected in the 30 June 2012 balance even though their issue date is post year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 11. ISSUED CAPITAL (CONTINUED)

Capital management

Management controls the capital of the Group comprising the liquid assets held by the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from sale of all surplus assets in proportion to the number of, and amounts paid up, of shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at any meeting of the Group.

Options

Information relating to share options on issue at the end of the financial year is as follows:

Expiry Date	Exercise Price	Number of Options
13/07/2012	\$0.08	89,750,709
30/06/2013	\$0.03	305,813,529
31/07/2012	\$0.40	250,000
31/07/2012	\$0.60	250,000
15/07/2015	\$0.03	4,000,000
01/12/2014	\$0.022	9,979,382
		<hr/> 410,043,620 <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 12. RESERVES

Option reserve
Currency translation reserve
Other reserve

GROUP	
2012 \$	2011 \$
4,144,049	3,309,090
25,065	(191,741)
(784,825)	-
3,384,289	3,117,349

MOVEMENTS IN OPTION RESERVE - 2012

At the beginning of the financial year
31/07/2011 – Options expired
30/09/2011 – Options issued to Managing Director Catherine Hobbs in accordance with her appointment agreement and as approved by shareholders (i)
19/10/2011 – Free attaching options issued pursuant to pro-rata entitlements issue
19/10/2011 – Options issued pursuant to pro-rata entitlements issue (i)
03/11/2011 – Free attaching placement options
21/11/2011 – Options issued to Komodo Capital Pty Ltd in accordance with a Corporate Advisor Mandate Agreement and as approved by shareholders (i)
29/03/2012 – Free attaching placement options
30/03/2012 – Free attaching options to underwriter of pro-rata entitlements Issue (i)
30/03/2012 – Options exercised
06/07/2012 – Free attaching placement options (ii)
06/07/2012 – Options issued to brokers in lieu of cash (i)(ii)
06/07/2012 – Options issued to consultants(i)
06/07/2012 – Free attaching options issued as consideration for placement as approved by shareholders on 29 June 2012 (i)(ii)
13/07/2012 – Free attaching placement options (ii)
At the end of the financial year

No.	\$
92,750,709	3,309,090
(2,500,000)	-
4,000,000	60,000
112,680,201	-
27,272,738	272,727
32,939,403	-
9,979,382	129,732
50,000	-
15,371,937	-
(750)	-
55,000,000	-
4,500,000	58,500
16,000,000	144,000
17,000,000	170,000
25,000,000	-
410,043,620	4,144,049

MOVEMENTS IN OPTION RESERVE - 2011

At the beginning of the financial year
06/01/2011 – Free attaching options issued in accordance with a placement to sophisticated and institutional investors

AT THE END OF THE FINANCIAL YEAR

56,387,074	3,309,090
36,363,635	-
92,750,709	3,309,090

(i) Refer to note 13 for details of share based payments that were made during the year.

(ii) Options were granted at the 29 June 2012 General Meeting of Shareholders and are therefore reflected in the 30 June 2012 balance even though their issue date is post year end.

The option premium reserve is used to accumulate the fair value of options issued.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The other reserve is used to record transactions with non-controlling interests, such as changes in ownership percentages of the Group's subsidiary companies where there is no change in control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 13. SHARE BASED PAYMENTS

Share based payments made during the year ended 30 June 2012 are as follows:

Date	Quantity	Security	\$ Value	Description/Purpose
09/08/2011	4,000,000	Unlisted Options exercisable at \$0.03 on or before 15 June 2015 (i)	60,000	Issued to Catherine Hobbs in accordance with her appointment agreement and as approved by shareholders. The total value of these options has been expensed during the year as their vesting period is uncertain. See (i) below for assumptions made in the valuation of these options.
19/10/2011	27,272,738	Listed options exercisable at \$0.03 on or before 30 June 2013*	272,727	Issued to parties participating in a placement. The total value of these options has been included within contributed equity as a share issue cost. The value of the options has been determined based on their value at grant date as the securities were issued in accordance with an agreement rather than on receipt of invoices. See (ii) below for assumptions made in the valuation of these options.
21/11/2011	9,979,382	Unlisted Options exercisable at \$0.022 on or before 1 December 2014 (ii)	129,732	Issued to Komodo Capital Pty Ltd in accordance with its Corporate Advisory Mandate as approved by shareholders. The total value of these options has been expensed during the year. See (iii) below for assumptions made in the valuation of these options.
03/11/2011	80,000,000	Fully paid ordinary shares	2,000,000	Issued as consideration for 100% of the issued capital of African Asian Mining Development Group Ltd ("AAMD") (see note 21). The total value of these shares has been included within Mineral Exploration Expenditure in the Statement of Financial Position. The value of these shares has been determined based on their market value at grant date.
30/03/2012	15,371,938 and 15,371,937	Fully paid ordinary shares Free attaching listed options exercisable at \$0.03 on or before 30 June 2013	338,183 -	Issued to the underwriters of the pro-rata entitlements issue. The total value of these shares has been included within contributed equity as a share issue cost. The value of these shares has been determined based on the vendor invoices received.
30/03/2012	750,000	Fully paid ordinary shares	17,250	Issued to Uranium Energy Corporation in accordance with the Grants Ridge Option and Joint Venture Agreement. The total value of these shares has been expensed during the year. The value of these shares has been determined based on their market value at grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 13. SHARE BASED PAYMENTS (CONTINUED)

Date	Quantity	Security	\$ Value	Description/Purpose
06/07/2012	3,000,000 and 4,500,000	Fully paid ordinary shares Listed options exercisable at \$0.03 on or before 30 June 2013*	60,000 58,500	Issued to brokers in lieu of cash as consideration for capital raising services received. The total value of these shares has been included within contributed equity as a share issue cost. The value of these shares has been determined based on the vendor invoice received. The options have been assigned a value and expensed during the year based on the difference between the value of services received and value of equity issued. See (iv) below for assumptions made in the valuation of these options.
30/03/2012 & 06/07/2012	16,000,000 and 16,000,000	Fully paid ordinary shares Listed options exercisable at \$0.03 on or before 30 June 2013*	320,000 144,000	Issued to consultants for not related party corporate advisory and investor relations services received. The total value of these shares and options has been expensed during the year. The value of the shares and options has been determined based on their market value at grant date as the securities were issued in accordance with an agreement rather than on receipt of a vendor invoice. See (v) below for assumptions made in the valuation of these options.
06/07/2012	17,000,000	Listed options exercisable at \$0.03 on or before 30 June 2013*	170,000	Issued to consultants for corporate advisory services received. The total value of these options has been expensed during the year. The value of the shares and options has been determined based on their market value at grant date as the securities were issued in accordance with an agreement rather than on receipt of a vendor invoice. See (vi) below for assumptions made in the valuation of these options.
14/08/2012	24,000,000	Fully paid ordinary shares	480,000	Issued to non-controlling shareholders as consideration for an additional 24% of Impondo Zambia Ltd share capital. The total value of these shares is recorded as exploration expenditure at 30 June 2012. The value of these shares has been determined based on their market value at grant date. (note 22)

* These listed options have been valued using black-scholes option pricing models as they are considered to be trading in an inactive market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 13. SHARE BASED PAYMENTS (CONTINUED)

Vesting terms and conditions and factors and assumptions used in determining the fair value of the unlisted options at grant date are as follows:

- (i) 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%
Fair value of option at grant date	\$0.015

- (ii) 27,272,738 Options issued to parties participating in a placement vested upon issue.

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	19 October 2011
Expiry date	30 June 2013
Share price at grant date	\$0.020
Expected volatility of the Group's shares	125%
Expected dividend yield	Nil
Risk free interest rate	3.29%
Fair value of option at grant date	\$0.010

- (iii) 9,979,382 Options issued to Komodo Capital Pty Ltd vested upon issue.

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	1 December 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%
Fair value of option at grant date	\$0.013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 13. SHARE BASED PAYMENTS (CONTINUED)

(iv) 4,500,000 Options issued to brokers in lieu of cash vested upon issue.

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	16 February 2012
Expiry date	30 June 2013
Share price at grant date	\$0.025
Expected volatility of the Group's shares	125%
Expected dividend yield	Nil
Risk free interest rate	3.29%
Fair value of option at grant date	\$0.013

(v) 16,000,000 Options issued to consultants vested upon issue.

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	10 October 2011
Expiry date	30 June 2013
Share price at grant date	\$0.02
Expected volatility of the Group's shares	125%
Expected dividend yield	Nil
Risk free interest rate	3.29%
Fair value of option at grant date	\$0.009

(vi) 17,000,000 Options issued to consultants vested upon issue.

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	27 October 2011
Expiry date	30 June 2013
Share price at grant date	\$0.02
Expected volatility of the Group's shares	125%
Expected dividend yield	Nil
Risk free interest rate	3.29%
Fair value of option at grant date	\$0.010

A total of \$899,482 was recognised as a share based payment expense within the Consolidated Statement of Comprehensive Income during the year ended 30 June 2012.

During the year ended 30 June 2011, no share based payments were issued by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 13. SHARE BASED PAYMENTS (CONTINUED)

The number and weighted average exercise prices of share options are as follows:

	2012		2011	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	500,000	\$0.50	10,500,000	\$0.291
Granted	30,979,382	\$0.027	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(10,000,000)	(\$0.280)
Cancelled	-	-	-	-
Outstanding at year end	31,479,382	\$0.035	500,000	\$0.50
Exercisable at year end (i)	27,479,382	\$0.036	-	-

(i) The difference between options outstanding at year end and options exercisable at year end is 4,000,000 unvested options.

NOTE 14. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

Discontinued Operation

The Group made the decision to dispose of its interest in Grants Ridge during the year ended 30 June 2012 to enable the Group to focus on its newly acquired Zambian manganese projects. As disclosed in Note 27 the sale completed 28 August 2012.

At completion, the Group received proceeds from the sale of USD \$50,000. Accordingly, the Group has adjusted the carrying value of Grants Ridge assets to their recoverable amounts at 30 June 2012, resulting in an impairment expense of \$2,818,542. The remainder of the expense included within the discontinued operations line on the Statement of Comprehensive Income is in relation to the loss incurred by Grants Ridge during the year.

a) Assets Classified as Held for Sale

Disposal group held for sale (discontinued operation)

Capitalised exploration expenditure

Total assets of disposal group held for sale

	2012 \$	2011 \$
Capitalised exploration expenditure	49,207	-
Total assets of disposal group held for sale	49,207	-

b) Liabilities Directly Associated with Assets Classified as Held for Sale

Disposal group held for sale (discontinued operation)

Trade and other creditors

Total liabilities associated with disposal group held for sale

Trade and other creditors	16,089	-
Total liabilities associated with disposal group held for sale	16,089	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 14. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (CONTINUED)

c) Financial Performance and Cash Flow Information

	2012 \$	2011 \$
Impairment	2,818,542	-
Operating expenses	436,253	-
Net loss from discontinued operation	3,254,795	-

For the year ended 30 June 2011, the discontinued operation contributed a net loss of nil to the Group as all costs associated with the discontinued operation were included within capitalised exploration expenditure.

Net cash (outflow) from investing activities	(435,287)	(610,325)
Net cash used by the discontinued operation	(435,287)	(610,325)

NOTE 15. PARENT ENTITY

FINANCIAL INFORMATION ON THE PARENT ENTITY AS AT THE END OF THE FINANCIAL YEAR:

ASSETS

	2012 \$	2011 \$
Total current assets	202,356	332,170
Total noncurrent assets	9,250,610	3,453,643
TOTAL ASSETS	9,452,966	3,785,813

LIABILITIES

Current liabilities	2,441,526	532,187
Non-current liabilities	3,515,601	-
TOTAL LIABILITIES	5,957,127	532,187

EQUITY

Issued capital	21,315,614	14,257,930
Reserves	4,144,049	3,309,090
Accumulated losses	(21,963,824)	(14,313,394)
TOTAL EQUITY	3,495,839	3,253,626
(Loss) after related income tax expense	(7,650,430)	(1,116,328)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)	(7,650,430)	(1,116,328)

Guarantees

Kaboko Mining Limited has not entered into any guarantees in the current or previous financial year, in relation to the debts of its subsidiaries.

Other Commitments and Contingencies

Kaboko Mining Limited has no commitments to acquire property, plant and equipment and has no contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 16. CASH FLOW INFORMATION

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT/(LOSS) AFTER INCOME TAX

	GROUP	
	2012 \$	2011 \$
(Loss) after tax	(7,154,679)	(924,587)
<i>Noncash flows in profit/(loss)</i>		
Depreciation	179,876	66,230
Impairment of non-current assets	2,818,542	24,858
Share based payments	899,482	-
Unrealised foreign exchange loss	1,650	1,576
Interest payable	-	1,447
<i>Changes in assets and liabilities</i>		
Trade and other receivables	90,212	4,267
Prepayments	(13,875)	-
Trade and other payables	1,558,716	(248,168)
Provisions	(44,548)	(13,534)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(1,664,624)	(1,087,911)

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year is shown in the accounts as:

Cash	206,513	446,840
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	206,513	446,840

Security over cash deposits

At 30 June 2012, cash deposits of \$108,255 were committed as security for credit cards, operating leases and environmental bonds (2011: \$194,879).

Non-cash financing and investing activities

There were no non-cash financing and investing activities apart from those disclosed in note 13.

Financing Facilities

On 2 June 2011, the Group signed a number of loan agreements for a collective amount of \$1,200,000. At 30 June 2011, the Group had received \$400,000 pursuant to these agreements, with the remaining \$800,000 received early in the 2012 financial year.

The loans were unsecured and interest bearing at 12% interest per year.

The loans were satisfied upon completion of a pro rata rights issue to shareholders of the Group ("Rights Issue"), by way of the issue of listed fully paid ordinary shares (and free attaching Options) in the Group on the same terms and conditions as the Rights Issue (shares at \$0.022 with a 1 for 1 free attaching option (\$0.03, 30 June 2013) plus an additional half an option for every share received as additional consideration for the advancement of the Loan ("Rights Issue Shortfall Repayment") in October 2011. The full terms and conditions of the options issued were the same as the existing options on issue with the same expiry date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 16. CASH FLOW INFORMATION (CONTINUED)

Disposal of controlled entities

During the year ended 30 June 2011, the Group disposed of its 100% interest in Finley Investments Limited. Accordingly, it also disposed of Finley Mining Inc, a wholly owned subsidiary of Finley Investments Limited. The book value of assets and liabilities held by these entities at disposal date are:

	GROUP	
	2012 \$	2011 \$
Mineral exploration expenditure held for sale	-	80,000
NET ASSETS AT DISPOSAL	-	80,000
Disposal proceeds	-	80,000
NET PROFIT ON SALE	-	-

NOTE 17. AUDITOR'S REMUNERATION

Amounts paid or payable to:

Auditor of the parent:

RSM Bird Cameron

Auditing or reviewing the financial report

Tax compliance services

BDO Audit (WA) Pty Ltd

Auditing or reviewing the financial report

Tax compliance services

Auditor of the subsidiary:

BDO Audit – Cape Town

Auditing or reviewing the financial report

Other assurance services – business combination

16,500	30,300
1,282	12,996
44,240	-
11,689	-
36,132	-
23,693	-
133,536	43,296

NOTE 18. EXPENDITURE COMMITMENTS

NonCancellable operating leases contracted for but not capitalised in the accounts:

Payable

not later than one year

later than 1 year but not later than 5 years

Aggregate expenditure contracted for at reporting date

-	149,104
-	-
-	149,104

As disclosed at note 21, to secure its 100% equity interest in AAMD, the Group must spend a total of \$2,500,000 on the acquired projects in the two years from acquisition date. The Group has expended more than the required amount on the projects between the date of acquisition and 30 June 2012 and therefore considers its expenditure obligations met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 19. KEY MANAGEMENT PERSONNEL

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2012.

The totals of remuneration paid to key management personnel of the Group during the year are as follows:

	GROUP	
	2012 \$	2011 \$
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Short term employee benefits	277,477	330,463
Termination benefits	85,303	
Post-employment benefits	14,724	43,925
Share based payment benefits	60,000	-
	437,504	374,388

SHARES HELD BY KEY MANAGEMENT PERSONNEL

Year Ended 30 June 2012	NUMBER OF ORDINARY SHARES			
	1 July 2011 or Appointment	Issued as Remuneration	Net Change Other*	30 June 2012 or Resignation
Malenga Machel (from 13 February 2012)	-	-	-	-
Jason Brewer (from 30 August 2011)	-	-	5,200,000	5,200,000
Shannon Robinson (from 30 August 2011)	-	-	681,818	681,818
Patrick Edward Ryan (to 30 August 2011)	324,762	-	-	324,762
Catherine Mary Hobbs (to 13 February 2012)	8,082,262	-	-	8,082,262
Shane Anthony Hartwig (to 30 August 2011)	-	-	-	-
Jane Flegg (from 30 August 2011)	-	-	-	-
Jack Toby (to 30 August 2011)	-	-	-	-
	8,407,024	-	5,881,818	14,288,842

*Net change other relates to on market purchases/(sales) during the year.

Year Ended 30 June 2011	NUMBER OF ORDINARY SHARES			
	1 July 2010 or Appointment	Issued as Remuneration	Net Change Other*	30 June 2011 or Resignation
Patrick Edward Ryan	324,762	-	-	324,762
Catherine Mary Hobbs	8,082,262	-	-	8,082,262
Shane Anthony Hartwig	-	-	-	-
Wolf Martinick (to 12 November 2010)	1,272,500	-	636,250	1,908,750
Jack Toby (from 2 March 2011)	-	-	-	-
Phillip Schiemer (to 7 August 2010)	90,000	-	-	90,000
	9,769,524	-	636,250	10,405,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 19. KEY MANAGEMENT PERSONNEL (CONTINUED)

OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

Year Ended 30 June 2012	NUMBER OF OPTIONS			
	1 July 2011 or Appointment	Granted as Remuneration	Net Change Other*	30 June 2012 or Resignation
Malenga Machel (from 13 February 2012)	-	-	-	-
Jason Brewer (from 30 August 2011)	-	-	950,000	950,000
Shannon Robinson (from 30 August 2011)	-	-	681,818	681,818
Patrick Edward Ryan (to 30 August 2011)	1,263,066	-	-	1,263,066
Catherine Mary Hobbs (to 13 February 2012)	2,020,566	4,000,000	-	6,020,566
Shane Anthony Hartwig (to 30 August 2011)	-	-	-	-
Jane Flegg (from 30 August 2011)	-	-	-	-
Jack Toby (to 30 August 2011)	-	-	-	-
	3,283,632	4,000,000	1,631,818	8,915,450

*Net change other relates to on market purchases/(sales) during the year.

Year Ended 30 June 2011	NUMBER OF OPTIONS			
	1 July 2010 or Appointment	Granted as Remuneration	Net Change Other*	30 June 2011 or Resignation
Patrick Edward Ryan	1,263,066	-	-	1,263,066
Catherine Mary Hobbs	12,020,566	-	(10,000,000)	2,020,566
Shane Anthony Hartwig	-	-	-	-
Wolf Martinick (to 12 November 2010)	1,250,000	-	-	1,250,000
Jack Toby (from 2 March 2011)	-	-	-	-
Phillip Schiemer (to 7 August 2010)	500,000	-	-	500,000
	15,033,632	-	(10,000,000)	5,033,632

Year Ended 30 June 2012	Option Holdings	Total Vested and Exercisable	Total Un-exercisable
	Malenga Machel (from 13 February 2012)	-	-
Jason Brewer (from 30 August 2011)	950,000	950,000	-
Shannon Robinson (from 30 August 2011)	-	-	-
Patrick Edward Ryan (to 30 August 2011)	1,263,066	1,263,066	-
Catherine Mary Hobbs (to 13 February 2012)	6,020,566	2,020,566	4,000,000
Shane Anthony Hartwig (to 30 August 2011)	-	-	-
Jane Flegg (from 30 August 2011)	-	-	-
Jack Toby (to 30 August 2011)	-	-	-
	8,233,632	4,233,632	4,000,000

Year Ended 30 June 2011	Option Holdings	Total Vested and Exercisable	Total Un-exercisable
	Patrick Edward Ryan	1,263,066	1,263,066
Catherine Mary Hobbs	2,020,566	2,020,566	-
Shane Anthony Hartwig	-	-	-
Wolf Martinick (to 12 November 2010)	1,250,000	1,250,000	-
Jack Toby (from 2 March 2011)	-	-	-
Phillip Schiemer (to 7 August 2010)	500,000	500,000	-
	5,033,632	5,033,632	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 20. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group's principal activities are exploration and development of and manganese projects and investment in the resources industry. These activities are managed on a project by project basis. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

Segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payable and certain direct borrowings.

Items of revenue, expense, assets and liabilities are not allocated to operating segments if they are not considered part of the core operations of any segment.

	YEAR TO 30 JUNE 2012			YEAR TO 30 JUNE 2011		
	Mineral Exploration Africa \$	Mineral Exploration USA \$	Total \$	Mineral Exploration Africa \$	Mineral Exploration USA \$	Total \$
SEGMENT PERFORMANCE						
External revenue	-	-	-	-	-	-
TOTAL SEGMENT REVENUE	-	-	-	-	-	-
Segment net profit/(loss) before tax	-	-	-	-	-	-
RECONCILIATION OF SEGMENT RESULT TO NET PROFIT/(LOSS) BEFORE TAX						
<i>Amounts not included in segment results but reviewed by the Board:</i>						
Interest received			6,951			25,635
Other income			10,317			45,491
Other expenses			(3,917,152)			(995,713)
NET PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			(3,899,884)			(924,587)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 20. SEGMENT INFORMATION (CONTINUED)

	30 JUNE 2012			30 JUNE 2011		
	Mineral Exploration Africa \$	Mineral Exploration USA \$	Total \$	Mineral Exploration Africa \$	Mineral Exploration USA \$	Total \$
SEGMENT ASSETS						
Segment assets	11,635,080	49,207	11,684,287	419,527	2,834,982	3,254,509
RECONCILIATION OF SEGMENT ASSETS TO TOTAL ASSETS						
<i>Unallocated assets:</i>						
Cash and cash equivalents			206,513			446,840
Receivables			700,037			5,616
Plant and equipment			1,155,162			110,786
TOTAL ASSETS			13,745,999			3,817,751

	30 JUNE 2012			30 JUNE 2011		
	Mineral Exploration Africa \$	Mineral Exploration USA \$	Total \$	Mineral Exploration Africa \$	Mineral Exploration USA \$	Total \$
SEGMENT LIABILITIES						
Segment liabilities	49,207	16,089	65,296	-	31,938	31,938
RECONCILIATION OF SEGMENT LIABILITIES TO TOTAL LIABILITIES						
<i>Unallocated liabilities:</i>						
Other liabilities			648,448			86,192
Borrowings			1,967,691			401,447
Deferred acquisition liability			3,731,801			-
Deferred tax liability			3,717,257			-
Provisions			-			44,548
TOTAL LIABILITIES			10,130,493			564,125

Revenue by Geographical Region

There is no revenue attributed to external customers by location as the group has not reached commercial production. Until commercial production is reached, revenue is offset against capitalised exploration expenditure.

Assets by Geographical Region

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

	30 June 2012 \$	30 June 2011 \$
Australia	61,522	563,242
Africa	13,527,554	419,527
USA	156,923	2,834,982
	13,745,999	3,817,751

Major Customers

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 21. BUSINESS COMBINATION

The business combination has been provisionally accounted for at 30 June 2012 in accordance with AASB 3 to allow the Group's consultants to finalise their independent valuations of each of the Projects acquired.

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 kilometres 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):

	Total \$	Current deferred consideration \$	Non-current deferred consideration \$
Cash	1	-	-
Tranche 1 Shares (i)	2,000,000	-	-
Tranche 2 Shares and Options(ii)	480,000	480,000	-
Tranche 3 Shares and Options (iii)	1,200,000	-	1,200,000
Royalties (iv)	2,051,801	216,200	1,835,601
Total	5,731,802	696,200	3,035,601

- (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 13 above.
- (ii) In accordance with the share sale agreement, the Group will issue 80,000,000 Shares 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 \$480,000 has been assigned to these shares based upon a 100% probability of meeting the performance milestone due to the expected acceleration of project development upon the finalisation of funding from Noble Group as announced July 2012.
- (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 \$1,120,000 has been assigned to these shares based upon a 100% probability of meeting the performance milestone due to the expected acceleration of project development upon the finalisation of funding from Noble Group as announced July 2012.
- (iv) The Group will also pay a \$1 per tonne royalty to parties nominated by AAMD as consideration for the acquisition. The estimated royalty payable has been determined based on forecast run of mine production over the life of the mine using a discount rate of 16.5%. Should run of mine production be significantly different than forecast and/or not proceed in accordance with the expected timeframe, the royalty payable may be significantly different than that recorded at 30 June 2012. Significant changes in either the Group's borrowing rate or cost of capital will impact the Group's discount rate, which may also cause the royalty payable to differ significantly from that recorded at 30 June 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 21. BUSINESS COMBINATION (CONTINUED)

a) Summary of acquisition (continued)

- (v) To secure its 100% equity interest in AAMD, the Group must spend a total of \$2,500,000 on the acquired projects in the two years from acquisition date. The Group has expended more than the required amount on the projects between the date of acquisition and 30 June 2012 and therefore considers its expenditure obligations met.

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	1,564,680	9,660,748
Trade and other creditors	-	-
Borrowings	(744,626)	(744,626)
Inter-Group borrowings	(1,725,947)	-
Deferred tax liability	(268,105)	(3,705,810)
Subtotal	(761,825)	5,622,485
Attributable to non-controlling interest	109,317	109,317
Net assets/(liabilities) acquired	(652,508)	5,731,802

The acquired business contributed revenues of \$68,767 and a net loss of \$1,080,769 to the Group from the period 28 October 2011 to 30 June 2012.

b) Purchase consideration – cash outflow

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 22. CONTROLLED ENTITIES

Subsidiaries

The consolidated financial statements include the assets, liabilities, and results of the following subsidiaries as disclosed in note 1(a).

	Country of Incorporation	% OWNED	
		2012	2011
<i>Parent Entity</i>			
Kaboko Mining Ltd	Australia		
<i>Entities controlled by Kaboko Mining Ltd</i>			
New Mexico Investments Ltd	St Lucia	100%	100%
Juno Minerals Pty Ltd	St Lucia	100%	100%
African Asian Mining Development Ltd	Zambia	100%	-
<i>Entities controlled by New Mexico Investments Ltd</i>			
Grants Ridge Inc	USA	100%	100%
<i>Entities controlled by African Asian Mining Development Ltd</i>			
Impondo Zambia Ltd	Zambia	75%	-
Zambian Manganese Mining Group Ltd	Zambia	51%	-
Serenje Manganese Mining Ltd	Zambia	51%	-
Mansa Manganese Mining Ltd	Zambia	51%	-
Mwata Mining Ltd	Zambia	51%	-

Transactions with non-controlling interests

On 29 June 2012, African Asian Mining Development Ltd ("AAMD") acquired an additional 24% shareholding in Impondo Zambia Limited through the issue of 24,000,000 ordinary fully paid shares of Kaboko Mining Ltd (note 13). The 24% increase in shareholding takes AAMD's shareholding in Impondo Zambia Limited to 75% at 30 June 2012.

The carrying amount of the non-controlling interests at acquisition date was \$3,573. The Group recognised an increase in non-controlling interests of \$301,252 and a decrease in equity attributable to the parent of \$784,825 as a result of the additional 24% shareholding acquired.

The effect of changes in the ownership interest of Impondo Zambia Limited on the equity attributable to the owners of Kaboko Mining Ltd during the year is as follows:

	30 June 2012	30 June 2011
	\$	\$
Carrying amount of non-controlling interests	3,573	-
Increase in non-controlling interests	301,252	-
Consideration paid to non-controlling interests	480,000	-
EXCESS OF CONSIDERATION PAID RECOGNISED WITHIN OTHER RESERVES IN EQUITY	784,825	-

There were no transactions with non-controlling interests in 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 23. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2012 (30 June 2011: nil).

NOTE 24. FINANCIAL INSTRUMENTS

The Group holds the following financial instruments:

	2012 \$	2011 \$
Financial Assets		
Cash and cash equivalents	206,513	446,840
Trade and other receivables	700,037	5,616
Financial Liabilities		
Trade and other payables	713,744	118,130
Borrowings	1,967,691	401,447
Deferred acquisition liability	3,731,801	-

Due to the nature of the Group's financial instruments, fair values and carrying values are the same.

Financial Risk Management Policies

The Group's other financial instruments consist of deposits with banks, trade and other receivables, trade and other payables, borrowings and a deferred acquisition liability. The Group's policy is that no trading in financial instruments shall be undertaken. The main purpose of non-derivative financial instruments is to finance Group operations. Derivatives are not used by the Group and the Group does not speculate in the trading of derivative instruments.

Treasury Risk Management

The Board considers the Group's financial risk exposure and treasury management strategies in the context of the Group's operations. The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are foreign currency risk, credit risk, price risk, and liquidity risk. The Board reviews each of these risks on an on-going basis.

Interest Rate Risk

The Group has a policy of minimising its exposure to interest rate risk on debt by fixing interest rates. Details of the Group's interest rates are included in note 9.

Foreign Currency Risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The Group's exploration projects are located in overseas jurisdictions and payments for exploration activities as well as the anticipated receipts from potential future production are denominated in foreign currencies. The Group is also exposed to fluctuations in foreign currencies arising from deposits with banks denominated in foreign currencies. The Group does not seek to hedge this exposure at this stage of its development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

At 30 June 2012, cash deposits of \$108,255 were committed as security for credit cards, operating leases and environmental bonds (2011: \$194,879).

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There are no other material amounts of collateral held as security at 30 June 2012 or at 30 June 2011. Credit risk is managed on a Group basis and reviewed by the Board. It arises from exposures to customers as well as through deposits with financial institutions. The Board monitors credit risk by actively assessing the quality and liquidity of counter parties, consequently only banks are utilised for deposits and all potential customers are assessed for credit worthiness taking into account their size, market position and financial standing. The counterparties included in trade and other receivables at 30 June 2012 and at 30 June 2011 are not rated, however given the amount and nature of these financial instruments, the Board is satisfied that they represent a low credit risk for the Group. There are no significant concentrations of credit risk within the Group.

Price risk

The Group is exposed to commodity price risk through its Zambian Manganese Projects. Manganese prices may vary substantially and the Group does not currently hedge the price it sells at. The Group's projects at 30 June 2012 are at the exploration stage. The value of the Group's exploration projects and their ultimate feasibility is subject to risk from changes in the market price of manganese.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are available through on-going business activity and capital raisings.

Contractual Maturities of Financial Liabilities

Contractual liabilities of financial liabilities are as follows:

2012	Carrying amount \$	Principle & Interest (Contractual Cashflow) \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5 years \$
Consolidated						
Trade and other payables	713,744	713,744	713,744	-	-	-
Borrowings	1,967,691	2,017,691	2,017,691	-	-	-
Deferred acquisition liability	3,731,801	3,731,801	480,000	216,200	1,709,719	1,325,882
	6,413,236	6,463,236	3,211,435	216,200	1,709,719	1,325,882
2011						
Consolidated						
Trade and other payables	118,130	118,130	118,130	-	-	-
Borrowings interest bearing	401,447	401,447	401,447	-	-	-
	519,577	519,577	519,577	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Instrument Composition and Maturity Analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Maturing		Non-interest bearing		Total	
	2012 %	2011 %	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
Consolidated										
Financial Assets:										
Cash and cash equivalents	2.50%	2.75%	206,513	446,840	-	-	-	-	206,513	446,840
Receivables	-	-	-	-	-	-	700,037	5,616	700,037	5,616
Total Financial Assets			206,513	446,840	-	-	700,037	5,616	906,550	452,456

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Maturing		Non-interest bearing		Total	
	2012 %	2011 %	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
Consolidated										
Financial Liabilities:										
Trade and sundry payables	-	-	-	-	-	-	713,744	118,130	713,744	118,130
Borrowings	8%	12%	-	-	1,576,877	401,447	390,814	-	1,967,691	401,447
Deferred acquisition liability	-	-	-	-	-	-	3,731,801	-	3,731,801	-
Total Financial Liabilities			-	-	1,576,877	401,447	4,836,359	118,130	6,413,236	519,577

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Exposure to Currency Risk

The Group's exposure to foreign currency risk at reporting date was as follows:

	CONSOLIDATED	
	30 June 2012 USD	30 June 2011 USD
Cash and cash equivalents	-	120,284
Receivables	685,461	-
Borrowings	(397,113)	-
Trade and other payables	(66,347)	(31,938)
	222,001	88,346

Sensitivity Analysis

A 10 percent strengthening of the Australian Dollar against the following currencies at 30 June 2012 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011. 10 percent is management's assessment of the possible change in foreign exchange rates based on historical information.

	EQUITY		PROFIT OR LOSS	
	2012 \$	2011 \$	2012 \$	2011 \$
Consolidated USD	274,886	8,835	274,886	8,835
	274,886	8,835	274,886	8,835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 25. RELATED PARTY TRANSACTIONS

The Group is not controlled by any other entity.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties comprise:

Controlled entities

Interests in controlled entities are set out in Note 22.

Other transactions with Directors and Director related entities

During the year 9,979,382 Options exercisable at \$0.022 on or before 1 December 2014 were issued to Komodo Capital Pty Ltd, a company of which Mr Jason Brewer is a director, in accordance with its Corporate Advisory Mandate Agreement as approved at the General Meeting of Shareholders held 16 September 2011.

During the year consulting fees of \$250,000 were paid or accrued to Okap Ventures Pty Ltd, a company of which Mr Jason 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 year consulting fees of \$15,000 were paid to Peloton Capital Pty Ltd, a company of which Mr Shane Hartwig is a director, in relation to consultancy services received by the Group.

During the year a total of \$201,349 funds were advanced to Continental Coal Ltd, a company of which Mr Jason Brewer is a director in relation to Impondo Mining & Resources Consultants Pty Ltd providing services in relation to joint rail and port infrastructure, a total of \$870,000 advanced from Komodo Capital Limited, a company of which Ms Jane Flegg is a KMP and a total of \$1,576,876 was received from Okap Ventures Pty Ltd, a company of which Mr Jason Brewer is a director.

Amounts owing to related parties included within trade and other payables at 30 June 2012 as follows:

Related party	Nature	Amount
Okap Ventures Pty Ltd	Corporate management services	\$220,967
Shannon Robinson	Director fees	\$8,175

NOTE 26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years except as follows:

- On 30 July 2012, the Group announced that it had entered into a USD \$10,000,000 Secured Prepayment Debt Facility and a 10 year binding Manganese Ore Off-Take Agreement with Noble Resources Limited, a subsidiary of Noble Group Limited.
- On 28 August 2012, the Group announced that it had finalised the agreement to dispose of its subsidiary New Mexico Investments Ltd, which via its wholly owned subsidiary Grants Ridge Inc, holds 3 uranium projects in New Mexico.
- On 25 September 2012, the Group announced that it had been granted two Certificates of Registration (Investment Licence) through its Zambian Subsidiaries Mansa Manganese Mining Limited and Zambian Manganese Mining Limited.
- On 28 September 2012, the Group executed a AUD\$1m convertible debt facility with Perth based Celtic Capital Pty Ltd to provide the Company with interim funding whilst it continues to work towards satisfaction of the Conditions Precedent to the US\$10m Secured Prepayment Debt Facility and Off-take Agreement with Noble Resources Limited.

NOTE 27. DIVIDENDS

No dividends have been paid or proposed during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Australian Accounting Standards/Amendments Released But Not Yet Effective: 30 June 2012 Year End

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2012. They have not been adopted in preparing the financial statements for the year ended 30 June 2012 and are expected to impact the consolidated entity in the initial period of application. In all cases the entity intends to apply these standards from the date of application as indicated below.

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application date for Group
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	<p>Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated.</p> <p>AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p>	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Group has not yet made an assessment of the impact of these amendments.	1 July 2015
AASB 10 (issued August 2011)	Consolidated Financial Statements	<p>Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:</p> <ul style="list-style-type: none"> • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the [Group]'s returns from investee. • Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an Group, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated. 	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group does not have any special purpose entities. The 'Group' does not have 'defacto' control of any entities with less than 50% ownership interest.	1 July 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application date for Group
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group has not entered into any joint arrangements.	1 July 2013
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> . Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 July 2013
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.	1 July 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application date for Group
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to be settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.	1 July 2013
AASB 2010-8 (issued December 2010)	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112)	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.	Periods commencing on or after 1 January 2012	The Group does not have any investment property measured using the fair value model. There will therefore be no impact on the financial statements when these amendments are first adopted.	1 July 2012
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the <i>Corporation Act 2001</i> .	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Group will show reduced disclosures under Key Management Personnel note to the financial statements.	1 July 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application date for Group
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	<p>Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP.</p> <p>Various name changes of statements in AASB 101 as follows:</p> <ul style="list-style-type: none"> • 1 statement of comprehensive income – to be referred to as ‘statement of profit or loss and other comprehensive income’ • 2 statements – to be referred to as ‘statement of profit or loss’ and ‘statement of comprehensive income’. • OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot. 	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives).	1 July 2012
Interpretation 20 (issued November 2011)	Stripping Costs in the Production Phase of a Surface Mine	Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met.	Annual periods commencing on or after 1 January 2013	The Group has not yet determined the impact this Interpretation may have on its financial statements.	1 July 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

NOTE 28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application date for Group
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32).	Periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2013, there will be no material impact.	1 July 2013
IFRS (issued December 2011)	Mandatory Effective Date of AASB 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015

DIRECTOR'S DECLARATION

The directors of the Group declare that:

1. The financial statements comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date.
2. The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of Compliance with International Financial Reporting Standards.
3. In the director's opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Jason Brewer

Executive Director

28th September 2012

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KABOKO MINING LTD

Report on the Financial Report

We have audited the accompanying financial report of Kaboko Mining Ltd, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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 Kaboko Mining Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

INDEPENDENT AUDITOR'S REPORT



Opinion

In our opinion:

- (a) the financial report of Kaboko Mining Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of \$7,154,679 during the year ended 30 June 2012 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$2,421,878. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that 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 at the amounts stated in the financial report.

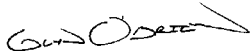
Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Kaboko Mining Ltd for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO


Glyn O'Brien

Director

Perth, Western Australia

Dated this 28th day of September 2012

ADDITIONAL INFORMATION

AS AT 13 SEPTEMBER 2012

The issued capital of the Company as at 13 September 2012 is 644,250,815 ordinary fully paid shares. There are 305,813,529 listed options (\$0.03; 30 June 2013), 4,000,000 unlisted options (\$0.03; 15 June, 2015) and 9,979,382 unlisted options (\$0.022; 01 December 2014) on issue.

ANALYSIS OF HOLDINGS OF LISTED SHARES AND OPTIONS IN THE COMPANY

	Ordinary Shares	Options expiring 30 July 2013 3 cents
1 – 1,000	312	17
1,001 – 5,000	262	35
5,001 – 10,000	176	20
10,001 – 100,000	672	83
100,001 – and over	493	122
Total number of holders	1,915	277
Holdings of less than a marketable parcel	1,127	

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

	Number of Shares	Percentage of Total
Bond Street Custodians Limited <Officium Emerging Res A/C>	31,328,500	4.86
Mr David Scanlen	28,000,000	4.35
Crown Mercantile Limited	21,666,667	3.36
Skiffington Super Pty Ltd <The Mark Skiffington S/F A/C>	19,500,000	3.03
Satori International Pty Ltd <Satori S/F A/C>	19,454,588	3.02
Meriwa Street Pty Ltd	13,400,000	2.08
Abn Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	12,522,632	1.94
Komodo Capital Pty Ltd	11,590,911	1.80
Minsk Pty Ltd	10,550,000	1.64
Mr Andrew Chisembele	10,000,000	1.55
Churchill Enterprises Limited	9,580,000	1.49
Hnc Pty Ltd <The Saggars Super Fund A/C>	8,640,722	1.34
Catherine Mary Hobbs + Aveyley Rose Mccann <Kate Hobbs Superfund>	8,082,262	1.25
Mandevilla Pty Ltd	8,000,000	1.24
Mr James Wallace Hope <Jwh A/C>	7,821,588	1.21
Peter Erman Pty Limited <Superannuation Fund A/C>	7,500,000	1.16
Percy Holdings Limited	7,333,333	1.14
Mr Anthony James Ellis	7,105,000	1.10
J H Beasy & Associates Pty Ltd <J&D Beasy Super Fund A/C>	6,000,000	0.93
Maclure Capital Limited	6,000,000	0.93
	254,076,203	39.44%

ADDITIONAL INFORMATION

AS AT 13 SEPTEMBER 2012

TWENTY LARGEST HOLDERS OF 3 CENT LISTED OPTIONS EXPIRING 30 JUNE 2013

	Number of Options	Percentage of Total
Satori International Pty Ltd <Satori S/F A/C>	26,898,860	8.80
Meriwa Street Pty Ltd	22,241,552	7.27
Bt Global Holdings Pty Ltd <Bt Unit A/C>	17,450,000	5.71
Abn Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	16,000,000	5.23
Geba Pty Ltd <Geba Family A/C>	15,963,636	5.22
Hnc Pty Ltd <The Saggars Super Fund A/C>	12,279,265	4.02
Komodo Capital Pty Ltd	8,409,092	2.75
Mr James Wallace Hope <Jwh A/C>	8,212,996	2.69
Almesh Pty Ltd <Symba Retirement Fund A/C>	6,741,906	2.20
Oracle Securities Pty Ltd	6,025,000	1.97
Peter Erman Pty Limited <Superannuation Fund A/C>	6,000,000	1.96
Colliss Superannuation Pty Ltd <Colliss S/F A/C>	5,855,542	1.91
Quinlynton Pty Ltd <Purser Super Fund A/C>	5,855,542	1.91
Dr Rosemary Alison McLaren + Mr Donald Malcolm Black <The McLaren-Black S/Fund A/C>	5,832,815	1.91
Mr Scott Andre Cuomo	5,625,000	1.84
Park End Limited	5,374,223	1.76
Number 7 Investments Pty Ltd	5,374,222	1.76
Oritor Pty Ltd	5,250,000	1.72
Casina Pty Ltd <The Glenview A/C>	4,491,906	1.47
Mrs Julie Avotins	4,268,708	1.40
	194,150,265	63.49%

INTERESTS IN MINING TENEMENTS

Zambian Manganese Projects

8757-HQ-LPL 51%

13641-HQ-LPL 51%

8458-HQ-LPL 51%

14781-HQ-LPL 51%

13204-HQ-SPP 75%

13704-HQ-SML 75%

13103-HQ-SPP 75%

14869-HQ-SML 75%

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the overall strategy, governance and performance of Kaboko Mining Limited and its controlled entities. The Group is an exploration Group whose strategy is to add substantial shareholder value through the acquisition, exploration, development and commercialisation of its projects. The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Group.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, Kaboko Mining Limited is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where Uran Limited has not followed a recommendation, this has been identified and an explanation for the departure has been given. Further details can be found on the Group's website.

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Satisfied. Refer the Corporate Governance section on the Group website.
1.2	Companies should disclose the process for evaluation the performance of senior executives.	Not satisfied. The Group has not yet established formal performance review measures for key executives given the size and stage of the Group's operations.
1.3	Provide the information indicated in <i>Guide to Reporting on Principle 1</i> .	Satisfied. Refer to Director's report and the Corporate Governance section on the Group website.
2.	Structure the board to add value	
2.1	A majority of the board should be independent directors.	Satisfied. Two of the three directors are non-executives.
2.2	The chairperson should be an independent director.	Satisfied. The Board was pleased to announce the appointment of Non-Executive Chairman Mr Malenga Machel on 13 February 2012.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Satisfied. The roles of the Chairman and the Managing Director are exercised by Mr Malenga Machel and Mr Jason Brewer respectively.
2.4	The board should establish a nomination committee.	Not satisfied. The Board considers that given the current size of the board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage.
2.5	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	Not satisfied. The Group has not yet established formal performance review measures for key executives nor has it established a nomination committee given the size and stage of the Group's operations. The full Board will review the performance of key executives.
2.6	Provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	Satisfied. Refer to Director's report and the Corporate Governance section on the Group website. In addition, The Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Group, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

CORPORATE GOVERNANCE STATEMENT

	BEST PRACTICE RECOMMENDATION	COMMENT
3.	Promote ethical and responsible decision-making	
3.1	<p>Companies should establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:</p> <p>(a) the practices necessary to maintain confidence in the group's integrity; and</p> <p>(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</p> <p>(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	Satisfied. Refer the Corporate Governance section on the Group website.
3.2	<p>Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p>	<p>Not Satisfied. The Group recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Group's success is the quality, diversity and skills of its people.</p> <p>Under the Group's Code of Conduct, employees must not harass, discriminate or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation.</p> <p>Due to the small scale of the Group's operations and the limited number of employees, the Group has not yet established a Diversity Policy. However, as the Group develops the Board will consider adopting such a policy.</p>
3.3	<p>Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.</p>	<p>Not Satisfied. Given the size of the Group, the Group has not yet set measurable objectives for achieving gender diversity. In addition, the Board will review progress against any objectives identified on an annual basis.</p>
3.4	<p>Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.</p>	<p>Satisfied. Given the size of the Board and the Group, the Board considers that this function is efficiently achieved with Ms Robinson as a director. In addition Ms Flegg and Ms Robinson are joint Group Secretary holding senior executive position in the Group. There are currently 2 women in senior executive positions within the Group, representing 50% of total senior executive positions within the Group. The Group does not currently have any employees.</p>
3.5	<p>Provide the information indicated in <i>Guide to Reporting on Principle 3</i>.</p>	Satisfied. Refer the Corporate Governance section on the Group website.
4.	Safeguard integrity in financial reporting	
4.1	<p>The board should establish an audit committee.</p>	<p>Not Satisfied. The Directors believe that it would not increase efficiency or effectiveness to have a separate audit committee, and that audit matters are of such significance that they should be considered by the full Board. The Board may seek independent external professional advice as considered necessary if it requires assistance in this area.</p>
4.2	<p>Structure the audit committee so that it consists of:</p> <p>(a) only non-executive directors;</p> <p>(b) a majority of independent directors;</p> <p>(c) an independent chairperson, who is not chairperson of the board; and</p> <p>(d) at least three members.</p>	Not satisfied. Refer 4.1.

CORPORATE GOVERNANCE STATEMENT

	BEST PRACTICE RECOMMENDATION	COMMENT
4.3	The audit committee should have a formal charter.	Not satisfied. Refer 4.1.
4.4	Provide the information indicated in Guide to Reporting on Principle 4.	Satisfied. Refer to Director's report.
5.	Make timely and balanced disclosure	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available in the Corporate Governance section on the Group website.
5.2	Provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	Satisfied. Refer 5.1
6.	Respect the rights of shareholders	
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	Satisfied. Communications with Shareholders policy is available in the Corporate Governance section on the Group website.
6.2	Provide the information indicated in <i>Guide to Reporting on Principle 6</i> .	Satisfied. Refer to the Group website.
7.	Recognise and manage risk	
7.1	The Group should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management policy is available in the Corporate Governance section on the Group website.
7.2	The Board should design and implement the risk management and internal control system to manage the group's material business risks and report on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Group's management of its material business risks.	Satisfied. Refer 7.1 & 7.3
7.3	The board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the <i>Corporations Act 2001</i> is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied.
7.4	Provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	Satisfied. Refer 7.1
8.	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	Not satisfied. The Board considered this recommendation and formed the view that it would not increase efficiency or effectiveness to have a separate committee, and that remuneration matters are of such significance that they should be considered by the full Board. The Board may seek independent external professional advice as considered necessary if it requires assistance in this area.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Details of executive and non-executive remuneration are outlined in the Directors' report.
8.3	Provide the information indicated in <i>Guide to Reporting on Principle 8</i> .	Satisfied.

KABOKO MINING LIMITED

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Kaboko Mining Limited

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KABOKO
MINING LTD
ABN 93 107 316 683

Kaboko Mining Ltd
ABN 93 107 316 683

Notice of Annual General Meeting

TIME: 2pm (WST)

DATE: 27 November 2012

PLACE: The University Club of WA
Seminar Room 2
Hackett Drive, Crawley, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9488 5220.

Contents Page

Business of the Meeting (setting out proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	3
Glossary	23
Annexure A – Warrant Terms and Conditions	24
Annexure B – Option Terms and Conditions	25
Annexure C – Option Terms and Conditions	26

Important Information

Venue

Notice is given that the Annual General Meeting of Shareholders of Kaboko Mining Ltd which this Notice of Meeting relates to will be held on **27 November 2012** at **2pm** (WST) at:

The University Club of WA, Seminar Room 2, Hackett Drive, Crawley, Western Australia

Your Vote Is Important

The business of the Annual General Meeting affects your shareholding and your vote is important.

Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4:00pm (WST) on 23 November 2012.

Voting in Person

To vote in person, attend the Annual General Meeting on the date and at the place set out above. The meeting will commence at **2pm** (WST).

Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by **2pm** (WST) on **23 November 2012** and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Business of the Meeting

Notice is given that the Annual General Meeting of Shareholders of Kaboko Mining Ltd will be held at **The University Club of WA, Seminar Room 2, Hackett Drive, Crawley, Western Australia** at **2pm (WST) on 27 November 2012 (Annual General Meeting)**.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the AGM are those who are registered Shareholders of the Company as at 4pm (WST) on 23 November 2012.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the glossary or in the Explanatory Statement.

Agenda

The Explanatory Statement to this Notice of Meeting describes the matters to be considered at the Annual General Meeting.

Adoption of Annual Financial Report

To receive the Annual Financial Report, including Directors' declaration and accompanying reports of the Directors and auditors for the period ending 30 June 2012.

Non-Binding Business

Resolution 1 – Adoption of Remuneration Report (Non-Binding)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company’s Annual Report for the period ended 30 June 2012.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Short Explanation: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company’s annual general meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or a Closely Related Party of such a member. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

Ordinary Business

Resolution 2 – Re-Election of Ms Shannon Robinson

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“To elect Ms Shannon Robinson as a director of the Company who retires by rotation pursuant to the Constitution of the Company and being eligible offers herself for re-election.”

Short Explanation: In accordance with ASX Listing Rule 14.4 (rotation of directors) and the Company’s Constitution, one third of the Directors must retire by rotation at every Annual General Meeting. Accordingly, Ms Robinson retires by rotation and being eligible for re-election, offers herself for re-election at the Meeting.

Resolution 3 – Re-Election of Mr Malenga Machel

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Malenga Machel, having been appointed as a Director prior to the date of this meeting, who retires in accordance with the Constitution and, being eligible, be re-appointed as a director of the Company with immediate effect.”

Short Explanation: In accordance with ASX Listing Rule 14.4, a director of the Company appointed to fill a casual vacancy or as an addition to the Board may not hold office (without re-election) past the next Annual General Meeting following their appointment. Further, in accordance with the Constitution, any Director appointed by the Board holds office only until conclusion of the next General Meeting and is eligible for re-election. Accordingly, Mr Machel retires and being eligible for re-election, offers himself for re-election at the Meeting.

Resolution 4 – Approval of Security Documents pursuant to Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Shareholders approve and ratify the Company disposing of a substantial asset by (a) its entry into and grant of a general security agreement over its assets and undertaking in favour of Noble Resources Ltd, (b) its entry into and grant of a share pledge over its shareholding in its wholly owned subsidiary African Asian Mining Development Limited (AAMD) in favour of Noble Resources Ltd and (c) its causing of AAMD to enter into and grant a floating charge in favour of Noble Resources Limited, all on the terms and conditions set out in the Explanatory Statement.”

<p>Voting Exclusion: The Company will disregard any votes cast on this Resolution by Noble Resources Limited. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.</p>
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Resolution 5 – Approval of Offtake Agreement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Shareholders ratify the Company’s entry into the Offtake Agreement with Noble Resources Limited on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Noble Resources Limited. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 – Approval of Issue of Warrants

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, Shareholders approve the issue and allotment of up to 100,000,000 Warrants on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7 – Ratification of Issue of Convertible Notes

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, Shareholders ratify the issue of:

- (a) convertible notes to the value of \$1,000,000;*
- (b) 5,420,401 fully paid ordinary shares; and*
- (c) 5,000,000 unlisted options exercisable at \$0.02 on or before 28 September 2015, in accordance with the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the subscribers for these convertible notes and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 8 – Issue of Securities

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rules 7.1 of the ASX Listing Rules and for all other purposes, Shareholders approve the issue and allotment of:

- (a) up to 18,679,141 ordinary shares; and*
- (b) 20,000,000 unlisted options exercisable at \$0.02 within 3 years of the date of issue, in accordance with the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 9 – Ratification of Security Issue

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, Shareholders ratify the issue of:

- (a) 18,679,141 Shares; and*
- (b) 20,000,000 unlisted options exercisable at \$0.02 on or before 28 September 2015, in accordance with the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 10 – Pre-approval of Share Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, the shareholders of the Company authorise and approve the Directors to issue Shares to raise a total of up to \$2,500,000 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Special Business

Resolution 11 – Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated this 29th day of October 2012

By order of the Board



Jason Brewer
Executive Director

Notes:

A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.

For the purposes of the *Corporations Regulations 2001 (Cth)*, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 2pm (WST) on 23 November 2012. Accordingly, transactions registered after this time will be disregarded in determining entitlements to attend and vote at the meeting.

Enquiries:

Shareholders are invited to contact the Company Secretary on +61 8 9488 5220 if they have any queries in respect of the matters set out in these documents.

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the Annual General Meeting of the Company to be held at 2:00pm (WST) on 27 November 2012 at the University Club of Western Australia, Seminar Room 2, Hackett Drive, Crawley, WA.

The purpose of this Explanatory Statement is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the above resolutions detailed in the Notice.

This Explanatory Statement is an important document and should be read carefully in full by all Shareholders. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. Financial Statements and Reports

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.kabokominig.com.

<h3>2. Resolution 1 – Remuneration Report (Non-Binding Resolution)</h3>

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

2.2 Voting Consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year) was approved, other than the

managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous Voting Results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy Voting Restrictions

Shareholders appointing a proxy for this Resolution should note the following:

- ***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy***

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

- ***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).***

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

- ***If you appoint any other person as your proxy***

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

3. Resolution 2 – Re-Election of Ms Shannon Robinson

In accordance with ASX Listing Rule 14.4, no director of the Company may hold office (without re-election) past the longer of 3 years and the third Annual General Meeting following their appointment. Further, in accordance with the Company's Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. Accordingly, Ms Robinson retires and being eligible for re-election, offers herself for re-election at the Meeting.

Ms Robinson is a corporate lawyer and an associate of the Institute of Chartered Secretaries and Administrators (ICSA) and Chartered Secretaries Australia (CSA) and a member of AMPLA. Ms Robinson provides corporate advice in relation to mergers and acquisitions, capital raisings, due diligence reviews and legal compliance, takeovers and managing legal issues associated with client

transactions. Ms Robinson has acted as Company Secretary for a number of ASX and AIM listed companies.

4. Resolution 3 – Re-Election of Mr Malenga Machel

In accordance with ASX Listing Rule 14.4, a director of the Company appointed to fill a casual vacancy or as an addition to the Board may not hold office (without re-election) past the next Annual General Meeting following their appointment. Further, in accordance with the Constitution, any Director appointed by the Board holds office only until conclusion of the next Annual General Meeting and is eligible for re-election. Accordingly, Mr Machel retires and being eligible for re-election, offers himself for re-election at the Meeting.

Malenga Machel is a founding Director and Managing Director of Resources 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.

5. Background to Resolution 4 and 5

As announced to the ASX on 30 July 2012, the Company has entered into a US\$10 million secured prepayment debt facility (**Facility Agreement**) with Noble Resources Ltd (**Noble**). The facility pursuant to the Facility Agreement is to be advanced to Kaboko in two separate tranches and upon satisfaction of a number of conditions precedent and conditions subsequent.

In addition the Company has entered into a ten year term Offtake Agreement with Noble for the purchase and sale of high grade Manganese ore from the Company's Zambian Manganese projects (**Offtake Agreement**). The Offtake Agreement is conditional upon the satisfaction of certain of the conditions precedent and conditions subsequent to the Facility Agreement.

Noble is a wholly owned subsidiary of Noble Group Limited, a global supply chain manager of agricultural and energy products and metals, minerals and ores. Noble Group Limited is listed in Singapore.

5.1 Summary of the Facility Agreement

The facility available pursuant to the Facility Agreement will be used by the Company to fund further exploration and development of the Company's Zambian Manganese Projects through to full-scale production and for general corporate purposes.

The Facility Agreement provides for a US\$10 million facility payable in two tranches as follows:

- (a) Tranche 1 (**Tranche 1**) – US\$6 million, consisting of:
 - (i) an initial advance of US\$0.5 million (already drawn down by the Company);
 - (ii) a second advance of US\$5.5 million available on or before 26 January 2015 (**Tranche 1 Termination Date**); and
- (b) Tranche 2 (**Tranche 2**) being an advance of US\$4 million to be drawn down in the period commencing on the date upon which the first five consecutive quarters of production have been successfully delivered by the Company to Noble in accordance with the Offtake

Agreement (being the delivery by the Company to Noble of 105,000 tonnes of Manganese ore) and ending on the earlier of the date falling 30 months from that date and the fifth anniversary of the date on which shareholder approval is granted in respect of Resolution 3 of this Notice (**Tranche 2 Termination Date**).

The key terms of the Facility Agreement are summarised below:

- (a) The Facility Agreement is secured by:
- (i) a general security agreement granted by the Company in favour of Noble (**General Security Agreement**);
 - (ii) a share pledge (governed by the laws of Mauritius) granted by the Company in favour of Noble over its share in its wholly owned Mauritian subsidiary African Asian Mining Development Limited (**AAMD**) (**Share Pledge**); and
 - (iii) a floating charge (governed by the laws of Mauritius) granted by AAMD over all its assets in favour of Noble (**Floating Charge**).
- (b) The Facility will be partially repaid by setting off amounts owed by Noble to the Company from quarterly deliveries of Manganese ore repayable at a rate of US\$19 per Dry Metric Ton (DMT) from the offtake delivered under the Offtake Agreement or other sources of cashflow on or before Maturity.
- (c) Interest is payable at LIBOR plus a margin.
- (d) Pursuant to the Facility Agreement, the Company shall issue that number of Warrants which at the time of issue, when aggregated with any warrants previously issued to Noble pursuant to the Facility Agreement, is the lesser of:
- (i) 14.9% of the total issued share capital of Kaboko; and
 - (ii) an amount calculated using the following formula:
- $$W = \frac{\$A}{\$0.02} \times 20\%$$
- where:
- A is the aggregate of all outstanding advances under the Facility Agreement; and
- W is the number of warrants to be issued.
- (e) Issue of the Warrants is subject to shareholder approval which is being sought pursuant to Resolution 6 of this Notice. The Warrants will be issued within 5 business days of drawdown of each tranche of the Facility, such issues occurring no later than 5 years after the date of the meeting. Please refer to section 4(b) below for further details.
- (f) The terms and conditions of the Warrants are summarised in Annexure A.

5.2 Summary of the Offtake Agreement

The key terms of the Offtake Agreement are summarised below:

- (a) the Offtake Agreement is for a term of 10 years for the purchase and sale of Manganese ore mined from the Company's Manganese projects situated in Zambia;
- (b) Noble shall be granted the rights to offtake not less than 1,680,000 DMT of Manganese ore from the Company's projects over the term of the Offtake Agreement;
- (c) the Company will deliver to Noble approximately 180,000 DMT of minimum 48% Manganese lump per year on a quarterly basis;
- (d) Manganese ore sold pursuant to the Offtake Agreement will be priced on the BHP reference price;
- (e) exports of Manganese ore are expected to commence in the fourth quarter of 2012;
- (f) Noble will also have a right to match future offtakes and the parties will consider further the possibility for Noble to increase the offtake rights and/or perform life of mine marketing services for a marketing fee to be agreed; and
- (g) the Offtake Agreement is conditional upon Kaboko satisfying certain conditions subsequent.

6. Resolution 4 – Approval of Security Documents pursuant to Facility

The General Security Agreement was granted in favour of Noble on 26 July 2012 and the Floating Charge and Share Pledge were granted in favour of Noble on 14 August 2012. Pursuant to the General Security Agreement, the Company grants Noble a fixed and floating charge over all of the Company's assets, undertaking, goodwill and capital to secure all debts owing to Noble. Pursuant to the Share Pledge, the Company pledges its rights and ownership interest in AAMD L and the assets of AAMD L to secure all debts owing to Noble. Pursuant to the Floating Charge, AAMD L grants Noble a fixed and floating charge over all of AAMD L's assets, undertaking, goodwill and capital to secure all debts owing to Noble.

ASX Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to a related party. A "substantial asset" is an asset valued at greater than 5% of the equity interests of a company.

The granting of security by the Company in favour of Noble (by way of the General Security Agreement, Floating Charge and Share Pledge) is deemed under Listing Rule 10.1 to be a disposal of the underlying assets as the value of the debt secured is greater than 5% of the equity interests of the Company as set out in its last accounts given to ASX.

ASX have confirmed to the Company that Noble are not a related party of Kaboko for the purpose of the entry into the General Security Agreement, Share Pledge and Floating Charge and, as such, shareholder approval under ASX Listing Rule 10.1 or under the Corporations Act is not required.

However, in the interests of good corporate governance, the Company is seeking shareholder approval pursuant to Resolution 4 to approve and ratify the Company disposing of a substantial asset by entering into and granting the General Security Agreement and Share Pledge in favour of Noble and causing AAMD L to enter into and grant the Floating Charge in favour of Noble.

7. Resolution 5 – Approval of Offtake Agreement

The Company and Noble entered into the Offtake Agreement on 26 July 2012. The terms of the Offtake Agreement are summarised at section 5.2 above.

ASX have confirmed that Noble are not a related party of Kaboko for the purpose of the entry into and the continued performance of the Offtake Agreement and, as such, shareholder approval under ASX Listing Rule 10.1 or under the Corporations Act is not required at present.

However, in the interests of good corporate governance, the Company is seeking shareholder approval pursuant to Resolution 5 to approve and ratify the Company entering into the Offtake Agreement.

8. Resolution 6 – Approval of Issue of Warrants

Pursuant to the Facility Agreement, the Company has agreed to issue that number of Warrants to Noble which at the time of issue, when aggregated with any warrants previously issued to Noble pursuant to the Facility Agreement, is the lesser of:

- (a) 14.9% of the total issued share capital of Kaboko; and
- (b) an amount calculated using the following formula:

$$W = \frac{\$A}{\$0.02} \times 20\%$$

where:

A is the aggregate of all outstanding advances under the Facility Agreement; and

W is the number of warrants to be issued.

As the maximum amount that can be drawn down under the Facility Agreement is \$10,000,000, the maximum number of Warrants that can be issued pursuant to the Facility Agreement is 100,000,000.

Resolution 6 seeks Shareholder approval for the issue and allotment of up to 100,000,000 Warrants pursuant to the Facility Agreement.

ASX Listing Rule 7.1 provides that a company must not without shareholder approval, subject to specified exceptions, issue or agree to issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Further, ASX Listing Rule 7.3.2 provides that for Shareholders to approve an issue of equity securities, this Notice must include the date by which the Company will issue the securities, such date being no later than 3 months after the date of the meeting. The Company has been granted a waiver from ASX Listing Rule 7.3.2 from the ASX to the extent necessary to permit the Warrants to be issued at a date more than 3 months after the date of this meeting. One of the conditions of this waiver is that the

Warrants are issued no later than 5 years from the date of this meeting. Please see sub-section (b) below for further details.

The effect of Resolution 6 will be to allow the Company to issue the Warrants pursuant to the Facility Agreement during the period of 5 years after the meeting, without using the Company's 15% annual placement capacity.

Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the maximum number of Warrants to be issued is 100,000,000 as follows:
 - (i) up to 60,000,000 Warrants pursuant to Tranche 1 of the Facility Agreement; and
 - (ii) up to 40,000,000 Warrants pursuant to Tranche 2 of the Facility Agreement;
- (b) the Warrants will be issued within 5 business days of each drawdown of an advance under each of Tranche 1 and Tranche 2 pursuant to the Facility Agreement, such issues occurring no later than 5 years after the date of the meeting. As stated above, the Company has been granted a waiver from ASX Listing Rule 7.3.2 from the ASX to the extent necessary to permit the Warrants to be issued at a date more than 3 months after the date of this meeting allowing the Company to issue the Warrants at any time during the period of 5 years after the meeting (covering the availability period of the facility pursuant to the Facility Agreement). Tranche 1 of the Facility Agreement is available (subject to completion of certain conditions precedent) until 26 March 2015 and Tranche 2 of the Facility Agreement is available (again, subject to completion of certain conditions precedent) for a maximum period of five years after the date of this meeting. The maximum time period in which all the Warrants will be issued is therefore 5 years after the date of this meeting. The Directors intend to allot Warrants on the same date upon which Warrants are issued;
- (c) the Warrants will be issued for nil cash consideration and therefore no funds will be raised from their issue. The Warrants will be issued as consideration for the provision of the facility pursuant to the Facility Agreement;
- (d) the Warrants will be issued to Noble (or its nominee), who is not a related party of the Company at the date of this Notice; and
- (e) the Warrants will be issued on the terms and conditions set out in Annexure A.

9. Resolution 7 – Ratification of Issue of Convertible Notes

Background

The Company has entered into a convertible note facility with Celtic Capital Pty Ltd (**Celtic**) for \$1 million (**Facility**).

Terms of Facility

- (a) The Facility is available to the Company in one tranche of \$1 million.
- (b) In consideration for the parties entering into the Facility a non-refundable commencement fee was payable on the date of the issue of the Notes, which was satisfied by the issue of

5,420,401 Shares together with the issue of 5,000,000 unlisted options exercisable at \$0.02 each on or before 28 September 2015 (collectively **Commencement Securities**).

- (c) The key terms of the Notes are as follows:
- (i) each Note will have a face value of \$1.00;
 - (ii) the Notes will be issued to Celtic;
 - (iii) the Notes are convertible into Shares at a conversion price equal to either 80% of the average ten daily volume-weighted average price (**VWAP**) of the Shares immediately prior to the maturity date or 130% of the average ten daily VWAP of the Shares immediately prior to execution of the Facility (28 September 2012) (**Conversion Price**).
- (d) The Facility has a term of 8 months.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Tranche 1 Notes and Commencement Securities.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the issue of the Tranche 1 Notes and the Commencement Securities, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without requirement to obtain prior Shareholder approval.

Specific information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 7:

- (a) the following securities were issued on 28 September 2012:
- (i) 1,000,000 Notes and the maximum number of securities to be issued by the Company in the event the Notes are converted (for the full amount) into Shares is up to that number of Shares which, when multiplied by the Conversion Price based on the formula set out above, equals \$1,000,000,
 - (ii) 5,420,401 Shares, and
 - (iii) 5,000,000 Options were allotted;
- (b) the Notes were issued with a face value of \$1.00 each, the Shares were issued in lieu of a cash commencement fee and the Options were issued for nil cash consideration pursuant to the Facility;

- (c) the Notes were issued on the terms and conditions set out above and the Shares issued on conversion of the Notes will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing ordinary shares;
- (d) the Options will rank equally on conversion of these securities into ordinary shares;
- (e) the Options were issued on the terms and conditions set out in Annexure C;
- (f) the securities were allotted and issued to Celtic, who is not a related party of the Company; and
- (g) the funds raised from the issue of the securities will be used to fund further exploration and complete RC drilling on its Emmanuel and Peco Projects, general corporate and working capital.

A voting exclusion statement is included in the Notice.

10. Resolution 8 – Issue of Securities

Background

The Company has agreed to issue up to 37,358,282 Shares and 40,000,000 Options to Empire Equity Ltd pursuant to a mandate for corporate advisory and introductory services in respect of the \$10 million debt facility with Noble Resources Limited (**Mandate**). To date the Company has issued half of the securities pursuant to the Mandate which are the subject of ratification pursuant to Resolution 8.

A summary of ASX Listing Rule 7.1 is set out in section 9 above.

Resolution 8 seeks Shareholder approval for the allotment and issue of securities as set out below.

The effect of Resolution 8 will be to allow the Directors to issue the Shares during the period of 3 months after the Annual General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Specific information required by ASX Listing Rules 7.1 and 7.3

If the Shares have not been issued prior to the General Meeting and Shareholder approval is sought for the purposes of ASX Listing Rule 7.1, then following information is provided in relation to the issue in accordance with ASX Listing Rule 7.3.

- (a) the maximum number of securities to be issued is up to 18,679,141 Shares and 20,000,000 unlisted options;
- (b) the securities will be issued no later than 3 months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur in one tranche on the same date;
- (c) the securities will be issued to Empire Equity Limited (or its nominee) in lieu of fees pursuant to the Mandate;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (e) the options will be issued on the terms and conditions set out in Annexure B;
- (f) no funds will be raised by the issue of the securities (although funds will be raised to the extent that the Options are eventually exercised, with any such funds to be used for working capital purposes of the Company).

11. Resolution 9 – Ratification of Security Issue

The Company has issued 18,679,141 Shares and 20,000,000 unlisted options to Empire Equity Ltd (or its nominee) pursuant to the Mandate as set out in section 9 above,

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 9 above.

Resolution 9 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares. By ratifying the issue of these Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without requirement to obtain prior Shareholder approval.

Specific information required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to Resolution 9:

- (a) 18,679,141 Shares and 20,000,000 unlisted options were issued in total;
- (b) the securities will be issued to Empire Equity Limited (or its nominee) in lieu of fees pursuant to the Mandate;
- (c) the securities were issued and allotted on 5 October 2012;
- (d) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and the options were issued on the terms and conditions set out in Annexure C;
- (e) the securities were issued to Empire Equity Limited (or its nominee), who is not a related party to the Company;
- (g) no funds will be raised by the issue of the securities (although funds will be raised to the extent that the Options are eventually exercised, with any such funds to be used for working capital purposes of the Company).

A voting exclusion statement is included in the Notice.

12. Resolution 10 – Pre-approval of Share Placement

Background

Resolution 10 seeks Shareholder approval for the allotment and issue of Shares raising a total of up to \$2,500,000 (**Share Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in section 9 above.

The effect of Resolution 10 will be to allow the Directors to issue the Shares pursuant to the Share Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Specific information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$2,500,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be the higher of \$0.02 per Share or the 10 day volume weighted average trading price of the Shares;
- (d) the Shares will be allotted and issued to sophisticated investors identified by a financial advisor to be appointed by the Company. These persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Share Placement towards expenditure commitments and development of existing projects, corporate and business development activities and general working capital .

13. Resolution 11 – Approval of 10% Placement Capacity

General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (10% Placement Capacity).

The Company is an Eligible Entity.

If Shareholders approve Resolution 11, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in below).

The effect of Resolution 11 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 11 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 11 for it to be passed.

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$9.3 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has two (2) classes of Equity Securities on issue, being the Shares (ASX Code: KAB) and listed options (ASX Code: KABO).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
 - (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D is 10%.
- E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 11:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

or such longer period if allowed by ASX (10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.007 50% decrease in Issue Price	\$0.014 Issue Price	\$0.028 100% decrease in Issue Price
668,350,357 (Current)	Shares issued	66,835,036	66,835,036	66,835,036
	Funds raised	\$467,845	\$935,690	\$1,871,381
1,002,525,536 (50% increase)	Shares issued	100,252,554	100,252,554	100,252,554
	Funds raised	\$701,768	\$1,403,356	\$2,807,071
1,336,700,714 (100% increase)	Shares issued	133,670,071	133,670,071	133,670,071
	Funds raised	\$935,690	\$1,871,381	\$3,742,762

- * The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 668,350,357 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 23 October 2012.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for exploration and development of existing projects and the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
 - (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
 - (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).
- (f) Previous Approval under ASX Listing Rule 7.1A

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

- (g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 11.

Responsibility for Information

The information concerning the Company contained in this Explanatory Statement, including information as to the views and recommendations of the Directors has been prepared by the Company and is the responsibility of the Company.

The Explanatory Statement does not take into account the individual investment objectives, financial situation and particular needs of individual Shareholders. If you are in doubt as to what you should do, you should consult your legal, financial or professional advisor prior to voting.

Glossary

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

Annexure means an annexure to this Explanatory Statement.

ASIC means Australian Securities Investment Commission.

ASX means ASX Limited ABN 98 008 624 691.

ASX Listing Rules or Listing Rules means the listing rules of ASX.

Board means the board of Directors of the company.

Chairman means the Chairman of the Company.

Company or **Kaboko** means Kaboko Mining Limited ABN 93 107 316 683.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act* 2001 (Cth).

Director means a director of the Company.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Warrant means an unlisted warrant in the capital of the Company issued on the terms and conditions set out in Annexure A.

Annexure A – Warrant Terms and Conditions

The Warrants entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Warrant gives the holder the right to subscribe for one (1) Share.
- (b) Each Warrant will expire at 5.00pm (WST) on the date being the 30 month anniversary of the date of issue (**Expiry Date**). A Warrant not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each Warrant will be \$0.02 (**Exercise Price**).
- (d) The Warrants held by each holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) A holder may exercise their Warrants by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Warrants specifying the number of Warrants being exercised; and

- (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Warrants being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Warrants specified in the Exercise Notice.
- (h) The Warrants shall not be transferable except with prior written consent of the Board.
- (i) All Shares allotted upon the exercise of Warrants will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Warrants on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Warrants on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Warrants and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Warrants without exercising the Warrants.
- (m) A Warrant does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Warrants can be exercised.

Annexure B – Option Terms and Conditions

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (n) Each Option gives the holder the right to subscribe for one (1) Share.
- (o) Each Option will expire at 5.00pm (WST) within 3 years of the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (p) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).
- (q) The Options held by each holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (r) A holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised; (**Exercise Notice**).
- (s) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (t) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Warrants specified in the Exercise Notice.
- (u) The Options shall not be transferable except with prior written consent of the Board.
- (v) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (w) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (x) If at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (y) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (z) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Options can be exercised.

Annexure C – Option Terms and Conditions

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the holder the right to subscribe for one (1) Share.
 - (b) Each Option will expire at 5.00pm (WST) on 28 September 2015 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).
 - (d) The Options held by each holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (e) A holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Warrants specified in the Exercise Notice.
 - (h) The Options shall not be transferable except with prior written consent of the Board.
 - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
 - (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
 - (k) If at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
 - (l) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
 - (m) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Options can be exercised.