KABOKO

MINING LTD

ABN 93 107 316 683

Interim Financial Report
for the Half-Year ended 31 December 2012

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Kaboko Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

CORPORATE DIRECTORY

DIRECTORS

Mr Malenga Machel	Non-Executive Chairman
Mr Tokkas Van Heerden	CEO and Executive Director
Ms Shannon Robinson	Non-Executive Director
Mr Papi Molotsane	Non-Executive Director

JOINT COMPANY SECRETARIES

Ms Jane Flegg
Ms Shannon Robinson

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 COMPANY

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

AUDITORS

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

STOCK EXCHANGE

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
Perth WA 6000

Codes: KAB, KABO, KABOA

SHARE REGISTRY

Computershare Investor Services
45 St Georges Terrace
Perth WA 6000

KABOKO MINING LIMITED

ABN 93 107 316 683

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Kaboko Mining Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2012.

DIRECTORS

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

Mr Malenga Machel	Non-Executive Chairman
Mr Tokkas Van Heerden	CEO and Executive Director (appointed 14 January 2013)
Ms Shannon Robinson	Non-Executive Director
Mr Papi Molotsane	Non-Executive Director (appointed 14 January 2013)
Mr Jason Brewer	Executive Director (resigned 14 January 2013)

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

FINANCIAL PERFORMANCE

Financial Position

The net assets of the company have increased to $7,095,714 as at 31 December 2012 (30 June 2012: $3,615,506).

Financial Performance

The loss of the company for the half-year ended 31 December 2012 amounted to $2,599,803 (31 December 2011: $1,400,285). The loss is primarily a result of increased exploration activities and expenses in relation to funding transactions.

Principal Activities

The principal activity of the Group during the period was the exploration and development of high grade Manganese in Zambia. There were no significant changes in the nature of the activities of the Group during the period.

REVIEW OF OPERATIONS

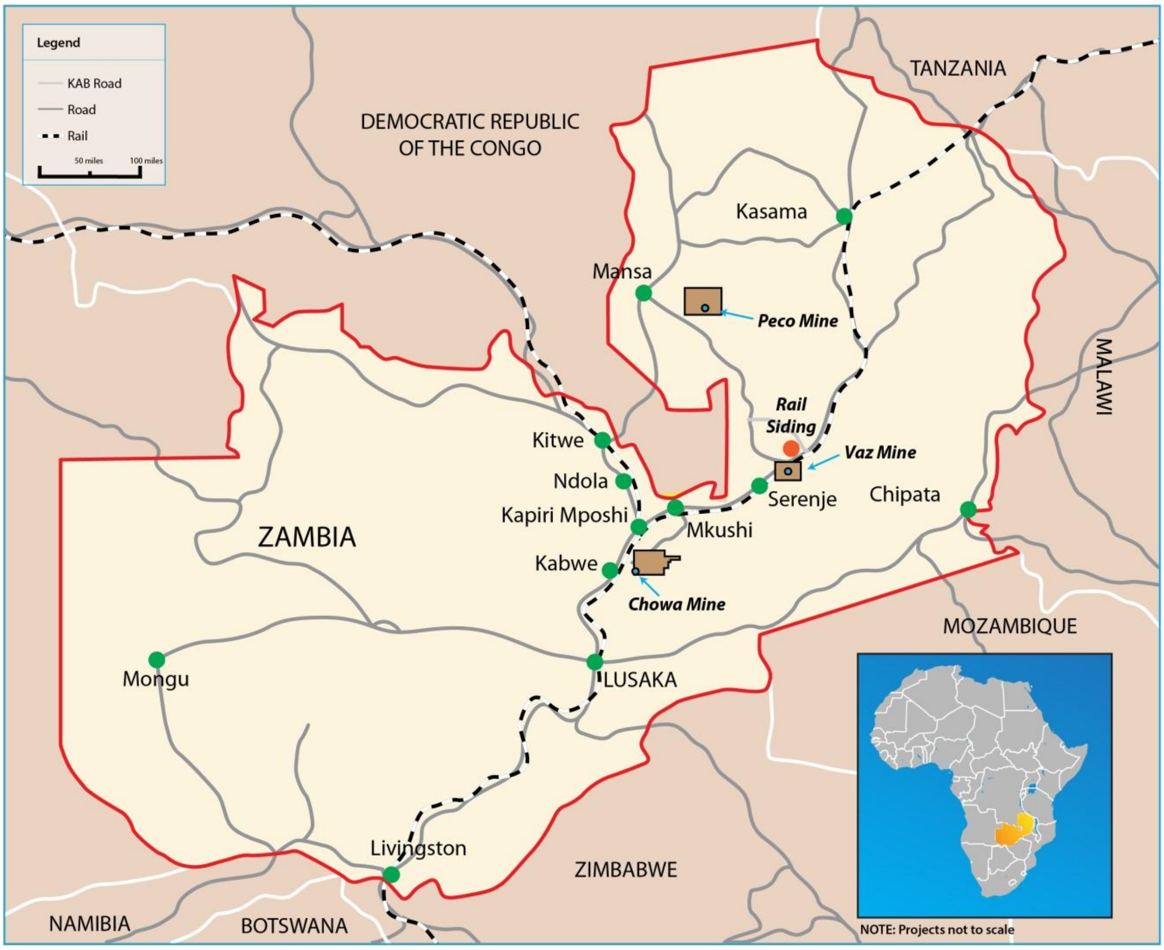
During the half year ended 31 December 2012 the Group reached a major milestone in advancing its Zambian Manganese Projects with the signing of a binding manganese ore off-take agreement and US$10m prepayment debt facility with Noble Resources Limited ("Noble").

Under the terms of the Off-take Agreement, the Group will deliver to Noble 180,000 DMT per year of 48% manganese lump ore from the Group's Zambian Manganese Projects over the life of the project mines.

As at the date of this report a total of US$4.5m has been received from Noble under the US$10m prepayment debt facility. The funding will be used for the mine development of the Mansa Manganese Project in northern Zambia, with plans to commence production at a rate of 5,000 tonnes per month in Q3 2013 and ramping up to 10,000 tonnes per month by Q4 2013 / Q1 2014.

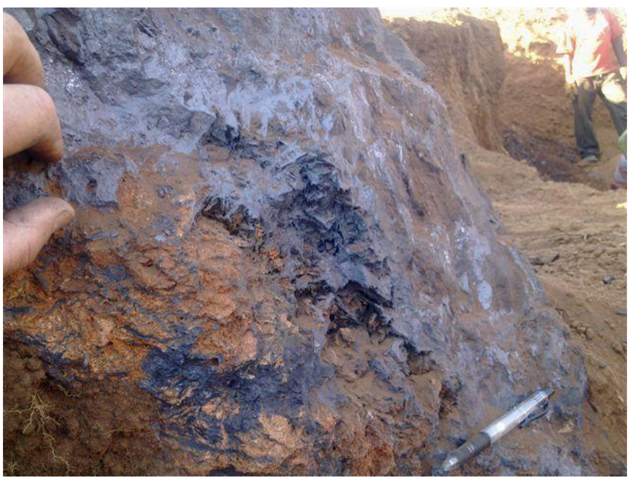
The second tranche of US$5.5m under the US$10m Secured Prepayment Debt Facility is available to be drawn down in the period commencing on the date upon which the first five consecutive quarters of production have been successfully delivered to Noble in accordance with the offtake agreement.

ZAMBIAN MANGANESE PROJECTS

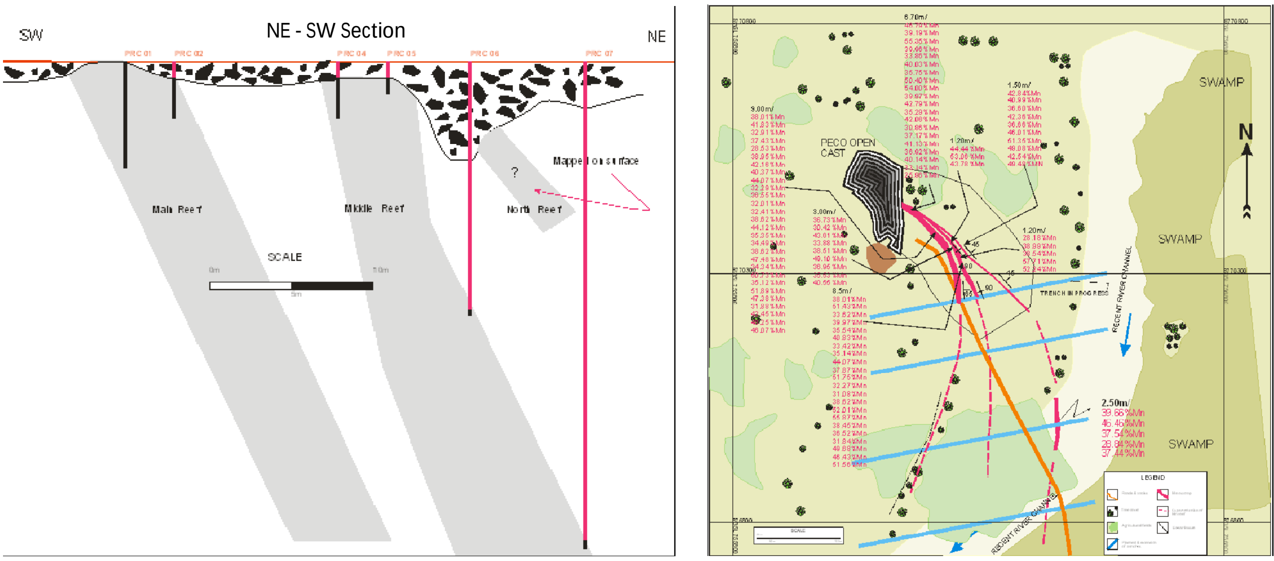


Northern Manganese Project

During the 6 months to 31 December 2012 the Group continued the development of its Northern Zambian Project at Mansa. Exploration work completed to date, including aerial geological surveys, trenching and scout drilling, has identified high grade manganese mineralisation in veins typically in excess of 4m wide and strike lengths of over 400m. Trenching undertaken has also shown that the reef is potentially open-ended towards the north-west and south-east. The scout drilling undertaken during the half year confirmed the location of at least three main manganese reefs with a north-west south-east strike trend to the north and south of the existing open pit at the project. The Group is waiting the results of surface and bulk samples taken from exploration activities and has engaged an independent consultant (Minxcon) to prepare resources definition reporting in accordance with the JORC code. During the half year, the Company continued construction of infrastructure as part of mine development and providing support for the local community.



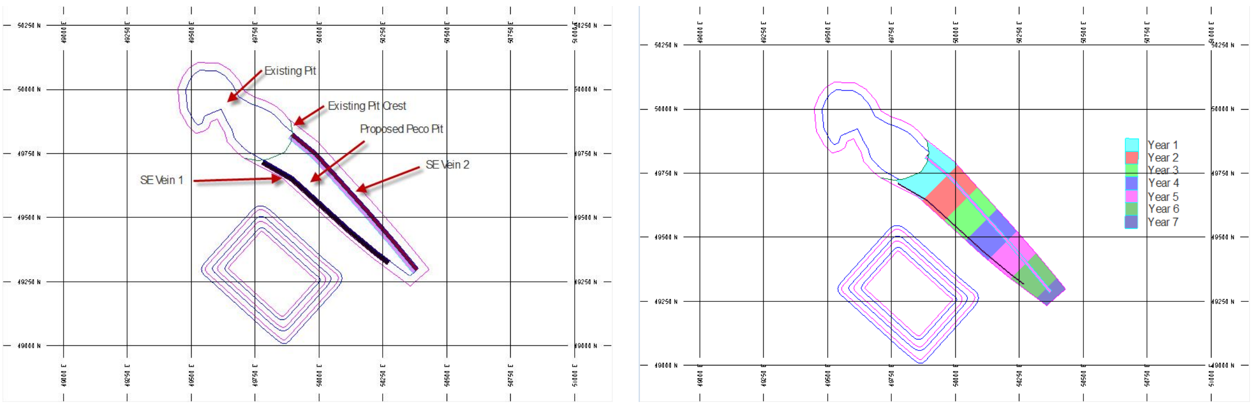
Mansa, Northern Zambian Manganese Project



Mansa, Northern Zambian Manganese Project: Cross Section of Mineralisation Zone

The Group is in the process of acquiring and mobilising equipment and additional personnel to site as well as a simple crushing system and processing plant being designed for installation in Q2 2013. The US$4.5m advance from Noble will provide the Company with funding to target a run of mine of initially 5,000 tonnes per month in Q3 2013 and ramping up to 10,000 tonnes per month by Q4 2013 / Q1 2014.

The Group has, through its subsidiary Impondo Zambia, secured land in the Serenje region on the TAZARA rail line and is currently negotiating participation in the TAZARA rail line. Impondo Zambia concluded discussions with Mofed Tanzania Limited, a Zambian government owned logistics service provider situated in Dar es Salaam, that will enable Kaboko to utilize available rail and export facilities.



Mansa, Northern Zambian Manganese Project: Mine Plan

During the half year, the Group focused on exploration and development of its Northern Zambian Project at Mansa. A geological review was undertaken at each of the projects and the Group is currently developing the 2013 programs for its Emmanuel and Serenje Projects including further exploration. As part of the resource definition reporting on the Northern Zambian Project at Mansa scheduled for Q2 2013, the Company is also finalising a further drilling program targeting extension of the existing mineralisation zone.

CORPORATE

Board Restructure

Subsequent to the end of the period, following an advance of USD $1M pursuant to the Noble Facility, Mr Tokkas Van Heerden was appointed as Executive Director and CEO of Kaboko and Mr Papi Molotsane was appointed as a Non-Executive Director, being the first of the two proposed Noble representatives to the Board of the Company. Mr Jason Brewer resigned as a director of the board due to other business commitments.

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Group except as follows;-

- On 17 January 2013, the Group announced the drawdown of a further USD $1M under the prepayment debt facility and long-term off take agreement with Noble Group, the appointments of Mr Papi Molotsane and Mr Tokkas Van Heerden, and the resignation of Mr Jason Brewer.
- On 11 March 2013, the Group announced the drawdown of the final USD $3M of the USD $4.5M Tranche A of the prepayment debt facility and long-term off take agreement with Noble Group, and the completion of an additional $600,000 placement.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2012 is set out on the following page.

Signed in accordance with a resolution of the Directors.

Malenga Machel
Chairman

Dated this 15th day of March 2013

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.

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Australia

15 March 2013

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

Dear Sirs,

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

As lead auditor for the review of Kaboko Mining Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

		Consolidated	
	Notes	31/12/2012 $	31/12/2011 $
Revenue and other income	2	459,549	11,324
Impairment of receivable		(459,765)	-
Corporate and operational costs		(995,425)	(292,930)
Consulting costs		(255,734)	(151,696)
Depreciation		(108,491)	(47,616)
Director's fees		(96,521)	(195,950)
Employee benefit expense		(235,689)	(90,268)
Interest expense	3	(651,108)	(66,553)
Legal costs		(113,359)	(63,760)
Occupancy expenses		(1,627)	(100,011)
Share based payments		-	(189,732)
Loss before income tax expense		(2,458,170)	(1,187,192)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(2,458,170)	(1,187,192)
Loss from discontinued operation	13	(141,633)	(213,093)
Loss for the period		(2,599,803)	(1,400,285)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Foreign currency translation		(87,456)	(433,479)
Income tax relating to components of other comprehensive income		-	-
Total comprehensive loss for the period		(2,687,259)	(1,833,764)
Net loss is attributable to:			
Owners of Kaboko Mining Ltd		(2,509,455)	(1,400,285)
Non-controlling interest		(90,348)	-
		(2,599,803)	(1,400,285)
Total comprehensive loss is attributable to:			
Owners of Kaboko Mining Ltd		(2,596,911)	(1,833,764)
Non-controlling interest		(90,348)	-
		(2,687,259)	(1,833,764)
Earnings/(loss) per share from continuing operations attributable to the owners of Kaboko Mining Ltd:			
Basic loss per share (cents per share)		(0.36)	(0.32)
Diluted loss per share (cents per share)		(0.36)	(0.32)
Earnings/(loss) per share attributable to the owners of Kaboko Mining Ltd:			
Basic loss per share (cents per share)		(0.38)	(0.37)
Diluted loss per share (cents per share)		(0.38)	(0.37)

The accompanying notes form part of these financial statements

	Notes	Consolidated 31/12/2012	30/06/2012
		$	$
CURRENT ASSETS			
Cash		100,542	206,513
Trade and other receivables		596,572	700,037
		697,114	906,550
Non-current assets classified as held for sale	13	-	49,207
TOTAL CURRENT ASSETS		697,114	955,757
NON-CURRENT ASSETS			
Plant and equipment		800,664	1,155,162
Mineral exploration expenditure	4	18,115,283	11,635,080
TOTAL NON CURRENT ASSETS		18,915,947	12,790,242
TOTAL ASSETS		19,613,061	13,745,999
CURRENT LIABILITIES			
Trade and other payables		1,477,225	697,655
Borrowings	5	3,088,966	1,967,691
Derivative financial instruments	6	209,725	-
Deferred acquisition liability	11	216,200	696,200
		4,992,116	3,361,546
Liabilities directly associated with assets classified as held for sale	13	-	16,089
TOTAL CURRENT LIABILITIES		4,992,116	3,377,635
NON-CURRENT LIABILITIES			
Deferred acquisition liability	11	1,835,601	3,035,601
Deferred tax liability	11	5,689,630	3,717,257
TOTAL NON CURRENT LIABILITIES		7,525,231	6,752,858
TOTAL LIABILITIES		12,517,347	10,130,493
NET ASSETS		7,095,714	3,615,506
EQUITY			
Issued capital	7	21,802,608	21,315,614
Shares & options to be issued	11	5,680,000	-
Reserves		(12,257)	3,384,289
Accumulated losses		(20,217,527)	(21,017,162)
Equity attributable to owners of Kaboko Mining Ltd		7,252,824	3,682,741
Non-controlling interest		(157,110)	(67,235)
TOTAL EQUITY		7,095,714	3,615,506

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2012

Consolidated	Issued Capital	Shares & Options to be Issued	Accumulated Losses	Foreign Currency Translation Reserve	Other Reserve	Option Reserve	Equity Attributable to Owners of Kaboko Mining Ltd	Non-Controlling Interests	Total Equity
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2011	14,257,930	-	(14,121,653)	(191,741)	-	3,309,090	-	-	3,253,626
Loss for the period	-	-	(1,400,285)	-	-	-	-	-	(1,400,285)
Foreign currency translation	-	-	-	(433,479)	-	-	-	-	(433,479)
Total comprehensive loss for the period	-	-	(1,400,285)	(433,479)	-	-	-	-	(1,833,764)
Shares issued during the period	5,123,695	-	-	-	-	-	-	-	5,123,695
Capital raising costs	(210,535)	-	-	-	-	-	-	-	(210,535)
Options issued	-	-	-	-	-	189,732	-	-	189,732
Balance at 31 December 2011	19,171,090	-	(15,521,938)	(625,220)	-	3,498,822	-	-	6,522,753
Balance at 1 July 2012	21,315,614	-	(21,017,162)	25,065	(784,825)	4,144,049	3,682,741	(67,235)	3,615,506
Loss for the period	-	-	(2,509,455)	-	-	-	(2,509,455)	(90,348)	(2,599,803)
Foreign currency translation	-	-	-	(87,456)	-	-	(87,456)	-	(87,456)
Total comprehensive loss for the period	-	-	(2,509,455)	(87,456)	-	-	(2,596,911)	(90,348)	(2,687,259)
Shares issued during the period	536,994	-	-	-	-	-	536,994	-	536,994
Capital raising costs	(50,000)	-	-	-	-	-	(50,000)	-	(50,000)
Expiry of options	-	-	3,309,090		-	(3,309,090)	-	-	-
Non-controlling interest on incorporation of Mwambya Mining Ltd	-	-	-	-	-	-	-	473	473
Acquisition of AAMD (note 11)	-	5,680,000		-	-	-	5,680,000	-	5,680,000
Balance at 31 December 2012	21,802,608	5,680,000	(20,217,527)	(62,392)	(784,825)	834,959	7,252,824	(157,110)	7,095,714

The accompanying notes form part of these financial statements

	Note	Consolidated 31/12/2012 $	Consolidated 31/12/2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Other income		4,008	8,360
Payments to suppliers and employees		(1,539,966)	(590,403)
Interest received		306	2,964
Interest paid		(26,253)	-
NET CASH USED IN OPERATING ACTIVITIES		(1,561,905)	(579,079)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for mineral exploration expenditure		(229,939)	(441,346)
Net cash on acquisition of subsidiary	11b	-	125,646
Proceeds on disposal of subsidiary	13	50,000	-
Proceeds on disposal of Australian tenements		17,000	-
Payments for property, plant and equipment		-	(14,200)
Loan advanced to related party		-	(3,540)
Loan advanced to unrelated party		-	(26,946)
NET CASH USED IN INVESTING ACTIVITIES		(162,939)	(360,386)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		45,000	1,447,813
Payments for share issue costs		(50,000)	(210,535)
Proceeds from borrowings		1,631,682	-
Repayment of borrowings		-	(500,437)
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,626,682	736,841
NET INCREASE/(DECREASE) IN CASH HELD		(98,162)	(202,664)
Cash at the beginning of the period		206,513	446,840
Impact of movement in foreign exchange rates		(7,809)	4,144
CASH HELD AT END OF PERIOD		100,542	248,360

The accompanying notes form part of these financial statements

Note 1. Basis of Preparation

This general purpose financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures the financial report compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Kaboko Mining Limited during the half-year.

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

a) Going Concern

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

At reporting date the Group incurred a loss of $2,599,803, had current assets of $697,114 and current liabilities of $4,992,116. The Directors believe the company will be able to raise the funds necessary to meet their current liabilities and commitments from the profitable sale of manganese from its Zambian Projects and further capital raising.

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

Note 2. Revenue and other income

	Consolidated	
	31 Dec 2012 $	31 Dec 2011 $
Revenue		
Interest income	306	2,964
Other income		
Gain on fair value of derivative financial instruments	441,460	-
Other income	783	8,360
Gain on disposal of Australian tenements	17,000	-
	459,549	11,324

Note 3. Interest expense

	Consolidated	
	31 Dec 2012 $	31 Dec 2011 $
Convertible note interest accretion	563,551	-
Interest expense	87,557	66,553
	651,108	66,553

Note 4. Mineral Exploration Expenditure

	Consolidated	
	31 Dec 2012	30 June 2012
	$	$
Movements		
Balance at beginning of the period	11,635,080	3,185,245
Exploration expenditure acquired	-	9,660,748
Adjustment to exploration expenditure acquired (note 11)	5,849,630	-
Exploration expenditure incurred during the period	864,592	2,346,793
Pre-production revenue	-	(52,754)
Grants Ridge transferred to held for sale	-	(49,207)
Grants Ridge exploration expenditure impaired	-	(2,789,758)
Impact of movement in foreign exchange rates	(234,019)	(665,987)
Balance at end of the period	18,115,283	11,635,080

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

Certain Zambian exploration permits were in the process of being renewed at 31 December 2012. The Group has lodged the necessary forms and expects the renewals to be granted in due course.

Note 5. Borrowings

	Consolidated	
	31 Dec 2012	30 June 2012
	$	$
Current		
Unsecured convertible note (i)	695,367	-
Noble drawdowns (ii)	477,327	-
Unsecured other loans (iii)	1,726,876	1,576,877
Unsecured other loans (iv)	189,396	390,814
	3,088,966	1,967,691

(i) The parent entity issued 1,000,000 of convertible notes in October 2012. The notes and corresponding interest are convertible at the option of the holder at the holder's elected conversion price, which is either 80% of the 10 day VWAP at the original maturity date of 28 November 2012 or 130% of the 10 day VWAP at the effective date of 28 September 2012. 5,420,401 shares having a total value of $75,000 and 5,000,000 options exercisable at $0.02 on or before 28 September 2015 were issued to the convertible note holder as consideration for the provision of the convertible note in lieu of interest. In November 2012 the maturity date of the note was extended from 28 November 2012 to 28 February 2013, and further extended to 31 March 2013. The Group also paid the note holder a $5,000 per month research & brokerage fee for 4 months and has issued a further 23,666,667 shares having a total value of $142,000 and 23,666,667 options exercisable at $0.02 on or before 24 December 2015 to the convertible note holder as consideration for the maturity date extension in lieu of interest.

(ii) Nobel drawdowns relate to proceeds received under the $10,000,000 prepayment debt facility and long term manganese off-take agreement. Interest on the proceeds is payable in manganese at 9.5%. These proceeds are treated as borrowings pending satisfaction of all conditions precedent to the facility. Upon satisfaction of conditions precedent, Noble drawdowns will be transferred from borrowings to deferred revenue. Subject to completion of conditions precedent and satisfaction of terms, the funds will be secured over all assets of the Group including the Company's shareholding in AAMD.

Note 5. Borrowings (continued)

(iii) Interest bearing at a rate of 10% per annum and secured by way of a corporate guarantee and undertaking. The loan is repayable by 30 June 2013.

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

Movement in the convertible note is as follows:

	Consolidated	
	31 Dec 2012	30 June 2012
	$	$
Carrying amount at 1 July	-	-
Proceeds on issue of convertible note	1,000,000	-
Amount classified as convertible note derivative	(378,939)	-
Amount classified as equity	(75,000)	-
Additional amount classified as convertible note derivative upon extension of convertible note	(272,245)	-
Additional amount classified as equity upon extension of convertible note	(142,000)	-
Interest accretion	563,551	-
	695,367	-

Face value of the convertible note outstanding at period end is as follows:

	Consolidated	
	31 Dec 2012	30 June 2012
	$	$
Current	1,000,000	-
Non-current	-	-
	1,000,000	-

Note 6. Derivative Financial Instruments

The Group has the following derivative financial instruments:

	Consolidated	
	31 Dec 2012	30 June 2012
	$	$
Derivative liability from convertible note (i)	209,725	-
	209,725	-

Pursuant to the accounting standards the option component of the convertible note is classified as a liability. The value of the derivative fluctuates with the Company's underlying share price, volatility of the company share price, and the time to expiry. The change in the value of the derivative between inception date and 31 December 2012 due to the difference in the Company's share price between inception date and 31 December 2012 is recognised as an unrealised gain within other income.

Note 6. Derivative Financial Instruments (continued)

(i) Derivative liability from convertible note

Movements in the derivative liability from convertible note during the period are as follows:

	Consolidated	
	31 Dec 2012 $	30 June 2012 $
Carrying amount at 1 July	-	-
Recognition of convertible note derivative	336,124	-
Recognition of option derivative	42,815	-
Adjustment to convertible note derivative on extension of convertible note	142,635	-
Adjustment to option derivative on extension of convertible note	129,611	-
Fair value movement	(441,460)	-
	209,725	-

Note 7. Contributed Equity

	Consolidated	
	31 Dec 2012 $	30 June 2012 $
a) *Issued capital*		
Ordinary shares	21,802,608	21,315,614

b) *Movements*

	No. of Shares	Issued Capital $
Balance 1 July 2012	644,250,815	21,315,614
October 2012 – Shares issued as consideration for corporate advisory and introductory services received (note 9)	18,679,141	274,994
October 2012 – Shares issued as consideration for convertible note facility received (note 5(i))	5,420,401	75,000
December 2012 – Shares issued as consideration for extension of convertible note facility (note 5(i))	23,666,667	142,000
December 2012 – Placement (i)	-	45,000
Less: capital raising costs	-	(50,000)
Balance 31 December 2012	692,017,024	21,802,608

(i) Proceeds received in relation to the $600,000 placement finalised subsequent to 31 December 2012 (see note 14). No shares were issued in relation to the placement by 31 December 2012 as the placement was still underway at period end.

Note 8. Options

	Consolidated	
	31 Dec 2012	30 June 2012
	$	$
a) *Option reserve*	834,959	4,144,049

b) *Movements*

	No. of Options	Option reserve
		$
Balance 1 July 2012	410,043,620	4,144,049
Options expired	(90,250,709)	(3,309,090)
Free attaching options issued as consideration for corporate advisory and introductory services received (note 9)	20,000,000	-
Options issued as consideration for convertible note facility received (note 5(i))	5,000,000	-
Options issued as consideration for extension of convertible note facility (note 5(i))	23,666,667	-
Options exercised	-	-
Balance 31 December 2012	368,459,578	834,959

Note 9. Share Based Payments

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

a) On 5 October 2012 the Group issued 18,679,141 Shares and 20,000,000 free attaching Options pursuant to a mandate for corporate advisory and introductory services received in respect of the $10M debt facility and off-take transaction with Noble Resources Ltd as ratified at the Group's Annual General Meeting of Shareholders.

The value of these shares has been determined based on the corresponding vendor invoice.

The total value of these Shares of $274,994 has been recorded as a prepayment within trade and other receivables at 31 December 2012.

Note 10. Segment information

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

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

Geographical

	Period to 31 December 2012			*Period to 31 December 2011*		
	Mineral Exploration Africa $	Mineral Exploration USA $	Total $	Mineral Exploration Africa $	Mineral Exploration USA $	Total $
Segment performance						
External revenue/other income	-	-	-	-	-	-
TOTAL SEGMENT REVENUE	-	-	-	-	-	-
Segment net profit/(loss) before tax	-	-	-	-	-	-
Reconciliation of segment result to net profit/(loss) before tax						
Amounts not included in segment results but reviewed by the Board:						
Interest received			306			2,964
Other income			459,243			8,360
Other expenses			(2,917,719)			(1,198,516)
NET PROFIT/(LOSS) BEFORE TAX						
FROM CONTINUING OPERATIONS			(2,458,170)			(1,187,192)
FROM DISCONTINUED OPERATIONS			(141,633)			(213,093)
TOTAL			(2,599,803)			(1,400,285)

Note 10. Segment information (continued)

	31 December 2012			*30 June 2012*		
	Mineral Exploration Africa $	Mineral Exploration USA $	Total $	Mineral Exploration Africa $	Mineral Exploration USA $	Total $
Segment assets						
Segment assets	18,965,392	-	18,965,392	11,635,080	-	11,635,080
Reconciliation of segment assets to total assets						
Unallocated assets:						
Cash and cash equivalents			51,097			206,513
Receivables			596,572			700,037
Plant and equipment			-			1,155,162
TOTAL ASSETS FROM CONTINUING OPERATIONS			19,613,061			13,696,792
ASSETS FROM DISCONTINUED OPERATIONS			-			49,207
TOTAL ASSETS			19,613,061			13,745,999

	31 December 2012			*30 June 2012*		
	Mineral Exploration Africa $	Mineral Exploration USA $	Total $	Mineral Exploration Africa $	Mineral Exploration USA $	Total $
Segment liabilities						
Segment liabilities	-	-	-	49,207	-	49,207
Reconciliation of segment liabilities to total liabilities						
Unallocated liabilities:						
Other liabilities			1,477,225			648,448
Borrowings			3,088,966			1,967,691
Derivative financial instruments			209,725			-
Deferred acquisition liability			2,051,801			3,731,801
Deferred tax liability			5,689,630			3,717,257
TOTAL LIABILITIES FROM CONTINUING OPERATIONS			12,517,347			10,114,404
LIABILITIES FROM DISCONTINUED OPERATIONS			-			16,089
TOTAL LIABILITIES			12,517,347			10,130,493

Revenue by Geographical Region

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

Note 10. Segment information (continued)

Assets by Geographical Region

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

	31 December 2012 $	30 June 2012 $
Australia	647,669	61,522
Africa	18,965,392	13,527,554
USA	-	156,923
	19,613,061	13,745,999

Major Customers

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

Note 11. Business Combination

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 2 Small Scale Mining Licenses covering over 2,700 km^2 including large areas known to be prospective for manganese comprising the Emmanuel Project which includes the current Chowa Open Pit Mine, the Mansa Project, and the Serenje 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):

		Deferred Consideration		
	Total	Shares & Options to be Issued (Equity)	Current Liability	Non-Current Liability
	$	$		
Cash	1	-	-	-
Tranche 1 Shares (i)	1,802,226	-	-	-
Tranche 2 Shares and Options(ii)	2,480,000	2,480,000	-	-
Tranche 3 Shares and Options (iii)	3,200,000	3,200,000	-	-
Royalties (iv)	2,051,801	-	216,200	1,835,601
Total	9,534,028	5,680,000	216,200	1,835,601

(i) In accordance with the share sale agreement, the Group issued 75,000,000 Shares on 3 November 2011 upon completion of the acquisition.

(ii) In accordance with the share sale agreement, the Group will issue 80,000,000 Shares and 80,000,000 free attaching options exercisable at $0.08 on or before 31 July 2012 on the date the Zambian Manganese Projects achieve a minimum of 10,000,000 tonnes of JORC (or equivalent) manganese resource within 18 months from the execution of the share sale agreement (by March 2013). Subsequent to 31 December 2012, the performance milestone date was extended from March 2013 to 1 April 2014 and the expiration date of the 80,000,000 Options was extended to 1 April 2014. A value of $2,480,000 has been assigned to these shares and options based upon a 100% probability of meeting the performance milestone.

Note 11. Business Combination (continued)

(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 $3,200,000 has been assigned to these shares and options based upon a 100% probability of meeting the performance milestone.

(iv) The Company will also pay a $1 per tonne royalty to parties nominated by the vendors 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 31 December 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 31 December 2012.

(v) To secure its 100% equity interest in AAMD, the Company must spend a total of $2,500,000 on the acquired projects in the two years from acquisition date. The Group has expended more than the required amount on the projects between 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 $	31 December 2012 Provisional Fair Value $	30 June 2012 Provisional Fair Value $
Cash	125,646	125,646	125,646
Trade and other receivables	164,578	164,578	164,578
Plant and equipment	121,949	121,949	121,949
Mineral exploration expenditure	1,564,680	15,510,378	9,660,748
Trade and other creditors	-	-	-
Borrowings	(744,626)	(744,626)	(744,626)
Inter-company borrowings	(1,725,947)	-	-
Deferred tax liability	(268,105)	(5,753,214)	(3,705,810)
Subtotal	(761,825)	9,424,711	5,622,485
Attributable to non-controlling interest	109,317	109,317	109,317
Net assets/(liabilities) acquired	(652,508)	9,534,028	5,731,802

At 30 June 2012 the fair values of assets and liabilities acquired were determined on a provisional basis. During the measurement period to 28 October 2012, being 12 months after the date of acquisition, the provisional amounts recognised at acquisition date have been retrospectively adjusted to reflect the issue of Tranche 2 and Tranche 3 Shares and Options which were approved by shareholders subsequent to 30 June 2012. This has resulted in an adjustment to shares to be issued of $4,000,000 and a reclassification of options to be issued of $1,200,000 from the deferred acquisition liability to equity. These adjustments are reflected in the increased fair value of mineral exploration expenditure and increased deferred tax liability.

Note 11. Business Combination (continued)

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)

At 31 December 2012, acquisition related costs of approximately nil (31 December 2011: $64,000) are included within corporate and operational costs in profit or loss and in operating cash flows in the statement of cash flows.

Note 12. Controlled Entities

		Percentage voting power held	
	Country of incorporation	31 December 2012 $	30 June 2012 $
Subsidiaries of Kaboko Mining Limited			
New Mexico Investments Pty Ltd (i)	St Lucia	-	100%
Juno Minerals Pty Ltd	St Lucia	100%	100%
African Asian Mining Development Ltd	Zambia	100%	100%
Subsidiaries of New Mexico Investments Pty Ltd			
Grants Ridge Inc (i)	USA	-	100%
Subsidiaries of African Asian Mining Development Ltd			
Impondo Zambia Ltd	Zambia	75%	75%
Zambian Manganese Mining Group Ltd	Zambia	51%	51%
Serenje Manganese Mining Ltd	Zambia	51%	51%
Mansa Manganese Mining Ltd	Zambia	51%	51%
Mwata Mining Ltd	Zambia	51%	51%
Mwambya Mining Ltd (ii)	Zambia	51%	-

(i) Sold 28 August 2012, see note 13 below.
(ii) Incorporated during the half year.

Note 13. Assets and Liabilities Classified as Held for Sale and Discontinued Operation

Discontinued Operation

The Group made the decision to dispose of its interest in the Grants Ridge project and related subsidiary companies during the year ended 30 June 2012 to enable the Group to focus on its newly acquired Zambian manganese projects. The sale completed 28 August 2012.

At completion, the Group received proceeds from the sale of USD $50,000.

(a) Assets Classified as Held for Sale

	31 December 2012 $	30 June 2012 $
Disposal group held for sale (discontinued operation)		
Capitalised exploration expenditure	-	49,207
Total assets of disposal group held for sale	-	49,207

Note 13. Assets and Liabilities Classified as Held for Sale and Discontinued Operation (continued)

(b) Liabilities Directly Associated With Assets Classified as Held for Sale

Disposal group held for sale (discontinued operation)		
Trade and other creditors	-	16,089
Total liabilities associated with disposal group held for sale	-	16,089

(c) Financial Performance and Cash Flow Information

	31 December 2012 $	31 December 2011 $
Operating expenses	(39,944)	(213,093)
Loss on sale	(101,689)	-
Net loss from discontinued operation	(141,633)	(213,093)
Net cash (outflow) from operating activities	(29,937)	(236,617)
Net cash (used) by the discontinued operation	(29,937)	(236,617)

(d) Details of the Sale

Consideration received or receivable	50,000
Total disposal consideration	50,000
Carrying amount of net assets sold	(24,427)
Foreign exchange reserve transferred from equity to profit or loss	(127,262)
Loss on sale before income tax	(101,689)
Income tax expense	-
Loss on sale after income tax	(101,689)

The carrying amount of assets and liabilities at the date of sale (28 August 2012) were:

Cash	1,740
Exploration expenditure	48,428
Total assets	50,168
Trade creditors and other payables	25,741
Total liabilities	25,741
Net assets	24,427

Note 14. Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Group except as follows;-

- On 17 January 2013, the Group announced the drawdown of a further USD $1M under the prepayment debt facility and long-term off take agreement with Noble Group, the appointments of Mr Papi Molotsane and Mr Tokkas Van Heerden, and the resignation of Mr Jason Brewer.
- On 11 March 2013, the Group announced the drawdown of the final USD $3M of the USD $4.5M Tranche A of the prepayment debt facility and long-term off take agreement with Noble Group and the completion of an additional $600,000 placement.

Note 15. Contingencies and commitments

Commitments and contingencies of the Group are of a similar value and nature as those reported at 30 June 2012.

Pursuant to the prepayment debt facility with Noble Group and as approved by shareholders at the Company's Annual General Meeting on 27 November 2012, the Company has committed to issue a maximum of 100,000,000 warrants to Noble Group.

As consideration for the lease of the Chowa Small Scale Mining Site, licence number 14869-HQ-SML, the Group has committed to pay a royalty of USD $6/tonne on all Manganese ore sold from the licence area.

Note 16. Related Party Transactions

Related party transactions as disclosed in the 30 June 2012 annual report have continued during the period.

Note 17. Dividends

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

The directors of the company declare that:

1) The financial statements and notes, as set out within this financial report:

   (a) comply with the Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Act 2001*; and

   (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.

2) In the directors' opinion there are reasonable grounds to believe that Kaboko Mining Limited will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

Malenga Machel
Chairman

Dated this 15th day of March 2013

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

We have reviewed the accompanying half-year financial report of Kaboko Mining Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kaboko Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 (a) in the half-year financial report which indicates that the consolidated entity incurred a loss of $2,599,803 and had current assets of $679,114 and current liabilities of $4,992,116 during the half-year ended 31 December 2012. These conditions, along with other matters as set forth in Note 1 (a), indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

Glyn O'Brien
Director

Perth, Western Australia
Dated this 15th day of March 2013