



**KABOKO**  
MINING LTD  
ASX:K82 107 316 603

## ASX Announcement

29 May 2012

Tonia Oliveira  
ASX Compliance Pty Limited  
Level 8 Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

By e-mail

### QUARTERLY CASHFLOW REPORT – APPENDIX 5B - FOR THE PERIOD ENDED 31 MARCH 2012

We refer to your letter dated 22 May 2012 and respond as follows:

1. The Company is currently developing its manganese projects in Zambia towards commercial production. Factors that should be taken into account in assessing the Company's current cash position are:
  - a. The figures included under the heading "Estimated cash outflows for the next quarter" in the Company's Appendix 5B Mining Exploration Entity Quarterly Report for March 2012 were stated on the basis that the Company completed its previously announced debt financing and would then accelerate the development of its Zambian manganese projects and commit to several capital expenditures on mine development and evaluation, primarily at the Emmanuel Project;
  - b. The Company has been reviewing its funding requirements for its planned capital expenditure and ongoing working capital. Funding is expected from a mix of debt and equity sources and will be complemented from proceeds from the sale of high grade, high quality manganese ore under the Company's binding off-take agreement with Sinosteel Australia Pty Ltd;
  - c. The Company announced in its Quarterly Activities Report for March 2012 that first sales to Sinosteel Australia Pty Ltd were forecast to commence in the current quarter. The Company confirms that this remains on schedule;
  - d. The Company has previously announced that it is in advanced discussions with various parties regarding the provision of a debt facility linked to a long term manganese ore off-take agreement and for an amount of between US\$5m and US\$10m, that is considered sufficient by management to meet its business objectives;
  - e. The Company announced in its Quarterly Activities Report for March 2012 that it had "continued in its discussions with its financiers for a structured debt facility to further fund its exploration and development activities at its Zambian Manganese Projects" and that "The Company anticipates finalisation of its debt financing arrangements in the current quarter;"
  - f. The Company announced to the market on 23 May 2012 that "the indicative terms for up to a US\$10m debt/pre-payment facility, linked to a longer term off-take agreement have been agreed and final due diligence is being undertaken"; and
  - g. The Company will update the market as further progress is made on the finalisation of its debt facility this quarter.



2. See above
3. See above.
4. See above.
5. The Company confirms that it is in compliance with the listing rules, including listing rule 3.1.
6. The Company believes that there has not been a material change to its financial position that would affect continued quotation of the Company's securities and continued listing.

Yours faithfully



**JASON BREWER**  
Executive Director

For further information please contact:

**Investors/ shareholders**

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22 May 2012

Ms Jane Flegg  
Company Secretary  
Kaboko Mining Limited

By email: [jane@okaventures.com](mailto:jane@okaventures.com)

Dear Jane

**Kaboko Mining Limited ("Company")**

I refer to the Company's Quarterly Cashflow Report in the form of an Appendix 5B for the period ended 31 March 2012, released to ASX Limited ("ASX") on 1 May 2012 (the "Appendix 5B").

ASX notes that the Appendix 5B reports the following.

1. Receipts from product sales of \$58,000.
2. Net negative operating cash flows for the quarter of \$1,319,000.
3. Cash at end of quarter of \$433,000.
4. Estimated cash outflows for next quarter \$1,000,000.

ASX also notes the following statement in the Appendix 5B in relation to the estimated cash outflows for the next quarter:

*"Proceeds of sale of product and drawdown of \$5m offtake agreement subsequent to quarter end to meet ongoing costs"*

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities? Is this the case, or are there other factors that should be taken into account in assessing the Company's position? In this regard please comment on the statement above in relation to the "\$5 offtake agreement".
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate? Please also advise when the Company expects the funding referred to in the statement above to be available.

3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number +61 8 9221 2020** or by email to [tonia.oliveira@asx.com.au](mailto:tonia.oliveira@asx.com.au). It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **10.00am (WST) on Tuesday 29 May 2012**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

*[sent electronically without signature]*

Tonia Oliveira  
**Adviser, Listings (Perth)**