



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

**ABN 15 117 330 757**

# CORPORATE DIRECTORY

## Directors

Robert Greenslade - Non-executive Director  
Simon O'Loughlin - Non-executive Director, Chairman  
David Gower – Chief Executive Officer  
David Argyle - Non-executive Director

## Company Secretary

Andrew Bursill

## Registered and Principal Office

Suite 4, Level 9  
341 George Street  
Sydney NSW 2000

Telephone: +61 2 9299 9690  
Facsimile: +61 2 9299 9629

Internet: [www.kibarannickel.com.au](http://www.kibarannickel.com.au)  
Email: [info@kibarannickel.com.au](mailto:info@kibarannickel.com.au)

## Share Registry

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

Telephone: +61 2 8280 7111  
Facsimile: +61 2 9287 0303

## Solicitors

Addisons Lawyers  
Level 12, 60 Carrington Street  
Sydney NSW 2000  
Telephone: +61 2 8915 1000  
Facsimile: +61 2 8916 2000

## Auditor

PKF  
Level 2, 139 Frome Street  
Adelaide SA 5000  
Telephone: +61 8 7421 1400  
Facsimile: +61 8 7421 1499

## Bankers

National Australia Bank  
Level 39, 100 Miller Street  
North Sydney NSW 2060

## Stock Exchange Listing

Australian Securities Exchange  
ASX Code: KNL  
Fully paid ordinary shares

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## DIRECTORS' REPORT

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The Board of Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the the “**Group**” or “**Kibaran Nickel**”) consisting of Kibaran Nickel Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2011.

### DIRECTORS

The names of the Directors of Kibaran Nickel in office during the half-year and until the date of this report are:

Robert Greenslade	Non-executive Director
Simon O'Loughlin	Non-executive Director, Chairman
David Gower	Chief Executive Officer
David Argyle	Non-executive Director

Unless otherwise shown, all Directors were in office from the beginning of the half-year until the date of this report.

### PRINCIPAL ACTIVITIES

The principal activities of the Group are the exploration and evaluation of its tenements in mineral resources. The Group is focused on exploring the highly prospective Kagera Nickel project in Tanzania.

### DIVIDENDS

No dividends were paid or declared during the half-year ended 31 December 2011.

### REVIEW AND RESULTS OF OPERATIONS

#### Review of Operations

The Kagera Nickel Project is located in western Tanzania and comprises a large land position along the western border of Tanzania. The key tenements are located approximately 10 kilometres northeast of the Kabanga Nickel Deposits of Xstrata Nickel / Barrick Gold (one of world's largest undeveloped high grade nickel sulphide deposits) which is presently undergoing feasibility studies.

The project comprises a large land position covering 864 square kilometres along the western border of Tanzania (Figure 2). The Kabanga-Musongati mafic-ultramafic belt occurs in the Meso-proterozoic Kibaran Orogenic Belt which extends 350km along a northeast-southwest trend, exposed in Burundi, Rwanda, southwest Uganda and northwest Tanzania. The intrusions were emplaced into pelitic sediments of the rift basin that accumulated during the early rift phase of the Kibaran orogeny and contain important Nickel sulphide ores at the Kabanga Nickel Deposit (Tanzania) and reef-type PGE concentrations at Musongati (Burundi)

## DIRECTORS' REPORT (Continued)

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### Summary:

- The initial planned 3,000 meter diamond drill program was completed. Eight drill holes totalling 3,190.7 meters were completed during the program.
- The first phase Time Domain Electromagnetic (TDEM) survey using the Crone system was completed over several limited target areas. A total of 205.9 line km of surveying was completed using the Crone system (Crone Geophysics and Exploration Ltd) Data processing continues.
- Crone Bore hole Electromagnetic (BHEM) surveys were completed on seven diamond drill holes. This is the same system that was used by Xstrata Nickel to explore and successfully discover new nickel sulphide deposits on the adjacent Kabanga Project.
- Final assay results were received from drill holes SHG-05, 06, 07 and 08, completing the pending assays from the previously reported drill program. The best results from these holes were 7.0 metres grading 0.11% Ni from 94 to 101 meters in drill hole SHF-07.
- 173 soil samples were sent to ALS Chemex laboratory for preparation and analysis: 114 soil samples from Kasuru (KSU) target; 544 samples from Kumugamba (KUM) Target; and, 14 samples from Nampingwe (NAM) target surrounding the high Ni (700 ppm Ni) anomaly.
- Nine new High Priority Targets have been identified and highlighted using geophysics, geochemical surveys and Nickel Occurrence Trend.
- The incorporation of a wholly owned subsidiary in Tanzania is completed in order to effectively manage business in the country.
- The Rulenge exploration camp was closed in mid-November to reduce costs through the rainy season and Christmas break. The office container, core and field gear are stored at the Catholic Diocese of Rulenge at no additional costs to Kibaran in order that a quick redeployment can be achieved.
- Compilation of the geochemical, geological and drill results and integration with the geophysical data continues, in order to assess the best approach for the next exploration program.

### Operating Results

The net operating loss after tax for the half-year ended 31 December 2011 was \$3,432,383 (31 December 2010: \$613,640).

### SIGNIFICANT POST BALANCE DATE EVENTS

At the date of this report there were no significant events that have occurred after balance date that require disclosure.

## DIRECTORS' REPORT (Continued)

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### AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, PKF, to provide the directors of Kibaran Nickel Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is set out on the following page and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.



**SIMON O'LOUGHLIN**  
Chairman

14 March 2012

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David Gower, who is a Member of the Association of Professional Geoscientists of Ontario, Canada. Mr Gower is a consultant to Kibaran Nickel Limited. Mr Gower has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Mr Gower consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

# AUDITOR'S INDEPENDENCE DECLARATION

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Chartered Accountants  
& Business Advisers

## Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: The directors of Kibaran Nickel Limited and the entities it controlled during the half-year ended 31 December 2011

I declare to the best of my knowledge and belief, in relation to the review of the financial report for the half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to be 'PKF'.

PKF

A handwritten signature in blue ink, appearing to be 'Peter Whelan'.

**Peter Whelan**  
Partner

Date : 14 March 2012

Tel 08 7421 1400 | Fax 08 7421 1499

[adelaide@pkf.com.au](mailto:adelaide@pkf.com.au) | [www.pkf.com.au](http://www.pkf.com.au)

A South Australian Partnership | ABN 21 903 784 597

Level 2 | 139 Frome Street | Adelaide | South Australia 5000

GPO Box 2505 | Adelaide | South Australia 5001

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## DIRECTORS' DECLARATION

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In the opinion of the Directors' of Kibaran Nickel Limited:

- (a) The financial statements and notes, as set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including:
- i. giving a true and fair view of the financial position of the Group as at 31 December 2011 and of its performance represented by the results of its operations and its cash flows for the six months period ended on that date; and
  - ii. complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that Kibaran Nickel 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 S303(5) of the Corporations Act 2001.

On behalf of the Directors



**SIMON O'LOUGHLIN**  
Chairman

14 March 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE HALF YEAR ENDED 31 December 2011

	Half Year Ended 31 December 2011 \$	Half Year Ended 31 December 2010 \$
Other income	37,516	62,998
Employee benefits expense	(94,169)	(39,000)
Other expenses	(191,960)	(409,000)
Impairment – exploration assets	3 (3,183,770)	-
Share based payments	-	(228,638)
<b>Loss before income tax from continuing operations</b>	<b>(3,432,383)</b>	<b>(613,640)</b>
Income tax expense	-	-
<b>Loss for the period from continuing operations</b>	<b>(3,432,383)</b>	<b>(613,640)</b>
<b>Other comprehensive income</b>		
Exchange differences arising on translation of foreign operations	-	-
Income tax on other comprehensive income	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>(3,432,383)</b>	<b>(613,640)</b>
<b>Loss attributable to</b>		
Members of Kibaran Nickel Limited	(3,433,383)	(613,613)
Non-controlling interest	-	(27)
<b>Total comprehensive income attributable to</b>		
Members of Kibaran Nickel Limited	(3,432,383)	(613,613)
Non-controlling interest	-	(27)
<b>Earnings per share from continuing operations attributable to the members of Kibaran Nickel Limited</b>		
Basic loss per share (cents per share)	(10.31)	(2.66)
Diluted loss per share (cents per share)	(10.31)	(2.48)

The accompanying notes form part of the financial statements.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
FOR THE HALF YEAR ENDED 31 December 2011

	Note	31 December 2011 \$	30 June 2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		567,949	2,738,400
Trade and other receivables		29,239	56,150
<b>Total Current Assets</b>		<b>597,188</b>	<b>2,794,550</b>
<b>Non-current Assets</b>			
Exploration and evaluation assets	3	1,330,089	3,022,299
<b>Total Non-current Assets</b>		<b>1,330,089</b>	<b>3,022,299</b>
<b>TOTAL ASSETS</b>		<b>1,927,277</b>	<b>5,816,849</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		77,877	527,566
<b>Total Current Liabilities</b>		<b>77,877</b>	<b>527,566</b>
<b>TOTAL LIABILITIES</b>		<b>77,877</b>	<b>527,566</b>
<b>NET ASSETS</b>		<b>1,849,400</b>	<b>5,289,283</b>
<b>EQUITY</b>			
Contributed equity	4	5,908,229	5,908,229
Reserves		1,183,908	1,183,908
Accumulated losses		(5,242,737)	(1,804,032)
Equity attributable to the members of Kibaran Nickel Limited		1,849,400	5,288,105
Non-controlling interest		-	1,178
<b>TOTAL EQUITY</b>		<b>1,849,400</b>	<b>5,289,283</b>

The accompanying notes form part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 December 2011

	Issued Capital Ordinary	Retained Earnings	Share Option Reserve	Foreign Exchange Translation Reserve	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2010</b>	1,466,803	(402,409)	141,080	-	-	1,205,474
Total comprehensive loss for the period	-	(613,613)	-	-	(27)	(613,640)
Other comprehensive income	-	-	-	(8,372)	-	(8,372)
Non-controlling interest arising on disposal of interest in Amadori Pty Ltd	-	-	-	-	304	304
Difference arising on disposal of interest in Amadori Pty Ltd	-	9,696	-	-	-	9,696
Issue of share options	-	-	448,000	-	-	448,000
Issued pursuant to share purchase agreement	1,000,000	-	-	-	-	1,000,000
Issued pursuant to prospectus	4,000,000	-	-	-	-	4,000,000
Transaction costs	(557,932)	-	-	-	-	(557,932)
<b>Balance at 31 December 2010</b>	<b>5,908,871</b>	<b>(1,006,326)</b>	<b>589,080</b>	<b>(8,372)</b>	<b>277</b>	<b>5,483,530</b>
<b>Balance at 1 July 2011</b>	<b>5,908,229</b>	<b>(1,804,032)</b>	<b>1,192,280</b>	<b>(8,372)</b>	<b>1,178</b>	<b>5,289,283</b>
Total comprehensive loss for the period	-	(3,432,383)	-	-	-	(3,432,383)
Other comprehensive income	-	-	-	-	-	-
Non-controlling interest	-	(6,322)	-	-	(1,178)	(7,500)
<b>Balance at 31 December 2011</b>	<b>5,908,229</b>	<b>(5,242,737)</b>	<b>1,192,280</b>	<b>(8,372)</b>	<b>-</b>	<b>1,849,400</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE HALF YEAR ENDED 31 December 2011

	Half Year Ended 31 December 2011 \$	Half Year Ended 31 December 2010 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(255,179)	(241,784)
<b>Net cash from operating activities</b>	<b>(255,179)</b>	<b>(241,784)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration activities	(1,943,159)	(338,462)
Interest received	35,387	56,765
Payment for remaining interest in Amadori Pty Ltd	(7,500)	-
<b>Net cash from investing activities</b>	<b>1,915,272</b>	<b>(281,697)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	4,000,000
Transaction costs of issue of shares	-	(557,932)
<b>Net cash from financing activities</b>	<b>-</b>	<b>3,442,068</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,170,451)</b>	<b>2,918,587</b>
Cash and cash equivalents at the beginning of the period	<b>2,738,400</b>	<b>1,257,280</b>
<b>Cash and cash equivalents at the end of the half- year</b>	<b>567,949</b>	<b>4,175,867</b>

The accompanying notes form part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 December 2011

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Kibaran Nickel Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

Apart from the changes in accounting standards noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

#### *1a. Going concern*

The half-year financial report has been prepared on the basis of a going concern, notwithstanding the fact that material uncertainties exist, going forward, which cast significant doubt on the Company's ability to continue as a going concern. The Group incurred a loss for the half-year after tax of \$3,432,383 (2010: \$613,640) and a net cash out flow from operating activities of \$719,207 (2010: \$241,784). The Company acquires mineral tenements and then applies its expertise to conduct mineral exploration in search of base and precious metals deposits. In addition to the many uncertainties inherent in the mineral exploration and development industry, the Company does not yet have a significant revenue stream and must rely on raising money in the capital markets. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future.

The half-year financial report has been prepared on the basis of a going concern, as the directors believe that adequate funding will be raised to enable the Group to pay its debts as and when they become due for a period of twelve months from the date of approving this Report. In the event that the Group is delayed in raising funding and or committing to development of its core tenements, the Group may need to either reduce its rate of expenditure or raise additional working capital to ensure that it can continue to meet its obligations as and when they fall due.

Expenditure commitments include obligations arising from annual minimum work obligations for exploration permits. Minimum work obligations, may be subject to negotiation and approval and could be varied, they may also be satisfied by farm-out, sale, relinquishment or surrender

In the event that the Group is not able to raise sufficient working capital within the time frame required, it may not be able to realise its assets and crystallise its liabilities in the normal course of business at the amounts stated in this half-year financial report.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

#### *1b. New, revised or amending Accounting Standards and Interpretations adopted*

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 December 2011 (Continued)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets*

The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amended disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when (i) an asset is transferred but is not derecognised; and (ii) when assets are derecognised but the consolidated entity has a continuing exposure to the asset after the sale.

#### *AASB 1054 Australian Additional Disclosures*

The consolidated entity has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

#### *AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*

The consolidated entity has applied AASB 2011-1 amendments from 1 July 2011. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian and New Zealand Standards. The amendments removed certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements.

#### *AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation*

The consolidated entity has applied AASB 2011-5 amendments from 1 July 2011. These amendments extended relief from consolidation, the equity method and proportionate consolidation where the ultimate or intermediate parent applied not-for-profit Aus paragraphs in Australian IFRSs as adopted in Australia.

### 2. SEGMENT INFORMATION

#### Segment Information

##### Identification of reportable segments

The Group has identified its operating segments based on the 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.

##### Types of service by segment

As of the date of this report and during the period ended 31 December 2011 the Group operates in the industry of exploration of nickel in Tanzania. The operating segments are identified based on the size of the exploration tenements.

The Group is managed primarily on its tenements. An operating segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environment.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 December 2011 (Continued)

#### 2. SEGMENT INFORMATION (continued)

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the type of product and service. The Group has determined that the reportable operating segments are based on geographical locations as they are the source of the Group's major assets.

##### *Accounting policies adopted*

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 to those adopted in Note 1 to the accounts and the annual financial statements of the Group.

##### **Basis of accounting for purposes of reporting by operating segments**

##### *Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

##### *Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

##### **Segment Results**

The internal reports that are reviewed and used by the board of directors comprise only direct exploration expenditure. This information is used by the board of directors in assessing performance and in determining the allocation of resources and as such no segment result or segment revenues are separately disclosed.

##### **Segment Assets**

Segment Assets 31 December 2011	Australia	Tanzania	Total
	\$	\$	\$
Segment operating assets	-	1,330,089	1,330,089
Unallocated Assets:			
Cash and cash equivalent			567,949
Trade and other current assets			29,239
<b>Total assets per the statement of financial position</b>			<b>1,927,277</b>

Segment Assets 30 June 2011	Australia	Tanzania	Total
	\$	\$	\$
Segment operating assets	-	3,022,299	3,022,299
Unallocated Assets:			
Cash and cash equivalent			2,738,400
Trade and other current assets			56,150
<b>Total assets per the statement of financial position</b>			<b>5,816,849</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF YEAR ENDED 31 December 2011 (Continued)

**3. EXPLORATION AND EVALUATION ASSETS**

	31 December 2011 \$	30 June 2011 \$
Carrying value	<b>1,330,089</b>	3,022,299
	<b>1,330,089</b>	3,022,299
<b>Reconciliation</b>		
Carrying value at beginning	<b>3,022,299</b>	
Additions	<b>1,491,560</b>	
Impairment	<b>(3,183,770)</b>	
31 December 2011	<b>1,330,089</b>	

On 31 December an amount of \$3,183,770 was written off in relation to specific areas of exploration that have not achieved positive results.

**4. CONTRIBUTED EQUITY**

	31 December 2011 \$	30 June 2011 \$
<b>(a) Ordinary shares</b>		
Fully paid ordinary shares	<b>5,908,229</b>	5,908,229
Total issued and paid up capital	<b>5,908,229</b>	5,908,229

**(b) Movements in Ordinary Shares During the Past Six Months Were as Follows:**

Date	Details	Number of Shares	\$
1 July 2011	Opening Balance	33,285,916	5,908,229
	Share issue	-	-
	Share issue costs	-	-
<b>31 December 2011</b>	<b>Closing Balance</b>	<b>33,285,916</b>	<b>5,908,229</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE HALF YEAR ENDED 31 December 2011 (Continued)**

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#### **5. DIVIDENDS PAID OR PROVIDED FOR**

No dividend has been paid or provided for during the half year (31 December 2010: nil).

#### **6. SUBSIDIARIES**

During the period, the Group acquired the non-controlling interest in Amadori Pty Ltd, a dormant subsidiary, for \$7,500.

#### **7. SUBSEQUENT EVENTS AFTER BALANCE DATE**

No other matters or circumstances have arisen since 31 December 2011 that have significantly affected or may significantly affect:

1. The consolidated Company's operations in future financial years; or
2. The results of those operations in future financial years; or
3. The consolidated Company's state of affairs in future financial years.



# INDEPENDENT AUDITOR'S REVIEW REPORT

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Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF KIBARAN NICKEL LIMITED

#### Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Kibaran Nickel Limited which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the group. The group comprises Kibaran Nickel Limited (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

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

The directors of the company 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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the group's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kibaran Nickel 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.

Tel 08 7421 1400 | Fax 08 7421 1499

[adelaide@pkf.com.au](mailto:adelaide@pkf.com.au) | [www.pkf.com.au](http://www.pkf.com.au)

A South Australian Partnership | ABN 21 903 784 597

Level 2 | 139 Frome Street | Adelaide | South Australia 5000

GPO Box 2505 | Adelaide | South Australia 5001

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2011 (Continued)

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### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### 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 the group is not in accordance with the *Corporations Act 2001* including:

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

### Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the Half-year financial report, which indicates that during the half-year ended 31 December 2011, the group incurred a loss after tax of \$3,432,383 and reflect a net cash out flow from operating activities of \$255,179. 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 group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

A handwritten signature in blue ink, appearing to be 'P. Whelan'.

PKF

A handwritten signature in blue ink, appearing to be 'Peter Whelan'.

**Peter Whelan**  
Partner

**14 March 2012**  
Adelaide