



**Annual Report**  
**30 June 2011**

**ABN 15 117 330 757**

# Corporate Information

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## Corporate Information

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This annual report covers Kibaran Nickel Ltd (ABN 15 117 330 757) as an individual entity and the Group comprising Kibaran Nickel Limited and its subsidiaries. The Group's functional and presentation currency is AUD \$.

A description of the Group's operations and principal activities is included in the review of operations and activities in the directors' report. The directors' report is not part of the financial report.

### 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: (612) 9299 9690  
Facsimile: (612) 9299 9629  
Internet: [www.kibarannickel.com.au](http://www.kibarannickel.com.au)  
Email: [info@kibarannickel.com.au](mailto:info@kibarannickel.com.au)

### Share Registry

Computershare Investor Services Pty Limited  
Level 5  
115 Grenfell Street  
Adelaide SA Australia 5000

### ASX Code

KNL - Fully paid ordinary shares

### Solicitors

Addisons Lawyers  
Level 12, 60 Carrington Street  
Sydney NSW 2000  
Telephone: (612) 8915 1000  
Facsimile: (612) 8916 2000

## Corporate Information

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### **Auditors**

PKF

Level 2, 139 Frome Street

Adelaide SA 5000

Telephone: (618) 7421 1400

Facsimile: (618) 7421 1499

### **Bankers**

National Australia Bank

Level 39, 100 Miller Street

North Sydney NSW 2060

## Directors' report

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Your directors submit their report together with the financial statements of the consolidated entity (referred to hereafter as the "Group") consisting of Kibaran Nickel Limited (referred hereafter as the "Company") and the entities it controlled for the year ended 30 June 2011.

### Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Dr David Brookes - Non-executive Director, Chairman (retired 13/9/10)  
Stephen Evans - Non-executive Director (retired 13/9/10)  
Robert Greenslade - Non-executive Director  
Simon O'Loughlin - Non-executive Director, Chairman (appointed 13/9/10)  
David Gower – Chief Executive Officer (appointed 13/9/10)  
David Argyle - Non-executive Director (appointed 13/9/10)

### Names, qualifications, experience and special responsibilities

#### **Robert Greenslade BA(Ec)**

##### **Non-Executive Director**

Robert Greenslade is a founding director of Adelaide-based boutique investment bank Gryphon Partners Pty Ltd specialising in resource transactions in the public and private sectors. Prior to 2002, Robert Greenslade was Group Executive Corporate for Normandy Mining Ltd heading up the company's corporate division. Following the takeover of Normandy Mining Ltd by Newmont Mining Corporation Inc, he was appointed Vice President of Newmont Capital Ltd responsible for the Group's Australian and Asian Pacific corporate and business development activities. Robert Greenslade is also a non-executive director of Ferraus Ltd and Oaks Hotel and Resorts Ltd.

#### **Simon O'Loughlin BA (Acc), Law Society Certificate in Law**

##### **Non-Executive Director/ Chairman**

Simon O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide based medium sized specialist commercial law firm. He has obtained extensive experience in the corporate and commercial law fields while practicing in Sydney and Adelaide. More recently, he has been focusing on the resources sector. Simon also holds accounting qualifications. He is currently chairman of Bondi Mining Ltd and Avenue Resources Ltd and a director of Aura Energy Ltd, , Petrathern Ltd, Chesser Resources Ltd, Strzelecki Metals Ltd, Probiomics Ltd and WCP Resources Ltd. He has comprehensive experience with companies in the small industrial and resources sectors.

Simon O'Loughlin is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division) and was a director of Living Cell Technologies Ltd until 18 November 2010.

## Directors' report

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### **David Gower P.Ge**

#### **Chief Executive Officer**

David Gower has over 20 years of experience in exploration with Falconbridge Ltd, Noranda Inc. (now X-strata PLC) most recently as General Manager of Global Nickel and PGM Exploration. He was a member of the Senior Operating Team responsible for mining projects with Falconbridge Ltd. He has led exploration teams which were responsible for brownfields discoveries at Raglan, Sudbury and Matagami - Canada, Falcondo – Dominican Republic, and greenfield discoveries at Araguaia nickel in Brazil, Kabanga Nickel Deposit in Tanzania and El Pilar copper in Mexico.

### **David Argyle MBA**

#### **Non-Executive Director**

In August 2007, David Argyle was appointed President and Chief Executive Officer of Dynamite Resources Ltd which subsequently merged with Avion Resources Corp in Feb 2009. Prior to joining Dynamite, he was the Managing Director of Tau Mining Ltd. David Argyle brings with him 20 years experience in senior management positions on mining and chemical projects in China, South East Asia, Central Asia and Australia. He holds a degree in Commerce from the University of Western Australia and an MBA from the University of Michigan.

### **Company Secretary**

### **Andrew Bursill**

#### **Company Secretary**

Andrew Bursill was appointed as the Company Secretary on 24th February 2011. Andrew Bursill is a Chartered Accountant with more than 10 years' experience as a Director and Company Secretary of numerous publicly listed entities.

In addition to his appointment at Kibaran Nickel Limited, Andrew Bursill is currently a Director and Company Secretary of Argonaut Resources NL, Australia Oriental Minerals NL and Company Secretary of Agua Resources Limited, Site Group International Limited and MOKO.mobi Limited and several other unlisted public and private companies.

### **Principal Activities**

The principal activities of the Group are the exploration and evaluation of its tenements in mineral resources. The Group from time to time receives proposals to participate in the exploration and development of other Projects but to date has not completed any third party transactions since the acquisition of Castillian Resources (Tanzania) Ltd. which is the subsidiary that holds the tenements the Group is exploring. The company was formerly an investment company, which had a focus on investment opportunities in the biotechnology sector.

### **Operating result**

The Group's loss after providing for income tax amounted to \$1,410,445 (2010: \$90,220).

# Directors' report

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## Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payments of dividends has been made.

## Review of Operations

### Corporate

The company completed its capital raising of \$4m in October 2010 through the issuance of 20m fully paid ordinary shares to fund its Kagera Nickel Sulphide exploration project in Tanzania through its recently acquired subsidiary, Castillian Resources (Tanzania) Limited ("Castillian"). The business acquisition was completed on 21 October 2010.

### Operations

The Kagera Nickel Project is located in western Tanzania and comprises a large land position (note section "Summary of mining tenements" below for details) 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.

### **Highlights:**

- ✓ A total of 206 line-km was surveyed with the surface geophysical Crone Pulse EM system over Kagera Project between March and August, 2011;
- ✓ A total of 1895 m was surveyed with Crone BHEM system within seven (7) drillholes over Kagera Project between May and August, 2011, several off-hole conductors were followed up but these were not related to nickel sulphide mineralization;
- ✓ The current phase of Crone TDEM geophysical surveys was completed in August, 2011. The processing of the large new data set and integration of the new geophysical targets with geochemical and airborne data will continue through the upcoming quarter;
- ✓ The first phase of drilling is wrapping up with a total of 3,190.70 m of drilling in seven drill holes. Assay results for the final drill holes will be received in September. Two holes completed during August, SHG-06 and SHG-07, intersected mafic/ultramafic rocks with disseminated sulphides (assays pending). Other drill holes intersected significant zones of pyrrhotite within the sedimentary sequence and these sulphides were responsible for the conductors. This sedimentary rock hosted mineralization is not directly related to nickel sulphide deposits, although it is abundant in the enclosing rocks at the Kabanga nickel deposits;
- ✓ During August a total of 924 samples were submitted to ALS Chemex for preparation and analysis, results are expected in September;
- ✓ Next phase of work starting in early September will comprise geological mapping and geochemical sampling with a focus on the numerous airborne VTEM targets identified on the Property and modeling and integration of the recently acquired geophysical data in order to develop the next phase diamond drill program.

## Directors' report

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### Future exploration programs

The first phase of diamond drilling will be completed with receipt of assays in September after evaluating several targets. The drilling to date has only covered a very small portion of the project potential and success will rely on a systematic approach to developing and evaluating targets. There will be a planned pause in the drill program in order to interpret and compile the large volumes of geophysical and geochemical data and complete surveys and systematic evaluation of additional targets to ensure a well planned and properly prioritized second phase of drilling. The ongoing interpretation of the VTEM airborne data continues to highlight new conductive zones with the result that the ground geophysical and geochemistry programs are being expanded with the objective of upgrading these areas for future diamond drill testing.

In addition the Company holds mineral claims approximately 60 kilometers to the northeast of the Kagera claims and the airborne geophysical data and geochemical data on this property indicates several compelling targets that will be evaluated for drilling in future. Initial evaluation indicates prospective ultramafic rocks occur in this area which was also highlighted by the original UNDP surveys that led to the Kabanga discovery in the 1970's. The follow up program will include grid establishment and geochemical surveys initially.

*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.*

### Significant Changes in State of Affairs

During the year, the Group changed its principal activities from being an investment company, which had a focus on investment opportunities in the biotechnology sector, to conducting exploration and evaluation of tenements in mineral resources.

## Directors' report

### Likely developments and expected results

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

### Significant events after the balance date

There have been no significant events after the balance date.

### Share Options

At the date of this report, the following unlisted options to acquire shares in the company were on issue

Issue Date	Expiry Date	Opening Balance	Net Issues/ (Exercised) during Year	Exercise Price	Closing Balance
9/02/2007	8/02/2012	150,000	-	\$0.20	150,000
9/02/2007	8/02/2012	150,000	-	\$0.20	150,000
9/02/2007	8/02/2012	150,000	-	\$0.20	150,000
2/02/2007	1/02/2012	500,000	-	\$0.40	500,000
30/11/2007	29/11/2012	150,000	-	\$0.20	150,000
13/09/2010	12/09/2014	-	500,000	\$0.20	500,000
13/09/2010	12/09/2014	-	1,500,000	\$0.20	1,500,000
13/09/2010	12/09/2014	-	1,500,000	\$0.20	1,500,000
24/03/2011	24/03/2015	-	2,500,000	\$0.25	2,500,000
31/03/2011	31/03/2015	-	700,000	\$0.25	700,000
31/03/2011	30/09/2015	-	700,000	\$0.35	700,000
31/03/2011	31/03/2016	-	700,000	\$0.40	700,000
31/03/2011	31/03/2015	-	600,000	\$0.30	600,000
		1,100,000	8,700,000		9,800,000

### Interest in shares and options of the company

As at the date of this report, the interests of the directors in the shares and options of Kibaran Nickel Limited were as follows. Each option entitles the holder to one fully paid ordinary share in the company.

## Directors' report

	Number of Ordinary Shares*	Number of Options over Ordinary Shares*
Robert Greenslade	2,175,000	1,650,000
Simon O'Loughlin	600,000	500,000
David Gower	125,000	1,500,000
David Argyle	-	1,000,000
David Brookes <sup>(1)</sup>	587,500	150,000
Stephen Evans <sup>(1)</sup>	100,000	150,000

\* Held by directors and entities in which directors have a relevant interest.

<sup>(1)</sup> Retired at 13 September 2010

### Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director are as follows:

Directors' Meetings		
Number of Meetings held		5
	Number of meetings eligible to attend	Number of meetings attended
Robert Greenslade	4	5
Simon O'Loughlin	5	5
David Gower	4	5
David Argyle	4	5

### Audit Committee

As at the end of the reporting period, the board was yet to form an audit committee.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of \$12,900. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

# Directors' report

## Remuneration Report - Audited

This report outlines the remuneration arrangements in place for directors and executives of Kibaran Nickel Limited.

### Remuneration philosophy

The board is responsible for determining remuneration policies applicable to directors and key management personnel of the Company. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the board to the Company's financial performance.

ASX listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. Long term incentive award to executives are delivered in the form of share options. Each option holder has the opportunity to subscribe for shares in the company. The Directors have resolved that non-executive Directors' fees will be \$35,000 per annum for the Chairman and \$30,000 per annum for each of the remaining non-executive Directors. Certain Directors are granted options as key component of their remuneration in order to retain their services and provide incentive linked to the performance of the Group.

		Short-Term Benefits	Post Employment	Share based payments	Total	Performance related %
		Salary & Fees	Superannuation	Options		
Simon O'Loughlin	2011	26,250	-	64,000	90,250	71
	2010	-	-	-	-	-
Robert Greenslade	2011	26,875	-	-	26,875	-
	2010	5,500	-	-	5,500	-
David Gower	2011	52,278	-	174,000	226,278	77
	2010	-	-	-	-	-
David Argyle	2011	15,000	-	116,000	131,000	89
	2010	-	-	-	-	-
David Brooks	2011	5,000	-	-	5,000	-
	2010	20,000	1,800	-	21,800	-
Steven Evans	2011	1,375	-	-	1,375	-
	2010	5,500	-	-	5,500	-
	<b>2011</b>	<b>126,778</b>	<b>-</b>	<b>354,000</b>	<b>480,778</b>	
	<b>2010</b>	<b>31,000</b>	<b>1,800</b>	<b>-</b>	<b>32,800</b>	

## Directors' report

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### Company performance and its link to remuneration

The Board has chosen to issue incentive options to some executives as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the Consolidated Entity.

The Board considers that each executive's experience in the resources industry will greatly assist the Group in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive options granted to executives is commensurate to their value to the Group.

The Board has a policy of granting incentive options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted. Other than service-based vesting conditions, there are no additional performance criteria on the incentive options granted to executives.

The company's performance since listed on ASX is:

- loss after tax of \$1,410,445 (2010: \$90,220)
- Share price at year end of \$0.17 (2010:\$0.25)<sup>1</sup>
- EPS (cents) (0.05) (2010:(0.54))

<sup>1</sup> Date listed on ASX

### Environmental Regulation and Performance

The Group is not subject to any significant environmental regulations under a law of the Commonwealth, state or territory.

### Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

## Directors' report

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### **Auditor independence and non-audit services**

PKF in its capacity as auditor of Kibaran Nickel Limited , has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 14.

Signed in accordance with a resolution of the board of directors.

A handwritten signature in black ink, appearing to read 'S. O'Loughlin', is displayed on a light gray rectangular background.

Simon O'Loughlin  
Chairman  
21 September 2011



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 year

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

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

A handwritten signature in blue ink, appearing to read 'PJ Whelan', is written over the PKF logo.

**PKF**  
Chartered Accountants

A large, stylized handwritten signature in blue ink, appearing to read 'PJ Whelan', is written over the PKF logo and the text 'Chartered Accountants'.

**PJ Whelan**  
Partner

21 September 2011  
Adelaide

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# Corporate Governance Statement

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The Board of Directors of Kibaran Nickel will be responsible for the corporate governance of the Company including its strategic development.

The format of this Section is guided by the ASX Corporate Governance Council's best practice recommendations.

The Company's corporate governance principles and policies are therefore structured as follows:

*Principle 1 Lay solid foundations for management and oversight*

*Principle 2 Structure the Board to add value*

*Principle 3 Promote ethical and responsible decision making*

*Principle 4 Safeguard integrity in financial reporting*

*Principle 5 Make timely and balanced disclosure*

*Principle 6 Respect the rights of Shareholders*

*Principle 7 Recognise and manage risk*

*Principle 8 Remunerate fairly and responsibly*

With the exception of the departures from the Corporate Governance Council recommendations in relation to the establishment of a nomination committee and an audit, risk and compliance committee (Recommendations 2.4 and 4.1), the corporate governance practices of Kibaran Nickel are compliant with the Council's best practice recommendations.

*Principle 1: Lay solid foundations for management and oversight*

The Board will be accountable to the Shareholders for the performance of the Company and will have overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, will be formally managed by the Board of the Company.

The key responsibilities of the Board will include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;
- overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- overseeing the implementation and management of effective safety and environmental performance systems;
- ensuring all major business risks are identified and effectively managed; and
- ensuring that the Company meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at Kibaran Nickel's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

# Corporate Governance Statement

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## *Principle 2: Structure the Board to add value*

The Directors consider the size and composition of the Board is appropriate given the size and status of the Company. However, the composition of the Board will be subject to review in a number of ways.

The Constitution provides that at every annual general meeting, one third of the Directors shall retire from office but may stand for re-election.

Board composition will be also reviewed periodically either when a vacancy arises or if it is considered the Board would benefit from the services of a new Director, given the existing mix of skills and experience of the Board, which should match the strategic demands of the Company. Once it has been agreed that a new Director is to be appointed, a search will be undertaken, sometimes using the services of external consultants. Nominations would then be received and reviewed by the Board.

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role. The composition of the committees shall be as follows:

- the majority of the members of each committee of the Board will be non-executive Directors;
- each committee will have a charter approved by the Board; and
- each committee will maintain minutes of each meeting of the committee, which will be circulated to all Directors.

At the present time no committees will be established because of the size of the Company and the involvement of the Board in the operations of the Company. The Board takes ultimate responsibility for the operations of the Company including remuneration of Directors and executives and nominations to the Board.

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors. In addition, Recommendation 2.2 requires the chairperson of the Company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. In accordance with this definition, all Directors are considered to be independent.

Kibaran Nickel considers industry experience and specific expertise to be important attributes of its Board members and therefore believes that the composition of the Board is appropriate given the size and development of the Company at the present time.

## *Principle 3: Promote ethical and responsible decision making*

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. Kibaran Nickel intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards.

# Corporate Governance Statement

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The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

The Company has a formal policy for dealing in the Company's securities by Directors, employees and contractors and disclose a summary of that policy. This sets out their obligations regarding disclosure of dealing in the Company's securities. The Constitution permits Directors to acquire securities in the Company, however Company policy prohibits Directors and senior management from dealing the Company's securities at any time during a closed period. Closed period means the period between:

- 1 January and the day of release Half Year Report to the ASX;
- 1 July and the day of release Full Year Report to the ASX; or
- Any other periods from time to time when the Company is considering matters which are subject to Listing Rule 3.1A as resolved by the Board of the Company.

Directors must advise the Chairman of the Board before buying or selling securities in the Company. All such transactions are reported to the Board. In accordance with the provisions of the Corporations Act and the Listing Rules, the Company advises ASX of any transaction conducted by Directors in the securities of the Company.

#### *Principle 4: Safeguard integrity in financial reporting*

The Board primary responsibilities in relation to risks and compliance are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

The size and nature of the activities of the Company does not presently require the services of a chief financial officer. It is proposed that the Company Secretary, Andrew Bursill, will initially provide accounting and financial support to the Company. Andrew Bursill will be required to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards

# Corporate Governance Statement

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*Principle 5: Make timely and balanced disclosure*

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

The Board strives to provide immediate disclosure to the market of any information concerning the company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Senior Management is responsible for monitoring all information regarding the Company's day to day activities and if a potential disclosure obligation arises.

*Principle 6: Respect the rights of Shareholders*

The Company seeks to ensure that shareholders are well informed of the Company's activities.

Information is communicated to Shareholders through:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

*Principle 7: Recognise and manage risk*

The Board has identified the significant areas of potential business and legal risk to Kibaran Nickel. The identification, monitoring and, where appropriate, the reduction of significant risk to Kibaran Nickel will be the responsibility of the Board.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts will be prepared and reviewed at subsequent Board meetings. Budgets are prepared and compared against actual results.

*Principle 8: Remunerate fairly and responsibly*

The Chairman and the non-executive Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. If all of the Resolutions are passed, the maximum aggregate annual remuneration which may be paid to non-executive Directors will be \$300,000. This amount cannot be increased without the approval of the Company's Shareholders.

# Consolidated Statement of Comprehensive Income

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

		Consolidated	
	Note	2011 \$	2010 \$
<b>Continuing Operations</b>			
Revenue	2(a)	166,109	65,234
Employee benefits expense	2(b)	(126,948)	(32,800)
Other expenses	2(c)	(398,406)	(101,944)
Share based payment	8	(1,051,200)	-
<b>Loss before income tax expense</b>		<b>(1,410,445)</b>	<b>(69,510)</b>
Income tax expense	3	-	-
<b>Profit/(Loss) from continuing operations</b>		<b>(1,410,445)</b>	<b>(69,510)</b>
<b>Discontinuing Operations</b>			
Profit/(Loss) from discontinuing operations after tax	18	-	(20,710)
<b>Loss for the period</b>		<b>(1,410,445)</b>	<b>(90,220)</b>
Other comprehensive income		-	-
Foreign currency translation		(8,372)	-
<b>Loss attributable to members of the parent entity</b>		<b>(1,418,817)</b>	<b>(90,220)</b>
<b>Loss for the period is attributable to:</b>			
Non-controlling interest		(43)	-
Owners of the parent		(1,410,402)	(90,220)
		<b>(1,410,445)</b>	<b>(90,220)</b>
<b>Total comprehensive loss for the period is attributable to:</b>			
Non-controlling interest		(43)	-
Owners of the parent		(1,418,774)	(90,220)
		<b>(1,418,817)</b>	<b>(90,220)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share from continuing and discontinuing operations</b>			
Basic earnings per share	4	(0.05)	(0.54)
Diluted earnings per share	4	(0.05)	(0.54)
<b>Earnings per share from continuing operations</b>			
Basic earnings per share		(0.05)	(0.42)
Diluted earnings per share		(0.05)	(0.42)
<b>Earnings per share from discontinuing operations</b>			
Basic earnings per share		-	(0.12)
Diluted earnings per share		-	(0.12)

*The accompanying notes form part of these financial statements*

# Consolidated Statement of Financial Position

AS AT 30<sup>TH</sup> JUNE 2011

		Consolidated	
	Note	2011 \$	2010 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	2,738,400	1,196,466
Trade and other receivables	6	56,150	51,068
<b>Total Current Assets</b>		2,794,550	1,247,534
<b>Non-Current Assets</b>			
Exploration and evaluation assets	7	3,022,299	-
<b>Total Non-Current Assets</b>		3,022,299	-
<b>Total Assets</b>		5,816,849	1,247,534
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	527,566	42,060
<b>Total Current Liabilities</b>		527,566	42,060
<b>Total Liabilities</b>		527,566	42,060
<b>Net Assets</b>		5,289,283	1,205,474
<b>Equity</b>			
Issued Capital	10	5,908,229	1,466,803
Reserves	11	1,183,908	141,080
Retained Earnings		(1,804,032)	(402,409)
Equity attributable to the owners of Kibaran Nickel Limited			
Non-controlling interest	11(c)	1,178	-
<b>Total Equity</b>		5,289,283	1,205,474

*The accompanying notes form part of these financial statements*

## Consolidated Statement of Changes in Equity

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

	Consolidated Group					
	Issued Capital Ordinary	Retained Earnings	Share Option Reserve	Foreign Currency translation Reserve	Non controlling interest	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	1,466,803	(312,189)	141,080	-	-	1,295,694
Loss attributable to members	-	(90,220)	-	-	-	(90,220)
<b>Balance at 30 June 2010</b>	1,466,803	(402,409)	141,080	-	-	1,205,474
<b>Balance at 1 July 2010</b>	1,466,803	(402,409)	141,080	-	-	1,205,474
Total comprehensive loss for the period	-	(1,410,402)	-	-	(43)	(1,410,445)
Non-controlling interest arising on disposal of interest in Amadori Pty Ltd	-	8,779	-	-	1,221	10,000
Other comprehensive income	-	-	-	(8,372)	-	(8,372)
Issue of share options	-	-	1,051,200	-	-	1,051,200
Issued pursuant to share purchase agreement	1,000,000	-	-	-	-	1,000,000
Issued pursuant to prospectus	4,000,000	-	-	-	-	4,000,000
Transaction costs	(558,574)	-	-	-	-	(558,574)
<b>Balance at 30 June 2011</b>	5,908,229	(1,804,032)	1,192,280	(8,372)	1,178	5,289,283

*The accompanying notes form part of these financial statements*

## Consolidated Statement of Cash Flow

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

		Consolidated	
		2011	2010
	Note	\$	\$
<b>Cash Flow from operating activities</b>			
Payment to suppliers and employees		(428,903)	(147,844)
Interest received		211,621	20,111
<b>Net cash inflow/(outflow) from operating activities</b>	<b>5</b>	<b>(217,282)</b>	<b>(127,733)</b>
<b>Cash Flow from investing activities</b>			
Payment for exploration	<b>7</b>	(1,692,210)	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(1,692,210)</b>	<b>-</b>
<b>Cash Flow from financing activities</b>			
Share issue pursuant to prospectus	<b>10</b>	4,000,000	-
Share issue in Amadori Pty Ltd		10,000	-
Capital raising cost for the share issue	<b>10</b>	(558,574)	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>3,451,426</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		1,541,934	(127,733)
Cash and cash equivalents at the beginning of the financial year		1,196,466	1,324,199
<b>Cash and cash equivalents at end of the year</b>	<b>5</b>	<b>2,738,400</b>	<b>1,196,466</b>

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers Kibaran Nickel Limited as an individual entity and the Group comprising Kibaran Nickel Limited and its subsidiaries. Kibaran Nickel Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Kibaran Nickel Limited complies with all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) in their entirety.

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

#### Accounting policies

##### a. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income assets are recognised to the extent that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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### **Note 1: Summary of Significant Accounting Policies (continued)**

#### **b. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank-overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### **c. Trade and Other Payables**

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **d. Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of GST, except where that 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 expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **e. Comparative Figures**

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

#### **f. Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of Goods and Services Tax (GST).

#### **g. Share Capital**

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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### Note 1: Summary of Significant Accounting Policies (continued)

#### h. Principles of Consolidation

The consolidated financial statements comprise the financial statements of Kibaran Nickel Limited and its subsidiaries as at 30 June each year (the Group).

A controlled entity is any entity Kibaran Nickel Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. The financial statements of the subsidiary are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

#### i. Earnings Per Share

##### *Basic earnings per share*

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

##### *Diluted earnings per share*

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

#### j. Employee Benefits

##### *Share-based payment transactions*

The Group provides benefits to employees of the Group in the form of share-based payments, whereby employees receive options incentives (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option pricing model.

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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#### Note 1: Summary of Significant Accounting Policies (continued)

##### **j. Employee Benefits (continued)**

The cost of equity-settled transactions is recognised as an expense in the income statement, together with a corresponding increase in the share option reserve, when the options are issued.

Upon the exercise of options, the balance of share based payments reserve relating to those options is transferred to share capital.

##### **k. Impairment**

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

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

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

##### **l. Foreign Currency Translation**

###### **(i) Functional and Presentation Currency**

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

###### **(ii) Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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#### **Note 1: Summary of Significant Accounting Policies (continued)**

##### **I. Foreign Currency Translation (continued)**

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

##### **m. Exploration and Evaluation Expenditure**

Costs in regards to the initial acquisition of exploration tenements are capitalised. Exploration and evaluation expenditure is carried forward in the financial statements, in respect of areas of interest for which rights of tenure are current and where:

- (i) such costs are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area of interest are continuing.

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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#### Note 1: Summary of Significant Accounting Policies (continued)

##### **n. Business Combination**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carry amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of consideration transferred and the fair value of any pre-existing investment in the acquiree recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on a new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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### Note 1: Summary of Significant Accounting Policies (continued)

#### **o. Application of new and revised Accounting Standards**

- (i) *Standards and Interpretations affecting amounts reported in the current period (and/or prior periods).* The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section (ii).

#### **Standards affecting presentation and disclosure**

AASB7.44L Amendments to AASB 7 'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
AASB5.44E Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'	Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' that the disclosure requirements in Standards other than AASB 5 do not generally apply to non current assets classified as held for sale and discontinued operations.
AASB101.139F Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB107.56 Amendments to AASB 107 'Statement of Cash Flows'	The amendments (part of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 'Intangible Assets' for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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### Note 1: Summary of Significant Accounting Policies (continued)

#### **o. Application of new and revised Accounting Standards (continued)**

##### **Standards and interpretations affecting the reported results or financial position**

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

#### **(ii) Standards and Interpretations adopted with no effect on financial statements**

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'

Except for the amendments to AASB 5 and AASB 107 described earlier this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.

AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Share based Payment Transactions'

The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'

The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### Note 1: Summary of Significant Accounting Policies (continued)

#### **o. Application of new and revised Accounting Standards (continued)**

##### **(iii) Standards and Interpretations in issue not yet adopted**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group has not yet determined the potential impact of the amendments on the financial report.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
AASB 2010-5 'Amendments to Australian Accounting Standards' 1 January 2011 30 June 2012 AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
AASB 10 'Consolidated Financial Statements'	1 January 2012	30 June 2013
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement'	1 January 2013	30 June 2014

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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#### Note 1: Summary of Significant Accounting Policies (continued)

##### **p. Share-Based Payments**

Share-based compensation benefits are provided as equity settled options.

The fair value of options granted is recognised as share based payment expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become 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 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 and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet 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 income statement with a corresponding adjustment to equity.

##### **q. Segment Reporting**

###### *Operating Segments*

The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the segments previously identified under AASB 114. AASB 8 disclosures are shown in note 19, including the related revised comparative information.

As a result of the adoption of the revised AASB 8 Operating Segments, certain cash generating units have been redefined having regard to the requirements in AASB 136 Impairment of Assets.

###### *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.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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### Note 1: Summary of Significant Accounting Policies (continued)

#### q . Segment Reporting (continued)

##### *Types of product and service by segment*

As of the date of this report and during the twelve months to 30 June 2011 the Group operates entirely in the industry of exploration of minerals in Tanzania. The operating segments are identified based on the size of the exploration 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. The Group is managed primarily on its tenements in Tanzania.

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 this is 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.

##### *Segment assets*

Assets are 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.

##### *Corporate Office Activities*

Corporate office activities comprise non-segmental revenues and expenses and are therefore not allocated to operating segments.

#### r. Critical Accounting Estimate

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes.

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

#### 2. REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

	Consolidated	
	2011	2010
	\$	\$
<b>Revenue and Expenses</b>		
<b>(a) Revenue</b>		
Bank interest received or receivable	166,109	65,234
	166,109	65,234
<b>(b) Employee benefits expense</b>		
Wages, salaries, directors fees and other remuneration expense	126,948	32,800
	126,948	32,800
<b>(c) Other expenses from ordinary activities</b>		
Professional fees	193,931	35,397
Insurance costs	14,492	6,605
Audit fees	26,268	10,363
Research & Development	-	24,284
Stock exchange fees	37,287	6,325
Legal fees	39,492	2,674
Share registry fees	30,732	9,370
Other expenses	56,204	6,926
	398,406	101,944

#### 3. INCOME TAX

	Consolidated	
	2011	2010
	\$	\$
The prima facie tax loss before income tax is reconciled to the income tax as follows:		
Loss for the year	(1,410,445)	(90,220)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)	(423,134)	(27,066)
Tax Effect of permanent differences		
Non allowable items	315,360	6,015
Other deductible items	(6,465)	(13,895)
Deferred tax asset not realised as recognition criteria of AASB 112 not met	114,239	34,946
	-	-

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

#### 3. INCOME TAX (CONTINUED)

	Consolidated	
	2011	2010
	\$	\$
<b>Income Tax Losses</b>		
Deferred tax asset arising from carried forward tax losses and temporary differences not recognised at reporting date as the asset is not regarded as meeting the probable criteria		
Temporary Difference at 30%	19,391	6,465
Tax losses at 30%	114,239	71,713
	133,630	78,178

The Group has tax losses arising in Australia of \$471,596 (2010: \$285,361) that are available indefinitely for offset against future taxable profits of the Group.

#### 4. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2011	2010
	\$	\$
Net loss attributable to ordinary equity holders	(1,410,445)	(90,220)
Weighted average number of ordinary shares for basic earnings per share	28,157,211	16,571,833

Options granted during the year are considered to be potential ordinary shares i.e. potentially dilutive and have been considered in the determination of diluted earnings per share. They are however non dilutive due to the exercise price being higher than the market price. In addition these options have not been included in the determination of basic earnings per share.

Contingent shares as described in Note 21 are potentially dilutive but are considered to be antidilutive as they probability of satisfying the milestones required for their issue cannot be determined as yet. In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taking into account.

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

#### 5. CASH AND CASH EQUIVALENTS

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	689,389	14,402
Short-term deposits	2,049,011	1,182,064
	<b>2,738,400</b>	<b>1,196,466</b>

The weighted average effective interest rate on short-term bank deposits was 5.35% (2010: 4.29%)

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of net profit after tax to net cash flows from operations</b>		
Net Loss	(1,410,445)	(90,220)
Non Cash Adjustments		
Foreign exchange gains or losses	(8,372)	-
Share based payments	1,051,200	-
(Increase)/Decrease in trade and other receivables	7,419	(48,199)
(Decrease)/Increase in trade and other payables	142,916	10,686
Net cash used in operating activities	(217,282)	(127,733)

#### 6. TRADE AND OTHER RECEIVABLES

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Other receivables	28,475	51,068
Prepayments	27,675	-
	<b>56,150</b>	<b>51,068</b>

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

#### 7. EXPLORATION AND EVALUATION ASSETS

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Exploration assets – 1 July	-	-
Expenditure recognised on business acquisition	1,330,089	-
Expenditure incurred during the year	1,692,210	-
Impairments	-	-
Exploration assets – 30 June	3,022,299	-

In October 2010, the Group acquired 100% of Castillian Resources (Tanzania) Limited ("Castillan"), which holds Nickel in Brazil and the fair value of the exploration and evaluation assets recognised was \$1.3m.

#### 8. SHARE-BASED PAYMENTS

The Company has entered in equity-settled share-based transactions with parties other than employees and has measured the transaction based on the fair value of the instruments received which approximates the fair value of the service. A share based payment expense of \$1,051,200 has been recognised in the current year (2010: nil).

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of in share options on issue at the end of:

	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>No.</b>	<b>WAEP</b>	<b>No.</b>	<b>WAEP</b>
Outstanding at the beginning of the year	32,200,000	0.29	32,200,000	0.10
De-consolidation of options	(31,100,000)	-	-	-
Granted during the year	8,700,000	0.25	-	-
Outstanding at the end of the year	9,800,000	0.26	32,200,000	0.10
Exercisable at the end of the year	9,800,000	0.26	32,200,000	0.10

Options have a range of exercisable dates ranging from grant date to 12 months after grant date at the exercise prices set out in the table in the director's report.

##### *Contractual life of options*

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 2.53 years (2010: 1.60 years).

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

#### 8 . SHARE BASED PAYMENTS (CONTINUED)

##### *Exercise price of options*

The range of exercise prices for options outstanding at the end of the year was \$0.20 - \$0.40 (2010: \$0.10-\$0.20).

##### *Fair value of options*

The weighted average fair value of options outstanding at the end of the year was \$0.116 (2010: \$0.004).

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2010 & 2011.

	<b>2011</b>	<b>2010</b>
Historical volatility (%)	53.20%	20.00%
Risk-free interest rate (%)	5.2%	6.35%
Expected life of option (years)	4-5	5

#### 9. TRADE AND OTHER PAYABLES

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Trade Payables (i)	452,321	42,060
Other Payables	75,245	-
	<b>527,566</b>	<b>42,060</b>

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Information regarding the credit risk of current payables is set out in note 14.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 10. ISSUED CAPITAL

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Fully Paid issued Capital</b>	5,908,229	1,466,803
	5,908,229	1,466,803

	<b>2011</b>		<b>2010</b>	
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
Balance at beginning of financial year	16,571,833	1,466,803	16,571,833	1,466,803
Shares issued during the year:				
-pursuant to business combination at \$0.20	5,000,000	1,000,000	-	-
-pursuant to prospectus at \$0.20	20,000,000	4,000,000	-	-
Consolidation of shares on a 2 for 1 basis	(8,285,917)	-	-	-
Transaction cost	-	(558,574)	-	-
Balance at end of financial year	33,285,916	5,908,229	16,571,833	1,466,803

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared) and have no par value.

### 11. RESERVES

#### (a) Share Option Reserve

The share option reserve records items recognised as expenses on valuation of directors share options and other equity settled transaction.

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Share Option Reserve	1,192,280	141,080
	1,192,280	141,080

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 11. RESERVES (CONTINUED)

#### (b) Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 1(l). The reserve is recognised in profit and loss when the net investment is disposed of.

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation reserve	(8,372)	-
	(8,372)	-

#### (c) Non-Controlling Interest

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Contributed equity	10,000	-
Accumulated losses	(8,822)	-
	1,178	-

### 12. CONTINGENT ASSETS AND LIABILITIES

At the date of signing this report, the Company is not aware of any contingent asset or liability that should be disclosed in accordance with AASB 137.

### 13. AUDITOR'S REMUNERATION

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Auditor's Remuneration</b>		
Audit or review of financial report	24,500	10,363
Other services	10,000	-
	34,500	10,363

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks; market risk (including currency risk and interest rate risk), liquidity risk, and credit risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the Board of Directors.

#### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	2,738,400	1,196,466
Trade and other receivables	56,150	51,068
<b>Financial Liabilities</b>		
Trade payables	527,566	42,060
Other payables	-	-

#### a) Market Risk

##### (i) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is now exposed to foreign exchange risk arising from currency exposures to the US\$ and CAD\$ due to its operations recently acquired in Tanzania. Exploration activity in overseas operations is transacted in US\$ and CAD\$. The Group manages foreign exchange risk through negotiating preferential foreign exchange rates with its bank including timely settlement to limit exposure to foreign currency exposures.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES AND FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2011, the Group had the following US\$ and CAN\$ foreign currency supplier amounts:

	Consolidated	
	2011	2010
	\$	\$
<b>Financial Liabilities</b>		
Trade payables	244,387	-

At 30 June 2011 the Group did not have any foreign currency hedging agreements.

#### (ii) Price Risk

The consolidated entity is not exposed to any significant price risk.

#### (iii) Interest Rate Risk

The consolidated entity's main interest rate risk arises from bank term deposits.

#### Interest rate sensitivity analysis

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Net loss would increase or decrease by \$9,584 (2010: \$4,188) which is mainly attributable to the Group's exposure to interest rates on its variable bank deposits.

#### b) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES AND FINANCIAL INSTRUMENTS (CONTINUED)

#### c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board, which have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

#### Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 year \$	Greater than 1 year \$
<b>2011</b>			
Trade and other payables	-	527,566	-
<b>2010</b>			
Trade and other payables	-	42,060	-

The following table details the Group's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 year \$	Greater than 1 year \$
<b>2011</b>			
Variable interest rate	5.35%	2,738,400	-
<b>2010</b>			
Variable interest rate	4.29%	1,196,466	-

#### Fair Value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 15. RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION

#### Payments to related parties

Franks & Associates Pty Ltd has received professional fees for accounting, taxation and secretarial services provided as from 24 February 2011 amounting to \$38,929 (2010: nil). Andrew Bursill, the company secretary, is an associate with Franks & Associates Pty Ltd. These transactions were entered into under normal commercial terms and conditions.

HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, taxation and secretarial services provided from 1 July 2010 to 23 February 2011 amounting to \$90,002 (2010: \$35,397). Donald Stephens, the company secretary during that period, is a consultant with HLB Mann Judd (SA) Pty Ltd. These transactions were entered into under normal commercial terms and conditions.

Gryphon Partners Advisory Pty Ltd of which Robert Greenslade is a director has received \$65,000 (2010: nil) fees together with 1.5m options (2010:nil) with an exercise price of \$0.20 during the year for advice in relation to the ASX listing and acquisition of the Kagera Nickel project.

O'Loughlins Lawyers of which Simon O'Loughlin is a partner has received \$113,229 (2010:nil) in connection with the ASX listing and legal advice.

#### Key management personnel remuneration and equity holdings

The board currently determines the nature and amount of remuneration for board members and senior executives of the Company. The board will review directors' fees on a regular basis in line with the Company's activities.

Some directors have received unlisted options in previous years. Options are valued using the Black-Scholes model.

#### Remuneration

Details of remuneration of directors who are also the key management personnel of the consolidated entity is set out in the remuneration report in the director's report.

#### Share Holdings

The numbers of shares in the parent entity held during the financial year by each director of consolidated entity, including their personally related parties, are set out below:

2011 Directors	Balance at the start of the year (number of shares)	Received during the year on exercise of options	Share purchases	Balance at the end of the year (number of shares)
R Greenslade	1,000,000	-	1,175,000	2,175,000
S O'Loughlin	300,000	-	300,000	600,000
D Gower	-	-	125,000	125,000
D Brookes*	587,500	-	-	587,500
Stephen Evans*	100,000	-	-	100,000
Total	1,987,500	-	1,600,000	3,587,500

Retired on 13 September 2010

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 15. RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION (continued)

2010	Balance at the start of the year (number of shares)	Received during the year on exercise of options	Share purchases	Balance at the end of the year (number of shares)
<b>Directors</b>				
R Greenslade	1,000,000	-	-	1,000,000
S O'Loughlin	300,000	-	-	300,000
D Brookes*	587,500	-	-	587,500
Stephen Evans*	100,000	-	-	100,000
<b>Total</b>	<b>1,987,500</b>	<b>-</b>	<b>-</b>	<b>1,987,500</b>

\*Retired on 13 September 2010

#### Option Holding

The numbers of options in the parent entity held during the financial year by each director of consolidated entity, including their personally related parties, are set out below:

2011								
Directors	Grant Date	Expiry date	Exercise price \$	Balance at start of the year	Re-consolidated during the year	Granted during the year	Balance at end of the year	Exercisable at end of the year
				number	number	number	number	number
R Greenslade	9/02/2007	5/02/2012	0.20	300,000	(150,000)	-	150,000	150,000
	13/09/2010	21/10/2014	0.20	-		1,500,000	1,500,000	1,500,000
S O'Loughlin	13/09/2010	30/06/2014	0.20	-		500,000	500,000	500,000
D Gower	24/03/2011	24/03/2015	0.25	-		1,500,000	1,500,000	1,500,000
D Argyle	24/03/2011	24/03/2015	0.25	-		1,000,000	1,000,000	1,000,000
D Brookes*	9/02/2007	9/02/2012	0.20	300,000	(150,000)	-	150,000	150,000
Stephen Evans*	9/02/2007	9/02/2012	0.20	300,000	(150,000)	-	150,000	150,000
<b>Total</b>				<b>900,000</b>	<b>(450,000)</b>	<b>4,500,000</b>	<b>4,950,000</b>	<b>4,950,000</b>

\*Retired on 13 September 2010

2010								
Directors	Grant Date	Expiry date	Exercise price \$	Balance at start of the year	Re-consolidated during the year	Granted during the year	Balance at end of the year	Exercisable at end of the year
				number	number	number	number	number
R Greenslade	9/02/2007	5/02/2012	0.20	300,000	-	-	300,000	300,000
D Brookes*	9/02/2007	9/02/2012	0.20	300,000	-	-	300,000	300,000
Stephen Evans*	9/02/2007	9/02/2012	0.20	300,000	-	-	300,000	300,000
<b>Total</b>				<b>900,000</b>	<b>-</b>	<b>-</b>	<b>900,000</b>	<b>900,000</b>

\*Retired on 13 September 2010

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 16. SUBSIDIARIES

	Country of incorporation	2011 % *	2010 % *
<b>Name of entity</b>			
<u>Parent entity</u>			
Kibaran Nickel Limited (Formerly Kagera Nickel Ltd)	Australia		
<u>Subsidiaries</u>			
Amadori Pty Ltd	Australia	91	100
Tanzanian Exploration Company Pty Ltd (Aust)	Australia	100	-
Castillian Resources (Tanzania) Limited	Tanzania	99	-

\* Percentage of voting power is in proportion to ownership

### 17. SIGNIFICANT EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since 30 June 2011 that have significantly affected or may significantly affect:

- the consolidated Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the consolidated Group's state of affairs in future financial years.

### 18. DISCONTINUED OPERATIONS

The operations of the subsidiary, Amadori Pty Ltd, in the biotechnology sector was discontinued in the prior year. Amadori Pty Ltd had no activities during the year and is planned to be deregistered in the next 6 months.

Financial information relating to the discontinued operation in 2010 were revenue of \$366 and expenses of \$21,076. The net cash flows of the discontinuing operations which have been incorporated into the statement of cash flows in the prior year was \$19,094.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 19. PARENT ENTITY INFORMATION

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Position</b>		
<b>Assets</b>		
Current Assets	4,810,271	1,241,687
Non-current Assets	1,000,000	10,000
	<u>5,810,271</u>	<u>1,251,687</u>
<b>Liabilities</b>		
Current Liabilities	515,574	39,646
Non-current Liabilities	-	-
	<u>515,574</u>	<u>39,646</u>
<b>Equity</b>		
Issued Capital	5,908,861	1,466,803
Share Option Reserve	1,192,280	141,080
Retained Earnings	(1,806,444)	(395,843)
	<u>5,294,697</u>	<u>1,212,040</u>
<b>Financial Position</b>		
(Loss) for the year	(1,409,969)	(159,510)
Other comprehensive income	-	-
	<u>(1,409,969)</u>	<u>(159,510)</u>

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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#### 20. SEGMENT INFORMATION

##### Segment Information

##### Identification of reportable segments

The Company 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 product and service by segment

As of the date of this report and during the period ended 30 June 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 Company 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.

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 Company has determined that the reportable operating segments are based on geographical locations as they are the source of the Company'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 Company

##### **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 Company as a whole and are not allocated. Segment liabilities include trade and other payables.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 20. SEGMENT INFORMATION (continued)

#### *Segment Results*

Income and expenses are not allocated to operating segments given all income and expenses relate to corporate activities based in Australia.

The following table presents reportable segments for the years ended 30 June 2011 and 30 June 2010.

#### **Segment Assets**

<b>At 30 June 2011</b>	<b>Australia \$</b>	<b>Tanzania \$</b>	<b>Total \$</b>
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
Property, plant and equipment			-
Total assets per the statement of financial position			5,816,849

  

<b>At 30 June 2010</b>	<b>Australia \$</b>	<b>Tanzania \$</b>	<b>Total \$</b>
Segment operating assets	1,247,534	-	1,247,534
Unallocated Assets:			
Cash and cash equivalent			-
Trade and other current assets			-
Property, plant and equipment			-
Total assets per the statement of financial position			1,247,534

#### **Segment liabilities**

Liabilities of \$527,566 (2010:\$42,060) per the statement of financial position relate to the Australian head office operations.

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

### 21. BUSINESS COMBINATION

On 21 October 2010, the Group acquired 100% of Castillian Resources (Tanzania) Limited ("Castillian"), which holds the exploration licenses in Tanzania. The acquisition of the Kagera Nickel Project has given the Company a significant licence area in the highly prospective Kabanga-Musongati mafic-ultramafic belt in north west Tanzania. The total cost of the combination was \$1,000,000 and comprised the following issue of equity instruments in consideration. The company issued:

- 5,000,000 Shares with a fair value of \$0.20 each (based on the price of the ordinary Shares of the company at the date of the capital raising); and
- 22,500,000 performance Rights that will convert into 22,500,000 ordinary shares upon achievement of milestones.

The attributable costs of the issuance of ordinary shares have been charged directly to equity as negative contributed equity. No cash was acquired in subsidiary.

The fair values of the identifiable assets and liabilities of Castillian as of the date of acquisition were:

	Pre-acquisition carrying values \$	Fair value adjustments \$	Recognised values on acquisition \$
Exploration and evaluation assets	1,289,392	40,697	1,330,089
Liabilities	(330,089)	-	(330,089)
Identifiable net assets	959,303	40,697	1,000,000
Goodwill on acquisition			-
			1,000,000
<b>Costs of the combination:</b>			
5 million Ordinary Shares issued			1,000,000
7.5 million A Class Performance Shares <sup>1</sup>			-
7.5 million B Class Performance Shares <sup>1</sup>			-
7.5 million C Class Performance Shares <sup>1</sup>			-
Total cost of the combination			1,000,000

Note 1: The performance shares have not been valued, as their values would depend upon the probabilities of satisfying the agreed milestones which cannot be determined at acquisition date.

Since acquisition, no revenue or expenses have been recognised in the consolidated statement of comprehensive income.

*The accompanying notes form part of these financial statements*

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

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#### **22. COMMITMENTS**

The Group is committed to spend a minimum of US\$173,496 on its prospective licences to meet with its licencing obligations in Tanzania. The licences have average lives of up to 4 years with renewal options.

*The accompanying notes form part of these financial statements*

## Directors' Declaration

The directors of Kibaran Nickel Limited declare that:

- (a) In the Directors' opinion the financial statements and notes and the Remuneration report in the Directors Report set out on pages 5 to 13, are 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 2011 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board ( IASB) as disclosed in note 1; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive officer and chief financial officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'S. O'Loughlin', is written over a light grey rectangular background.

Simon O'Loughlin  
Chairman

21 September 2011



Chartered Accountants  
& Business Advisers

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIBARAN NICKEL LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of Kibaran Nickel Limited ("the consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2011, 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, other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Kibaran Nickel Limited 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 controls as the directors determine is necessary to enable the preparation of the financial report that 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 controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. 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*.

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Chartered Accountants  
& Business Advisers

*Opinion*

In our opinion:

- (a) the financial report of the consolidated entity 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 2011 and of their 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.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 10 to 11 of the directors' report for the year ended 30 June 2011. 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 Kibaran Nickel Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

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

**PKF**  
Chartered Accountants

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

**P J Whelan**  
Partner

21 September 2011  
Adelaide

## Additional Information

The shareholder information set out below was applicable as at 5 October 2011.

### 1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of listed securities are listed below

#### Ordinary Shares

Rank	Name	No. of Ordinary Shares Held	Percentage of issued shares
1.	CASTILLIAN RESOURCES CORP	5,000,000	15.02%
2.	GRYPHON PARTNERS PTY LTD	1,875,000	5.63%
3.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,560,000	4.69%
4.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,266,300	3.80%
5.	I E PROPERTIES PTY LTD	650,000	1.95%
6.	P FORD SUPERANNUATION PTY LTD <PATRICK FORD SUPER FUND A/C>	525,000	1.58%
7.	MR GEOFFREY LEVY <B & G LEVY INVESTMENT A/C>	517,000	1.55%
8.	AWJ FAMILY PTY LTD <A W JOHNSON FAMILY A/C>	500,000	1.50%
9.	CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	500,000	1.50%
10.	LUJETA PTY LTD <THE MARGARET ACCOUNT>	500,000	1.50%
11.	LUJETA PTY LTD <THE MARGARET ACCOUNT>	500,000	1.50%
12.	MCKELL PLACE NOMINEES PTY LTD	500,000	1.50%
13.	NEFCO NOMINEES PTY LTD	500,000	1.50%
14.	TAYCOL NOMINEES PTY LTD <211 A/C>	488,416	1.47%
15.	MOUSETRAP NOMINEES PTY LTD	400,000	1.20%
16.	FORESIGHT PTY LTD	350,000	1.05%
17.	NUTSVILLE PTY LTD	350,000	1.05%
18.	DINWOODIE INVESTMENTS PTY LTD <DINWOODIE INVESTMENTS A/C>	315,000	0.95%
19.	DR DAVID LIONEL BROOKES & MRS ELISABETH BROOKES <DR DL BROOKES PERSNL S/F A/C>	310,000	0.93%
20.	MRS CARMEL ELIZABETH WHITING	300,000	0.90%
	<b>Total Top 20</b>	<b>16,906,716</b>	<b>50.79%</b>
	Others	16,379,200	49.21%
	<b>Total Ordinary Shares on Issue</b>	<b>33,285,916</b>	<b>100.00%</b>

## Additional Information

(Continued)

### 2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of holders by size of holding:

Range	Ordinary Shares		
	Total holders	Units	% of Issued Capital
1 - 1,000	-	-	-
1,001 - 5,000	103	995,500	2.99%
5,001 - 10,000	182	8,330,700	25.03%
10,001 - 100,000	57	14,285,416	42.92%
100,001 - 9,999,999,999	4	9,701,300	29.15%
<b>Total</b>	<b>346</b>	<b>33,285,916</b>	<b>100.00%</b>

#### Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.115 per unit	4,348	3	10,500

### 3. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

- (i) **Ordinary shares:** Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders each shareholder entitled to vote may vote in person or by proxy or attorney or, being a corporation, by representative duly authorised under the Corporations Law, and has one vote on a show of hands and one vote per fully paid share on a poll.
- (ii) **Options:** No voting rights.

### 4. SUBSTANTIAL SHAREHOLDERS

Substantial shareholder notices lodged with the Company:

Substantial Shareholder	Number of Shares	% of Total
CASTILLIAN RESOURCES CORP	5,000,000	15.02%
GRYPHON PARTNERS PTY LTD	1,875,000	5.63%

## Additional Information (Continued)

### 5. UNQUOTED SECURITIES

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

#### Unlisted Options

	\$0.20 Unlisted Options expiring 09/02/2012	\$0.20 Unlisted Options expiring 14/12/2012	\$0.40 Unlisted Options expiring 02/02/2012	\$0.20 Unlisted Options expiring 21/10/2014	\$0.20 Unlisted Options expiring 15/06/2014	\$0.25 Unlisted Options expiring 24/03/2015	\$0.25 Unlisted Options expiring 31/03/2015	\$0.35 Unlisted Options expiring 30/09/2015	\$0.30 Unlisted Incentive Options expiring 31/03/2015	\$0.40 Unlisted Incentive Options expiring 31/03/2016
DAVID BROOKES	150,000									
ROBERT GREENSLADE	150,000									
PATRICK FORD	150,000									
STEPHEN EVANS		150,000								
TAYLOR COLLISON LIMITED			500,000	1,500,000						
GRYPHON PARTNERS ADVISORY PTY LTD				1,500,000						
YOIX PTY LIMITED					500,000					
LONDON INVESTMENTS PARTNERS						1,000,000				
DAVID GOWER						1,500,000				
ISABELLA DUMAS							200,000	200,000		200,000
JIMBZAL PTY LIMITED									600,000	
<b>Total</b>	<b>450,000</b>	<b>150,000</b>	<b>500,000</b>	<b>3,000,000</b>	<b>500,000</b>	<b>2,500,000</b>	<b>200,000</b>	<b>200,000</b>	<b>600,000</b>	<b>200,000</b>

## Additional Information (Continued)

### 6. RESTRICTED SECURITIES

As at 5 October 2011, the following securities are subject to escrow restrictions:

<b>Restricted Security</b>	<b>Number of Restricted Securities</b>	<b>Date escrow period ends</b>
Ordinary Shares	5,000,000	29/10/2012

### 7. PERFORMANCE SHARES

As at 5 October 2011 following performance shares were held:

<b>Performance Shares</b>	<b>Number of Performance</b>
Class A Performance Shares	7,500,000
Class B Performance Shares	7,500,000
Class C Performance Shares	7,500,000

### 8. ON-MARKET BUY BACK

There is currently no on-market buy-back program for any of Kibaran Nickel Limited's listed securities.

### 9. APPLICATION OF FUNDS FROM INITIAL PUBLIC OFFERING

Since the Company's securities were listed on the ASX, the Company has used funds raised by its initial public offering in a manner that is consistent with its business objectives and under its prospectus dated 16 August 2010. Initial explorations activities are being undertaken on the exploration and development of its mineral properties.

## Additional Information (Continued)

### 10. EXPLORATION INTERESTS

The Kagera Nickel Project consists of 4 (four) granted Prospecting Licences (PLs) totalling 369.17 sq km in area. In addition, the company holds 10 (ten) applications for PLs covering 424.70 sq km area located in the Kibaran Orogenic Belt. Certain of the applications contain historical stream sediment anomalies from the United Nations Development Program carried out in the 1970's and others are to consolidate the land position in the area of the key claims in the area north of the Kabanga Deposits including certain of the areas that were relinquished previously as part of the requirement under Tanzania regulations. The original applications for PLs of the Kagera Nickel Project area were submitted by Castillian Resources (Tanzania) Limited, which was a wholly owned subsidiary of Castillian Resources Ltd. (Canada). In October 2010, Kibaran Nickel Ltd. acquired 100% interest in Castillian's Kagera Nickel Sulphide Project and purchased its Tanzanian subsidiary which holds all granted licences and applications.

A summary of the property licence status is provided below

The Group holds 100% in the following tenements in Tanzania:

<b>Date granted</b>	<b>Ministry ID Prospecting Licence</b>	<b>Renewal or application</b>	<b>Date of renewal or application</b>	<b>Area (Sq.km)</b>
18/03/2008	PL 4985/2008	HQ-G16836	18/02/2011	67.62
18/07/2008	PL5192/2008	HQ-G16950	16/06/2011	50.51
28/08/2008	PL5306/2008	HQ-G17056	28/07/2011	97.17
21/06/2010	PL6463/2010	-	-	153.87
	Application	HQ-P17612	28/01/2008	126.20
	Application	HQ-P18733	18/07/2011	158.70
	Application	HQ-P23937	18/07/2011	1.20
	Application	HQ-P23942	18/07/2011	5.48
	Application	HQ-P23940	18/07/2011	0.40
	Application	HQ-P23939	18/07/2011	19.75
	Application	HQ-P23941	18/07/2011	4.90
	Application	HQ-P23938	18/07/2011	35.90
	Application	HQ-P23936	18/07/2011	21.67
	Application	HQ-P23943	18/07/2011	50.50
<b>Total</b>				<b>793.87</b>

