1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements were authorised for issue by the directors on 30 September 2013.

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

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial report complies with Australian Accounting Standards and International Financial Report Standards ('IFRS').

New and amended standards adopted by the consolidated entity

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

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

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

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

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

The consolidated entoty has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

Accounting Policies

a) Going Concern

The financial report has been prepared on the basis of a going concern, notwithstanding the fact that material uncertainties exist, going forward, which may affect the consolidated entity's ability to continue as a going concern. The consolidated entity incurred a loss for the year after tax of $780,224 (2012:$ 3,825,424) and a net cash outflow from operating activities of $676,474 (2012:$ 622,075). The consolidated entity acquires mineral tenements and then applies its expertise to conduct mineral exploration in search of base and precious metals deposits a graphite. In addition to the many uncertainties inherent in the mineral exploration and development industry, the consolidated entity does not yet have a significant revenue stream and must rely on raising money in the capital markets. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity’s ability to continue as a going concern.

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

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

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

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

b) Income Tax

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the reporting 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 to the profit and loss component of the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to other comprehensive income or equity, in which case the deferred tax is adjusted directly against other comprehensive income or equity.

Deferred income tax assets are recognised to the extent that it is probable 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 entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kibaran Resources Limited ('Company' or 'parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Kibaran Resources and its subsidiaries are referred to in this financial report as the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, 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- consolidated entity transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the company controls another entity.

Unrealised gains or transactions between the consolidated entity and its associates are eliminated to the extent of the consolidated entity's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the consolidated entity and are presented separately in the statement of profit or lass and comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

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

When the consolidated entity loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the consolidated entity had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

e) Exploration and development expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Payments for exploration and development expenditure are net of government grants and funding partner contribution.

f) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

g) Business combinations

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 carrying 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 the consideration transferred and the fair value of any pre-existing investment in the acquiree is 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 new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

h) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss component of the consolidated statement of profit or loss and other comprehensive income.
Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

i) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transaction and balances

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

Exchange differences arising on the translation of monetary items are recognised in the profit or loss component of the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

j) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to reporting date. Short term employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long term employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits

Share-based payments

Equity-settled share-based compensation benefits are provided to employees and directors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified , as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised , over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period , any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award , the cancelled and new award is treated as if they were a modification.

***k)* Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Trade and other receivables

Trade and other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method, less an allowance for any estimated shortfall in receipt. An estimate of any shortfall in receipt is made when there is objective evidence a loss has been incurred. Bad Debts are written off when identified.

m) Trade and other payables

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The carrying period is dictated by market conditions but is generally less than 30 days.

n) 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 3 months or less.

o) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other revenue is recognised when it is received or when the right to receive payment is established.

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

p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

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.

q) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to the owners of Kibaran Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

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

r) Share based payments

Equity-settled share based payments with employees and others providing similar services are measured at fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model.

s) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key Estimates — Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Recoverability of exploration and evaluation costs

The Company assesses the recoverability of the carrying value of capitalised exploration and evaluation costs at each reporting date (or at closer intervals should the need arise). In completing this assessment, regard is had to the Company's intentions with regard to proposed future exploration and development plans for individual exploration areas, to the success or otherwise of activities undertaken in individual areas in recent times, to the likely success of future planned exploration activities, and to any potential plans for divestment of individual areas. Any required adjustments to the carrying value of capitalised exploration are completed based on the results of this assessment.

Share-based payment transactions

The Company measures the cost of shares and options issued to employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of unlisted options is determined by an external valuer using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

t) New accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2013. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 10 Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

AASB 12 Disclosure of Interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised)

AASB 128 Investments in Associates and Joint Ventures (Reissued)

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the consolidated entity.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right of set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039

This amendment is applicable to annual reporting periods beginning on or after 1 January 2013. The amendment removes reference in AASB 1048 following the withdrawal of Interpretation 1039. The adoption of this amendment will not have a material impact on the consolidated entity.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments

These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. They amend AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of these amendments will not have a material impact on the consolidated entity.

2. SEGMENT INFORMATION

Identification of reportable segments

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

Types of service by segment

As of the date of this report and during the year the consolidated entity operates in the industry of exploration of graphite and nickel in Tanzania. The operating segments are identified based on the size of the exploration tenements.

The consolidated entity 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 consolidated entity has determined that the reportable operating segments are based on geographical locations as they are the source of the consolidated entity '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 consolidated entity.

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 consolidated entity as a whole and are not allocated. Segment liabilities include trade and other payables.

Segment Results

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

2012	Australia $	Tanzania $	Unallocated $	Consolidated $
Assets				
Segment Assets	-	1,329,143	-	1,329,143
Unallocated assets:				
Cash and cash equivalents				551,549
Trade and other receivables				59,996
Total Assets				1,940,688
Liabilities				
Segment liabilities	116,379	11,465	-	127,844
Total Liabilities				127,844

2013	Australia $	Tanzania $	Unallocated $	Consolidated $
Assets				
Segment Assets	-	5,855,381	-	5,855,381
Unallocated assets:				
Cash and cash equivalents				1,327,063
Trade and other receivables				38,043
Total Assets				7,220,487
Liabilities				
Segment liabilities	158,876	317,848	-	476,724
Total Liabilities				476,724

	Note	Consolidated 2013 $	2012 $
3. REVENUE			
Interest received from financial institutions		68,423	42,867
Total Revenue		**68,423**	**42,876**

	Note	Consolidated 2013 $	Consolidated 2012 $
4. EXPENSES			
Finance & legal expenses		148,488	223,827
Occupancy expense		21,000	-
Communication expense		14,636	6,052
Travel & accommodation		101,473	-
Foreign currency losses		48,896	-
Other expenses		231,807	257,725
Total expenses from ordinary activities		**566,300**	**487,604**

5. INCOME TAX EXPENSE

a) Income Tax Expense

The *prima facie* tax on operating loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2013 $	2012 $
Loss from ordinary activities	(780,224)	(3,825,424)
Prima facie tax on loss from ordinary activities at tax rate of 30% (2011:30%)	(234,067)	(1,147,627)
Tax effect of amounts not deductable	19,619	1,002,240
Benefit of tax losses not brought to account as an asset	214,448	145,387
Income tax expense attributable to entity	**-**	**-**

6. CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash at bank and on hand	327,063	551,549
Short-term bank deposits	1,000,000	-
	1,327,063	**551,549**

	Consolidated	
	2013	2012
	$	$

7. TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Goods and services taxation receivable (i)	28,736	28,996
Other receivables	9,307	-
	38,043	**28,996**

(i) Goods and services taxation is non-interest bearing and generally on 14 day terms at the end of each quarter.

(ii) None of the receivables are past due and no impairment is required.

8. OTHER CURRENT ASSETS

	2013 $	2012 $
Prepayments	-	6,000

9. EXPLORATION AND EVALUATION EXPENDITURE

	2013 $	2012 $
Exploration and evaluation expenditure carried forward:		
Carrying amount as at 1 July	1,329,143	3,022,299
Exploration expenditure capitalised	4,526,238	1,490,614
Exploration expenditure written off	-	(3,183,770)
	5,855,381	**1,329,143**

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

10. OTHER NON-CURRENT ASSETS

	2013 $	2012 $
Other	-	25,000

11. TRADE AND OTHER PAYABLES

		2013 $	2012 $
Trade payables	(i)	400,727	64,509
Accruals		55,619	-
Payroll payables		20,378	-
Other		-	63,335
Total trade and other payables		**476,724**	**127,844**

(i) Terms and conditions: Trade creditors are non-interest bearing and are normally settled on 45 day terms.

	Consolidated 2013 $	Consolidated 2012 $

12. ISSUED CAPITAL

A reconciliation of the movement in capital and reserves for the Company can be found in the Statement of Changes in Equity

	2013 $	2012 $
67,076,404 (2012: 38,428,803) fully paid ordinary shares	11,942,057	6,264,714

(a) Ordinary Shares

	Date	$	Issue Price	No. of Shares
At 30 June 2011		**5,908,229**		**33,285,916**
Share issue	30/05/12	349,502	$0.07	4,992,887
Exercise of options	13/06/12	30,000	$0.20	150,000
Transaction costs	-	(23,017)	-	-
At 30 June 2012		**6,264,714**		**38,428,803**
Placement	10/07/12	684,161	$0.07	9,773,726
Placement	11/07/12	209,011	$0.07	2,985,875
Share issue	27/09/12	122,500	$0.35	350,000
Share issue	27/09/12	2,938,250	$0.35	8,395,000
Acquisition of TanzGraphite	20/07/12	2,000,040	$0.28	7,143,000
Transaction costs	-	(276,619)		-
At 30 June 2013		**11,942,057**		**67,076,404**

[1] Net of underwriting and legal fees.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

(b) Options:

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

2013

Grant Date	Date of Expiry	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ Exercised	Number Options
22/10/2010	21/10/2014	0.20	3,500,000	-	-	-	3,500,000
24/03/2011	24/03/2015	0.25	2,500,000	-	-	-	2,500,000
31/03/2011	31/03/2015	0.25	700,000	-	-	-	700,000
31/03/2011	30/09/2015	0.35	700,000	-	-	-	700,000
31/03/2011	31/03/2015	0.30	600,000	-	-	-	600,000
31/03/2011	31/03/2016	0.40	700,000	-	-	-	700,000
24/07/2012	30/06/2015	0.10	-	3,500,000	-	-	3,500,000
12/02/2013	11/02/2017	0.27	-	800,000	-	-	800,000
	TOTAL		**8,700,000**	**4,300,000**	**-**	**-**	**13,000,000**

Weighted average exercise price $0.21

2012

Grant Date	Date of Expiry	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ Exercised	Number Options
21/09/2010	09/02/2012	0.20	150,000	-	-	(150,000)	-
21/09/2010	14/12/2012	0.20	150,000	-	(150,000)	-	-
21/09/2010	09/02/2012	0.20	300,000	-	-	(300,000)	-
21/09/2010	09/02/2012	0.40	500,000	-	-	(500,000)	
22/10/2010	21/10/2014	0.20	3,500,000	-	-	-	3,500,000
24/03/2011	24/03/2015	0.25	2,500,000	-	-	-	2,500,000
31/03/2011	31/03/2015	0.25	700,000	-	-	-	700,000
31/03/2011	30/09/2015	0.35	700,000	-	-	-	700,000
31/03/2011	31/03/2015	0.30	600,000	-	-	-	600,000
31/03/2011	31/03/2016	0.40	700,000	-	-	-	700,000
	TOTAL		**9,800,000**	**-**	**(150,000)**	**950,000**	**8,700,000**

Weighted average exercise price $0.25

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.89 years (2012: 2.65 years).

13. RESERVES

	Consolidated 2013 $	Consolidated 2012 $
Foreign currency reserve	(8,372)	(8,372)
Share option Reserve	1,231,960	1,192,280
	1,223,588	**1,183,908**
Movement in share option reserve		
Balance at beginning of the year	1,192,280	1,192,280
Share-based payments	39,680	-
Balance at the end of the year	**1,231,960**	**1,192,280**

Foreign currency reserve

The reserve issued to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share option reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

14. ACCUMULATED LOSSES

	2013 $	2012 $
Accumulated losses at the beginning of the year	(5,635,778)	(1,804,032)
Loss for the year	(780,224)	(3,825,424)
Non-controlling interest	-	(6,322)
Accumulated losses at the end of the year	**(6,416,002)**	**(5,635,778)**

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	Consolidated	
	2013	2012
	$	$

15. CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2013 $	2012 $
Loss for year	(780,224)	(3,825,424)
Adjustments for:		
Impairment of non-current assets	-	3,183,770
Share based payments	39,680	-
Interest income	(9,307)	5,556
Increase / (decrease) in trade and other receivables	82,257	(9,402)
Increase / (decrease) in trade and other payables	(3,000)	23,425
Cash flow from Operations	**(670,594)**	**(622,075)**

16. EXPENDITURE COMMITMENTS

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet minimum expenditure requirements of $758,105 (2012: $260,385) over the next 12 months, as per the work programmes submitted over the Company's exploration licences.

Financial commitments for subsequent periods are contingent upon future exploration results and cannot be estimated.

17. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

a) Reconciliation of earnings to profit or loss

	2013 $	2012 $
Loss for the year used in calculating basic and diluted loss per share	(780,224)	(3,825,424)

b) Weighted average number of ordinary shares outstanding during the year

	2013	2012
Weighted average number of ordinary shares used in calculating basic loss and diluted loss per share	63,802,474	33,949,501

Effect of dilutive securities:

Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the earnings per share.

18. AUDITOR'S REMUNERATION

Audit services		
Audit or review of the financial statements	25,000	24,500
Other services		
Preparation of the tax return	4,500	5,000
	29,500	29,500

19. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names and positions of key management personnel in office at anytime during the financial year are:

Name	Position
Simon O'Loughlin	Non-Executive Chairman
Andrew Spinks	Executive Director
Robert Greenslade	Non-Executive Director
John Park	Non-Executive Director
Grant Pierce	Non-Executive Director
Robert Hodby	Company Secretary

(a) Key management personnel compensation

The aggregate compensation made to key management personnel of the consolidated entity is set out below:

	2013	2012
	$	$
Short term employee benefits	391,915	189.575
Post employment benefits	4,752	-
Share based payments	39,680	-
	436,347	**189.575**

The compensation of each member of the key management personnel of the Company is set out on page 13.

(b) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance at 1 July 2012	*Granted as Compensation*	*Options Exercised*	*Net Change Other*	*Balance at 30 June 2013*	*Vested at 30 June 2013*	*Vested and exercisable*	*Options vested during year*
Non Executive								
Simon O'Loughlin	500,000	-	-	-	500,000	500,000	500,000	-
Robert Greenslade	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
John Park	-	500,000	-	-	500,000	500,000	500,000	-
Grant Pierce	-	300,000	-	-	300,000	300,000	300,000	-
David Gower[1]	1,500,000	-	-	(1,500,000)	-	-	-	-
Key Executives								
Andrew Spinks	-	-	-	-	-	-	-	-
Total	3,500,000	800,000	-	(1,500,000)	2,800,000	2,800,000	2,800,000	-

All options held by Key Management Personnel at 30 June 2013 have vested and are exercisable.

(1) *David Gower resigned 5 February 2013.*

	Balance at 1 July 2011	*Granted as Compensation*	*Options Exercised*	*Net Change Other*	*Balance at 30 June 2012*	*Vested at 30 June 2012*	*Vested and exercisable*	*Options vested during year*
Non Executive								
Simon O'Loughlin	500,000	-	-	-	500,000	500,000	500,000	-
Robert Greenslade	1,650,000	-	-	(150,000)	1,500,000	1,500,000	1,500,000	-
David Gower	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
Total	3,650,000	-	-	-	3,500,000	3,500,000	3,500,000	-

All options held by Key Management Personnel at 30 June 2012 have vested and are exercisable.

(c) Shareholdings

Number of Shares held by Key Management Personnel during the year ended 30 June 2013

	Balance at 1 July 2012	*Purchases/ Sales*	*Exercised Options*	*Net Change*	*Balance at 30 June 2013*
Non Executive					
Simon O'Loughlin	600,000	478,575	-	478,575	1,078,575
Robert Greenslade	2,175,000	725,001	-	725,001	2,900,001
John Park	-	310,000	-	310,000	310,000
Grant Pierce	-	240,000	-	240,000	240,000
David Gower[1]	125,000	(125,000)	-	(125,000)	-
Key Executives					
Andrew Spinks	-	5,314,386	-	5,314,386	5,314,386
Total	2,900,000	6,942,962	-	6,942,962	9,842,962

1 *David Gower resigned 5 February 2013*

Number of Shares held by Key Management Personnel during the year ended 30 June 2012

	Balance at 1 July 2011	*Purchases/ Sales*	*Exercised Options*	*Net Change*	*Balance at 30 June 2012*
Non Executive					
Simon O'Loughlin	600,000	-	-	-	600,000
Robert Greenslade	2,175,000	-	-	-	2,175,000
David Gower[1]	125,000	-	-	-	125,000
Total	2,900,000	-	-	-	2,900,000

(1) David Gower resigned 5 February 2013.

All equity transactions with specified directors and specified executives other than share options granted as compensation have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

20. RELATED PARTY DISCLOSURES

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

Transactions with related parties :

(a) Parent entity

Kibaran Resources Limited is the parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out in note 21.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report in the directors' report.

(d) Transactions with related parties

Strategic Resource Management Pty Ltd, a company of which Mr Spinks and Mr Hodby are directors, provided the consolidated entity with geological staff, vehicles and a fully serviced office including administration and information technology support totalling $219,950 and reimbursement of payments for drilling and explorations costs in Tanzania and minor expenses at a cost of $570,301. As at 30 June 2013 there $95,767 payable to Strategic Resource management Pty Ltd.

O'Loughlins Lawyers, a law practice in which Mr Simon O'Loughlin is a partner, provided the Company with legal advice totalling $12,114. There were no outstanding amounts owing to O'Loughlins Lawyers as at 30 June 2013.

Franks & Associates, an accounting firm in which Mr Bursill is a partner, provided accounting, taxation and secretarial services totalling 101,337. There were no outstanding amounts owing to Franks & Associates as at 30 June 2013.

These transactions have been entered into under normal commercial terms and at market rates.

21. SUBSIDIARIES

	Country of Incorporation	Percentage Owned (%)	
		2013	**2012**
Subsidiaries of Kibaran Resources Ltd:			
Tanzanian Exploration Company Pty Ltd	Australia	100	100
Castillian Resources (Tanzania) Limited	Tanzania	99	99
Kibaran Nickel Tanzania Limited	Tanzania	100	100
TanzGraphite Pty Ltd	Australia	100	-
TanzGraphite (TZ) Limited	Tanzania	100	-

22. BUSINESS COMBINATIONS

Acquisition of TanzGraphite Pty Ltd

On 20 July 2012, Kibaran Resources Limited acquired 100% of the voting shares of TanzGraphite Pty Ltd and its interests in the Tanzanian graphite exploration and evaluation projects.

The total cost of the combination was $2,340,040 and comprised an issue of equity instruments and cash and contingent consideration. The Company issued 7,143,000 ordinary shares with a fair value of $0.28 each, based on the quoted price of the shares of Kibaran Resources Limited at the date of exchange.

Consideration transferred

Acquisition date fair value of the consideration transferred:

	2013 $
Cash consideration	250,000
Shares issued at fair value	2,000,040
Cost of acquisition	90,000
Total consideration	2,340,040

Under the terms of the acquisition agreement, the consolidated entity must issue the former owners 15,930,000 performance shares on the occurrence of a JORC inferred resource, as defined in the purchase agreement and announced to the ASX on 13 June 2012. The value of this consideration cannot be determined at this stage.

Acquisition related costs of $90,000 directly attributable to raising equity have been included as a deduction from equity.

Assets acquired and liabilities assumed at the date of acquisition

The consolidated entity has provisionally recognised the fair values of the identifiable assets and liabilities of TanzGraphite Pty Ltd based upon the best information available as of the reporting date. Provisional business combination accounting is as follows:

	2013 $
Cash consideration	10
Deferred exploration and evaluation expenses	368,277
Trade and other payables	(24,767)
Total	343,521

Goodwill arising on acquisition

The goodwill arising on the acquisition of TanzGraphite Pty Ltd will continue to be recognised by the consolidated entity as it relates to the TanzGraphite Pty Ltd graphite projects and is included as part of the capitalised exploration and evaluation asset.

Net cash outflow arising on acquisition

The cash outflow on acquisition is as follows:

	2013 $
Cash paid	250,000
Cost of acquisition	90,000
Less: net cash acquired with the subsidiary	(10)
Net cash outflow	339,990

Impact of acquisition on the results of the consolidated entity

If the combination had taken place at the beginning of the year, the profit of the consolidated entity would have been unaffected as TanzGraphite Pty Ltd had capitalised all expenditure for the period 1 July 2012 to 20 July 2012 and not received any revenue from continuing operations during the same period.

23. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	2013 $	2012 $
Loss after income tax	(2,943,193)	(4,166,849)
Total comprehensive income	(2,943,193)	(4,166,849)

	2013	2012
	$	$
Statement of financial position		
Total current assets	1,365,095	611,545
Total assets	4,695,135	1,611,545
Total Current Liabilities	437,604	127,844
Total liabilities	437,604	127,844
Equity		
Issued capital	11,942,057	6,264,714
Share option reserve	1,231,960	1,192,280
Accumulated losses	(8,916,486)	(5,973,293)
Total equity	4,257,531	1,483,701

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2013 and 30 June 2012.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2012.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2013 and 30 June 2011

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity
- Investments in associates are accounted for at cost, less any impairment, in the parent entity

24. FINANCIAL INSTRUMENTS

The consolidated entity's activities expose it to a variety of financial risks, market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity'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 consolidated entity. Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the consolidated entity does not enter into derivative transactions to mitigate the financial risks. In addition, the consolidated entity’s policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the consolidated entity's operations change, the directors will review this policy periodically going forward.

The Company's financial instruments consist mainly of cash, short-term deposits with banks, local money market instruments and accounts payable. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

Details of the significant accounting policies and methods adopted, include the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The main risks arising from the Company's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Fair values

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.

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US$, ZAR and CAD$ due to its operations in Tanzania. Exploration activity in overseas operations is transacted in US$ ZAR and CAD$. The consolidated entity manages foreign exchange risk through negotiating preferential foreign exchange rates with its bank including time to settlement to limit exposure to foreign currency exposures.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2013 $	2012 $	2013 $	2012 $
US Dollars	-	-	254,794	1,746
South African Rand	-	-	2,666	-
Canadian Dollars	-	-	-	7,996
	-	-	257,460	9,742

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
2013						
AUD to foreign currencies	5%	48,896	48,896	5%	(48,896)	(48,896)
2012						
AUD to foreign currencies	5%	464	464	5%	(464)	(464)

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash, local money market instruments and short-term deposits. Cash includes funds held in term deposits and cheque accounts during the year, which earned variable interest at rates ranging between 0% to 4.3% (2012: 0% to 4.3%), depending on the bank account type and account balances. The Company has no loans or borrowings.

At the reporting date the interest rate profile for the Company and the Company interest-bearing financial instruments was:

	30 June 2013		30 June 2012	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Cash and cash equivalents	1,327,062	1,327,062	551,549	551,549
Trade and other receivables	38,043	38,043	28,996	28,996
Other financial assets	-	-	6,000	6,000
Trade and other payables	(476,724)	(476,724)	(127,844)	(127,844)

	Carrying Amount ($)	
Variable rate financial assets	2013	2012
	1,327,062	551,549

A change of 1% in the variable interest rates at the reporting date would have increased/decreased profit and loss and equity by the amounts shown below. The analysis that all other variables remain constant.

	2013	2012
	$	$
1% increase	13,271	5,515
1% decrease	(13,271)	(5,515)

The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Carrying Amount	Contractual Cash Flows	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
2013	$	$	$	$	$	$
Trade and other payables	476,724	476,724	476,724	-	-	-
2012						
Trade and other payables	127,844	127,844	127,844	-	-	-

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity 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.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard the ability to continue as a going concern, so that the consolidated entity can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The consolidated entity's overall strategy remains unchanged from 2012.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debts.

25. CONTINGENT LIABILITIES

The Board is not aware of any other circumstances or information which leads them to believe there are any material contingent liabilities outstanding as at 30 June 2013.

26. EVENTS AFTER REPORTING DATE

There has not been any transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, likely to affect significantly the operations of the Company, in the interval between the end of the financial year and the date of this report.