

**Kibo Mining Plc**

**Directors' Report and  
Financial Statements**

*for the six month period ended 30 September 2009*

# **Kibo Mining Plc**

## **Directors' Report and Financial Statements**

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# **Kibo Mining Plc**

## *Officers and Professional Advisers*

**Directors** Christian Schaffalitzky - Non-Executive Chairman  
Noel O'Keeffe - Managing Director  
Richard Speir - Technical Director  
Stephen Aherne - Non-Executive Director  
William Payne - Non-Executive Financial Director

**Registered Office** One Earlsfort Centre  
Earlsfort Terrace  
Dublin 2

**Secretary** Noel O'Keeffe

**Auditors** LHM Casey McGrath  
Chartered Certified Accountants  
& Registered Auditors  
6 Northbrook Road  
Dublin 6  
Ireland

**Business Address** Sirius Centre  
Northpoint  
Tuam Road  
Galway

**Bankers** Allied Irish Bank  
Tuam Road  
Galway

Anglo Irish Bank Corporation Ltd  
Stephen Court  
18/21 St. Stephens Green  
Dublin 2

**Solicitors** O'Donnell Sweeney Eversheds Solicitors  
One Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
Ireland

**Registered Number** 451931

**Date of Incorporation** 17 January 2008

# **Kibo Mining Plc**

## **Chairman's Statement**

I am pleased to present our audited accounts for the six month period 1 April to 30 September 2009. As discussed in our 2008 Annual Report, the Company has survived a very difficult few years, a consequence of the major financial upheavals in the global economy. These events forced us to postpone our plans to list the Company on AIM in London during 2008 and 2009 but I am now glad to report that markets have recovered significantly and we are now well advanced in our plans to bring Kibo to the market early in the second quarter of 2010.

As you know, in September and October 2009 we outlined the details of a Placing to raise between £750,000 and £1.125 million to finance bringing the Company to AIM and our exploration programmes in Tanzania. I am pleased to report that at the time of writing (March 2010) we have closed the Placing at £1.24 M. Securing the Placing funds has taken longer than the Company anticipated and we decided to accept Placing subscriptions slightly in excess of £1.125 M to ensure the net funding available to the Company provided sufficient working capital over the next 12 months.

During the reporting period under review field exploration on our projects in Tanzania was kept to a minimum as we conserved funds, and prepared for our drilling programmes in 2010 which will commence following our admission to AIM. Nevertheless there were some encouraging developments on our Itetemia and Haneti projects.

During September 2009, our consultants CSA Global re-classified the gold resource at Golden Horseshoe Reef (GHR) on the Itetemia project, following quality assurance verification of drill samples by the Company. They reported a JORC-compliant resource of 422,250 oz. gold at GHR at a grade of 3.1 grams per tonne. An accompanying preliminary mining optimisation report also indicated good potential for development of an open-pit mine on the shallow part of the resource. These results were communicated to shareholders on our investor update in September 2009.

At Haneti, I previously reported that the Company had agreed terms with AIM-listed African Eagle Resources Ltd (African Eagle) on a joint venture to co-finance exploration on the project. Further technical review of the project by our staff and consultants has convinced us that the potential for gold mineralisation (in addition to nickel and platinoids) on the project is significantly greater than we appreciated. Based on this review we have decided to maintain our 100% interest in the project and not complete the deal with African Eagle at this time. Haneti is now part of our drilling plans for 2010.

I encourage you to visit our recently launched website [www.kibomining.com](http://www.kibomining.com) where you can find updates on all our projects and on which all future investor updates and other corporate information will be uploaded.

In conclusion, it remains for me to thank the board and management for their efforts in ensuring the survival and recovery of Kibo. In particular, I want to pay tribute to the tenacity and patience of our Managing Director Noel O'Keeffe in ensuring our Company can benefit from the good exploration results already obtained on our projects. We look forward to the future, and especially 2010, with confidence.

**Christian Schaffalitzky**

**Chairman**

**22 March 2010**

# **Kibo Mining Plc**

## **Directors' Report**

*for the six month period ended 30 September 2009*

The Directors present their annual report together with the audited financial statements for the period ended 30 September 2009 of Kibo Mining Plc ("the Company") and its subsidiaries (collectively "the Group").

The directors changed the reporting year end to 30 September 2009, as Kibo Mining Plc is intending to list on a public market. This set of financial statements is for a six month period, the previous reporting period was for a fourteen month period and as a result the amounts presented in the financial statements are not directly comparable.

## **Principal Activity**

Kibo Mining Plc (the "Company") is a holding company which owns 99.7% of the share capital of Sloane Developments Limited, an UK registered company (together the "Group"). The primary activity of the Group is the acquisition, exploration and development of gold and other mineral resources in Tanzania.

## **Review of Business and Future Developments**

The Group maintained its exploration ground holdings in Tanzania during the period and also investigated a number of new opportunities in gold and other mineral resources in a number of locations in Tanzania. The Company will advance the projects in its portfolio through direct exploration and through joint ventures. In addition the Company will pursue other projects in gold and other mineral resources.

The future plans for the Company are set out in the Chairman's Statement.

## **Principal Risks and Uncertainties**

The realisation of exploration and evaluation assets is dependent on the discovery and successful development of economic ore reserves and is subject to a number of significant potential risks including:

- Price fluctuations;
- Foreign exchange risks;
- Uncertainties over development and operational costs;
- Political and legal risks, including arrangements with governments for licences, profit sharing and taxation;
- Currency exchange fluctuations and restrictions;
- Foreign investment risks including increases in taxes, royalties and renegotiation of contracts; and
- Liquidity risks.

In addition to the above there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets is dependent on the successful discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Group to raise additional financing, if necessary, or alternatively upon the company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying value of the Group's assets.

## **Results And Dividends**

The result for the period after providing for depreciation and taxation amounted to a loss of £41,255 (31 March 2009 - Loss £ 546,771) and is net of corporate expenses charged to the income statement in the year and includes the costs incurred on business development expenditure which are not being pursued and have been expensed during the year. In addition expenditure was incurred in maintaining the Group's exploration concessions in Tanzania.

Net interest received amounted to £1,380 (31 March 2009: £13,931)

No dividends are proposed.

# Kibo Mining Plc

## Directors' Report

for the six month period ended 30 September 2009

### Post Balance Sheet Events

There have been no material post balance sheet events other than those disclosed in note 20 to the financial statements. Please refer to the Chairman's Statement for information on the Company's current and future developments.

### Directors' and Secretary

At the next Annual General Meeting to be held, in accordance with the Articles of Association, Noel O'Keeffe retires by rotation and being eligible offers himself for re-election.

### Directors' Interests

The interests of the Directors and Secretary and their families who held office at the date of approval of the Annual Report and at 30 September 2009 in the share capital of the Company are as follows:

	Ordinary Shares		
	22/03/10	30/09/09	01/04/09
			(or date of appointment if later)
<b>Directors</b>			
Christian Schaffalitzky	25,336,976	22,336,976	22,336,976
Noel O'Keeffe	3,223,844	3,223,844	3,223,844
Richard Speir	17,564,693	17,564,693	17,564,693
Stephen Aherne	2,290,150	2,290,150	2,290,150
William Payne	-	-	-
<b>Secretary</b>			
Noel O'Keeffe	3,223,844	3,223,844	3,223,844

### Transactions Involving Directors

There have been no contracts or arrangements of significance during the period in which Directors of the Company were interested other than as disclosed in Note 19 to the financial statements.

### Substantial Shareholdings

The Company has been informed that, in addition to the interests of the Directors, at 30 September 2009 and the date of this report, the following shareholders own 3% or more of the issued share capital of the Company:

	Percentage of issued share capital	
	22/03/10	30/09/09
Sun Mining Limited	5.88%	5.88%
Sunvest Corporation	17.2%	17.2%

The Directors are not aware of any other holding of 3% or more of the share capital of the Company.

### Subsidiary Undertakings

Details of the Company's subsidiaries are set out in Note 10 to the financial statements.

### Political Donations

No political donations were made during the period (31 March 2009: Nil).

# **Kibo Mining Plc**

## **Directors' Report**

*for the six month period ended 30 September 2009*

### **Going Concern**

The Directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review, are confident that the Company and the Group will have adequate financial resources to continue in operational existence for the foreseeable future.

The future of the Company and the Group is dependent on the successful future outcome of its short and medium term ability to raise new equity funding and the successful development of its exploration interests and of the availability of further funding to bring these interests to production.

The Directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. Consequently, they consider that it is appropriate to prepare the financial statements on the going concern basis.

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and Regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial period. As permitted by company law, the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU IFRS) and have elected to prepare the Company financial statements in accordance with EU IFRS, as applied in accordance with the provisions of the Irish Companies Acts, 1963 to 2009 ('the Companies Acts').

The Group and Company financial statements are required by law and EU IFRS to present fairly the financial position and performance of the Group: The Companies Acts provide in relation to such financial statements that reference in the relevant parts of the Acts to financial statements giving a true and fair view are references to their achieving a fair presentation. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

Under applicable law the Directors are also responsible for preparing a Directors' Report and reports relating to Directors' remuneration and corporate governance that comply with that law and those rules.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that its financial statements are prepared in accordance with International Financial Reporting Standards, and comply with the Companies Acts, 1963 to 2009, and European Communities (Companies: Group Accounts) Regulations 1992 and all regulations to be construed as one with those acts. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Kibo Mining Plc**

## **Directors' Report**

*for the six month period ended 30 September 2009*

### **Corporate Governance**

The Directors are committed to maintaining the highest standards of corporate governance commensurate with the size, stage of development and financial status of the Group.

### **The Board**

The Board is responsible for the supervision and control of the Company and is accountable to the shareholders. The Board has reserved decision-making on a variety of matters, including determining strategy for the Group, reviewing and monitoring executive management performance and monitoring risks and controls.

The Board has five Directors, comprising two executive Directors and three non-executive Directors. The Board met formally on one occasion during the period ended 30 September 2009. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry.

### **Audit and Remuneration Committees**

At present, as the board of directors is small and given the stage of development of the company, no formal audit or remuneration committees have been established. Consideration to setting up a specific audit and remuneration committee is under continuous review.

### **Nominations Committee**

At present, as the board of directors is small, no formal nomination committee has been established. The authority to nominate new directors for appointment vests in the board of directors. All directors co-opted to the board during any financial period are subject to election by shareholders at the first opportunity following their appointment. Consideration to setting up a nomination committee is under continuous review.

### **Books of account**

The measures taken by the directors to ensure compliance with the requirements in Section 202 of the Companies Act 1990, regarding proper books of account are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account of the Company are maintained at Sirius Centre, Northpoint, Tuam Road, Galway.

### **Auditors**

The auditors, LHM Casey McGrath, have indicated their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

### **On behalf of the board**

**Christian Schaffalitzky**  
Director

**Noel O'Keeffe**  
Director

Date: 22 March 2010

# **Kibo Mining Plc**

## **Independent Auditor's Report to the Members of Kibo Mining Plc**

We have audited the Group and Company financial statements of Kibo Mining Plc for the period ended 30 September 2009 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, Consolidated Statement of Changes in Equity, Consolidated Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out on page 9 - 14.

This report is made solely to the Company's members as a body in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in the audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company or the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditors**

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union (IFRSs), are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union and are properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We report to the shareholders if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not given and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement and Review of Activities. We consider the implications for our audit report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

# **Kibo Mining Plc**

## **Independent Auditor's Report to the Members of Kibo Mining Plc**

..... continued

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 30 September 2009 and of its loss for the period then ended;
- the Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts, 1963 to 2009, of the state of the Company's affairs as at 30 September 2009 ; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The company balance sheet is in agreement with the books of account.

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

The net assets of the Company, as stated in the Company Statement of Financial Position on page 16, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 30 September 2009 a financial situation which under Section 40(1) of the Companies (Amendment) Act,1983, may require the convening of an extraordinary meeting of the Company.

### **Emphasis of Matter - Realisation of Assets**

Without qualifying our opinion, we draw your attention to notes 9 , 10 , and 12 to the financial statements concerning the valuation of intangible assets, investments in subsidiaries and amounts due from group undertakings. The realisation of intangible assets of £ 3,828,009 (31 March 2009 : £ 3,755,264), investments in subsidiaries £ 2,618,079 (31 March 2009 : £ 2,618,079) and amounts due from group undertakings of £ 1,606,833 (31 March 2009 : £ 1,288,578) included in the Company Statement of Financial Position is dependent on the discovery and successful development of economic reserves including the ability of the Group to raise sufficient finance to develop the projects.

### **LHM Casey McGrath**

Chartered Certified Accountants  
& Registered Auditors  
6 Northbrook Road  
Dublin 6  
Ireland

Date:

# **Kibo Mining Plc**

## **Statement of Accounting Policies**

*for the six month period ended 30 September 2009*

Kibo Mining Plc ("the Company") is a company incorporated in Ireland. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### **Statement of Compliance**

As permitted by the European Union, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (IFRS). The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with the Companies Act, 1963 to 2009 which permits a company, that publishes its company and group financial statements together, to take advantage of the exemption in Section 148(8) of the Companies Act, 1963, from presenting to its members its company Income Statement and related notes that form part of the approved company financial statements.

The IFRSs adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective at 30 September 2009.

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.

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

#### *IAS1 (as revised in 2007) Presentation of Financial Statements*

IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

#### *IFRS 8 Operating Segments*

IFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 1).

#### *Amendments to IAS7 Statement of Cash Flows (adopted in advance of effective date 1 January 2010)*

The amendments (part of Improvements to IFRSs (2009)) 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 IAS 38 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. No restatement was required as a result of these amendments.

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements.

#### *Improvements to IFRS's (2008)*

The improvements have led to a number of changes in the detail of the Group's accounting policies- some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

# Kibo Mining Plc

## Statement of Accounting Policies

for the six month period ended 30 September 2009

### *IAS 23 (As revised 2007) Borrowing Costs*

The revised standard requires the capitalisation of borrowing costs, to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. This revised standard has no effect on the financial statements of the Group as the Group has no borrowings.

The following provides a brief outline of the likely impact on future financial statements of relevant IFRSs and interpretations adopted by the EU which are not yet effective and have not been adopted in these financial statements:

### *IAS 17 Leases*

As part of Improvements to IFRSs (2009) issued in April 2009, the International Accounting Standards Board amended the requirements of IAS17 Leases regarding the classification of leases of land. Prior to amendment, IAS17 generally required leases of land with an indefinite useful life to be classified as operating leases. This was inconsistent with the general principals of the Standard, and the relevant guidance has been removed due to concerns that it could lead to accounting that did not reflect the substance of arrangements. Following the amendments, leases of land are classified as either 'finance' or 'operating' in accordance with the general principles of IAS17. These amendments are effective for financial periods beginning on or after 1 January 2010, and they are applied retrospectively to unexpired leases at 1 January 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on 1 January 2010 (i.e. the date of adoption of the amendments) and the Group will recognise assets and liabilities related to land leases newly classified as finance leases at their fair values on that date; and difference between those fair values will be recognised in retained earnings.

The directors anticipate that these amendments to IAS17 will be adopted in the Group's financial statements for the period beginning 1 October 2010. The amendment is not expected to have an impact on the Group financial statements.

### *IFRS 2 Share Based Payment*

In June 2009, the IASB issued amendments to IFRS 2 Share-based Payment. These amendments clarify the scope of IFRS2, 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. The directors anticipate that these amendments will be adopted in the Group's financial statements for the period beginning 1 October 2010. The amendment is not expected to have an impact on the Group financial statements.

### *IFRS 3 Business Combinations (Revised 2008)*

This standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard introduces changes to the accounting requirements for business combinations, but still requires use of the purchase method, and will have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

### *IAS 27 Consolidated and Separate Financial Statements*

The revised standard introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. This standard is effective from 1 July 2009. Management does not expect the standard to have a material effect on the Group's financial statements.

## **Basis of Preparation**

The Group and Company financial statements are prepared on the historical cost basis, except for available-for-sale assets, which are carried at fair value. The accounting policies have been applied consistently by Group entities.

# **Kibo Mining Plc**

## **Statement of Accounting Policies**

*for the six month period ended 30 September 2009*

### **Use of Estimates and Judgements**

The preparation of financial statements in conformity with EU IFRS 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, there are significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements in the following areas:

- Measurement of the recoverable amounts of intangible assets
- Utilisation of tax losses

### **Revenue Recognition - Interest Revenue**

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.

### **Consolidation**

The consolidated financial statements comprise the financial statements of Kibo Mining Plc and its subsidiaries for the period ended 30 September 2009.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intragroup balances and any unrealised gains or losses or income or expenses arising from intragroup transactions are eliminated in preparing the Group financial statements, except to the extent they provide evidence of impairment.

### **Exploration & Evaluation Assets**

In accordance with International Financial Reporting Standard 6 - Exploration for and Evaluation of Mineral Resources, the Group uses the cost method of recognition. Exploration costs include licence costs, survey, geophysical and geological analysis and evaluation costs, costs of drilling and project-related overheads.

Exploration expenditure in respect of properties and licences not in production is deferred and is carried forward in the balance sheet under intangible assets in respect of each area of interest where:-

- (i) the operations are ongoing in the area of interest and exploration or evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; or
- (ii) such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its realisation.

When the Directors decide that no further expenditure on an area of interest is worthwhile, the related expenditure is written off or down to an amount which it is considered representative of the residual value of the Group's interest therein.

# Kibo Mining Plc

## Statement of Accounting Policies

for the six month period ended 30 September 2009

### Impairment

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that is expected to generate cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

### Research and development

Research expenditure is written off to the Statement of Comprehensive Income in the year in which it is incurred.

### Property, Plant and Equipment

Property, Plant and Equipment are stated at cost or valuation, less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Office Equipment            -                    37.5% Straight line

The residual value and useful lives of the property, plant and equipment are reviewed annually and adjusted if appropriate at each balance sheet date.

On disposal of property, plant and equipment the cost and the related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is taken to the Statement of Comprehensive Income.

### Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

# **Kibo Mining Plc**

## **Statement of Accounting Policies**

*for the six month period ended 30 September 2009*

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **Foreign Currencies**

### **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 Sterling, which is the Group's presentation currency. This is also the functional currency of the Group and Company and is considered by the board also to be the appropriate for the purposes of preparing the Group financial statements.

### **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 period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

### **Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- monetary assets and liabilities for each balance sheet presented are presented at the closing rate at the date of that balance sheet. Non-monetary items are measured at the exchange rate in effect at the historical transaction date and are not translated at each balance sheet date.
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and
- all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to shareholders equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

### **Issue Expenses and Share Premium Account**

Issue expenses are written off against the premium arising on the issue of share capital.

### **Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

# **Kibo Mining Plc**

## **Statement of Accounting Policies**

*for the six month period ended 30 September 2009*

### **Financial Instruments**

#### *Cash and Cash Equivalents*

Cash and Cash Equivalents in the Balance Sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cashflows.

#### *Trade and other receivables / payables*

Trade and other receivables and payables are stated at cost less impairment, which approximates fair value given the short dated nature of these assets and liabilities.

### **Share Capital**

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised directly in equity.

# Kibo Mining Plc

## Consolidated Statement of Comprehensive Income for the six month period ended 30 September 2009

<b>Continuing Operations</b>	<i>Notes</i>	<b>1 April 2009 to 30 September 2009</b>	<b>From Incorporation 17 January 2008 to 31 March 2009</b>
		<b>£</b>	<b>£</b>
Administrative expenses		(57,511)	(313,845)
Write back /(down) of exploration projects		14,876	(246,708)
Finance Revenue	3	1,380	13,931
Finance costs	4	-	(149)
		<hr/>	<hr/>
<b>Loss for the period before tax</b>		<b>(41,255)</b>	<b>(546,771)</b>
Income tax expense	7	-	-
		<hr/>	<hr/>
<b>Loss for the period from continuing operations</b>		<b>(41,255)</b>	<b>(546,771)</b>
<b>Other Comprehensive Income</b>			
Exchange differences on translating foreign operations		(16,206)	8,994
		<hr/>	<hr/>
<b>Total Comprehensive Income for the period</b>		<b>(57,461)</b>	<b>(537,777)</b>
		<hr/> <hr/>	<hr/> <hr/>
Loss attributable to:			
Owners of the Company		(41,255)	(546,771)
		<hr/>	<hr/>
		<b>(41,255)</b>	<b>(546,771)</b>
		<hr/> <hr/>	<hr/> <hr/>
Total Comprehensive Income attributable to:			
Owners of the Company		(57,461)	(537,777)
		<hr/>	<hr/>
		<b>(57,461)</b>	<b>(537,777)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share from continuing operations</b>			
Basic and Diluted loss per share	8	(0.03)	(0.49)
		<hr/>	<hr/>
		<b>(0.03)</b>	<b>(0.49)</b>
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes on pages 22 - 37 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 March 2010 and signed on its behalf by:

**Christian Schaffalitzky**  
Director

**Noel O'Keeffe**  
Director

Date: 22 March 2010

# Kibo Mining Plc

## Consolidated Statement of Financial Position

as at 30 September 2009

Assets	<i>Notes</i>	30 September 2009 £	31 March 2009 £
<b>Non-Current Assets</b>			
Intangible assets	9	<b>3,828,009</b>	3,755,264
Property, Plant and Equipment	11	<b>1,419</b>	2,747
Total Non-Current Assets		<b>3,829,428</b>	3,758,011
<b>Current Assets</b>			
Trade and other receivables	12	<b>2,059</b>	2,653
Cash and cash equivalents	13	<b>66,500</b>	362,113
Total Current Assets		<b>68,559</b>	364,766
<b>Total Assets</b>		<b>3,897,987</b>	4,122,777
<b>Equity and Liabilities</b>			
<b>Capital and Reserves</b>			
Called up share capital	15	<b>1,282,767</b>	1,282,767
Share premium account	15	<b>2,983,803</b>	2,983,803
Foreign currency translation reserve	17	<b>(7,212)</b>	8,994
Retained Loss	16	<b>(588,028)</b>	(546,771)
Equity Attributable to owners of the Company		<b>3,671,330</b>	3,728,793
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	<b>224,579</b>	392,192
Current tax liabilities	14	<b>2,078</b>	1,792
Total Liabilities	14	<b>226,657</b>	393,984
<b>Total Equity and Liabilities</b>		<b>3,897,987</b>	4,122,777

The accompanying notes on pages 22 - 37 form an integral part of these financial statements.

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**Christian Schaffalitzky**  
Director

**Noel O'Keeffe**  
Director

Date: 22 March 2010

# Kibo Mining Plc

## Company Statement of Financial Position as at 30 September 2009

Assets	<i>Notes</i>	30 September 2009 £	31 March 2009 £
<b>Non-Current Assets</b>			
Financial assets	10	2,618,079	2,618,079
Total Non-Current Assets		<u>2,618,079</u>	<u>2,618,079</u>
<b>Current Assets</b>			
Trade and other receivables	12	1,606,833	1,288,578
Cash and cash equivalents	13	35,798	243,120
Total Current Assets		<u>1,642,631</u>	<u>1,531,698</u>
<b>Total Assets</b>		<u><u>4,260,710</u></u>	<u><u>4,149,777</u></u>
<b>Equity and Liabilities</b>			
<b>Capital and Reserves</b>			
Called up share capital	15	1,282,767	1,282,767
Share premium account	15	2,983,803	2,983,803
Other reserves		(8,310)	4,505
Retained Loss	16	(154,276)	(131,200)
<b>Equity Attributable to the owners of the Company</b>		<u>4,103,984</u>	<u>4,139,875</u>
<b>Current Liabilities</b>			
Trade and other payables	14	154,649	8,110
Current tax liabilities	14	2,077	1,792
<b>Total Liabilities</b>	14	<u>156,726</u>	<u>9,902</u>
<b>Total Equity and Liabilities</b>		<u><u>4,260,710</u></u>	<u><u>4,149,777</u></u>

The accompanying notes on pages 22 - 37 form integral part of these financial statements.

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**Christian Schaffalitzky**  
Director

**Noel O'Keeffe**  
Director

Date: 22 March 2010

# Kibo Mining Plc

## Consolidated Statement of Cash Flows for the six month period ended 30 September 2009

	Notes	30 September 2009 £	As Restated 31 March 2009 £
<b>Cash flows from operating activities</b>			
Loss for the period before taxation		(41,255)	(546,771)
Adjustments for:			
Foreign exchange (loss) / gain		(16,329)	8,994
Depreciation		1,449	4,670
Finance costs recognised in profit or loss		-	149
Investment revenue recognised in profit or loss		(1,380)	(13,931)
		<u>(57,515)</u>	<u>(546,889)</u>
<b>Movement in working capital</b>			
(Increase) / Decrease in debtors		594	(2,653)
(Decrease) / Increase in creditors		(167,327)	393,984
		<u>(224,248)</u>	<u>(155,558)</u>
<b>Cash used by operations</b>			
Interest paid		-	(149)
		<u>(224,248)</u>	<u>(155,707)</u>
<b>Cash flows from financing activities</b>			
Proceeds of issue of share capital		-	1,349,146
<b>Cashflows from investing activities</b>			
Expenditure on exploration activities		(72,745)	(837,840)
Purchase of property, plant and equipment		-	(7,417)
Interest received		1,380	13,931
		<u>(71,365)</u>	<u>(831,326)</u>
<b>Net cash from investing activities</b>			
		<u>(71,365)</u>	<u>(831,326)</u>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>(295,613)</b>	<b>362,113</b>
<b>Cash and Cash Equivalents at beginning of period</b>	13	<b>362,113</b>	-
<b>Cash and Cash Equivalents at end of period</b>	13	<b>66,500</b>	<b>362,113</b>

The accompanying notes on pages 22 - 37 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 March 2010 and signed on its behalf by:

**Christian Schaffalitzky**  
Director

**Noel O'Keeffe**  
Director

Date: 22 March 2010

# Kibo Mining Plc

## Company Statement of Cash Flows

for the six month period ended 30 September 2009

	Notes	30 September 2009 £	As Restated 31 March 2009 £
<b>Cash flows from operating activities</b>			
Loss for the period before taxation		(23,076)	(131,200)
Foreign currency translation reserve		(12,817)	4,504
Investment revenue recognised in profit or loss		(1,367)	(13,868)
		<u>(37,260)</u>	<u>(140,564)</u>
<b>Movement in working capital</b>			
(Increase) in debtors		(318,255)	(1,288,578)
Increase in creditors		146,826	9,902
		<u>(208,689)</u>	<u>(1,419,240)</u>
<b>Cash flows from financing activities</b>			
Proceeds of issue of share capital		-	1,661,646
<b>Cashflows from investing activities</b>			
Cost of Investment in subsidiary		-	(13,155)
Interest received		1,367	13,869
		<u>1,367</u>	<u>714</u>
<b>Net cash (used in)/ generated by investing activities</b>		<u>1,367</u>	<u>714</u>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>(207,322)</b>	<b>243,120</b>
<b>Cash and Cash Equivalents at beginning of period</b>	13	<b>243,120</b>	-
<b>Cash and Cash Equivalents at end of period</b>	13	<b>35,798</b>	<b>243,120</b>

The accompanying notes on pages 22 - 37 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 March 2010 and signed on its behalf by:

**Christian Schaffalitzky**  
Director

**Noel O'Keeffe**  
Director

Date: 22 March 2010

## Kibo Mining Plc

### Consolidated Statement of Changes in Equity for the six month period ended 30 September 2009

	Share Capital £	Share Premium £	Foreign Exchange Reserve £	Retained Losses £	Total £
Balance at 17 January 2008	-	-	-	-	-
Loss for the period	-	-	-	(546,771)	(546,771)
Other comprehensive income for the period	-	-	8,994	-	8,994
Proceeds of share issue	1,282,767	2,983,803	-	-	4,266,570
Balance at 31 March 2009	<u>1,282,767</u>	<u>2,983,803</u>	<u>8,994</u>	<u>(546,771)</u>	<u>3,728,793</u>
Balance at 1 April 2009	1,282,767	2,983,803	8,994	(546,771)	3,728,793
Loss for the period	-	-	-	(41,257)	(41,257)
Other comprehensive income for the period	-	-	(16,206)	-	(16,206)
Balance at 30 September 2009	<u>1,282,767</u>	<u>2,983,803</u>	<u>(7,212)</u>	<u>(588,028)</u>	<u>3,671,330</u>

The accompanying notes on pages 22 - 37 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on the 22 March 2010 and signed on its behalf by:

**Christian Schaffalitzky**  
Director

**Noel O'Keeffe**  
Director

Date: 22 March 2010

# Kibo Mining Plc

## Company Statement of Changes in Equity for the six month period ended 30 September 2009

	Share Capital £	Share Premium £	Foreign Exchange Reserve £	Retained Losses £	Total £
Balance at 17 January 2008	-	-	-	-	-
Loss for the period	-	-	-	(131,200)	(131,200)
Other comprehensive income for the period	-	-	4,505	-	4,505
Proceeds of share issue	1,282,767	2,983,803	-	-	4,266,570
Balance at 31 March 2009	<u>1,282,767</u>	<u>2,983,803</u>	<u>4,505</u>	<u>(131,200)</u>	<u>4,139,875</u>
Balance at 1 April 2009	1,282,767	2,983,803	4,505	(131,200)	4,139,875
Loss for the period	-	-	-	(23,076)	(23,076)
Other comprehensive income for the period	-	-	(12,815)	-	(12,815)
Balance at 30 September 2009	<u>1,282,767</u>	<u>2,983,803</u>	<u>(8,310)</u>	<u>(154,276)</u>	<u>4,103,984</u>

The accompanying notes on pages 22 - 37 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on the 22 March 2010 and signed on its behalf by:

**Christian Schaffalitzky**  
Director

**Noel O'Keeffe**  
Director

Date: 22 March 2010

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

### 1. Segment Information

#### Adoption of IFRS 8 Operating Segments

The Group has adopted IFRS 8 Operating Segments with effect from 1 April 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risk and returns approach, with the entity's 'system of internal financial reporting to key management personnel serving only as a starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

In the prior period, in the opinion of the Directors the operations of the Group comprise one class of business being the exploration and development of gold and other minerals. The Group's main operations are located within Tanzania. The information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment is specifically focussed on the exploration areas in Tanzania. In the opinion of the Directors the Group has only one reportable segment under IFRS 8 which is exploration carried out in Tanzania.

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of IFRS 8.

#### Segment Revenues and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue		Segment Loss	
	30/09/09	31/03/09	30/09/09	31/03/09
	£	£	£	£
<b>Exploration - Tanzania</b>	-	-	(42,635)	(560,553)
Total for continuing operations	-	-	(42,635)	(560,553)
Investment revenue			1,380	13,931
Finance costs			-	(149)
Loss before tax (continuing operations)			(41,255)	(546,771)

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 1. Segment Information - continued

#### Segment assets and liabilities

Segment Assets	30/09/09	31/03/09
	£	£
Exploration - Tanzania	3,897,987	4,122,777
Consolidated assets	<u>3,897,987</u>	<u>4,122,777</u>
<b>Segment Liabilities</b>		
Exploration - Tanzania	226,657	393,984
Consolidated liabilities	<u>226,657</u>	<u>393,984</u>

#### Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	30/09/09	31/03/09	30/09/09	31/03/09
	£	£	£	£
Exploration - Tanzania	1,449	4,670	72,745	3,764,131

#### Revenue from major products and services

The only revenue that the Group received during the period related to bank interest, which has been allocated to Tanzania.

#### Geographical information

The Group operates in three principal geographical areas - Ireland (Country of residence of Kibo Mining Plc), United Kingdom (Country of residence of Sloane Developments Limited) and Tanzania (Country of residence of Eagle Gold Mining Limited and Aardvark Exploration Limited).

The Group does not have revenue from external customers. Information about its non-current assets by geographical location are detailed below:

	Non-Current Assets	
	30/09/09	31/03/09
	£	£
Tanzania	3,829,428	3,758,011
	<u>3,829,428</u>	<u>3,758,011</u>

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 2. Loss on ordinary activities before taxation

	1 April 2009 to 30 September 2009	17 January 2008 to 31 March 2009
	£	£
<i>Operating loss is stated after charging:</i>		
Depreciation of property, plant and equipment	1,449	4,670
Auditors' remuneration	22,434	17,705
	<u>          </u>	<u>          </u>
<i>and after crediting:</i>		
Profit on foreign currencies	24,314	(3,950)
	<u>          </u>	<u>          </u>

As permitted by Section 148 (8) of the Companies Act 1963, the Income Statement of the Company has not been separately disclosed in these financial statements.

### 3. Investment Revenue: Continuing Operations

	1 April 2009 to 30 September 2009	17 January 2008 to 31 March 2009
	£	£
Interest Revenue:		
Bank deposits	1,380	13,931
	<u>          </u>	<u>          </u>
	<u>1,380</u>	<u>13,931</u>

### 4. Finance costs: Continuing Operations

	1 April 2009 to 30 September 2009	17 January 2008 to 31 March 2009
	£	£
Included in this category is the following:		
Interest on overdue tax	-	149
	<u>          </u>	<u>          </u>
	<u>-</u>	<u>149</u>

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 5. Employees

#### *Number of employees*

The average monthly numbers of employees  
(including the Directors) during the period were:

	1 April 2009 to 30 September 2009 Number	17 January 2008 to 31 March 2009 Number
Exploration Activities	4	4
Administration	3	3
	<u>7</u>	<u>7</u>

#### *Employment costs*

	1 April 2009 to 30 September 2009 £	17 January 2008 to 31 March 2009 £
Wages and salaries	36,490	141,730
	<u>36,490</u>	<u>141,730</u>

### 6. Directors' emoluments

	1 April 2009 to 30 September 2009 £	17 January 2008 to 31 March 2009 £
Remuneration and other emoluments	27,328	141,730
	<u>27,328</u>	<u>141,730</u>

Directors remuneration of £15,996 (31 March 2009: £96,573) was capitalised within exploration and evaluation assets.

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 7. Income Taxes

	1 April 2009 to 30 September 2009	17 January 2008 to 31 March 2009
	£	£
<b>Current tax</b>		
Charge for the year	-	-
	<hr/>	<hr/>
Total tax charge	-	-
	<hr/> <hr/>	<hr/> <hr/>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 21% to the loss before tax is as follows:

	1 April 2009 to 30 September 2009	17 January 2008 to 31 March 2009
	£	£
Loss from continuing operations	(41,255)	(546,771)
Income tax expense calculated at 21% (2009: 21%)	(8,664)	(114,822)
<i>Effects of:</i>		
Expenses that are not deductible in determining taxable profits	435	1,401
Different tax rates of subsidiaries operating in other jurisdictions	4,038	2,717
Investment Income taxable at a different rate	342	405
Losses utilised	(6,453)	-
Unused tax losses not recognised as deferred tax assets	10,302	110,299
Income tax expense recognised in the profit or loss	-	-
	<hr/> <hr/>	<hr/> <hr/>

The tax rate used for the September 2009 and March 2009 reconciliations above is the corporate rate of 21% payable by small corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

At the balance sheet date, the Group had unused tax losses of £794,390 (31 March 2009: £755,956) available for offset against future profits which equates to a deferred tax asset of £173,215 (31 March 2009: £163,787). No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 8. Loss per share

#### Basic earnings per share

The basic and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	30 September 2009	31 March 2009
	£	£
Loss for the period attributable to equity holders of the parent	(41,255)	(546,771)
Weighted average number of ordinary shares for the purposes of basic earning per share	159,477,696	111,276,650
Basic loss per ordinary share	<u>(0.03)</u>	<u>(0.49)</u>

#### Diluted earnings per share

Basic and Diluted EPS are the same as there are no potential ordinary shares.

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 9. Intangible assets - Group

	30 September 2009	31 March 2009	17 January 2008
	£	£	£
Cost	3,828,009	3,755,264	-
Accumulated amortisation and impairment	-	-	-
	<u>3,828,009</u>	<u>3,755,264</u>	<u>-</u>
		<b>Exploration and Evaluation Assets</b>	<b>Total</b>
		£	£
<b>Cost</b>			
At 17 January 2008		-	-
Acquisitions of business entities		3,023,509	3,023,509
Additions		731,755	731,755
		<u>3,755,264</u>	<u>3,755,264</u>
At 31 March 2009		3,755,264	3,755,264
Additions		72,745	72,745
		<u>3,828,009</u>	<u>3,828,009</u>
At 30 September 2009		<u>3,828,009</u>	<u>3,828,009</u>

Expenditure on exploration and evaluation activities is deferred on areas of interest until a reasonable assessment can be determined of the existence or otherwise of economically recoverable reserves. No amortisation has been charged in the period. The Directors have reviewed the carrying value of the exploration and evaluation assets and consider it to be fairly stated and not impaired at 30 September 2009. The recoverability of the intangible assets is dependent on the future realisation or disposal of the gold and other mineral resources.

In order to retain its interest in certain of its prospecting licences, the Group is required to make option payments over the next three years of US \$1.3 million, and incur exploration and capital expenditure sufficient to commence commercial production before January 2013, and on one licence area exploration expenditure of \$250,000 before October 2011.

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 10. Financial assets - Company

	<b>Subsidiary Undertakings Shares £</b>	<b>Total £</b>
<b>Cost</b>		
At 17 January 2008	-	-
Additions	2,618,079	2,618,079
At 31 March 2009	2,618,079	2,618,079
Additions	-	-
At 30 September 2009	<u>2,618,079</u>	<u>2,618,079</u>
<b>Net book values</b>		
At 30 September 2009	<u>2,618,079</u>	<u>2,618,079</u>
At 31 March 2009	<u>2,618,079</u>	<u>2,618,079</u>

At 30 September 2009 the Company had the following subsidiary undertakings:

<b>Subsidiary</b>	<b>Activity</b>	<b>Incorporated in</b>	<b>Proportion of ownership interest and voting power held</b>	
			<b>30 September 2009</b>	<b>31 March 2009</b>
Sloane Developments Limited	Holding Company	England	99.7%	99.7%
<b>Sub-Subsidiaries</b>				
Aardvark Exploration Limited	Gold and Other Mineral Exploration	Tanzania	99.7%	99.7%
Eagle Gold Mining Limited	Gold exploration	Tanzania	99.7%	99.7%

Subsequent to the period end Kibo Mining Plc acquired the outstanding share capital of Sloane Developments Limited. The results for the period have not been allocated between the equity holders of the parent and the non-controlling interests, as the parent had effective control for the period.

The value of the investments is dependent on the discovery and successful development of evaluation and exploration assets, as set out in Note 9. Should the development of the evaluation and exploration assets prove unsuccessful, the carrying value in the statement of financial position will be written off. In the opinion of the directors' the carrying value of the investments is appropriate. No impairment has been recognised to date in respect of the above investments.

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 11. Property, Plant and Equipment - Group

	30 September 2009	31 March 2009	17 January 2008
	£	£	£
<b>Cost or Valuation</b>	<b>8,989</b>	8,867	-
Accumulated depreciation and impairment	(7,570)	(6,120)	-
	<u>1,419</u>	<u>2,747</u>	<u>-</u>
Office equipment	<u>1,419</u>	<u>2,747</u>	<u>-</u>
		<b>Office Equipment</b>	<b>Total</b>
		£	£
<b>Cost or Valuation</b>			
At 17 January 2008		-	-
Acquisitions of business entities		4,568	4,568
Additions		4,299	4,299
At 31 March 2009		8,867	8,867
Additions		122	122
At 30 September 2009		<u>8,989</u>	<u>8,989</u>
<b>Accumulated Depreciation and Impairment</b>			
At 17 January 2008		-	-
Acquisitions of business entities		1,450	1,450
Depreciation expense		4,670	4,670
At 31 March 2009		6,120	6,120
Depreciation Expense		1,450	1,450
At 30 September 2009		<u>7,570</u>	<u>7,570</u>

### 12. Trade and other receivables

	Group	Group	Company	Company
	30 September 2009	31 March 2009	30 September 2009	31 March 2009
	£	£	£	£
<i>Amounts falling due within one year:</i>				
Amounts owed by group undertakings	-	-	1,606,833	1,288,578
Other debtors	2,059	2,653	-	-
	<u>2,059</u>	<u>2,653</u>	<u>1,606,833</u>	<u>1,288,578</u>

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 13. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	<b>Group</b> 30 September 2009	<b>Group</b> 31 March 2009	<b>Company</b> 30 September 2009	<b>Company</b> 31 March 2009
	£	£	£	£
Cash at bank	63,156	360,322	35,798	243,120
Petty cash	3,344	1,791	-	-
	<u>66,500</u>	<u>362,113</u>	<u>35,798</u>	<u>243,120</u>

### 14. Trade and other payables

	<b>Group</b> 30 September 2009	<b>Group</b> 31 March 2009	<b>Company</b> 30 September 2009	<b>Company</b> 31 March 2009
	£	£	£	£
Trade payables	141,215	324,181	125,604	-
Other taxes and social welfare costs	2,078	1,792	2,077	1,792
Directors' accounts	37,766	37,845	604	447
Other creditors	5,856	3,503	5,698	3,000
Accruals and deferred income	39,742	26,663	22,743	4,663
	<u>226,657</u>	<u>393,984</u>	<u>156,726</u>	<u>9,902</u>

#### *Other taxes and social welfare costs:*

	<b>Group</b> 30 September 2009	<b>Group</b> 31 March 2009	<b>Company</b> 30 September 2009	<b>Company</b> 31 March 2009
	£	£	£	£
P.A.Y.E./P.R.S.I.	2,078	1,792	2,077	1,792
	<u>2,078</u>	<u>1,792</u>	<u>2,077</u>	<u>1,792</u>

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

15. Share capital - Group and Company	30 September 2009	31 March 2009	17 January 2008
	£	£	£
<b>Authorised equity</b>			
400,000,000 Ordinary shares of €0.01 each	<u>3,723,200</u>	<u>3,723,200</u>	<u>3,723,200</u>
	<u><b>3,723,200</b></u>	<u>3,723,200</u>	<u>3,723,200</u>
<b>Issued capital</b>			
Share capital	<u>1,282,767</u>	<u>1,282,767</u>	-
Share premium	<u>2,983,803</u>	<u>2,983,803</u>	-
	<u><b>4,266,570</b></u>	<u>4,266,570</u>	-
<b>Issued capital comprises:</b>			
159,477,696 fully paid ordinary shares (31 March 2009 : 159,477,696 and 17 January 2008 : Nil)	<u><b>1,282,767</b></u>	<u><b>1,282,767</b></u>	-
<b>Fully paid ordinary shares</b>			
	<b>Number of shares</b>	<b>Share Capital £</b>	<b>Share Premium £</b>
Balance at 17 January 2008	-	-	-
Issue of shares for cash	38,820,736	303,800	1,015,043
Issue of shares under a bonus issue	3,960,000	30,302	-
Issue of shares to acquire Sloane Developments Limited	104,196,960	833,302	1,771,623
Issue of shares to acquire Eagle Gold Mining Limited	<u>12,500,000</u>	<u>115,363</u>	<u>197,137</u>
Balance at 31 March 2009	159,477,696	1,282,767	2,983,803
Movement for the period	-	-	-
Balance at 30 September 2009	<u><b>159,477,696</b></u>	<u><b>1,282,767</b></u>	<u><b>2,983,803</b></u>

Fully paid ordinary shares, which have a par value of €0.01, carry one vote and carry a right to dividends.

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 16. Retained Losses

	Group 30 September 2009 £	Group 31 March 2009 £	Company 30 September 2009 £	Company 31 March 2009 £
<b>Deficit at beginning of period</b>	(546,771)	-	(131,200)	-
Loss for the period	(41,255)	(546,771)	(23,076)	(131,200)
<b>Deficit at end of period</b>	<u>(588,026)</u>	<u>(546,771)</u>	<u>(154,276)</u>	<u>(131,200)</u>

In accordance with the provisions of the Companies (Amendment) Act 1986, the Company has not presented an Income Statement. A loss for the period of £23,076 has been dealt with in the Statement of Comprehensive Income of the Company.

### 17. Reserves

	30 September 2009 £	31 March 2009 £	17 January 2009 £
Foreign currency translation	<u>(7,212)</u>	<u>8,994</u>	<u>-</u>
Balance at beginning of the period	<b>8,994</b>	-	-
Exchange differences arising on translating the net assets of foreign operations	<u>(16,206)</u>	<u>8,994</u>	<u>-</u>
Balance at end of period	<u>(7,212)</u>	<u>8,994</u>	<u>-</u>

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

### 18. Business Combinations

Subsidiaries acquired	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration transferred
<b>2008</b>				
Sloane Developments Limited	Holding Company	21 April 2008	99.7%	2,604,924
Aardvark Exploration Limited	Gold and Other Mineral Exploration	21 April 2008	99.7%	-
Eagle Gold Mining Limited	Gold Exploration	30 March 2009	99.7%	312,500
				<u>2,917,424</u>

Kibo Mining Plc acquired Sloane Developments Limited in April 2008. Sloane Developments Limited had previously acquired Aardvark Exploration Limited. On 30 March 2009, Sloane Developments Limited acquired Eagle Gold Mining Limited in order to acquire the exploration licences which it held.

Consideration transferred	Sloane Developments Limited £	Eagle Gold Mining Limited £
Non - Cash consideration: Shares issued in Kibo Mining Plc	<u>2,604,924</u>	<u>312,500</u>

Stamp duty costs of £13,155 on the acquisition of Sloane Developments Limited have been capitalised, but have not been included in the consideration transferred.

#### Assets acquired and liabilities assumed at the date of acquisition

	Sloane Developments Limited £	Aardvark Exploration Limited £	Eagle Gold Mining Limited £
<b>Current assets</b>			
Cash and cash equivalents	40,477	15,567	1,113
Trade and other receivables	326,970	-	-
<b>Non-Current Assets</b>			
Exploration and Evaluation assets	548,099	108,523	-
Plant and Equipment	-	3,118	-
Investments	400	-	-
<b>Current Liabilities</b>			
Trade and other payables	(412,463)	(174,675)	(503)
	<u>503,483</u>	<u>(47,467)</u>	<u>610</u>

# Kibo Mining Plc

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2009

..... continued

<b>Goodwill arising on acquisition</b>	<b>Sloane Developments Limited</b>	<b>Aardvark Exploration Limited</b>	<b>Eagle Gold Mining Limited</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Consideration transferred	2,604,924	-	312,500
Less: fair value of identifiable net assets acquired	(503,483)	47,467	(610)
Fair value adjustment attributed to Exploration and Evaluation Assets	(2,101,441)	(47,467)	(311,890)
Goodwill arising on acquisition	<u>-</u>	<u>-</u>	<u>-</u>

### 19. Related party transactions

Details of subsidiary undertakings are shown in note 10. In accordance with International Accounting Standard 24 - Related Party Disclosures, transactions between group entities that have been eliminated on consolidation are not disclosed. Details of transactions between the Group and the related parties are disclosed below.

#### **Richard Speir**

Richard Speir is a director of Kibo Mining Plc. At 1 April 2009 and 30 September 2009 he was owed £37,398 by Sloane Developments Limited.

#### **Noel O'Keeffe**

Noel O'Keeffe is a director of Kibo Mining Plc. At 30 September 2009 he was owed £368 by Kibo Mining Plc in respect of expenses due to him.

#### **Wilkins Kennedy**

William Payne is a director of Kibo Mining Plc, and is also a partner in a firm of chartered accountants, Wilkins Kennedy. That firm charged Sloane Developments Limited £11,000 during the period for accountancy, taxation and directorial services. This was paid in full during the period.

### 20. Post Balance Sheet events

Subsequent to the period end, Kibo Mining Plc has raised Stg£1.2m for the issue of new share capital. This funding will enable to Group to continue as a going concern for the foreseeable future. The Directors also intend to list Kibo Mining Plc on AIM.

# **Kibo Mining Plc**

## **Notes to the Consolidated Financial Statements**

*for the six month period ended 30 September 2009*

..... continued

### **21. Financial Instruments and Financial Risk Management**

The Group and Company's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to provide finance for the Group and Company's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations.

It is, and has been throughout 2009 and 2008 the Group and Company's policy not to undertake trading in derivatives.

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

#### **Foreign currency risk**

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by continuously reviewing the exchange rate movements in the foreign currencies, that the Group has exposure to. The exposure to exchange rate fluctuations is limited as the Company's subsidiaries operate mainly with sterling, euro and Tanzanian dollars.

At the period ended 30 September 2009, the Group had no outstanding forward exchange contracts.

#### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As the Group does not, as yet, have any sales to third parties, this risk is limited.

The Group and Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group and Company's exposure to credit risk arise from default of its counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents in its consolidated balance sheet.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected or related entities.

#### **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group and Company's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are regularly produced to identify the liquidity requirements of the Group. To date, the Group has relied on shareholder funding to finance its operations. The Group had no borrowing facilities at 30 September 2009.

The Group and Company's financial liabilities as at 30 September 2009 were all payable on demand.

# **Kibo Mining Plc**

## **Notes to the Consolidated Financial Statements**

*for the six month period ended 30 September 2009*

..... continued

The expected maturity of the Group and Company's financial assets (excluding prepayments) as at 30 September 2009 was less than one month.

The Group expects to meet its other obligations from operating cash flows with an appropriate mix of funds and equity instruments.

The Group had no derivative financial instruments as at 30 September 2009.

### **Interest rate risk**

The Group and Company's exposure to the risk of changes in market interest rates relates primarily to the Group and Company's holdings of cash and short term deposits.

It is the Group and Company's policy as part of its disciplined management of the budgetary process to place surplus funds on short term deposit in order to maximise interest earned.

The effect of a 10% fall in interest rates obtainable on cash and short term deposits would be to increase the loss before tax by £138.

### **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 through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the period ended 30 September 2009. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the consolidated statement of changes in equity.

### **Fair values**

The carrying amount of the Group and Company's financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value.

### **Hedging**

At the year ended 30 September 2009, the Group had no outstanding contracts designated as hedges.

## **22. Approval of financial statements**

The financial statements were approved by the board on 22 March 2010.