KOGI IRON LIMITED

ABN 28 001 894 033

Interim Report – 31 December 2018

Corporate Directory

Directors	Don Carroll, Chairman Martin Wood, Chief Executive Officer Michael Tilley, Non-Executive Director Greg Boulton, Non-Executive Director
Company Secretary	Kevin Hart
Registered Office	Lincoln House Unit 23, 4 Ventnor Avenue West Perth WA 6005 Telephone: (08) 9200 3456 Facsimile: (08) 9200 3455
Share Registry	Link Market Services Limited Level 12, QV1 Building 250 St. Georges Terrace Perth WA 6000 Australia Telephone: +61 1300 554 474 Facsimile: +61 2 9287 0303 Email: registrars@linkmarketservices.com.au Website: www.linkmarketservices.com.au
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors to the Company	Steinepreis Paganin 1202 Hay Street West Perth WA 6005
Bankers	Commonwealth Bank
Stock Exchange Listing	Kogi Iron Limited shares are listed on the Australian Securities Exchange (ASX). ASX Code: KFE

Contents

Directors Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of Kogi Iron Limited (referred to hereafter as the "Company" or "parent entity") and the entities it controlled for the half year ended 31 December 2018.

Directors

The following persons were directors of Kogi Iron Limited during the financial half year and up to the date of this report, unless otherwise stated:

Don Carroll	Chairman (appointed as Chairman on 10 December 2018)
Martin Wood	Chief Executive Officer
Michael Tilley	Non-Executive Director
Greg Boulton	Non-Executive Director (appointed 27 November 2018)
Dr Ian Burston	Chairman (resigned 10 December 2018)
Michael Arnett	Non-Executive Director (appointed 10 September 2018; resigned 27 November 2018)
Kevin Joseph	Executive Director (resigned 2 July 2018)

Principal Activities

During the financial half year, the principal activities of the consolidated entity were to continue to maintain the Agbaja Cast Steel Project in Nigeria in good standing, to continue evaluation studies and testwork programs associated with the commercialisation of the Agbaja Cast Steel Project.

Review of Operations

The loss after tax for the consolidated entity for the half year ended 31 December 2018 was $1,341,620 (2017: $1,578,268). Loss for the period includes exploration project expenditure of $450,973 (2017: $603,155).

Corporate

During the period, the Company settled amounts owing to three former directors of the Company for unpaid director fees of $369,365 by issuing 3,527,843 shares at a deemed issue price of 10.47 cents per share.

At the Annual General Meeting held in November 2018, shareholders appointed Mr Greg Boulton to the Board as Non-Executive Director. Mr Boulton Chairs the Audit & Governance Committee of the Board. The creation of the new committee is consistent with the Company's objective to continually improve its Corporate Governance Standards.

Mr Boulton has a Bachelor of Arts (Accounting), is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants and a Fellow of the Australian Society of Certified Practising Accountants. In the 2010 Australia Day Honours, Boulton was appointed Member of the Order of Australia (AM) "For service to Australian Rules football administration, to the community of South Australia, and to business". Mr Boulton has been a Professional Director for over 30 Years serving on Public Company and Institution Boards as a Chairman and Non-Executive Director.

Following the retirement of long-serving Chairman Dr. Ian Burston, Mr Don Carroll was appointed as Chairman of the Company.

Operational

Testwork program:
Mettalurgical testwork associated with the commercialisation of the Agbaja iron ore deposits in Kogi State, Nigeria were completed in the half year. The testwork was conducted by Tenova South Africa and contractor Mintek.

The primary objectives of the testwork were:

(i) Demonstrate the technical feasibility of producing a cast steel product from Agbaja iron ore;
(ii) Generate enough process information to commence initial design and development of the process on a commercial scale;
(iii) Test two sources of domestic coal suitable for use as a reductant in the iron making process;
(iv) Demonstrate refining of the pig iron to produce a cast steel product suitable for billet steel making; and
(v) Generate 50 kg of 'on-spec' cast steel for marketing purposes.

The Mintek test work successfully demonstrated a process route to produce a low phosphorus / low sulphur cast steel product suitable for billet steelmaking with specifications of: Fe >99%, C<0.31%, Si <0.30%, Mn <1.10%, P <0.045%, and S <0.0632%. The application of a suitable reagent addition ratio, low reaction temperatures, and a high slag basicity were identified as key process parameters to establish optimum refining condition for removal of impurities.

The pilot smelting testwork successfully demonstrated that it is feasible to process beneficiated Agbaja iron ore into a cast steel product.

Testwork on chemical and moisture analysis on the two locally sourced (Nigerian) coal samples was completed during the half year. The successful outcome of the Torex coal testwork program proves the viability of producing a suitable metalized product using Nigerian domestic coal sources selected by Kogi for the Agbaja Cast Steel Project. Both coal sources used in the testwork program are located within 70km of the Agbaja Project and have the capacity to supply 100% of the project needs (refer ASX Announcement 19 October 2018: Successful Completion of Torex Coal Testwork Program).

With the testwork completed work commenced on other aspects of the project including an expanded Environmental Study for the processing plant, a comprehensive marketing study and engagement with in-country steel producers targeted as customers for the billet.

Steel Market Study:

The Company engaged Fastmarkets MB (previously Metal Bulletin) ('Fastmarkets') to provide a comprehensive market feasibility study that would be of a bankable standard and would form part of the ongoing Agbaja Cast Steel Project studies. In conducting this study Fastmarkets was required to give a detailed analysis of the steel industry in Nigeria and West Africa, including:

- Steelmaking raw material costs and substitutes
- Competitor and customer analysis
- Existing and future market demand for Kogi cast steel billet products
- Recommend an appropriate product mix and plant size
- Price forecasts

The objective of the Fastmarkets study (titled 'Kogi Iron Market Feasibility') was to confirm the overall level of potential market demand for the Cast Steel Product that Kogi intends to produce from the Agbaja Cast Steel Project. The information from the study will be fed into the DFS which will amongst other things determine the sizing of the Agbaja Cast Steel Project's processing facility. A summary of the results of this study is included in the ASX Announcement of 16th January 2019.

Mining Leases and Exploration licences:

KCM Mining Limited (KCM), Kogi's 100% owned Nigerian subsidiary retains a 100% interest in Mining Leases ML24606, ML24607 and ML25376. Kogi recently received final documentation from the Federal Republic of Nigeria, Ministry of Mines and Settle Development granting Exploration licence EL 28784 which replaces EL16998. EL16998 was first approved in September 2015 and has been replaced by EL28784 in the normal course of business. Kogi also retains its 100% interest in Exploration licence EL14847.

Significant changes in the state of affairs

Other than disclosed above, there were no significant changes in the state of affairs of the consolidated entity during the financial half year.

Events since 31 December 2018

Subsequent to the period end, on 7th February 2019, the Company successfully completed a private placement raising $575,750 (before costs).

Other than that disclosed elsewhere in this report, no other matter or circumstance has arisen since 31 December 2018, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 6 of these half year financial statements.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001 and is signed for and on behalf of the directors by:

Don Carroll
Non-Executive Chairman
Dated this 13th day of March 2019
Perth

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF KOGI IRON LIMITED

As lead auditor for the review of Kogi Iron Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kogi Iron Limited and the entities it controlled during the period.

Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 13 March 2019

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation *other than for the acts or omissions of financial services licensees*

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2018

	Note	31/12/2018 $	31/12/2017 $
Continuing operations			
Interest income		5,083	611
Total Income		5,083	611
Expenses			
Accounting and audit fees		(10,460)	(10,481)
Consultancy fees		(284,979)	(260,612)
Travel and accommodation		(127,361)	(47,315)
Corporate expenses		(256,918)	(104,063)
Director & employee expenses		(161,478)	(198,009)
Exploration and evaluation expenditure		(450,973)	(603,155)
Legal fees		(42,691)	(17,726)
Occupancy		(10,985)	(10,852)
Other expenses		(858)	(2,896)
Finance costs		-	(323,770)
Loss before income tax expense		(1,341,620)	(1,578,268)
Income tax expense/(benefit)		-	-
Loss from continuing operations		(1,341,620)	(1,578,268)
Loss attributable to the owners of Kogi Iron Limited		(1,341,620)	(1,578,268)
Other comprehensive income			
Items that may be reclassified to the profit and loss account:			
Exchange differences on translation of foreign operations		(3,953)	(4,593)
Total comprehensive income (loss) for the half year attributable to the owners of Kogi Iron Limited		(1,345,573)	(1,582,861)
Overall Operations			
Basic profit (loss) per share (cents per share)	2	(0.002)	(0.003)
Diluted earnings (loss) per share (cents per share)		n/a	n/a

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	31/12/2018 $	30/06/2018 $
Assets			
Current assets			
Cash and cash equivalents	3	335,591	2,360,897
Trade and other receivables		70,289	95,149
Total current assets		405,880	2,456,046
Non-current assets			
Property, plant and equipment		1,107	1,311
Total non-current assets		1,107	1,311
Total assets		406,987	2,457,357
Liabilities			
Current liabilities			
Trade and other payables	4	898,269	1,825,979
Total current liabilities		898,269	1,825,979
Total liabilities		898,269	1,825,979
Net (liabilities)/assets		(491,282)	631,378
Equity			
Contributed equity	5	67,358,167	66,988,802
Reserves	6	1,569,804	1,720,209
Accumulated losses		(69,419,253)	(68,077,633)
Total equity/ (total deficiency in equity)		(491,282)	631,378

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement in Changes in Equity
For the half year ended 31 December 2018

	Contributed Equity	Accumulated Losses	Reserves	Total
	$	$	$	$
Consolidated				
Balance at 1 July 2017	62,175,602	(64,766,764)	1,427,921	(1,163,241)
Profit (Loss) for the half year	-	(1,578,268)	-	(1,578,268)
Foreign exchange movements	-	-	(4,593)	(4,593)
Total comprehensive income (loss) as reported at 31 December 2017	-	(1,578,268)	(4,593)	(1,582,861)
Contributions of equity, net of transaction costs	1,158,113	-	-	1,158,113
Options granted	-	-	177,800	177,800
Balance at 31 December 2017	63,333,715	(66,345,032)	1,601,128	(1,410,189)

	Contributed Equity	Accumulated Losses	Reserves	Total
Consolidated				
Balance at 1 July 2018	66,988,802	(68,077,633)	1,720,209	631,378
Profit (Loss) for the half year	-	(1,341,620)	-	(1,341,620)
Foreign exchange movements	-	-	(3,953)	(3,953)
Total comprehensive income (loss) as reported at 31 December 2018	-	(1,341,620)	(3,953)	(1,345,573)
Contributions of equity, net of transaction costs	369,365	-	-	369,365
Reversal of share based payments	-	-	(146,452)	(146,452)
Balance at 31 December 2018	67,358,167	(69,419,253)	1,569,804	(491,282)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half year ended 31 December 2018

	Note	31/12/2018 $	31/12/2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,206,975)	(488,484)
Payments for exploration and evaluation		(822,756)	(568,221)
Interest received		4,425	611
Net cash (outflow) from operating activities		(2,025,306)	(1,056,094)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (outflow) from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1,052,318
Payment of share issue costs		-	(26,677)
Net cash inflow financing activities		-	1,025,641
Net increase decrease in cash and cash equivalents held		(2,025,306)	(30,453)
Cash and cash equivalents at beginning of financial half year		2,360,897	135,182
Cash and cash equivalents at end of half year	3	335,591	104,729

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

31 December 2018

Note 1. Significant accounting policies

(a) Basis of preparation and statement of compliance

These general purpose interim financial statements, for the half year reporting period ended 31 December 2018, have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements and are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the consolidated entity's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2018.

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 March 2019.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(b) New, revised or amending Accounting Standards and Interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year, except where new standards have been adopted.

AASB9 *Financial Instruments* and AASB15 *Revenue from Contracts with Customers* became applicable to the current reporting period. The adoption of these standards did not require any restatement of prior year comparatives as the application of these standards did not have a material impact on the financial report.

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

(c) Significant accounting estimates and judgments

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Accounting estimates have been made on a consistent basis with those of the previous financial year.

(d) Going concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Group to continue as a going concern is dependent on securing additional funding. The Group has incurred net cash outflow from operating and investing activities for the half year ended 31 December 2018 of $2,025,306 (2017: $1,056,094). As at 31 December 2018, the group had cash of $335,591 (30 June 2018: $2,360,897) and net current liabilities of $492,389 (30 June 2018: net current assets of $630,067). These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that sufficient funds will be available to meet the Group's working capital requirements. However, the Directors recognise that the ability of the Group to continue as a going concern is dependent on the Group being able to secure additional funding through either the issue of further shares and or options or convertible notes or a combination thereof as required to fund ongoing exploration and evaluation studies and for working capital.

The directors note that $742,329 (30 June 2018: $742,329) of the $898,269 (30 June 2018: $1,825,979) in total liabilities due are owed to current and former Board members who will not call in the debt until such time as an Asset Realisation event occurs on the Agbaja Project or the Board determines the Company has sufficient cash reserves available and as long as the repayment will not cause any insolvency issue to the Company.

The directors have reviewed the Group's financial position and forecast cash flows and have assessed that the Group will be required to raise additional funds by way of issuing equity to continue its exploration and evaluation program as forecast or alternatively reduce its discretionary expenditure. The directors reasonably expect that the Group will be able to raise additional funds as required to meet future costs associated with its operating and exploration activities for at least the next 12 months but is able to curtail expenditure if required. The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business and at amounts that differ from those stated in the financial statements.

Note 2. Earnings per share

	31/12/18	31/12/17
Basic loss per share (cents per share)	0.002	0.003

	31/12/18 $	31/12/17 $
Loss from continuing operations used in the calculation of basic earnings per share	1,341,620	1,578,268

	31/12/18 Number	31/12/17 Number
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	652,666,311	563,299,377

Note 3. Cash and cash equivalents

	31/12/18 $	30/06/18 $
Cash at bank and on term deposit	335,591	2,360,897

Note 4. Trade and other payables

	31/12/2018 $	30/06/2018 $
Trade payables	110,380	243,484
Accrued director fees	770,851	1,536,814
Other accrued expenses	11,321	37,812
Sundry payables	5,717	7,869
	898,269	1,825,979

Note 5. Contributed Equity

(a) Share Capital	31/12/18 $	30/06/18 $
Ordinary shares, fully paid	67,358,167	66,988,802
Total Contributed Equity	67,358,167	66,988,802
(b) (i) Ordinary shares		
At the beginning of the reporting period	66,988,802	62,175,602
Shares issued during the year	369,365	5,533,364
Transaction costs relating to share issues	-	(720,164)
At the end of the reporting date	67,358,167	66,988,802

Note 5. Contributed Equity

(b) (ii) Movements in Ordinary shares

Date	Details		No. of shares	Value
31-Dec-17	Balance		592,154,685	63,109,859
08-Feb-18	Issue		20,000,000	2,000,000
22-Mar-18	Issue		9,388,685	938,869
15-Jun-18	Options exercised		1,800,000	54,900
28-Jun-18	Options exercised		28,000,000	854,000
		Less transaction costs	-	(192,681)
30-Jun-18	Balance		651,343,370	66,764,947
23-Oct-18	Issue		3,527,843	369,365
31-Dec-18	At reporting date		654,871,213	67,134,312

(b) (iii) Number of ordinary shares (summary)

	31/12/2018	30/06/2018
	(number of shares)	
At the beginning of the reporting period	651,343,370	518,291,022
Shares issued during the reporting period	3,527,843	133,052,348
At reporting date	654,871,213	651,343,370

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.

(c) Options	(number of options)	
At the beginning of the period	-	9,800,000
Options issued during the period	-	20,000,000
Options exercised during the period	-	(29,800,000)
	-	-

No options were granted, exercised or lapsed during the period to 31 December 2018.

Note 6. Reserves

	31/12/2018 $	30/06/2018 $
Share based payments reserve	1,657,374	1,803,826
Foreign currency translation reserve	(87,570)	(83,617)
	1,569,804	1,720,209
Movements:		
Share based payments reserve		
Balance at beginning of period	1,803,826	1,479,574
Fair value adjustment of share based payments (refer Note 7)	(146,452)	324,252
Balance at end of period	1,657,374	1,803,826
Foreign currency translation reserve		
Balance at beginning of period	(83,617)	(51,653)
Currency translation differences arising during the period	(3,953)	(31,964)
Balance at end of period	(87,570)	(83,617)
Total Reserves	1,569,804	1,720,209

Note 6. Reserves

(a) Nature and Purpose of Reserves

(i) Share based payment reserve

The share based payments reserve is used to record the fair value of equity instruments issued by the consolidated entity to directors as part of remuneration and to third parties for the provision of services settled in equity.

(ii) Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

Note 7. Share based payments

The Company did not have any share-based payments during the period.

Long Term Incentives in the form of Share based payments

During the prior period, the Company recognised Long Term Incentive remuneration in the form of Share based payments for Mr Wood in his capacity as Chief Executive Officer. The grant of these shares was subject to shareholder approval. At the Annual General Meeting held on 27 November 2018, the shareholders did not approve the grant of these shares; therefore, the previously recognised expense of $146,452 as recognised at 30 June 2018; have been reversed in the current period.

Note 8. Contingencies

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period, 30 June 2018.

Note 9. Commitments

Annual licence fees payable to the government of Nigeria for the Mining and Exploration licences the group plans to retain in the next twelve months have increased to $183,409 (30 June 2018: $178,869).

Other than the above, there have been no material changes in commitments since the end of the previous annual reporting period, 30 June 2018.

Note 10. Financial instruments

Carrying amounts and fair values

At 31 December 2018 the Group carries the following financial instruments, which are not measured at fair value:

- Current receivables
- Current payables
- Cash & cash equivalents

Due to their short term nature, the carrying amount of current receivables, current payables and cash and cash equivalents is assumed to approximate their fair value.

Liquidity risk

Vigilant liquidity risk management implies maintaining sufficient cash balances and access to equity funding to enable the group to pay its debts as and when they become due and payable.

The Board of directors' monitor the cash levels of the group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage liquidity risk.

Note 11. Segment Reporting

The Company engages in a single main operating segment, being mineral exploration and evaluation, from which it currently earns no revenue and incurs costs associated with carrying out exploration and evaluation. The Company's results are analysed as a whole by the Board of Directors.

Segment information

Segment information for the 6 months ended 31 December 2018 is as follows:

31 December 2018	Exploration and Evaluation	Total
Segment revenue		
Interest Income	5,083	5,083
Total segment revenue/income	5,083	5,083
Segment result		
Loss after income tax	(1,341,620)	(1,341,620)
Segment assets		
Cash and cash equivalents	335,591	335,591
Property, plant and equipment	1,107	1,107
Other assets	70,289	70,289
Total assets	406,987	406,987
Segment liabilities		
Trade and other payables	898,270	898,270
Total Liabilities	898,270	898,270

31 December 2017	Exploration and Evaluation	Total
Segment revenue		
Interest Income	611	611
Total segment revenue/income	611	611
Segment result		
Loss after income tax	(1,578,268)	(1,578,268)

30 June 2018		
Segment assets		
Cash and cash equivalents	2,360,897	2,360,897
Property, plant and equipment	1,311	1,311
Other assets	95,149	95,149
Total assets	2,457,357	2,457,357
Segment liabilities		
Trade and other payables	1,825,979	1,825,979
Total Liabilities	1,825,979	1,825,979

Note 12. Related party transactions

Unpaid director fees

The table below details as at the reporting date the amount of accrued director fees owing to Board members that served during the period:

Name	Balance 01/07/18 $	Accrued amounts paid in the period	Remuneration incurred but not paid for the period $	Loan balance as at 31/12/18 $
Don Carroll	255,000	(15,000)	-	240,000*
Martin Wood	12,329	-	-	12,329*
Michael Tilley	105,000	(15,000)	-	90,000*
Greg Boulton (appointed 27 Nov 2018)	-	-	5,500	5,500
Dr Ian Burston (resigned 10 Dec 2018)	425,000	(25,000)	-	400,000*
Michael Arnett (resigned 27 Nov 2018)	-	-	12,821	12,821
Kevin Joseph (resigned 2 Jul 2018)	297,177	(297,177)	-	-
Ajakpovi Mena^^	72,943	(72,943)	10,201	10,201
Total	1,167,449	(425,120)	28,522	770,851

^^ amount accrued as payable to Mr Mena as local director of Nigerian subsidiary KCM Mining Limited

The Directors have agreed that, for the outstanding amounts as indicated in the table above *, they will not call in the debt until such time as an Asset Realisation event occurs on the Agbaja Project or sufficient funds are raised and as long as the repayment will not cause any insolvency issue to the Company.

Other transactions with key management personnel

During the period, the Company incurred costs for office facilities and support costs for the Chief Executive Officer, Martin Wood located in London with Vicarage Capital Limited a company associated with Martin Wood. Total costs incurred during the period were $78,325. There were no amounts outstanding at period end.

During the period, the Company settled in full amounts owing in relation to accrued and unpaid directors fees of $369,365 to previous Board members by the issue of 3,527,843 ordinary shares at a deemed issue price of 10.47 cents per share.

Note 13. Events subsequent to the end of the reporting period

Subsequent to the period end, on 7th February 2019, the Company successfully completed a private placement raising of $575,750 (before costs).

Other than that disclosed elsewhere in this report, no other matter or circumstance has arisen since 31 December 2018, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Declaration by Directors

In the opinion of the Directors of Kogi Iron Limited:

(a) The interim financial statements and notes thereto are in accordance with the Corporations Act 2001 and:
   (i) comply with Australian Accounting Standard AASB134 “Interim Financial Reporting”, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (ii) give a true and fair view of the consolidated entity’s financial position as at 31 December 2018 and of its performance for the half year ended on that date.

(b) There are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Don Carroll
Non-Executive Chairman

Dated this 13th day of March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kogi Iron Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Kogi Iron Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 (d) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

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Dean Just

Director

Perth, 13 March 2019