



KOGI IRON
LIMITED

ABN 28 001 894 033

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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Dear Shareholder,

This year has been the most challenging in our Company history with Covid 19 resulting in volatile equity raising markets and the inability to face to face Nigerian Ministers, officials and potential investors.

Your Board has reduced costs with a view to have the maximum runway to raise funds to support key elements of the Bankable Feasibility Study and we continue to work towards raising a minimum of \$1m to \$2m. This will be added to the Sorbie funding that still has 10 months to draw down.

It is expected that there will be a clear position on the capital raise advised at the AGM . I have asked Craig Hart, the Deputy Chair, to address the plans in this regard. If there are further developments prior to the AGM they will be addressed in a special announcement.

Specific initiatives achieved that will ultimately add value to shareholders include:

1. Mining Lease extension for lease 29796 for 25 years incorporating 15.2Km² of prospective iron ore. Kogi now has a combined 145Km² of tenement with total Indicated and Inferred iron ore of 586.3Mt.
2. Nigeria's Ministry of Mines and Steel Development (MMSD) formally acknowledged in September "the efforts Australia Kogi Iron Limited is making to contribute to the diversification of the Nigerian Economy through the Agbaja Cast Steel Project."
MMSD also is facilitating information and administrative process for a gas supply agreement and steel market entry policy.
3. Receiving a proposal from Tenova Pyromet SA to evaluate designing a steel billet plant in ranges between 250kTpa to 750kTpa production capacity. This has been after many technical meetings with Tenova, our Consultant, Ian Burston and our CEO.
4. Nigerian Community relations remain the focus of our Country Manager, Alabi Samuel, with a small-scale mining operation and the construction of a community water well welcomed by His Royal Highness, the Maasai of Agbaja Plateau.

I would like to thank long serving Director, Don Carroll, who retired in April 2020 and our Managing Director, David Turvey who is retiring at the end of the AGM, for their efforts and energy during the last year.

Your Board is concerned about the reducing share price and we will be announcing initiatives and priorities for the Agbaja Steel project at and prior to our AGM scheduled for 15th December 2020.

Since I am not standing for re-election, I would like to wish the Company and the two remaining Board members Craig Hart and Peter Huljich all the best in achieving value growth objectives.



Greg Boulton AM
Chairman

Directors

Greg Boulton AM	Non-Executive Chairman
Craig Hart	Non-Executive Deputy Chairman
David Turvey	Managing Director
Peter Huljich	Non-Executive Director

Company Secretary

Ray Ridge

Registered Office and Principal Place of Business

10 George Street Stepney SA 5069 Tel: +61 8 7324 4047 Email: info@kogiiron.com	Nigeria:	KCM Mining Limited 139B Eti-Osa Way Dolphin Estate Ikoyi, Lagos
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Share Register

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Solicitors

DMAW
Level 3
80 King William Street
Adelaide SA 5000

Bankers

Commonwealth Bank

Stock Exchange Listing

Kogi Iron Limited shares are listed on the Australian Securities Exchange (ASX).
ASX Code: KFE

Website address

www.kogiiron.com

Your Directors present their report on the consolidated entity consisting of Kogi Iron Limited and the entities it controlled at the end of, or during, the year ended 30 June 2020. Throughout the report the consolidated entity is referred to as the Group.

Principal activities

During the financial year the principal continuing activities of the Group consisted of test work activities and evaluation studies at the Agbaja Cast Steel Project in Kogi state, Federal Republic of Nigeria ("Nigeria") ("Agbaja Project").

Review of operations

The loss for the Group after tax amounted to \$3,096,480 (30 June 2019: \$2,537,274).

The loss for the year ended 30 June 2020 was primarily attributable to the exploration and evaluation expenditure of \$633,947 (2019: \$893,510). Other net operating costs for the year were \$2,462,533 (2019: \$1,650,361) associated with the group's ongoing evaluation studies for the Agbaja Cast Steel Project in Nigeria.

During the year, the Company has incurred net cash outflows from operating and investing activities of \$2,343,222 (2019: \$2,752,816) and as at 30 June 2020, the Company had net assets of \$1,387,677 (2019: net liabilities \$419,376). On the matter of the Company continuing as a going-concern (refer note 27(a)(i) – "going concern" in the attached accounts for details), at the date of this report the Directors believe that there are currently sufficient funds to meet the Company's immediate working capital requirements.

Agbaja Project

Facilitation by the Government of Nigeria

Despite COVID-19 restrictions, Kogi Iron and KCM Mining have maintained regular communication with the Ministry of Mines and Steel Development (MMSD), and other relevant Nigerian Government Departments. The Company has received strong, tangible support from the Nigerian Government for its advanced and wholly owned Agbaja Cast Steel Project, Nigeria. A formal letter was received from the Honourable Minister – Arc. Olamilekan Adgebite stating that MMSD is willing to facilitate with other Ministries on behalf of Kogi Iron when necessary. It is clear MMSD is aligned with the Company in its near-term focus on critical path value drivers for the Agbaja Cast Steel Project, especially in obtaining a competitive gas supply contract and market entry policy for replacement of steel imports.

Government facilitation recognises the importance of the Agbaja Steel Project as a "Project of National Significance" and its role to support economic growth in Nigeria. Key Project value drivers to be addressed include cost and availability of natural gas and electricity supply, market entry investment policy, security of people and assets, and potential business synergy to recapitalisation of the nearby 'mothballed' Ajaokuta Steel Works.

The Company is focusing communications with MMSD on these near-term value drivers for the Agbaja Steel Project. As part of discussions, David Turvey (Managing Director, Kogi Iron) was an invited panellist at a recent MMSD webinar on downstream processing in the Nigerian mining industry, then as a panellist at the 26th Nigerian Economic Summit Pre-Summit Webinar themed "The "New Normal" – Opportunities for the Nigerian Mining Industry". The Government's webinars recognise the Agbaja Steel Project as a key example of a 'pioneer downstream industry' to replace costly steel imports and stimulate economic growth.

Based on inputs by energy consultants and advisors, the Company has held discussions and initiated information exchange with the Gas Aggregation Company Nigeria (GACN) as the basis of an application for a gas supply agreement to be sourced from the Ajaokuta – Kaduna – Kano gas pipeline (AKK).

Funding Application to MMSD & World Bank - MinDiver Project (MinDiver)

On MMSD's request, the Company submitted a preliminary application for MinDiver Project funding to focus on the Environmental, Social and Governance (ESG) aspects of the Company's Feasibility Study activities and the Community Development Agreement.

The MinDiver Project team holds six-monthly status reviews of its activities, the impacts of COVID-19 and for planning of future work programs and budgets. Subject to COVID-19 restrictions, virtual meetings were held by the World Bank (Washington DC) and the MinDiver Project Committee to progress the Company's funding application. Claire Ireland – Australian High Commissioner, Nigeria, has expressed interest to attend meetings in recognition of support and funding by the Australian Government for World Bank activities.

During August 2020, Mr Alabi Samuel – Country Manager, KCM Mining Limited, visited the Federal capital, (Abuja) to meet with officers of the MMSD – World Bank MinDiver Project. He discussed the Company's proposal for MinDiver Project funding of Environmental, Social and Governance (ESG) programs related to iron ore mining and processing on the Agbaja Plateau. The aims and objectives of these MinDiver Project ESG programs reinforce the Company's commitment to 'sustainability best practice with zero waste targets' and support the Community Development Agreement (CDA).

Subsequently, the MinDiver Project team requested the Company provide it with additional detail and a formal application for MinDiver funding to comply with criteria for World Bank support including:

- a) Environmental and social safeguards, related to current EIS documents and approvals.
- b) Detailed stakeholder engagement plan and grievance redress mechanism, related to current Community Development Agreement.
- c) Labour management plan and potential security risks.

The Company is preparing this formal application for MinDiver Project funding and are excited by the opportunity to showcase the benefits derived from 'best practice' mining to the local community and the Nigerian people.

Environmental, Social & Governance

The KCM Mining team continues to coordinate activities on our Community Development Agreement (CDA). In the second half of the year, the KCM team and the Board provided information to the Community on the status and needs of the Feasibility Study and the planned timetable.

The Agbaja Plateau Communities and the Ministry of Mines and Steel Development (MMSD) officials were briefed on KCM's planned small-scale trial iron ore mining commencing in April 2020. Briefing on the scope of work reinforced our ongoing commitment, wherever possible, to local education, employment, health & safety, infrastructure and the environment. Contract employment was provided to members of the local communities in security roles of personnel and equipment and in assisting the contractor.

Following the collapse of the initial Irimi–Okpaka water borehole, a new geophysical survey was conducted to define the sub-surface aquifer and a replacement borehole was drilled to 120 metres using a local contractor. Ongoing site works include pump drawdown tests and water quality tests, prior to reconnecting and filling of header tanks to restore availability of clean water for the local community. These works are important tangible evidence of the Company's commitment to the local community.

Small-Scale Trial Iron Ore Mining

During April, the Company commenced excavation of a small-scale trial iron ore mining pit ~30m x 30m x 5m deep. The mining will provide stockpiles of overburden and iron ore for use in ore characterisation tests to support iron ore reserve estimates, and mining and beneficiation studies required for the Feasibility Study.

Trial iron ore mining was stopped in May until late August due to impacts of frequent, heavy monsoonal rains and the COVID-19 risks of mobilising equipment and workforce. Mining was restarted in September and received the traditional blessing by His Royal Highness, the Maasai of Agbaja Plateau. Completion of mining is scheduled by the end of September at no additional cost to budget, weather permitting.

Bankable Feasibility Study (BFS) & Next Steps

As announced earlier in 2020, Kogi Iron estimates the completion of a BFS for the Agbaja Steel Project will require approximately US\$8 million in funding. The COVID-19 pandemic and related uncertain equity market conditions globally have made it difficult and delayed the Company's efforts to raise the full funding for the BFS.

Given continued volatile equity markets, the Company believes that raising funds in the least dilutive manner is best achieved by seeking funding in smaller increments, with initial funding sufficient to commence early work and focus on the key drivers of value creation in the Agbaja Steel Project:

- a) Technical – steel refining test work for removal of phosphorus
A key focus of this work will be confirmation of phosphorous removal from the iron ore in the refining process at an industrial scale, based on the successful preliminary tests undertaken by Tenova / Mintek RSA (refer ASX announcement 25th September 2018).
- b) Gas / electricity supply
Power is estimated to contribute between 40% to 45% of operating costs for the Agbaja Steel Project. The Company will progress discussions with the Nigerian Government to identify and secure the most cost-effective sources of power for the steel plant.
- c) Market entry.
The Company plans to work with international corporate advisory groups and steel market consultants on a domestic market entry strategy, to align with Government objectives for replacement of steel imports to support growth of the the Nigerian economy.

Corporate

During the period, the Company settled amounts owing to one former and one current director of the Company for unpaid director fees of \$640,000 by issuing 15,873,016 shares at an agreed issue price of 4.03 cents per share (market value at the date of the issue of the shares was 5.1 cents).

The Company completed a two-phase capital raising \$3.21 million to fund progress on key activities required for a Bankable Feasibility Study (BFS) on its wholly-owned and advanced Agbaja Plateau iron ore mining and cast steel mill project.

The capital raising comprised:

- share placements to US-based institutional investor Sorbie Bornholm LP for commitments of \$2m, and various Australian professional and sophisticated investors for a further \$350,000; and
- a share purchase plan which closed with \$860,000 raised.

Mr Greg Boulton AM was appointed as Chairman of the Board of Directors. This is following the decision made by Mr Don Carroll that with a restructured Board now comprised of Directors with the necessary experience to develop the Company's Agbaja Project it is appropriate to step down from the role.

Covid-19

Impacts on operations in Nigeria include the lockdown of Abuja (Federal Capital), restrictions to interstate travel and closure of Nigeria's Mines Department, which has largely limited the Company's business to within the Kogi State. These restrictions are planned and have started to be carefully lifted by the Government from September onwards. Related financial market uncertainty has delayed the equity fundraising for the Feasibility Study.

However, many operational matters have been progressed despite COVID-19 and a reduced spend, albeit at a slower pace than planned.

In terms of health of our staff we have standard practices in place to minimise the risk of COVID19 contraction or spread: working from home where appropriate, limited travel and physical contact with the Agbaja Plateau Communities, the use of face masks in public (in Nigeria) and ensuring the availability of sanitiser and social distance in the office environment.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial year.

Events since the end of the financial year

On 26 August 2020, the Company issued 371,584 ordinary fully paid shares to a service provider for services rendered to the value of \$17,799.

On 15 September 2020, the Company announced the appointment of Craig Hart as Non-Executive Director and Deputy Chair.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact on the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

As at the date of this Directors' Report, the Directors are not aware of any other matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group subsequent to 30 June 2020.

Likely developments and expected results of operation

The Company is aiming to raise sufficient funds to be able to progress key activities required for a Bankable Feasibility Study ("BFS") for the Agbaja Cast Steel Project in Nigeria.

Environmental regulation

The Company holds various exploration licences and mining leases granted under the *Nigerian Minerals and Mining Act 2007*, that regulate its exploration activities in Nigeria. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of the Company's exploration activities.

At the date of this report no agency has notified the Company of any environmental breaches during the financial year, nor are the Directors aware of any environmental breaches.

Directors

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

Current Directors:

Name: **Greg Boulton AM**
Title: Non-Executive Chairman
(appointed Non-Executive Director 27 November 2018 and Chairman 25 November 2019)
Qualifications: BA (Accounting), FCA, FCPA, FAICD
Experience and expertise: Mr Boulton has over 30 years' experience as a Director of Public Listed Companies and large Superannuation funds. This experience includes Logistics, Exploration, Mining and Resources sectors both in Australia and overseas.
Other current directorships: Southern Gold Limited (ASX listed: SAU), Kangaroo Island Plantation Timbers Ltd (ASX listed: KPT), Super SA
Former directorships (in the last 3 years): None
Interests in securities: 1,178,056 ordinary shares and 7,500,000 Performance Rights

Name: **David Turvey**
Title: Managing Director
(appointed Non-Executive Director 7 May 2019 and Managing Director 5 August 2019)
Qualifications: B Sc(Hons) Geol, MAusIMM
Experience and expertise: Mr Turvey is a geologist with over 35 years' experience in the Australian and Asian mining industry. His career has involved business development and corporate M&A activities in precious and base metals, bulk commodities, industrial minerals and speciality metals. He has held key management roles in large international companies, including several international roles based in South East Asia. During the last 20 years, he has conducted independent consulting assignments in mineral exploration, research and development, technical marketing and market entry strategies, mining law and foreign investment policy, and commercial project evaluation.
Other current directorships: Southern Gold Limited (ASX listed: SAU)
Former directorships (in the last 3 years): None
Interests in securities: 752,666 ordinary shares, 932,760 listed options with a \$0.10 exercise price and 31 December 2021 expiry and 9,000,000 Performance Rights

Name: **Craig Hart**
Title: Non-Executive Director & Deputy Chairman
(appointed 15 September 2020)
Qualifications: Bachelor of Laws, Bachelor of Arts
Experience and expertise: Craig has extensive legal and commercial experience over three decades across Asia and Australia. He is particularly experienced in the corporate advisory and mergers and acquisition arena.
Craig has held senior executive roles with Omnicom (NYSE) and Photon Group (ASX) (now Enero).
Other current directorships: Assembled Group - Executive Chairman
Strikeforce - Non- Executive Director
Venture Crowd - Non- Executive Director
Guardian Securities Limited - Non - Executive Director
Hilco Asia Pacific - Chairman
Former directorships (in the last 3 years): None
Interests in securities: Nil

Name: Peter Huljich

Title: Non-Executive Director, Chairman of Remuneration & Nomination Committee and Chairman of Audit & Governance Committee
(appointed 7 May 2019)

Qualifications: BCom/LLB, GD-AppFin, GAICD

Experience and expertise: Mr Huljich has over 25 years' experience in the legal, natural resources and banking sectors with a particular expertise in capital markets, mining, commodities and African related matters. He has worked in London for several prestigious investment banks, including Goldman Sachs, Barclays Capital, Lehman Brothers and Macquarie Bank, with a focus on Commodities and Equity and Debt Capital Markets. He has extensive on-the-ground African mining, oil & gas and infrastructure experience as the Senior Negotiator and Advisor for Power, Mining and Infrastructure at Industrial Promotional Services, the global infrastructure development arm of the Aga Khan Fund for Economic Development (AKFED) whilst resident in Nairobi, Kenya.

Other current directorships: AVZ Minerals Limited (ASX listed: AVZ)

Former directorships (in the last 3 years): None

Interests in securities: 1,399,140 listed options with a \$0.10 exercise price and 31 December 2021 expiry and 7,500,000 Performance Rights

Previous Directors:

Don Carroll (resigned as Non-Executive Chairman 2 April 2020)
 Martin Wood (resigned as Chief Executive Officer 5 August 2019)

Company Secretary

Ray Ridge: Mr Ridge is a chartered accountant with over 20 years accounting experience and was appointed as Company Secretary 1 May 2020; he has held senior management positions in finance, compliance and commerce across a range of industries. He is currently CFO and Company Secretary for dual ASX- and AIM-listed Thor Mining PLC, Company Secretary and CFO of LBT Innovations Ltd and CFO for ASX-listed Southern Gold Ltd.

Kevin Hart
 (Retired 1 May 2020)

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Greg Boulton	13	13
David Turvey	13	13
Peter Huljich	13	13
Don Carroll <i>(resigned 2 April 2020)</i>	10	10
Martin Wood <i>(resigned 5 August 2019)</i>	1	1

Held: represents the number of meetings held during the time the director held office that the director was entitled to attend.

Remuneration Report (Audited)

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of Kogi Iron Limited for the year ended 30 June 2020. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

The remuneration report details remuneration arrangements for Key Management Personnel who are defined as those having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

The report contains the following sections:

- (a) Key management personnel disclosed in this report
- (b) Remuneration governance
- (c) Use of remuneration consultants
- (d) Executive remuneration policy and framework
- (e) Relationship between remuneration and Kogi Iron Limited's performance
- (f) Non-executive director remuneration policy
- (g) Voting and comments made at the Company's annual general meeting
- (h) Details of remuneration
- (i) Service Agreements
- (j) Equity instruments held by key management personnel
- (k) Other transactions with key management personnel

(a) Key management personnel disclosed in this report

Non-executive and executive directors (see pages 6-7 for details about each director)

Greg Boulton AM

Craig Hart (appointed 15 September 2020)

David Turvey

Peter Huljich

Don Carroll (resigned 2 April 2020)

Martin Wood (resigned 5 August 2019)

Except where noted, the named persons held their current positions for the whole of the financial year and since the financial year end.

(b) Remuneration governance

The Board established a Remuneration and Nomination Committee in May 2019. The role of the committee is to assist the Board, in a particular will:

- Consider Board and committee structure and composition as well as monitoring succession planning and the development of senior management; and
- Ensure that the Company has an appropriate strategy in place for executives that align their interests with that of Company shareholders.

Prior to the establishment of the Committee, the Board as a whole or with sub-committee as required, would manage the matters normally dealt with by a formal remuneration committee

The Corporate Governance Statement provides further information on how the Company governs remuneration.

(c) Use of remuneration consultants

The Board did not engage a remuneration consultant to make any recommendations in relation to its remuneration policies or any of the key management personnel for the group during the financial year covered by this report.

(d) Executive Remuneration policy and framework

The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency.

The Remuneration & Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the group.

Alignment to shareholders' interests:

- Has had key milestone achievement as a core component of plan design.
- Focuses on growth in shareholder wealth, consisting of growth in share price which should follow from the achievement of key milestones, as well as focusing the executive on key non-financial drivers of value.
- Attracts and retains high calibre executives.

Alignment to program participants' interests:

- Rewards capability and experience.
- Reflects competitive reward for contribution to growth in shareholder wealth.
- Provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

(i) Executive remuneration mix

To ensure that executive remuneration is aligned to company performance, a portion of the executives' target pay may be "at risk". There was no executive remuneration that comprised an "at risk" component during the year.

In the prior year, Mr Wood's remuneration package comprised an "at risk" component relating to the short term and long term incentives described in (iv) below.

(ii) Base pay and benefits

Executives receive their base pay and benefits structured as a total employment cost package which is delivered as cash remuneration.

Base pay is reviewed annually or on promotion. Base pay is benchmarked against market data for comparable roles in the market.

(iii) Superannuation

The Company does not make superannuation contributions that are in addition to executive director's fixed base remuneration.

(iv) Short Term Incentives and Long Term Incentives

The short term and long term incentive remuneration offered by the Company to Mr Turvey comprised the following:

- Short Term Incentive – there is no bonus over and above the agreed consulting fees.
- Long Term Equity Incentive – Mr Turvey was issued 10,000,000 Performance Rights (1,000,000 having since lapsed) as part of the Performance Rights granted to all Directors, as approved by shareholders at the AGM on the 26 November 2019. There are 8 classes of Performance Rights with varying vesting dates and vesting conditions, refer Note 22 of the Annual Financial Statements.

(v) *Share Trading Policy*

The Kogi Iron Limited securities trading policy applies to all directors and executives and only permits the purchase or sale of Company securities during certain periods provided trading of the securities is not prohibited by any other law.

(e) **Relationship between remuneration and Kogi Iron Limited performance**

In considering the Group's performance and benefits for shareholder wealth, the Board have regarded the following key financial indicators:

	2020	2019	2018	2017	2016
<i>Profit/(Loss) attributable to owners of Kogi Iron Limited</i>	(3,096,480)	(2,537,274)	(3,310,869)	(1,976,867)	(1,625,415)
Share Price at 30 June	0.038	0.068	0.17	0.023	0.02
Increase (Decrease) in share price	(44%)	(60%)	639%	15%	(67%)

(f) **Non-executive directors' remuneration policy**

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of the director.

Non-executive directors receive a Board fee and historically the non-executive directors have participated in the Company Loan Performance Share Plan, however currently there are no Performance Shares on issue to the directors pursuant to the plan.

Board fees are reviewed from time to time by the Board and the Board may receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. Board fees were last reviewed in 2011.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting of shareholders. The most recent determination was at the annual general meeting held on 30 November 2011, where shareholders approved an aggregate non-executive director remuneration pool of \$500,000 per annum.

Board fees (per year)

Chairman	\$100,000
Deputy Chairman (from 15 September 2020)	\$ 90,000
Other non-executive directors	\$ 60,000

(g) **Voting and comments made at the Company's 2020 Annual General Meeting**

The Company received 32.7% of proxy votes against its 2019 remuneration report at the 2019 Annual General Meeting. As this was the second year in succession that greater than 25% of proxy votes had voted against the remuneration report, a 'spill' resolution was put to shareholders in the 2019 AGM. If greater than 50% of proxy votes vote in favour of the 'spill' resolution then a further shareholder meeting is required to be held within 90 days of the AGM to consider the re-election of all Directors other than the Managing Director. 94.7% of proxy votes voted against the 'spill' resolution.

The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices, however following the 2018 AGM, the Company did take steps to address areas of concern in relation to remuneration such as the establishment of the Remuneration & Nomination Committee, as well as a review of executive remuneration and incentives. Further, in the 2020 year, the Company negotiated the settlement of \$640,000 of outstanding Director's fees, owing to two retired Directors, through the issue of Ordinary Shares in lieu of cash payment.

(h) Details of remuneration

The following tables show details of the remuneration of the group's key management personnel for the current and previous financial years:

2020 Name	Short-term benefits				Post-employment benefits			Total	Proportion of remuneration performance related & share based payments
	Directors Fees	Consulting	Short term incentive	Non-monetary	Super-annuation	Long-term benefits	Share based payments		
	\$	\$	\$	\$	\$	\$	\$	\$	%
<i>Non-Executive Directors:</i>									
Greg Boulton ²	83,329	31,125	-	-	-	-	66,581	181,035	36.78%
Peter Huljich ⁴	60,000	-	-	-	-	-	66,581	126,581	52.60%
Don Carroll ¹	61,111	19,750	-	-	-	-	-	80,861	-
<i>Executive Directors:</i>									
David Turvey ³	5,000	308,450	-	-	-	-	86,942	400,392	21.71%
Martin Wood ⁵	-	31,250	-	-	-	-	-	31,250	-
	209,440	390,575	-	-	-	-	220,104	820,119	-

- 1- Resigned 2nd April 2020. As at 30 June 2020 nil
- 2- At 30 June 2020 \$51,082 is payable to Mr Greg Boulton (2019: \$35,500).
- 3- As at 30 June 2020 \$47,193 is payable to Mr David Turvey (2019: 9,385)
- 4- As at 30 June 2020 \$32,193 is payable to Mr Peter Huljich (2019: 9,385)
- 5- Resigned 5 August 2019, paid as a consultant for the following 2 months after resignation date. As at 30 June 2020 nil (2019: \$199,830) is payable to Mr Martin Wood.

2019 Name	Short-term benefits				Post-employment benefits			Total	Proportion of remuneration performance related	Proportion linked to share based payments
	Cash salary and fees	Short term incentive	Non-monetary	Super-annuation	Long-term benefits	Share based payments				
	\$	\$	\$	\$	\$	\$	\$	%	%	
<i>Non-Executive Directors:</i>										
Don Carroll ¹	82,258	-	-	-	-	-	82,258	-	-	
David Turvey ³	9,385	-	-	-	-	-	9,385	-	-	
Greg Boulton ²	35,500	-	-	-	-	-	35,500	-	-	
Peter Huljich ⁴	9,385	-	-	-	-	-	9,385	-	-	
Ian Burston ⁵	44,355	-	-	-	-	-	44,355	-	-	
Michael Tilley ⁶	50,968	-	-	-	-	-	50,968	-	-	
Michael Arnett ⁷	-	-	-	-	-	-	-	-	-	
<i>Executive Directors:</i>										
Martin Wood ⁸	375,000	(32,812) ⁹	-	-	-	(146,452) ¹⁰	195,736	-	-	
Kevin Joseph ¹¹	-	-	-	-	-	-	-	-	-	
	606,851	(32,812)	-	-	-	(146,452)	427,587	-	-	

- 1- As at 30 June 2019 \$290,000 (2018: \$255,000) is payable to Mr Don Carroll.
- 2- Appointed on 27 November 2018. As at 30 June 2019 \$35,500 is payable to Mr Greg Boulton.
- 3- Appointed on 7 May 2019. As at 30 June 2019 \$9,385 is payable to Mr David Turvey
- 4- Appointed on 7 May 2019. As at 30 June 2019 \$9,385 is payable to Mr Peter Huljich
- 5- Resigned on 10 December 2018. As at 30 June 2019 \$400,000 (2018: \$425,000) is payable to Dr Ian Burston.
- 6- Resigned on 7 May 2019. As at 30 June 2019 \$110,968 (2018: \$105,000) is payable to Mr Michael Tilley.
- 7- Appointed on 10 September 2018 and resigned on 27 November 2018.
- 8- Resigned 5 August 2019. As at 30 June 2019 \$199,830 (2018: \$12,330) is payable to Mr Martin Wood.
- 9- This represents the reversal of short-term incentive cash bonus accrual in 2018. The amount is reversed as the performance criteria were not met.
- 10- This represents the reversal of the long-term incentive equity incentive accrued in 2018. The amount is reversed as the required shareholder approval for the issue of this incentive was not obtained by the Company.
- 11- Resigned 2 July 2018.

Share-based remuneration granted as compensation

There was no share-based remuneration granted as compensation during the year ended 30 June 2020, other than the Performance Rights noted below.

Options

There were no options granted as remuneration during the current or previous reporting period. No options were exercised by key management personnel and there were no options forfeited or lapsed during the reporting period.

Performance Rights

26,000,000 Performance Rights were issued to all Directors as part of the Employee Incentive Plan which was approved by shareholders at the AGM on the 26 November 2019. There are 8 classes of Performance Rights with varying vesting dates and vesting conditions, refer Note 22 of the Annual Financial Statements.

Director Performance Rights

Name	Balance 01/07/19 No.	Granted during the period No.	Exercised / lapsed during the period No.	Balance as at 30/06/20 No.	Vested as at 30/06/20	Value \$
Greg Boulton AM	-	8,000,000	(500,000)	7,500,000	-	214,250
David Turvey	-	10,000,000	(1,000,000)	9,000,000	-	256,700
Peter Huljich	-	8,000,000	(500,000)	7,500,000	-	214,250
	-	26,000,000	(2,000,000)	24,000,000	-	685,200

1. Milestones

The Performance Rights will have the following milestones attached to them:

- i. Class A Performance Rights: At any time on, or prior to that date which is six months from the date of issue of the Performance Rights, the Company completes a fund raising of not less than \$2,000,000. These performance rights lapsed during the period.
- ii. Class B Performance Rights: At any time on, or prior to the date which is one year from the date of issue of the Performance Rights, the volume-weighted average share price (VWAP) for 30 consecutive business days of the Company's shares trading on the ASX exceeds A\$0.10/share.
- iii. Class C Performance Rights: At any time on, or prior to that date which is 15 months from the date of issue of the Performance Rights, the Company completes a fund raising of not less than \$8,000,000.
- iv. Class D Performance Rights: At any time on, or prior to the date which is 18 months from the date of issue of the Performance Rights, the VWAP for 30 consecutive business days of the Company's shares trading on the ASX exceeds A\$0.15/share.
- v. Class E Performance Rights: At any time on, or prior to that date which is two years from the date of issue of the Performance Rights the Company:
 - A. completes a bankable feasibility study on the Agbaja Cast Steel Project (BFS);
 - B. the BFS returns a positive outcome that delivers an internal rate of return in excess of 20% and allows the Company to immediately pursue funding for the development of the Agbaja Cast Steel Project.
- vi. Class F Performance Rights: At any time on, or prior to the date which is two years from the date of issue of the Performance Rights, the VWAP for 30 consecutive business days of the Company's shares trading on the ASX exceeds A\$0.20/share.
- vii. Class G Performance Rights: At any time on, or prior to that date which is three years from the date of issue of the Performance Rights the Company completes financial close for the funding required to bring the Agbaja Cast Steel Project into production.
- viii. Class H Performance Rights: At any time on, or prior to the date which is three years from the date of issue of the Performance Rights, the VWAP for 30 consecutive business days of the Company's shares trading on the ASX exceeds A\$0.25/share.

(i) **Service Agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI plans is subject to the discretion of the Board. Other major provisions of the services agreements are set out below.

Name	Term of agreement and notice period *	Base salary (including superannuation)	Termination payments
Greg Boulton AM Non-executive Chairman	No fixed term No notice period required	\$8,333 per month	none
David Turvey Managing Director (appointed CEO 5 August 2019)	No fixed term 10 days written notice required	An hourly rate of A\$ 250 per hour or A\$ 2,000 per capped 8 hr day exclusive of GST. From 1 March 2020 the monthly fees has been capped at \$20,000.	none
Peter Huljich Non-executive Director	No fixed term No notice period required	\$5,000 per month	none

* The notice period applies equally to either party

(j) **Equity instruments held by key management personnel**

The tables below show the number of shares and options in the Company that were held during the financial year by key management personnel of the group. The shares and options nominally held are included in the balance at end of the year and includes holdings by their close family members and entities related to them.

Ordinary shares

2020 Name	Balance at start of year	Shares Held at Date of Appointment or Resignation	Other Changes During Year	Balance at end of year	Changes subsequent to year end	Balance at date of report
David Turvey	-	-	752,666	752,666	-	752,666
Greg Boulton AM	428,056	-	750,000	1,178,056	-	1,178,056
Peter Huljich	-	-	-	-	-	-
Don Carroll (resigned 2 April 2020)	12,048,171	12,048,171	-	n/a	-	n/a
Martin Wood (resigned 5 August 2019)	-	-	-	n/a	-	n/a

Listed options – Exercise price \$0.10 expiry 31 December 2021

2020 Name	Balance at start of year	Options Held at Date of Appointment or Resignation	Other Changes During Year	Balance at end of year	Changes subsequent to year end	Balance at date of report
David Turvey	932,760	-	-	932,760	-	932,760
Greg Boulton AM	-	-	-	-	-	-
Peter Huljich	1,399,140	-	-	1,399,140	-	1,399,140
Don Carroll (resigned 2 April 2020)	1,219,159	1,129,159	-	n/a	-	n/a
Martin Wood (resigned 5 August 2019)	932,760	932,760	-	n/a	-	n/a

Performance Rights

2020 Name	Balance at start of year	Rights Held at Date of Appointment or Resignation	Rights Granted During Year	Balance at end of year	Changes subsequent to year end	Balance at date of report
David Turvey <i>(appointed 7 May 2019)</i>	-	-	9,000,000	9,000,000	-	9,000,000
Greg Boulton AM <i>(appointed 27 November 2018)</i>	-	-	7,500,000	7,500,000	-	7,500,000
Peter Huljich <i>(appointed 7 May 2019)</i>	-	-	7,500,000	7,500,000	-	7,500,000
Don Carroll <i>(resigned 2 April 2020)</i>	-	-	-	-	-	n/a
Martin Wood <i>(resigned 5 August 2019)</i>	-	-	-	-	-	n/a

(k) *Other transactions with key management personnel*

Unpaid director fees

The table below details as at the reporting date the amount of accrued director fees owing to Board members serving during the financial year to 30 June 2020.

Name	Balance 01/07/19	Remuneration incurred for the period	Share Based Payments	Remuneration paid during the period	Balance as at 30/06/2020
	\$				\$
Don Carroll	290,000 ²	80,861	-	(370,861)	-
David Turvey	9,385	313,450	86,942	(362,585)	47,192
Greg Boulton	35,500	114,454	66,581	(165,453)	51,082
Peter Huljich	9,385	60,000	66,581	(103,773)	32,193
Martin Wood	199,830	93,750	-	(293,580)	-
Total	544,100¹	662,515	220,104	(1,296,252)	130,467³

¹ The total opening balance as at 01/07/19 of \$544,100 (table above) differs from the closing balance at 30/06/19 of \$1,075,601 (table below) due to the exclusion in the above table for the year ended 30 June 2020 of Directors who had resigned prior to 01/07/19 (Messrs Ian Burston \$400,000 and Michael Tilley \$110,968) and the exclusion of non- key management personnel (Ajakpovi Mena). Both amounts were paid in the year ended 30 June 2020. Mr Ian Burston's amount owing was settled by issue of 9,920,635 ordinary shares in accordance with a deed of settlement at a deemed issue price of 4.03 cents per share, settlement of the liability by issue of shares resulted in a loss on settlement of \$103,952 compared to the market price of the shares of 5.10 cents at the date of issue.

² \$240,000 of Director fees owing to Mr Don Carroll were settled by issue of 5,952,381 ordinary shares in accordance with a deed of settlement at a deemed issue price of 4.03 cents per share, settlement of the liability by issue of shares resulted in a loss on settlement of \$63,571 compared to the market price of the shares of 5.10 cents at the date of issue.

³ The balance of \$130,467 is included in trade and other payables.

This concludes the remuneration report, which has been audited

Shares under option

Following the Offer in June 2019 the Company issued listed options with an exercise price of \$0.10 and expiry of 31 December 2021. 87,444,899 listed options were issued on 28 June 2019, at an issue price of \$0.01 each, with the remainder of the short-fall options being issued on 3 July 2019. In addition to the above, 10,000,000 listed options were also issued on 3 July 2019 in accordance with the terms of the underwriting agreement for the Offer. Directors participation in the Offer is disclosed in the table in section (j) of the remuneration report.

No options were granted to the Directors or any of the key management personnel of the Company as compensation during or since the end of the financial year.

Options issued to Directors pursuant to the Offer during the year and subsequent to the year end as part of the shortfall issue are shown in the table in section (j) and (k) of the remuneration report.

Shares issued on the exercise of options

No ordinary shares were issued on the exercise of options during or since the end of the financial year.

Corporate governance

In recognising the need for the highest standards of corporate behaviours and accountability, the Directors support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the ASX Corporate Governance Council and considers the Company is in compliance with those guidelines which are of importance to the operations of the Company. Where a recommendation has not been followed, that fact has been disclosed together with the reasons for the departure.

The Company's Corporate Governance Statement and disclosures are available on the Company's website at www.kogiiron.com.

Insurance of officers

During the financial year, Kogi Iron Limited paid an insurance premium to insure the directors, secretary and officers of the Company and its Australian-based controlled entities.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company.

Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

Indemnity of auditors

Kogi Iron Limited has made no indemnity to the auditors of the Group.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignment additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

During the financial year ended 30 June 2020 the Company did not engage the auditor to provide any non-audit services and no amounts were paid or are payable to the auditor for non-audit services (2019: Nil).

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Greg Boulton', with a stylized flourish at the end.

G Boulton AM
Non-Executive Chairman
30 September 2020

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

As lead auditor of Kogi Iron Limited for the year ended 30 June 2020, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 30 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020



	Note	30/06/2020 \$	30/06/2019 \$
Continuing Operations			
Total Income	2	12,935	6,597
Expenses			
Accounting and audit fees		(49,644)	(32,282)
Consultancy fees		(443,110)	(489,655)
Travel and accommodation		(125,371)	(166,984)
Corporate expenses		(464,547)	(424,011)
Director & employee expenses	3	(937,973)	(457,423)
Legal fees		(15,853)	(54,968)
Occupancy		(19,044)	(22,017)
Exploration and evaluation expense		(633,947)	(893,510)
Other expenses	5	(3,659)	(3,021)
Unrealised Loss on Equity Swap Agreement	4	(305,575)	-
Realised Loss on Equity Swap Agreement	4	(110,692)	-
Profit / (Loss) before income tax expense		(3,096,480)	(2,537,274)
Income tax benefit	9	-	-
Profit / (Loss) from continuing operations		(3,096,480)	(2,537,274)
Profit / (Loss) attributable to the owners of Kogi Iron Limited		(3,096,480)	(2,537,274)
Other comprehensive income			
Items that may be reclassified to the profit or loss account:			
Exchange differences on translation of foreign operations		(30,091)	(11,843)
Total comprehensive Loss for the year attributable to the owners of Kogi Iron Limited		(3,126,571)	(2,549,117)
Loss per share for the year attributable to the owners of Kogi Iron Limited			
Basic loss per share	24	(0.004)	(0.004)
Diluted earnings (loss) per share		n/a	n/a

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020



	Note	30/06/2020 \$	30/06/2019 \$
Assets			
Current assets			
Cash and cash equivalents	6	573,287	1,427,491
Trade and other receivables	7	48,793	49,416
Financial assets at fair value through the profit and loss	4	851,271	-
Total current assets		1,473,351	1,476,907
Non-current assets			
Financial assets at fair value through the profit and loss	4	165,376	-
Property, plant and equipment		3,497	905
Total non-current assets		168,873	905
Total assets		1,642,224	1,477,812
Liabilities			
Current Liabilities			
Trade and other payables	8	254,547	1,897,188
Total current Liabilities		254,547	1,897,188
Total liabilities		254,547	1,897,188
Net Assets / (Liabilities)		1,387,677	(419,376)
Equity			
Contributed Equity	10	72,263,886	67,931,280
Reserves	11	2,835,178	2,264,251
Accumulated losses		(73,711,387)	(70,614,907)
Total Equity		1,387,677	(419,376)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020



	Contributed Equity (Note 10)	Accumulated Losses	Reserves (Note 11)	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2018	66,988,802	(68,077,633)	1,720,209	631,378
Loss for the year	-	(2,537,274)	-	(2,537,274)
Foreign exchange movements	-	-	(11,843)	(11,843)
Total comprehensive loss as reported at 30 June 2019	-	(2,537,274)	(11,843)	(2,549,117)
Contributions of equity, net of transaction costs	942,478	-	702,337	1,644,815
Share based payments reversal	-	-	(146,452)	(146,452)
Balance at 30 June 2019	67,931,280	(70,614,907)	2,264,251	(419,376)
Consolidated				
Balance at 1 July 2019	67,931,280	(70,614,907)	2,264,251	(419,376)
Loss for the year	-	(3,096,480)	-	(3,096,480)
Foreign exchange movements	-	-	(30,091)	(30,091)
Total comprehensive loss as reported at 30 June 2020	-	(3,096,480)	(30,091)	(3,126,571)
Contributions of equity, net of transaction costs	3,016,606	-	380,914	3,397,520
Settlement of liabilities	1,042,278	-	-	1,042,278
Share based payments (refer note 22)	273,722	-	220,104	492,826
Balance at 30 June 2020	72,263,886	(73,711,387)	2,835,178	1,387,677

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2020



Note	30/06/2020	30/06/2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,673,289)	(1,498,237)
Payments for exploration, evaluation and development	(664,802)	(1,261,176)
Interest received	2,713	6,597
Net cash outflow from operating activities	(2,335,378)	(2,752,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(8,845)	-
Proceeds from disposal of PPE	1,000	-
	(7,845)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,510,000	575,750
Proceeds from issue of options*	-	1,323,289
Receipts from settlement of equity swaps	267,086	-
Payment of issue costs	(288,068)	(79,629)
Net cash inflow from financing activities	1,489,018	1,819,410
Net increase/(decrease) in cash and cash equivalents held	(854,204)	(933,406)
Cash and cash equivalents at beginning of financial year	1,427,491	2,360,897
Cash and cash equivalents at end of year	573,287	1,427,491

*includes amounts received prior to 30 June 2019 for shortfall options issued on 3rd July 2019.

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

Note 1. General information

These financial statements are consolidated financial statements for the group consisting of Kogi Iron Limited and its subsidiaries. A list of subsidiaries is included in note 18.

The financial statements are presented in the Australian currency.

Kogi Iron Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

10 George St
Stepney
SA 5056

The financial statements were authorised for issue by the directors on 30 September 2020. The directors have the power to amend and reissue the financial statements.

All ASX announcements, financial reports and other information are available at the Company's Investor Centre on its website: www.kogiron.com.

Note 2. Revenue

From continuing operations
Interest received
Other income
Profit on sale of assets
Total Income

2020	2019
\$	\$
2,713	6,597
10,004	-
218	-
12,935	6,597

Note 3. Director and employee expenses

Director remuneration
Other
Total

2020	2019
\$	\$
820,119	427,587
117,854	29,836
937,973	457,423

Directors remuneration includes the fair value of the performance rights that are recognised as an expense over the vesting period, and for the period ended 30 June 2020, the expense recognised for the performance rights is \$220,104. This is a non-cash based benefit. Refer note 22 for further detail.

Note 4. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss	
▪ Current	
▪ Non-current	
Total	

2020	2019
\$	\$
851,271	-
165,376	-
1,016,647	-

Financial assets at fair value through profit and loss

At acquisition	1,700,000	-
Cash received on monthly swap settlements to date	(267,086)	-
Realised loss on settlements received to date	(110,692)	-
Unrealised loss – financial assets at fair value	(305,575)	-
	1,016,647	-

On 19 November 2019 and as part of a \$2m equity injection by Sorbie Bornholm LP comprising cash of \$300,000 and deferred proceeds with a fair value on the date of acquisition of \$1,700,000, the Company entered into agreements for the acquisition of 18 equity swaps for total consideration receivable of \$1,700,000 (\$ 94,444 per equity swap). The transaction closed on 9 February 2020.

The equity swaps settle on a monthly basis over 18 months, and commenced on 10 March 2020, with one swap settling each month. The monthly settlement amount payable to the Company by the counter-party is determined by an independent settlement agent with the amount due calculated via reference to the average of the volume weighted average price of the Company's shares as traded on the Australian Securities Exchange for the twenty days preceding the settlement date ("VWAP"), compared to the benchmark price of \$0.053. Each one cent difference between the VWAP and the benchmark price results in a \$20,964 per month premium or discount to the amount to be received by the Company for the swap at settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020



Fair value of financial assets at fair value through profit and loss

The fair value of the equity swaps at 30 June 2020 was independently calculated using a Monte Carlo simulation model that took into account the Company share price at the valuation date, the expected Company share price volatility over the period of the equity swaps, the expected life of the equity swaps and the expected dividends over the life of the equity swaps as detailed below.

Equity swap valuation model: As the equity swap is linked to the expected share price of the Company's shares at the time of the swap, a Monte Carlo simulation model has been used to determine the expected share price at the time of each swap. The valuation method adopted uses the following inputs which were taken from publicly available information relating to the Company's share price at the time of the valuation, share price history of the Company and the terms and conditions of the equity swaps. The Monte Carlo Simulation allows for expected future share prices to be calculated and an expected future value of each equity swap to be calculated, to provide a value for the entire agreement that remains outstanding at the valuation date.

Share price at time of valuation: The share price at time of valuation, being 30 June 2020, was \$0.038.

Expected life of equity swaps: The expected life of the equity swaps was taken to be the full period of time from grant date to expiry/exercise date. While there may be an adjustment made to take into account any expected early or deferred exercise of the equity swaps or any variation of the expiry date by the Company, there is no past history that either of these factors would warrant an exercise of the equity swaps at dates different to those agreed upon, and there are no other factors which would indicate that this would be a likely occurrence. Therefore, no adjustment to the expected expiry dates of the equity swaps has been made.

Share price volatility: The Company has a long history of share transactions by which to gauge the Company's share price volatility, and this data provides some indication of the expected future volatility of the Company's share price. The share price volatility over the prior 14 months was 111.236%. Due to the Company's historical share price movement, and the relative percentage of each movement against share price, it is expected that this volatility will not change significantly over the life of the equity swaps. Therefore, volatility of 111.236% has been used as expected future share price volatility over the life of the equity swaps.

Expected dividends: Nil.

Risk Free rate: 0.25%

Fair value: The fair value of the remaining equity swaps at 30 June 2020 was estimated as \$1,016,647. The difference between that valuation of the remaining equity swaps and the purchase price of the remaining swaps \$1,322,222 has been taken to the statement of profit and loss and other comprehensive income as an unrealised loss for the period (\$305,575).

Note: The price of the Company's shares as traded on the ASX post 30 June 2020 has been less than the \$0.038 per share, which was the share price used to determine the fair value of the equity swaps at 30 June 2020. Consequently, whilst the price of the Company's shares remains at less than \$0.038, the amount the Company will receive on a monthly basis upon settlement of the equity swaps will be less than the 30 June 2020 fair value estimate. An estimate of the financial impact cannot be made due to the daily fluctuation of the Company's share price.

Note 5. Other expenses

Bank fees and charges
Depreciation expense

Total

2020	2019
\$	\$
3,189	2,615
470	406
3,659	3,021

Note 6. Cash and cash equivalents

Cash at bank and on term deposit

Total

2020	2019
\$	\$
573,287	1,427,491
573,287	1,427,491

Refer to note 17 for the group's exposure to interest rate risk. Credit risk is limited to the carrying amount of cash and cash equivalents above.

Note 7. Trade and other receivables

2020	2019
\$	\$

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020



GST refundable	15,841	10,772
Prepaid insurance	32,912	37,792
Sundry debtors	40	852
	48,793	49,416

None of the above trade and other receivables are past due or require impairment.
Refer to note 17 for the group's exposure to credit and currency risks.

Note 8. Trade and other payables

CURRENT - unsecured liabilities

	2020	2019
	\$	\$
Trade & other payables	33,338	479,805
Accrued director fees (refer Note 23)	130,467	861,633
Other accrued expenses	90,742	102,312
Advanced proceeds from short-fall options issued post year end*	-	452,840
Sundry creditors	-	598
Total trade and other payables	254,547	1,897,188

*This amount was settled via the issue of equity in the form of options following the completion of the allotment of shortfall options relating to the Entitlement Offer.
Refer to note 17 for the group's exposure to currency and liquidity risks.

Note 9. Income tax expense

(a) Numerical reconciliation of income tax benefit to prima facie tax payable

	2020	2019
	\$	\$
Loss before income tax expense	(3,096,481)	(2,537,274)
Tax at the Australian tax rate of 30% (2019: 27.5%)	(928,944)	(697,750)
Tax effect of amounts that are not deductible /(taxable) in calculating taxable income		
Non-deductible share based payments	66,031	(40,275)
Other non-deductible items	449,016	161,760
Timing differences and income tax benefit not recognised	413,897	576,265
Income tax benefit	-	-

(b) Tax losses

Unused tax losses for which no deferred tax assets has been recognised	22,979,024	22,766,754
Potential tax benefit at 30% (2019: 27.5%)	6,893,707	6,260,857

(c) Unrecognised temporary differences

Deferred tax assets and liabilities not recognised relate to the following:

Deferred tax assets

Tax losses ⁽ⁱ⁾	22,979,024	22,766,754
Other	415,372	644,754

(i) The taxation benefits of tax losses not brought to account will only be obtained if:

- (a) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- (b) conditions for deductibility imposed by the law are complied with; and
- (c) no changes in taxation legislation adversely effect the realisation of the benefit from the deductions.

Note 10. Contributed Equity

(a) Share Capital

Ordinary shares, fully paid

(b) Other equity securities:

Value of conversion rights – convertible notes

Total Contributed Equity

(c) (i) Ordinary shares

At the beginning of the reporting period

Shares issued during the year

Transaction costs relating to share issues

At the end of the reporting date

	2020	2019
	\$	\$
Ordinary shares, fully paid	72,040,030	67,707,424
Value of conversion rights – convertible notes	223,856	223,856
Total Contributed Equity	72,263,886	67,931,280
At the beginning of the reporting period	67,707,424	66,764,946
Shares issued during the year	4,526,000	999,090
Transaction costs relating to share issues	(193,394)	(56,612)
At the end of the reporting date	72,040,030	67,707,424

(c) (ii) Movements in Ordinary Share Capital

	No. of shares 2020	\$2020	No. of shares 2019	\$ 2019
At the beginning of the reporting period	661,644,742	67,707,424	651,343,370	66,764,946
Shares issued in settlement of liabilities	19,925,548	1,042,279	3,527,843	423,340
Shares issued on private placement	92,892,046	3,483,721	6,773,529	575,750
Share issue costs	-	(193,394)	-	(56,612)
At reporting date	774,462,336	72,040,030	661,644,742	67,707,424

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

At the beginning of the reporting period

Shares issued during the reporting period

At reporting date

	30/06/2020	30/06/2019
	(number of shares)	
At the beginning of the reporting period	661,644,742	651,343,370
Shares issued during the reporting period	112,817,594	10,301,372
At reporting date	774,462,336	661,644,742

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.

(d) Options

At the beginning of the reporting period

Options issued during the period:

Options exercised during the period

At reporting date

	2020	2019
	(number of options)	
At the beginning of the reporting period	87,444,899	-
Options issued during the period:	54,884,049	87,444,899
Options exercised during the period	-	-
At reporting date	142,328,948	87,444,899

Options were issued during the period pursuant to an Entitlement Offer. These options are listed and have an exercise price of \$0.10 and an expiry date of 31 December 2021. 44,884,049 Listed options in relation to the shortfall of the Entitlement Offer and 10,000,000 listed options for corporate advisory were issued on 3rd July 2019 on the same terms and conditions of the Entitlement Offer options.

Note 11. Reserves

	2020	2019
	\$	\$
Share based payments reserve	1,877,478	1,657,374
Options reserve	1,083,251	702,337
Foreign currency translation reserve	(125,551)	(95,460)
	2,835,178	2,264,251
Movements:		
Share based payments reserve		
Balance at beginning of period	1,657,374	1,803,826
Share based payments performance rights (refer note 22)	220,104	
Options issued during the period	-	-
Long term equity incentive	-	(146,452)
Balance at end of period	1,877,478	1,657,374
Options Reserve		
Balance at beginning of period	702,337	-
Options issued during the period	548,840	874,449
Issue costs	(167,926)	(172,112)
Balance at end of period	1,083,251	702,337
Foreign currency translation reserve		
Balance at beginning of period	(95,460)	(83,617)
Currency translation differences arising during the period	(30,091)	11,843
Balance at end of period	(125,551)	(95,460)
Total Reserves	2,835,178	2,264,251

(a) Nature and Purpose of Reserves

(i) Share based payment reserve

The share based payments reserve is used to record the fair value of securities issued by the consolidated entity to directors as part of remuneration and to consultants for the provision of services settled in equity. Refer to note 22.

(ii) Options Reserve

The options reserve is used to record the proceeds from options issued by the consolidated entity, net of any issue costs.

(iii) Foreign Currency Translation Reserve

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

Note 12. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	2020	2019
	\$	\$
Short-term employee benefits	662,515	574,039
Post-employment benefits	-	-
Share based payments *	220,104	(146,452)
Total key management personnel compensation	882,619	427,587

*Reversal of share based payments relate to long term equity incentive that was accrued in 2018 but not granted.
30 June 2020 Performance Rights issued refer Note 22

Note 13. Segment Reporting

AASB 8 Operating Segments requires segment information presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the Chief Executive Officer who makes strategic decisions).

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

Segment information

Segment information for the 12 months ended 30 June 2020 is as follows:

2020	Exploration and Evaluation	Total
Segment revenue		
Income	12,935	12,935
Total segment revenue/income	12,935	12,935
Segment result		
Loss after income tax	(3,096,480)	(3,096,480)
Segment assets		
Cash and cash equivalents	573,287	573,287
Property, plant and equipment	3,497	3,497
Other assets	1,065,440	1,065,440
Total assets	1,642,224	1,642,224
Segment liabilities		
Trade and other payables	254,547	254,547
Total Liabilities	254,547	254,547

2019	Exploration and Evaluation	Total
Segment revenue		
Interest Income	6,597	6,597
Total segment revenue/income	6,597	6,597
Segment result		
Loss after income tax	(2,537,274)	(2,537,274)
Segment assets		
Cash and cash equivalents	1,427,491	1,427,491
Property, plant and equipment	905	905
Other assets	49,416	49,416
Total assets	1,477,812	1,477,812
Segment liabilities		
Trade and other payables	1,897,188	1,897,188
Total Liabilities	1,897,188	1,897,188

14. Cash flow information

Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax

	2020 \$	2019 \$
Profit/(Loss) after income tax	(3,096,480)	(2,537,274)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit from ordinary activities		
Depreciation	470	406
Profit on sale of assets	(218)	
Foreign exchange differences	(30,091)	(11,843)
Ordinary shares issued in lieu of payment of professional fees	232,755	53,976
Loss on share based settlement of liabilities	120,587	
Equity Swap losses realised	110,692	-
Equity Swap losses unrealised	305,575	
Costs relating to Sorbie transaction	133,523	-
Share based payments	220,104	(146,452)
Changes in assets and liabilities		
(Increase)/decrease in receivables	623	45,733
Increase/(decrease) in payables	(332,918)	(157,362)
Increase/(decrease) in financial assets and liabilities	-	-
Cash flow used in operations	(2,335,378)	(2,752,816)

Non-cash investing and financing activities

Initial acquisition of equity swaps – refer Note 4
Issue of shares in settlement of liabilities – refer Note 22

15. Commitments

Future exploration

The Nigerian Minerals and Mining Act (2007) and the Nigerian Minerals and Mining Regulations (2011) do not prescribe minimum annual expenditure obligations for Exploration Licences, rather these obligations are managed by the Mines Inspectorate Department on a case by case basis. The Company expects it will be able to meet any expenditure obligations imposed for any of the Exploration Licences that it holds in the normal course of operations. If any expenditure obligations are not met, then the Company has the ability to request a waiver of these obligations or to negotiate amended obligations for the remaining term of the Exploration Licence or relinquish the Exploration Licence.

Annual licence fees of \$189,012 (2019: \$207,110) are payable to the government of Nigeria for the Mining and Exploration Licences that the group plans to retain in the next 12 months.

16. Events subsequent to reporting date

On 26 August 2020, the Company issued 371,584 ordinary fully paid shares to a service provider for services rendered to the value of \$17,799.

On 15 September 2020, the Company announced the appointment of Craig Hart as Non-Executive Director and Deputy Chair.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact on the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, no matters or circumstance have arisen since 30 June 2020 that have significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

17. Financial instruments and risk management

Financial Instruments

Risk management is carried out by the Board of Directors. The Board provides principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the group.

The group holds the following financial instruments:

Financial assets

Cash and cash equivalents
Trade and other receivables
Financial assets at fair value through profit and loss (refer note 4 for valuation technique)

	2020 \$	2019 \$
Cash and cash equivalents	573,287	1,427,491
Trade and other receivables	48,793	49,416
Financial assets at fair value through profit and loss (refer note 4 for valuation technique)	1,016,647	-
	1,638,727	1,476,907
Financial liabilities		
Trade and other payables	254,547	1,897,188
	254,547	1,897,188

The group's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to provide working capital for the group and to fund its operations.

The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

Market risk

Foreign currency risk

As a result of the group operating overseas (Nigeria), the group is exposed to foreign exchange risk from commercial transaction and recognised assets and liabilities denominated in a currency that is not the group's functional currency. The carrying amount of the consolidated entities foreign currency denominated financial assets and financial liabilities at the reporting date is not considered material to the group.

The group also has transactional currency exposures. Such exposure arises from purchases by an operating entity in currencies other than the group's functional currency. The group does not enter into forward foreign exchange contracts or any other form of foreign currency protection instruments and does not have a hedging policy.

Interest rate risk

The group has minimal interest rate risk arising from cash and cash equivalents held. At 30 June 2020, the group have deposits on current accounts held with banks at variable interest rates, exposing the group to immaterial interest rate risk. The group does not consider the interest rate risk to be material to the group and have therefore not undertaken any further analysis of risk exposure.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the group. Given this the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of note 17.

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.

As at reporting date the group had sufficient cash reserves to meet its immediate requirements. The group has no access to credit standby facilities or arrangements for further funding or borrowings in place at reporting date, other than the equity swap arrangement detailed further in Note 4. The Company will need to secure additional equity or debt funding to enable it to meet its ongoing requirements.

Maturities of financial liabilities

The following tables detail the group's remaining contractual maturity for its financial liabilities at the reporting date. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. Provided the liabilities below are paid in accordance with the specified payments terms no interest is payable, the tables have been constructed on this basis.

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There were no Derivative Liabilities as at 30 June 2020 or 30 June 2019.

At 30 June 2020							Total contractual cash flows	Carrying amount (assets)/ liabilities
Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years				
\$	\$	\$	\$	\$	\$			
Non-derivatives								
Non-interest bearing	254,547	-	-	-	-	254,547	254,547	
Variable rate	-	-	-	-	-	-	-	
Fixed rate	-	-	-	-	-	-	-	
Total non-derivatives	254,547	-	-	-	-	254,547	254,547	
At 30 June 2019							Total contractual cash flows	Carrying amount (assets)/ liabilities
Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years				
\$	\$	\$	\$	\$	\$			
Non-derivatives								
Non-interest bearing								
Variable rate	933,245	963,943	-	-	-	1,897,188	1,897,188	
Fixed rate	-	-	-	-	-	-	-	
Total non-derivatives	933,245	963,943	-	-	-	1,897,188	1,897,188	

The basis of the valuation of cash is fair value, being the amounts for which the cash can expect to be received in the normal course of business.

Fair value measurement

Measured at fair value on recurring basis

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below summarises financial assets and liabilities at fair value at each level of measurement:

At 30 June 2020				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit and loss (refer Note 4)				
Equity Swaps - Current	-	-	851,271	851,271
Equity Swaps – Non-current	-	-	165,376	165,376
	-	-	1,016,647	1,016,647
At 30 June 2019				
Financial assets at fair value through profit and loss	-	-	-	-

Refer to Note 4 for the valuation technique and inputs used for Financial assets at fair value through profit and loss - Equity Swaps .

18. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 26. Unless otherwise stated each of the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of entity	Principal activities	Country of incorporation	Ownership interest	
			2020	2019
KCM Mining Holdings Pty Ltd	Mineral exploration and evaluation studies	Australia	100%	100%
KCM Mining Limited	Iron ore exploration and evaluation activities	Nigeria	100%	100%

19. Dividends

No dividends have been declared or paid during the period.

20. Contingent liabilities and expenses

There are no contingent liabilities as at 30 June 2020 (2019: nil).

21. Capital commitments

There are no capital commitments as at 30 June 2020 (2019: nil).

22. Share based payments

The Company had the following equity settled transactions during the year:

Summary of share-based payments

	2020 \$	2019
Share based payments – Directors performance rights	220,104	-
Share based payments – long term incentive chief executive officer	-	(146,452)*
Total share based payment expense / (gain)	220,104	(146,452)

*The long term incentive remuneration offered by the Company to Mr Wood upon his appointment of Chief Executive Officer on 24 January 2018 comprised up to 6.5m Kogi shares subject to the vesting conditions and shareholder approval. At the 2018 AGM, shareholders did not approve the long term incentive, therefore the amount expensed in the year ended 30 June 2018 was reversed in the year ended 30 June 2019.

The Directors performance rights were approved at the 2019 AGM and are detailed further below.

Long Term Incentives in the form of Share based payments

The tables below summarise the share-based payment arrangements in place during the period

Director Performance Rights	Number	Grant date	Expiry date	Exercise price	Total fair value at grant date - \$	Vesting date
Class A (lapsed)	2,000,000	26 Nov 19	16 Dec 24	Nil	80,000	9 Jun 20
Class B	3,000,000	26 Nov 19	16 Dec 24	Nil	49,800	9 Dec 20
Class C	4,500,000	26 Nov 19	16 Dec 24	Nil	180,000	9 Mar 21
Class D	3,000,000	26 Nov 19	16 Dec 24	Nil	46,500	9 Jun 21
Class E	3,750,000	26 Nov 19	16 Dec 24	Nil	150,000	9 Dec 21
Class F	3,000,000	26 Nov 19	16 Dec 24	Nil	48,000	9 Dec 21
Class G	3,750,000	26 Nov 19	16 Dec 24	Nil	150,000	9 Dec 22
Class H	3,000,000	26 Nov 19	16 Dec 24	Nil	60,900	9 Dec 22
	26,000,000				765,200	

The fair value of the performance rights are recognised as an expense over the vesting period, and for the period ended 30 June 2020, the expense recognised for the performance rights is \$220,104.

The 2,000,000 Class A performance rights lapsed on 9 June 2020.

The fair value of the director performance rights granted was estimated at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the performance rights were granted (refer Note 23 for further details).

	Class A	Class B	Class C	Class D	Class E	Class F	Class G	Class H
Dividend yield (%)	Nil							
Expected volatility (%)	95%	95%	95%	95%	95%	95%	95%	95%
Risk-free interest rate (%)	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%
Expected life	5 years							
Exercise price	Nil							
Grant date share price	\$0.041	\$0.041	\$0.041	\$0.041	\$0.041	\$0.041	\$0.041	\$0.041
Vesting Hurdle (30-day VWAP)	n/a	\$0.10	n/a	\$0.15	n/a	\$0.20	n/a	\$0.25

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Other equity settled transactions	30/06/2020	30/06/2019
<i>Recognised in profit or loss and other comprehensive income:</i>		
Ordinary shares issued in lieu of payment of professional fees	232,755	-
Ordinary shares issued for costs relating to the Sorbie transaction	133,523	-
<i>Recognised in equity and reserves as issue costs:</i>		
Ordinary shares issued in lieu of payment of broker fees	140,198	-
Listed options issued as underwriter fees for Option Entitlement Issue	100,000	-
<i>Other</i>		
Ordinary shares issued in settlement of liabilities	809,524	423,341
	1,416,000	423,341

23. Related party transactions

Parent entity

Kogi Iron Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 18.

Terms and conditions of transactions with subsidiaries

Outstanding inter-company loan balances at year end are unsecured and are not interest bearing.

Key management personnel and directors

Unpaid director fees

The table below details as at the reporting date the amount of accrued director fees owing to Board members serving during the financial year to 30 June 2020.

Name	Balance 01/07/19 \$	Remuneration incurred for the period	Share Based Payments	Remuneration paid during the period	Balance as at 30/06/2020 \$
David Turvey	9,385	313,450	86,942	(362,585)	47,192
Greg Boulton	35,500	114,454	66,581	(165,453)	51,082
Peter Huljich	9,385	60,000	66,581	(103,773)	32,193
Don Carroll (resigned 2 April 2020) ⁴	290,000	80,861		(370,861)	-
Martin Wood (resigned 5 August 2019)	199,830	93,750		(293,580)	-
Total	¹ 544,100	662,515	220,104	(1,296,252)	³ 130,467

¹ The total opening balance as at 01/07/19 of \$544,100 (table above) differs from the closing balance at 30/06/19 of \$1,075,601 (table below) due to the exclusion in the above table for the year ended 30 June 2020 of Directors who had resigned prior to 01/07/19 (Messrs Ian Burston \$400,000 and Michael Tilley \$110,968) and the exclusion of non-key management personnel (Ajakpovi Mena). Both amounts were paid in the year ended 30 June 2020. Mr Ian Burston's amount owing was settled by issue of 9,920,635 ordinary shares in accordance with a deed of settlement at a deemed issue price of 4.03 cents per share, settlement of the liability by issue of shares resulted in a loss on settlement of \$103,952 compared to the market price of the shares of 5.10 cents at the date of issue.

³ The balance of \$130,467 is included in trade and other payables.

⁴ \$240,000 of Director fees owing to Mr Don Carroll were settled by issue of 5,952,381 ordinary shares in accordance with a deed of settlement at a deemed issue price of 4.03 cents per share, settlement of the liability by issue of shares resulted in a loss on settlement of \$63,571 compared to the market price of the shares of 5.10 cents at the date of issue.

Name	Balance 01/07/18 \$	Remuneration incurred for the period	Remuneration paid during the period	Balance as at 30/06/2019 \$
Don Carroll ³	255,000	82,258	(47,258)	290,000*
David Turvey	-	9,385	-	9,385
Greg Boulton	-	35,500	-	35,500
Peter Huljich	-	9,385	-	9,385
Martin Wood	12,330	375,000	(187,500)	199,830
Dr Ian Burston (resigned 10 December 2018) ⁴	425,000	44,355	(69,355)	400,000*
Michael Tilley (resigned 7 May 2019)	105,000	50,968	(45,000)	110,968
Kevin Joseph (resigned 2 July 2018) ¹	297,177	-	(297,177)	-
Total	1,094,507	606,851	(646,290)	² 1,055,068

¹ Amount paid to Mr Kevin Joseph was US\$220,000

² Director fees included in accruals is \$861,633 (refer note 7) the balance of \$213,968 is included in trade and other payables (refer note 7) for invoices received for services rendered.

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3 Mr Carroll and Dr Burston have agreed that, for the outstanding amounts of \$240,000 and \$400,000 respectively, 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. (Both amounts were settled in the year ended 30 June 2020 for the issue of Kogi shares).

Other transactions with key management personnel

Office Facilities and support costs:

In the prior year ended 30 June 2019, the Company incurred costs pursuant to an agreement 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 that period were \$104,384.

Sub-Underwriting of Entitlement Offer:

In the prior year ended 30 June 2019, Martin Wood, David Turvey and Peter Huljich, each a Director of the Company, or their respective nominees, entered into agreements with the Underwriter of the Entitlement Offer to part sub-underwrite the Offer. The Entitlement Offer was made to Shareholders in May 2019 as a non-renounceable entitlement issue of 1 New Listed Option for every 5 Ordinary shares held. The amount sub-underwritten by Martin Wood and David Turvey was \$27,500 each (2,750,000 New Options each) and Peter Huljich \$41,250 (4,125,000 New Options). Pursuant to the terms of the sub-underwriting, the Underwriter paid each sub-underwriter a fee of 3% (excluding GST) of the sub-underwriter's respective sub-underwritten value.

Issue of options to Directors:

Pursuant to the Entitlement Offer and Sub-Underwriting agreements described above the following directors were issued Listed Options at an issue price of \$0.01 each with an exercise price of \$0.10, expiring 31 December 2021. These Options continue to be held by these Directors at 30 June 2020.

Listed Options exercise price \$0.10 expiry 31 December 2021	
Name	No. of Options Issued on 3 July 2019 pursuant to Sub-Underwriting agreement
David Turvey	932,760
Peter Huljich	1,399,140

Director Performance Rights

Name	Balance 01/07/19 No.	Granted during the period No.	Exercised / lapsed during the period No.	Balance as at 30/06/20 No.	Vested as at 30/06/20
Greg Boulton AM	-	8,000,000	(500,000)	7,500,000	-
David Turvey	-	10,000,000	(1,000,000)	9,000,000	-
Peter Huljich	-	8,000,000	(500,000)	7,500,000	-
	-	26,000,000	(2,000,000)	24,000,000	-

During the period, the Company granted performance rights to Directors as summarised in the table above. There are 8 classes of Performance Rights with varying vesting dates and vesting conditions. The Class A Performance Rights lapsed during the period. Refer Note 22 for the valuation of Performance Rights.

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Name	Class A	Class B	Class C	Class D	Class E	Class F	Class G	Class H	Total
Greg Boulton AM	500,000	750,000	1,250,000	1,000,000	1,250,000	1,000,000	1,250,000	1,000,000	8,000,000
David Turvey	1,000,000	1,500,000	2,000,000	1,000,000	1,250,000	1,000,000	1,250,000	1,000,000	10,000,000
Peter Huljich	500,000	750,000	1,250,000	1,000,000	1,250,000	1,000,000	1,250,000	1,000,000	8,000,000
	2,000,000	3,000,000	4,500,000	3,000,000	3,750,000	3,000,000	3,750,000	3,000,000	26,000,000

The Performance Rights were granted in accordance with the terms and conditions of the Employee Incentive Plan and the terms set out below: The Class A Performance Rights lapsed during the period.

1. Milestones

The Performance Rights will have the following milestones attached to them:

- i. **Class A Performance Rights:** At any time on, or prior to that date which is six months from the date of issue of the Performance Rights, the Company completes a fund raising of not less than \$2,000,000. These performance rights lapsed during the period.
- ii. **Class B Performance Rights:** At any time on, or prior to the date which is one year from the date of issue of the Performance Rights, the volume-weighted average share price (VWAP) for 30 consecutive business days of the Company's shares trading on the ASX exceeds A\$0.10/share.
- iii. **Class C Performance Rights:** At any time on, or prior to that date which is 15 months from the date of issue of the Performance Rights, the Company completes a fund raising of not less than \$8,000,000.
- iv. **Class D Performance Rights:** At any time on, or prior to the date which is 18 months from the date of issue of the Performance Rights, the VWAP for 30 consecutive business days of the Company's shares trading on the ASX exceeds A\$0.15/share.
- v. **Class E Performance Rights:** At any time on, or prior to that date which is two years from the date of issue of the Performance Rights the Company:
 - A. completes a bankable feasibility study on the Agbaja Cast Steel Project (BFS);
 - B. the BFS returns a positive outcome that delivers an internal rate of return in excess of 20% and allows the Company to immediately pursue funding for the development of the Agbaja Cast Steel Project.
- vi. **Class F Performance Rights:** At any time on, or prior to the date which is two years from the date of issue of the Performance Rights, the VWAP for 30 consecutive business days of the Company's shares trading on the ASX exceeds A\$0.20/share.
- vii. **Class G Performance Rights:** At any time on, or prior to that date which is three years from the date of issue of the Performance Rights the Company completes financial close for the funding required to bring the Agbaja Cast Steel Project into production.
- viii. **Class H Performance Rights:** At any time on, or prior to the date which is three years from the date of issue of the Performance Rights, the VWAP for 30 consecutive business days of the Company's shares trading on the ASX exceeds A\$0.25/share.

2. Vesting

The Performance Rights are deemed to have vested if and when the Milestone applicable to a holder's Performance Rights have been satisfied, waived by the Board, or are deemed to have been satisfied under the Employee Incentive Plan, and where the Company has issued a vesting notification to the holder informing them that some or all of its Performance Rights have vested and will convert into Shares upon being exercised by the holder.

3. Method of Exercise of Performance Rights

Following the issuing of a vesting notification to a holder, a vested Performance Right may be exercised by the Participant at any time prior to the expiry date and by delivery of a signed exercise notice to the registered office of the Company or such other address as determined by the Board. In the event that the holder does not exercise a vested Performance Right prior to the expiry date, the relevant Performance Right will automatically lapse.

4. Expiry Date

The Performance Rights will expire at 5.00pm Western Standard Time in Australia on the day which is 5 years after the date of issue of the Performance Right, after which the Performance Rights lapse and may no longer be exercised or converted.

5. Lapse of a Performance Right

The Performance Rights will lapse:

- i. if the relevant Milestone is not achieved by the dates set out in paragraph (1);
- ii. on their expiry date;
- iii. upon exercise of a Performance Right; or
- iv. otherwise in accordance with the terms of the Employee Incentive Plan.

24. Earnings per share

- (a) Reconciliation of earnings used to calculate EPS to net profit or loss
Net Loss

	2020 \$	2019
	(3,096,480)	(2,537,274)

- (b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS

	Number	Number
	726,483,508	656,413,440

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25. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the group, its related practices and non-related audit firms.

Auditing or reviewing the financial reports (BDO Audit (WA) Pty Ltd)

Total

	2020 \$	2019
Auditing or reviewing the financial reports (BDO Audit (WA) Pty Ltd)	38,482	32,282
Total	38,482	32,282

26. Parent entity information

Information relating to Kogi Iron Limited

Current assets

Non-current assets

Total assets

Current liabilities

Total liabilities

Issued capital

Accumulated losses

Option Reserve

Share based payments reserve

Total shareholder equity

Profit (loss) of parent entity

Total comprehensive profit (loss) of parent

	2020 \$	2019 \$
Current assets	1,615,190	1,473,481
Non-current assets	-	434,460
Total assets	1,615,190	1,907,941
Current liabilities	(227,513)	(1,874,477)
Total liabilities	(227,513)	(1,874,477)
Issued capital	72,263,886	67,931,280
Accumulated losses	(73,836,939)	(70,257,527)
Option Reserve	1,083,251	702,337
Share based payments reserve	1,877,478	1,657,374
Total shareholder equity	1,387,677	33,464
Profit (loss) of parent entity	(3,579,412)	(2,470,994)
Total comprehensive profit (loss) of parent	(3,579,412)	(2,470,994)

Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Kogi Iron Limited has not entered into any parent entity guarantees for any of its subsidiaries.

Details of contingent liabilities of the parent entity

Refer to note 20 for details.

Details of any contractual commitments by the parent entity of the acquisition of property, plant and equipment

There are no contractual commitments by Kogi Iron Limited for the acquisition of property, plant and equipment.

Tax consolidation

Kogi Iron Limited and its Australian domiciled subsidiaries have formed a tax consolidation group.

27. Summary of Significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Kogi Iron limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. Kogi Iron Limited is a for-profit entity for the purpose of preparing the financial statements.

These financial statements have been approved for issue by the Board of Directors of Kogi Iron Limited on 30 September 2020.

(i) 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. For the year ended 30 June 2020, the group has recorded a loss from continuing operations of \$3,096,480, had net cash outflows from operations of \$2,335,378 and net assets of \$1,387,677. These conditions indicate a material uncertainty that may cast a significant doubt about the entity'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 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 Company has an equity swap agreement with Sorbie Bornholm LP with 14 monthly settlements remaining as of 30 June 2020. Each equity swap settlement is for an amount of \$94,444, with the amount payable to the Company calculated via reference to the average of the volume weighted average price of the Company's shares as traded on the Australian

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For the year ended 30 June 2020



Securities Exchange on the settlement date, and the twenty preceding days ("VWAP"), and to the benchmark price of \$0.053. At 30 June 2020, the total fair value of these remaining settlements is estimated at \$1,016,646 (refer Note 4 for further detail). This arrangement provides part of the additional funds required by the Group to continue its exploration and evaluation program. The Directors reasonably expect that the Group will be able to raise further 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. The financial statements do not include any adjustments that may be necessary should the Group not continue as a going concern.

(ii) Compliance with IFRS

The consolidated financial statements of the Kogi Iron Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

(iii) Historical cost convention

The financial statements have been prepared on an historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments) – measured at fair value (refer Note 4).

(iv) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the Board to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 28

(v) New and amended standards adopted by the group

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

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to the Group and effective for the current annual reporting period.

(i) AASB 16: Leases

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

AASB16 Leases became applicable to the current reporting period. AASB16 Leases replaced AASB117 Leases, IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The new Standard has been applied using the modified retrospective approach, with any cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of accumulated losses for the current period. Prior periods have not been restated and the application of these standards did not have a material impact on the financial report.

At the date of initial application, the Group has elected to apply AASB16 to contracts that were previously identified as leases under the definition of a lease from AASB117 and IFRIC 4 and has not applied AASB 16 to arrangements that were previously not identified as leases under AASB117 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB117 immediately before the date of initial application.

Where applicable on transition to AASB16 the weighted average incremental borrowing rate is applied to lease liabilities recognised under AASB16.

The Group currently only has leases with a remaining term of less than 12 months and leases for low-value assets. As the Group has applied exemptions, there is no impact on the opening balance of accumulated losses for the current period.

The Group as a lessee

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in trade and other payables.

The Group as a lessee - Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The group depreciates assets held under finance leases on a straight-line basis over the useful lives of the asset. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(ii) Interpretation 23 Uncertainty over Income Tax Treatments

This Interpretation clarifies how to apply the recognition and measurement requirements in AASB 112 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in AASB 112 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

(vi) New accounting standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. Based on current operations, the Company has assessed no material impact of these new or amended Accounting Standards and Interpretations.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

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(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

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

(iv) Changes in ownership interests

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Kogi Iron Limited assesses the financial performance and position of the group, and makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (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:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this 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 transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue from contracts with customers

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

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(f) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income 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 on initial recognition.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. The Board periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Kogi Iron Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases

From 1 July 2019

The Group applies the new accounting requirements of AASB 16 Leases (refer note 27(a)(v)).

For the comparative period ending 30 June 2019

The Group applied the previous accounting requirements of AASB 117: Leases and related Interpretations as follows>

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease. Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss. See note 7 for further information about the group's accounting for trade receivables.

(l) Financial instruments

Investment and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through OCI, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments: The Group subsequently measures all equity investments at fair value. Where the Company's/Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's/Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Kogi Iron Limited Loan Share Plan and an employee share scheme. Information relating to these schemes is set out in note 22.

The fair value of Loan Performance Shares granted under the Kogi Iron Limited Loan Performance Share Plan is recognised as an employee benefits expense. The total amount to be expensed is determined by reference to the fair value of the Loan Shares held which includes the probability of achieving any vesting conditions and the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In the case of directors of the Company, the vesting period and the expensing of this remuneration will only start from the date shareholders approve the issue of securities to that director. At the end of each period, the entity revises its estimates of the number of Loan Shares that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The Loan Share Plan is administered by

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020



the Kogi Iron Limited Board of directors and was approved by shareholders in general meeting on 30 November 2012. When the Loan Shares vest and the loan provided for the shares is repaid, the proceeds received net of any directly attributable transaction costs are credited directly to equity.

(vi) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(n) Contributed equity

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

Where any group Company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Kogi Iron Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Kogi Iron Limited.

(o) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding Loan Shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(r) Parent entity financial information

The financial information for the parent entity, Kogi Iron Limited, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Kogi Iron Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

Kogi Iron Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Kogi Iron Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Kogi Iron Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Kogi Iron Limited for any current tax payable assumed and are compensated by Kogi Iron Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Kogi Iron Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020



Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

28. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the Board to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Board continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Board bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, the Board believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are detailed below.

Share-based payment transactions

The group measures the cost of equity-settled transactions with employees and service providers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled Loan Performance Share Plan would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Financial asset at fair value through profit or loss

The Company entered into a subscription agreement on 19 November 2019 for the issue of 56,818,182 ordinary shares at the subscription price of \$2,000,000. The subscription price was settled with an initial lumpsum payment of \$300,000 and an equity swap agreement (receivable) for 18 equity swaps totalling \$1,700,000.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to government regulations, supply chain, staffing in the geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, at this stage there does not appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

At initial recognition, the Company has measured the fair value. Fair value at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received). The Directors believe that the subscription price of \$2,000,000 represents fair value based on an arms-length transaction between two parties.

Subsequent to initial recognition, the financial asset is recognised at its fair value at the reporting date based on an independent expert valuation with any revaluation increment or decrement recognised through profit and loss (refer note 4 for further details).

Furthermore, the shares issued as consideration for the above subscription agreement have been deemed to be classified as equity as the Company has issued a fixed number of shares and extinguished its obligation under the subscription agreement.

Directors' Declaration:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
- Complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - Giving a true and fair view of the group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 27 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations required by the chief financial officer required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Greg Boulton".

G Boulton AM
Non-Executive Chairman
30 September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Kogi Iron Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kogi Iron Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 27 (a)(i) 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for sharing transaction with Sorbie Capital LP

Key audit matter	How the matter was addressed in our audit
<p>During the financial year ended 30 June 2020, the Company entered into a sharing agreement with Sorbie Capital LP ('Sorbie') to secure the cash flows from 37,735,849 Sorbie Subscription shares arising from cash flows over the 18 month period of the Agreement. The accounting of this sharing transaction with Sorbie is considered to be a key audit matter due to the following:</p> <ul style="list-style-type: none"> • Judgements required by management in the selection of a suitable valuation methodology; • The accounting treatment for inputs used and valuation method applied; and • The complexity of the accounting policy adopted by management. <p>Refer to Note 4, Note 27 (I) and Note 28 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these transactions.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing the relevant agreements for the sharing transaction with Sorbie; • Enquiring with management to understand the accounting for the sharing transaction; • Assessing whether management's assessment of the classification of the financial instrument is in accordance with the accounting standards; • Reviewing management's calculation carried out in respect of the accounting for financial instruments; • Assessing the competence, independence and methodology applied by the management expert used to determine the fair value of the financial instrument; and • Assessing the adequacy of the related disclosures in notes 4, 27 (I) and 28 to the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Kogi Iron Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', positioned below the printed name.

Dean Just

Director

Perth, 30 September 2020

MINERAL RESOURCE AND ORE RESERVE STATEMENT



The following Annual Statement of Mineral Resources and Ore Reserves (MROR) statement reflects the Company's mineral resources and ore reserves as at 30 June 2020.

For the purpose of preparing this Annual Statement of Mineral resources and Ore Reserves as at 30 June 2020, the Company has completed a review of its resources and reserves taking into account long term metal price, foreign exchange rates, cost assumptions based on current industry conditions, any changes that may affect the capability for these resources to be exploited or which may result in material changes to cut-off grades and physical mining parameters. It should be emphasised that this is a summary only and for further detail the reader is referred to the respective ASX releases.

The tables below set out Mineral Resources and Ore Reserves as at 30 June 2020.

Mineral Resources (JORC 2012) as at 30 June 2020		
Classification	Tonnes (Mt)	Fe (%)
Zone A (Laterite Mineralisation)		
Indicated	147.5	33.2
Inferred	33.9	31.7
Total Indicated + Inferred (Zone A)	181.4	32.9
Zone B (Oolitic Mineralisation)		
Indicated	318.7	45.2
Inferred	86.3	44.7
Total Indicated + Inferred (Zone B)	405.0	45.1
Combined Zone A and Zone B		
Total Indicated	466.2	41.4
Total Inferred	120.1	41.1
Total Indicated + Inferred	586.3	41.3

20% Fe lower cutoff is applied

There have been no changes to mineral resources since the 2016 MROR statement. Refer to ASX announcement 10 December 2013.

Ore Reserves (JORC 2012) as at 30 June 2020		
Classification	Tonnes (Mt)	Fe (%)
Probable	205	45.7

There have been no changes to ore reserves since the 2016 MROR statement. Refer to ASX announcement 4 March 2014.

Competent Person's Statements

The information in this Annual Mineral Resources Statement is based on, and fairly represents, information and supporting documentation prepared by the competent persons named below.

The Mineral Resources and Ore Reserves Statement as a whole has been approved by Mr Phil Jones (BAppSc(AppGeol), MAIG, MAusIMM) a Senior Mine & Resource Geologist for Al Maynard & Associates Pty Ltd. Mr Jones has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Mineral Resources is based on information compiled by David Slater, formerly Principal Resource Geologist of Coffey Mining who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and by Dr Warwick Crowe, of International Geoscience who is a Member of the Australian Institute of Geoscientists.

Information in this announcement that relates to the Ore Reserves is based on information compiled by Mr. Harry Warriess, Mining Manager of Coffey Mining who is a Fellow of the Australasian Institute of Mining and Metallurgy.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of the estimated Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

List of mineral tenements held by Kogi Iron Limited 100% owned Nigerian subsidiary KCM Mining Limited.

All tenements are held in Nigeria.

Mining Lease 24606

Mining Lease 24607

Mining Lease 25376

Mining Lease 29796

Exploration Licence 28784

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 25 September 2020.

(a) Distribution of listed equity securities

(i) Ordinary share capital

773,833,920 fully paid ordinary shares are held by 2,797 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Options

142,328,948 listed options with exercise price of \$0.10 and expiry date of 31 December 2021 are held by 597 individual option holders.

Listed options do not carry any voting rights or any rights to dividends until converted to fully paid ordinary shares.

(iii) The number of security holders, by size of holding, in each class are:

Holding	Fully Paid Ordinary Shares		\$0.10 Listed Options Exp 31.12.2021	
	Shares	Holders	Options	Holders
1-1,000	139,626	452	13,501	30
1,001-5,000	845,903	285	305,288	104
5,001-10,000	1,927,673	244	474,417	63
10,001-100,000	45,529,208	1,035	8,970,750	228
100,001 and over	725,391,510	779	132,564,992	172
	773,833,920	2,795	142,328,948	597
Holdings less than a marketable parcel	5,122,723	1,147	4,729,314	354

(b) Substantial Holders

	Fully Paid	
	Number	Percentage
Sorbie Bornholm Lp	59,659,091	7.7%
Timothy Owen Lebbon and related parties Noble Investments Superannuation Fund Pty Ltd, Leadenhall Australia Pty Ltd and Sophisticated Capital Pty Ltd	52,611,050	7.2%

(c) Twenty Largest holders of equity securities

Ordinary shareholders	Fully Paid	
	Number	Percentage
NOBLE INVESTMENTS	39,352,799	5.09%
CITICORP NOMINEES PTY LIMITED	36,149,154	4.67%
MR IAN FRED BURSTON	19,946,140	2.58%
SCORPIUS NOMINEES PTY LTD	18,173,057	2.35%
INVESTMENT PORTFOLIO (WA) PTY	13,138,328	1.70%
MR RODNEY MALCOLM HOGG & MARILEI INTERNATIONAL LTD	12,563,270	1.62%
VIC BULLO SUPER PTY LTD	9,668,000	1.25%
MR JAMIE WAYNE SHEVLIN & CAPRICE FISHING COMPANY P/L	9,465,541	1.22%
MR JAMIE WAYNE SHEVLIN & CAPRICE FISHING COMPANY P/L	9,000,000	1.16%
BNP PARIBAS NOMINEES PTY LTD	8,425,000	1.09%
MR RICHARD HERMAN RYKERS & MR GRAHAM PETER VOSE	7,450,037	0.96%
MR RICHARD HERMAN RYKERS & MR GRAHAM PETER VOSE	7,350,000	0.95%
MR DON CARROLL	7,250,000	0.94%
MR DON CARROLL	7,152,381	0.92%
MR CHARLES ROBERT TODD & MASLIN CREEK PTY LTD	7,000,000	0.90%
MASLIN CREEK PTY LTD	6,889,818	0.89%
MRS ALISON TREVASKIS	6,743,822	0.87%
GAKAYE PTY LTD	6,524,846	0.84%
MR GUY LANGDON COLLISON & CSB INVESTMENTS (WA) PTY LTD	6,473,263	0.84%
MR GUY LANGDON COLLISON & CSB INVESTMENTS (WA) PTY LTD	6,250,000	0.81%

	244,965,456	31.66%
	\$0.10 Listed Options exp 31.12.2021	
	Number	Percentage
<u>Listed Option holders</u>		
MR RODNEY MALCOLM HOGG & BILLINGSBY NOMINEES PTY LTD	9,461,556	6.65%
NOBLE INVESTMENTS STEADEN PTY LTD	7,760,000	5.45%
MR BRYAN WILLIAM ALEXANDER & CAPRICE FISHING COMPANY P/L	5,742,477	4.03%
MR DAVID TIMOTHY SCHWARZ MELSHARE NOMINEES PTY LTD	5,392,478	3.79%
MISS LINDA MAREE GRIFFIN MR MICHAEL WILLIAM ATKINS	5,350,000	3.76%
NETWEALTH INVESTMENTS LIMITED MR LEO WILLEM VERANS	4,721,629	3.32%
MR CHARLES ROBERT TODD CSB INVESTMENTS (WA) PTY LTD	3,916,828	2.75%
MR ROBERT HUBBARD SAVINGS PTY LTD	3,750,000	2.63%
MR GEOFFREY LAWRENCE MCLEOD DIVERSE INDUSTRY FINANCIAL	2,548,500	1.79%
MR RICHARD HERMAN RYKERS & INVESTMENT PORTFOLIO (WA) PTY	2,500,000	1.76%
	2,450,680	1.72%
	2,415,954	1.70%
	2,100,000	1.48%
	2,000,000	1.41%
	1,900,000	1.33%
	1,893,500	1.33%
	1,808,994	1.27%
	1,616,319	1.14%
	1,550,000	1.09%
	1,548,000	1.09%
	70,426,915	49.48%

(d) Unquoted securitiesOrdinary shares

Loan Performance Shares

1,000,000

Options

There were no unlisted options on issue.

(e) Restricted Securities

None

