KOGI IRON LIMITED

ABN 28 001 894 033

Interim Report – 31 December 2021

Corporate Directory

Directors	Craig Hart, Executive Director & Chairman Richard Little, Executive Director Sean Gregory, Non-Executive Director Peter Huljich, Non-Executive Director Ashley Pattison, Non-Executive Director
Company Secretary	Patricia Vanni de Oliveira
Registered Office	Level 4, 100 Albert Road South Melbourne VIC 3205 Telephone: (03) 9692 7222
Share Registry	Link Market Services Limited Level 12, QV1 Building 250 St. Georges Terrace Perth WA 6000 Australia Telephone: +61 1300 554 474 Facsimile: +61 2 9287 0303 Email: registrars@linkmarketservices.com.au Website: www.linkmarketservices.com.au
Auditors	RSM Australia Partners Level 21, 55 Collins Street Melbourne VIC 3000
Solicitors to the Company	Steinepreis Paganin 1202 Hay Street West Perth WA 6005
Stock Exchange Listing	Kogi Iron Limited shares are listed on the Australian Securities Exchange (ASX). ASX Code: KFE

Contents

Directors Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of Kogi Iron Limited (referred to hereafter as the "Company" or "parent entity") and the entities it controlled for the half year ended 31 December 2021.

Directors

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

Craig Hart	Executive Director & Chairman
Richard Little	Executive Director
Sean Gregory	Non-Executive Director
Peter Huljich	Non-Executive Director
Ashley Pattison	Non-Executive Director (appointed 30 November 2021)

Principal Activities

During the financial half year, the principal activities of the consolidated entity were to continue evaluation studies and test-work programs associated with the commercialisation of the Agbaja Cast Steel Project. In addition, the principal activities of the Group were expanded through the acquisition of Macro Metals Limited, completed on 29 November 2021 (described further below).

Review of Operations

The loss after tax for the consolidated entity for the half year ended 31 December 2021 was $1,535,640 (2020: $1,224,501). Loss for the period includes exploration project expenditure of $608,810 (2020: $158,576).

The half year period ending 31 December 2021 (Half-Year) was a pivotal one for the consolidated entity, having taken a significant step forward with the release of the Scoping Study for its Agbaja iron and steel project in Kogi State, Nigeria (Agbaja Project) and having added quality Australian iron ore assets through the acquisition of Macros Metals Limited ("Macro Metals").

Kogi's primary asset remains the Agbaja Project, a project of potentially national significance. The Agbaja Project is buoyed by the favourable results demonstrated in the Scoping Study released on the ASX on 13 December 2021. The Resource definition and potential small scale production opportunities offered by the Macro Metals projects provides an excellent short-term strategy that compliments the longer-term potential investment returns from the Agbaja project.

In November 2021, the Kogi entered into an agreement to acquire Macro Metals, the holder of a portfolio of exploration tenements in the Pilbara and Midwest regions of Western Australia. Refer below for further details.

<u>Agbaja project</u>

Scoping Study

The Scoping Study released during the Half-Year is a critical element of the feasibility study process and is a mechanism to communicate the preliminary key project metrics, attributes and assumptions to shareholders and key stakeholders, facilitating a better understanding of the inherent value of the Agbaja Project. The Scoping Study brought together the work and combined studies to date completed previously and during the current Phase 1 and Phase 2 of the Feasibility Study. The Company has now successfully transitioned to Phase 3 of the Feasibility Study. Phase 1 of the Feasibility Study included the preliminary estimation of operating costs, capital costs and confirmation of metallurgical processes relating to the production of commercial quality steel billets, utilising material from the Agbaja iron ore deposit.

The Scoping Study demonstrated the potential for strong financial metrics for the Agbaja Project based on a proposed stand-alone open pit mine supplying a conventional crush, screen, scrubbed iron ore product to a steel billet plant located at the site. The consolidated entity envisages owning and managing the steel billet and casting plant and contracting the open pit mining and power generation.

The Scoping Study delivered the following production and financial results, assuming an average steel billet price of USD 550 per tonne (current import prices being over USD 600/ tonne):

- NPV of approximately USD 273 million or AUD 390 million (after tax);
- IRR of approximately 14% (after tax); and
- Payback period of 6 years (after tax) from the start of development.

The consolidated entity considers the Agbaja Project to be technically low risk given the present understanding and the amount of test work completed on the metallurgy of the conversion of iron ore into a steel billet product. Refer to the ASX announcement of 13 December 2021 for further details including a description of key assumptions for the Scoping Study.

Community Development Agreement

During the Half-Year, the Company's wholly owned subsidiary, KCM Mining, renewed the Community Development Agreement for an additional 5 years. The new CDA is consistent with the terms of the agreement it replaces and is a key agreement with the communities and the ancestral owners of the land relevant to our Agbaja Project.

Conversion of EL28784 to ML 35769

Exploration license EL 28784 has successfully been converted to a mining lease ML 35769. The mining lease is north of the main license containing the published JORC Resource for the Agbaja project. The total area for ML 35769 is 22.8 Km^2. The Company plans to undertake exploration in this area later in 2022 or in 2023.

Next Steps

Key feasibility study activities for next quarter include:

- The detailed scoping and contract for the Feasibility Study head contractor for completion of the Feasibility Study and design.
- Environmental permitting.
- Exporting of the iron ore and coal sample for test-work.
- Appointment of mining consultants.
- Scoping and appointment of market feasibility advisors.
- Planning for project management and civil works.
- Commencement of basis of design works.

The consolidated entity is targeting completion of the Feasibility Study in December 2022.

<u>Macro Metals</u>

On 23 September 2021, the Kogi announced the execution of a binding term sheet to acquire Macro Metals Limited (Macro Metals), subject to shareholder approval. Following a General Meeting, held on 19 November 2021, where the acquisition received overwhelming shareholder approval, Kogi proceeded to complete the acquisition, including the issue of 384,615,383 ordinary shares as consideration to the vendors on 29 November 2021.

Macro Metals beneficially owns 100% of a high-quality portfolio of iron ore assets in Western Australia. The assets are located in the Pilbara and Midwest regions of Western Australia, areas renowned for its iron ore mines. An Inferred Mineral Resource of 11.5Mt at 53.1% Fe has been estimated for the West Pilbara Project and iron mineralisation has been demonstrated with drilling at Catho Well North, Cane River, Wiluna West and Mt Padbury (refer ASX Announcement 23/9/21). A further two highly prospective tenement applications in the Central Pilbara, Mt Pyrton and Fig Tree are progressing to grant.

As a result of the issue of the consideration shares, Kogi welcomed highly regarded mining investors Tolga Kumova, Evan Cranston, Ashley Pattison, Rob Jewson and Peter Gianni as cornerstone Kogi shareholders. This is an experienced team with a history of delivering project outcomes.

Ashley Pattison also joined the Board of Kogi Iron Limited as a non-executive Director effective 30 November 2021.

Subsequent to the acquisition, expert iron ore geologists from CSA Global were commissioned to review and design appropriate exploration programs for each of the Macro Metals projects. Catho Well North has emerged from this review as being the most likely project to rapidly progress to a Mineral Resource estimate of a suitable quality and in a location within trucking distance of export ports. CSA Global have designed a 4,500m RC drilling program to achieve this aim. A heritage survey is planned to be conducted at Catho Well North by the Traditional Owners, following their traditional summer law time and ahead of the drilling program.

Now that a footprint has been established in Western Australia, Macro Metals is actively watching for additional tenement acquisition opportunities.

Corporate

The Company completed the Half-Year with a cash balance of $1,792,955, and Kogi undertook the following equity-based transactions:

- Kogi received the first settlement notice from Diversified Metals Holdings LLC (the Subscriber) under the First Subscription Right, for a face value of $480,000, of the $2,140,000 total face value available. The Purchase Price calculated for this settlement was $0.011 per Share, resulting in Kogi issuing 43,636,364 Ordinary Shares to the Subscriber on 9 September 2021. For further detail, refer Note 6 to the Financial Statements.
- 10,000,000 Kogi Shares were issued on 24 September 2021, for an exclusive 60-day period to complete satisfactory due diligence for the acquisition of Macro Metals.
- 3,562,216 Kogi Shares were issued on 10 November 2021 as an agreed settlement of US$48,000 for termination and release of all future obligations under an Advisory and Debt capital Transaction Agreement.
- The Macro Metals acquisition proceeded to completion, with the consideration of 384,615,383 Kogi Shares being issued on 30 November 2021, following shareholder approval. For further detail, refer Note 4 to the Financial Statements.

At the Company's AGM on 15 December 2021, shareholders approved a second placement of $2.14 million of Shares to raise a further $2.0 million (Second Subscription Right) with the Subscriber. Under the Subscription Agreement, neither the Subscriber nor Kogi has any obligation in relation to the Second Subscription Right unless Kogi exercises its right in relation to the Second Subscription Right on or before 30 March 2022 (pursuant to a formal extension provided by the Subscriber from the original deadline of by 26 October 2020). The Second Subscription Right may be undertaken without utilising available ASX share issuance capacity if the right is exercised within 3 months of the AGM. If the proceeds from the Second Subscription Right exceeds 15% of the Company's market capitalisation, the Subscriber's consent is required. Further, the Subscriber will not be obligated to undertake the Second Subscription Right, and/or may reduce the size of the Second Subscription Right, if the market price of the Company's shares is below $0.009 and does not recover to above that level within two months after the Subscriber providing the Company with notice thereof

Significant changes in the state of affairs

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

Events since 31 December 2021

Whilst the Coronavirus (COVID-19) pandemic has not had an immediate impact on activities during the period, it is not practicable to estimate the future potential impact, positive or negative, after the reporting date. The situation is dependent on the potential for new variants and 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.

In January 2022 the Company commenced Phase 3a of the feasibility study including the engagement of Fastmarkets to undertake a revised Nigerian Steel Billet Marketing feasibility study. On the 6 January 2021 the KCM Mining lodged an Environmental and Social Impact Assessment (ESIA) report with the Nigerian Federal Minister of Environment which has subsequently been approved for Public display and comment.

On 8 February 2022, the Company announced that the Directors had voluntarily relinquished all 56,000,000 unlisted options held by Directors, whether vested or not. These options were originally granted in December 2020, following approval by shareholders at the Company's 2020 AGM.

Other than as disclosed elsewhere in this report, no other matter or circumstance has arisen since 31 December 2021, which has significantly affected, or may significantly affect the operations of the consolidated entity, the result of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 8 of these half year financial statements.

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

Craig Hart
Executive Chairman
Dated this 15th day of March 2022

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Kogi Iron Limited and its controlled entities for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO
Partner

Date: 15 March 2022
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2021

	Note	31/12/2021 $	31/12/2020 $
Continuing operations			
Interest income		71	98
Other income		-	10,000
Total Income		71	10,098
Expenses			
Accounting and audit fees		(10,031)	(2,783)
Consultancy fees		(53,888)	(95,570)
Travel and accommodation		(8,451)	(4,358)
Corporate expenses		(80,772)	(68,230)
Director & employee expenses		(202,748)	(227,266)
Share based payment expense	9	(92,318)	(226,543)
Exploration and evaluation expenditure		(608,810)	(158,576)
Legal fees		(35,610)	(27,455)
Occupancy		(1,800)	(1,927)
Cost of funding expense		(253,947)	-
Acquisition transaction costs	9, 7	(160,000)	-
Other expenses		(27,336)	(1,168)
Realised gain/(loss) on equity swap agreement		-	(302,725)
Unrealised gain /(loss) on equity swap agreement		-	(117,998)
Loss before income tax expense		(1,535,640)	(1,224,501)
Income tax expense/(benefit)		-	-
Loss from continuing operations		(1,535,640)	(1,224,501)
Loss attributable to the owners of Kogi Iron Limited		(1,535,640)	(1,224,501)
Other comprehensive income			
Items that may be reclassified to the profit and loss account:			
Exchange differences on translation of foreign operations		1,226	(6,902)
Total comprehensive loss for the half year attributable to the owners of Kogi Iron Limited		(1,534,414)	(1,231,403)
Loss per share for the half-year period attributed to the owners of Kogi Iron Limited			
Basic profit (loss) per share (cents per share)	2	(0.002)	(0.002)
Diluted earnings (loss) per share (cents per share)		n/a	n/a

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

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31/12/2021 $	30/06/2021 $
Assets			
Current assets			
Cash and cash equivalents	3	1,792,955	2,955,327
Trade and other receivables		51,541	26,389
Total current assets		1,844,496	2,981,716
Non-current assets			
Exploration and evaluation assets	4	4,998,827	-
Property, plant and equipment		106,109	69,614
Total non-current assets		5,104,936	69,614
Total assets		**6,949,432**	**3,051,330**
Liabilities			
Current liabilities			
Trade and other payables	5	123,360	166,755
Financial liabilities	6	1,551,402	2,000,000
Total current liabilities		1,674,762	2,166,755
Total liabilities		**1,674,762**	**2,166,755**
Net assets		**5,274,670**	**884,575**
Equity			
Contributed equity	7	79,790,579	73,901,393
Reserves	8	1,642,024	2,688,727
Accumulated losses		(76,157,933)	(75,705,545)
Total equity		**5,274,670**	**884,575**

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

Consolidated Statement in Changes in Equity
For the half year ended 31 December 2021

	Contributed Equity $	Accumulated Losses $	Reserves $	Total $
Consolidated				
Balance at 1 July 2020	**72,263,886**	**(73,711,387)**	**2,835,178**	**1,387,677**
Loss for the half year	-	(1,224,501)	-	(1,224,501)
Foreign exchange movements	-	-	(6,902)	(6,902)
Total comprehensive income (loss) as reported at 31 December 2020	**-**	**(1,224,501)**	**(6,902)**	**(1,231,403)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,336,120	-	-	1,336,120
Share based payments (Note9)	31,831	-	194,712	226,543
Options lapsed or exercised	-	749,824	(749,824)	-
Balance at 31 December 2020	**73,631,837**	**(74,186,064)**	**2,273,164**	**1,718,937**
Consolidated				
Balance at 1 July 2021	**73,901,393**	**(75,705,545)**	**2,688,727**	**884,575**
Loss for the half year	-	(1,535,640)	-	(1,535,640)
Foreign exchange movements	-	-	1,226	1,226
Total comprehensive income (loss) as reported at 31 December 2021	**-**	**(1,535,640)**	**1,226**	**(1,534,414)**
Transactions with owners in their capacity as owners:				
Shares issued as repayment of financial liabilities, net of transaction costs (Note 6)	672,191	-	-	672,191
Shares issued for acquisition of assets (Notes 4 & 7)	5,000,000	-	-	5,000,000
Shares issued for acquisition exclusivity fee (Notes 4 & 7)	160,000	-	-	160,000
Employee share-based payments (Note 9)	-	-	35,323	35,323
Shares issued to service providers	56,995	-	-	56,995
Options lapsed or exercised	-	1,083,252	(1,083,252)	-
Balance at 31 December 2021	**79,790,579**	**(76,157,933)**	**1,642,024**	**5,274,670**

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

Consolidated Statement of Cash Flows
For the half year ended 31 December 2021

	Note	31/12/2021 $	31/12/2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(447,638)	(592,899)
Payments for exploration and evaluation		(603,763)	(185,433)
Interest received		71	98
Other income		-	10,000
Net cash outflow from operating activities		**(1,051,330)**	**(768,234)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property plant and equipment		(51,790)	-
Cash held by company acquired		11,759	-
Net cash outflow from investing activities		**(40,031)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1,425,000
Payment of share issue costs		(71,011)	(88,880)
Receipts from settlement of equity swaps		-	263,941
Net cash inflow/(outflow) from financing activities		**(71,011)**	**1,600,061**
Net increase/ (decrease) in cash and cash equivalents held		**(1,162,372)**	**831,827**
Cash and cash equivalents at beginning of the period		2,955,327	573,287
Cash and cash equivalents at end of half year	**3**	**1,792,955**	**1,405,114**

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

Notes to the Financial Statements

31 December 2021

These financial statements are of the consolidated entity (referred to hereafter as the "consolidated entity") consisting of Kogi Iron Limited (referred to hereafter as the "Company" or "parent entity") and the entities it controlled for the half year ended 31 December 2021.

Note 1. Significant accounting policies

(a) Basis of preparation and statement of compliance

These general purpose interim financial statements, for the half year reporting period ended 31 December 2021, have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements and are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the consolidated entity's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2021.

These interim financial statements were authorised for issue by the Company's Board of Directors on 15 March 2022

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for new, revised or amending Accounting Standards and Interpretations adopted in note 1(b).

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

The consolidated entity has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) Significant accounting estimates and judgments

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

(d) Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a loss after tax of $1,535,640 and had net cash outflows from operating activities of $1,051,330 for the six-month period ended 31 December 2021.

The directors have considered the consolidated entity cash forecast and assessed the entity's ability to continue as a going concern, using the consolidated entity metrics and information for at least the next 12 months from the approval date of these financial statements, taking into consideration and estimation of continued business impacts of COVID-19. This assessment assumes the consolidated entity will be able to continue trading and realise its assets and discharge its liabilities in the ordinary course of business beyond this period.

Given consideration to the above assessment, the Directors concluded as reasonable that the consolidated entity will be able to continue as a going concern. This assessment is supported by the following:

- as at 31 December 2021, the consolidated entity has cash on hand of $1,792,955, and current liabilities amounting to $1,674,762, which includes $1,551,402 relating to the First Subscription Right which are able to be satisfied by the issuance of Kogi Ordinary Shares (refer to Note 6);
- The consolidated entity has an unutilised Second Subscription Agreement Right with potential additional proceeds of up to $2,000,000 (refer to Note 6).
- The consolidated entity has no significant commitments and has the flexibility to adjust timing and scope of its exploration and evaluation activities as funds are available; and
- If required, funding is to be raised from a future capital raising (pursuant to ASX listing rules 7.1 and 7.1A).

Note 2. Earnings per share

	31/12/21 $	31/12/20 $
Basic loss per share (cents per share)	0.002	0.002
Loss from continuing operations used in the calculation of basic earnings per share	1,535,640	1,224,501

	31/12/21 Number	31/12/20 Number
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	974,393,743	786,534,125

Note 3. Cash and cash equivalents

	31/12/21 $	30/06/21 $
Cash at bank and on term deposit	1,792,955	2,955,327

Note 4. Exploration and evaluation assets

	31/12/2021 $	30/06/2021 $
A reconciliation of the carrying amount of exploration and evaluation phase expenditure is set out below:		
Costs brought forward	-	-
Acquisitions[1]	4,998,827	-
	4,998,827	-

[1]On 23 September 2021, the Company announced the execution of a binding terms sheet to acquire Macro Metals Limited (Macro Metals), an unlisted Australian public company that beneficially owns 100% of iron ore tenements located within three producing iron ore jurisdictions in Western Australia. At the General Meeting held on 19 November 2021 the acquisition received overwhelming shareholder approval. The acquisition of Macro Metals has now been formally completed with the issue of 384,615,383 ordinary shares as consideration for the acquisition, valued at $0.013 per Share or $5,000,000 (refer Note 7). The consideration payable for Macro Metals included a 1.5% FOB royalty, less any other third-party royalties.

The acquisition of Macro Metals is not considered to be a Business Combination under the accounting standard AASB 3 *Business Combination*, but more in the nature of the acquisition of the tenements and tenement applications held by Macro Metals. The $5,000,000 consideration was attributed to the fair value of the working capital of $1,173, with the remainder $4,998,827 deemed to be the fair value of the exploration asset acquired.

Prior to the acquisition, on 24 September 2021, Kogi issued 10,000,000 Kogi Shares for the exclusive 60-day period to complete satisfactory due diligence. The fair value of these shares of $0.016 per Share or $160,000 was expensed to Share Based Payments expense (refer Notes 7 and 9).

Ashley Pattison Non-Executive director of Macro Metals was also appointed to the board of Kogi Iron 30 November 2021.

Note 5. Trade and other payables

	31/12/2021 $	30/06/2021 $
Trade payables	73,180	81,172
Accrued director fees	10,000	-
Other accrued expenses	40,180	85,583
	123,360	166,755

Note 6. Financial liabilities

	31/12/2021 $	30/06/2021 $
First Subscription Right market value	1,940,111	2,491,153
First Subscription Right discount to market	(388,709)	(491,153)
	1,551,402	2,000,000
Opening balance	2,000,000	2,491,153
Less settlement by way of share issue[1]	(448,598)	-
	1,551,402	2,000,000

Subscription Agreement

Fair Value of the First Subscription Right at 30 June 2021
At 30 June 2021, the fair value of Kogi's obligation to issue Shares under the First Subscription Right was estimated as $2,491,153 based on the following:

- $2,140,000 face value of the Shares to be issued;
- $211,648 to allow for an average 9% discount to the prevailing market price (being a time weighted average of the 8% discount to be applied to settlements before 26 April 2022 and 10% applicable thereafter); and
- $139,505 to allow for the inherent discount in the pricing formula being the average of the lowest five daily VWAPs in the preceding 20 trading days immediately prior to a Subscriber's notification to issue Shares. The inherent discount has been calculated as 5.6% based on the average discount to the daily closing market price from applying the formula daily over the preceding two years.

The fair value determined above was calculated based on 'Level 3' inputs and therefore the difference between the fair value as determined above and the initial proceeds received ($2,000,000) is deferred and offset against the fair value of the liability.

Fair Value of the First Subscription Right at 31 December 2021
Kogi received the first settlement notice under the First Subscription Right for a face value of $480,000, being 22.43% of the $2,140,000 total face value available under the First Subscription Right. The Purchase Price calculated for this settlement was $0.011 per Ordinary Share, resulting in Kogi issuing 43,636,364 Ordinary Shares to the Subscriber on 9 September 2021. The net liability of $2,000,000 was reduced by 22.43% or $448,598 to $1,551,402. The market value of the 43,636,364 Ordinary Shares was $702,545 (refer Note 7), based on the $0.0161 closing price the day prior to settlement notice. The $253,947 difference between the market value of the shares issued and the reduction in the liability was recognised as a cost of funding expense in the half year ended 31 December 2021.

The fair value of Kogi's remaining obligation as at 31 December 2021 to issue Shares under the First Subscription Right has been estimated as $1,940,111 based on the following:

- $1,660,000 remaining face value of the Shares to be issued ($2,140,000 original face value at 30 June 2021 less $480,000 face value settled during the half year period ended 31 December 2021);
- $171,465 to allow for an average 9% discount to the prevailing market price (being a time weighted average of the 8% discount applicable to settlements before 26 April 2022 and 10% applicable thereafter); and
- $108,646 to allow for the inherent discount in the pricing formula being the average of the lowest five daily VWAPs in the preceding 20 trading days immediately prior to a Subscriber's notification to issue Shares. The inherent discount was calculated as 5.6% based on the average discount to the daily closing market price from applying the formula daily over the two years prior to the Subscription Agreement.

The fair value determined above has been calculated based on 'Level 3' inputs and therefore the difference between $1,991,111 fair value as determined above and the remaining proportion of original proceeds of $1,551,402 (being the original proceeds received of $2,000,000 less 22.43% settled to date) is required to be deferred and offset against the fair value of the liability.

Note 7. Contributed Equity

(a) Share Capital	31/12/2021 $	30/06/2021 $
Ordinary shares, fully paid	79,790,579	73,901,393
Total Contributed Equity	**79,790,579**	**73,901,393**

(b) (i) Ordinary shares		
At the beginning of the reporting period	73,901,393	72,263,886
Shares issued during the period	5,919,541	1,808,615
Transaction costs relating to share issues	(30,355)	(171,108)
At the end of the reporting date	**79,790,579**	**73,901,393**

(b) (ii) Movements in Ordinary shares

Date	Details	No. of shares	Value
31-Dec-20	**Balance**	**846,785,726**	**73,631,837**
	Subscription Agreement – commencement fee shares	11,421,429	194,164
	Subscription Agreement – Treasury Shares	9,800,000	-
	Rights Issue	8,756,638	157,620
	Less transaction costs	-	(82,228)
30-Jun-21	**Balance**	**876,763,793**	**73,901,393**
	Subscription Agreement – First Settlement[1]	43,636,364	702,546
	Shares issued in lieu of payment of professional fees[2]	3,562,216	56,995
	Shares issued for exclusivity fee, Macro Metals acquisition[3]	10,000,000	160,000
	Shares issued for acquisition Macro Metals[3]	384,615,383	5,000,000
	Less transaction costs	-	(30,355)
31-Dec-21	**At reporting date**	**1,318,577,756**	**79,790,579**

[1] Kogi received the first settlement notice under the First Subscription Right for a face value of $480,000, of the $2,140,000 total face value available under the First Subscription Right. The Purchase Price calculated for this settlement was $0.011 per Share, resulting in Kogi issuing 43,636,364 Ordinary Shares to the Subscriber on 9 September 2021. For further detail, refer Note 6.
[2] 3,562,216 Kogi Shares were issued on 10 November 2021 as an agreed settlement of US$48,000 for termination and release of all future obligations under an Advisory and Debt capital Transaction Agreement. These Shares were valued at the ASX closing price on 13 October 2021 of $0.016 per Share, being the last trade prior to execution of the settlement letter.
[3] 10,000,000 Kogi Shares were issued on 24 September 2021, for an exclusive 60-day period to complete satisfactory due diligence for the acquisition of Macro Metals Limited. These Shares were valued at the ASX closing price on 17 September 2021 of $0.016 per Share, being the last trade prior to execution of the binding Terms Sheet. The acquisition proceeded to completion, with the consideration of 384,615,383 Kogi Shares being issued on 29 November 2021, following shareholder approval. These Shares were valued at the ASX closing price on 25 November 2021 of $0.013 per Share, being the last trade prior to execution of the Share Sale Agreement. For further detail, refer Note 4.

(b) (iii) Number of ordinary shares (summary)	31/12/2021 (number of shares)	30/06/2021
At the beginning of the reporting period	876,763,793	774,462,336
Shares issued during the reporting period	441,813,963	102,301,457
At reporting date	**1,318,577,756**	**876,763,793**

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

(c) Options	(number of options)	
At the beginning of the period	218,128,948	142,328,948
Unlisted Options issued	-	75,800,000
Listed Options expired on 31 December 2021	(142,328,948)	-
	75,800,000	**218,128,948**

Note 8. Reserves

	31/12/2021 $	30/06/2021 $
Share based payments reserve	1,773,038	1,737,715
Options reserve	-	1,083,251
Foreign currency translation reserve	(131,014)	(132,239)
	1,642,024	**2,688,727**
Movements:		
Share based payments reserve		
Balance at beginning of period	1,737,715	1,877,478
Performance rights reversed	-	(153,523)
Performance rights expensed	-	5,511
Director's options (Note 9)	35,323	557,037
Corporate advisor options	-	74,200
Subscription Agreement options	-	126,836
Share based payments lapsed	-	(749,824)
Balance at end of period	**1,773,038**	**1,737,715**
Options reserve		
Balance at beginning of period	1,083,251	1,083,251
Listed Options expired	(1,083,251)	
Balance at end of period	**-**	**1,083,251**
Foreign currency translation reserve		
Balance at beginning of period	(132,239)	(125,551)
Currency translation differences arising during the period	1,226	(6,688)
Balance at end of period	**(131,014)**	**(132,239)**
Total Reserves	**1,642,024**	**2,688,727**

(a) Nature and Purpose of Reserves

(i) Share based payment reserve

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

(ii) 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 9. Share based payments

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

Share-based payments	**31/12/2021 $**	**31/12/2020 $**
Recognised in profit or loss and other comprehensive income:		
Share-based payments expense		
Director performance rights reversed	-	(153,523)
Director performance rights expensed	-	5,511
Director's options expensed	175,649	268,524
Director's options not vested	(140,326)	
Corporate advisor options expensed	-	74,200
Change in Share Based Payments Reserve (Note 8)	35,323	194,712
Ordinary shares issued in lieu of payment for professional fees (Note 7)	56,995	31,831
Total share-based payment expense	92,318	226,543
Acquisition transaction costs (Notes 4 and 7)	160,000	-
Recognised in the Statement of Financial Position:		
Net assets acquired (Macro Metals, refer notes 4 and 7)	5,000,000	-

Director options

56,000,000 unlisted options were issued to continuing directors on 16 December 2020, following shareholder approval at the Company's Annual General Meeting held 15 December 2020. Tranches 1 and 3 had both vested by 31 December 2021 and had been fully expensed (these options were subsequently voluntarily relinquished on 8 February 2022, refer Note 14). Tranche 2 did not vest as the vesting condition was not met, the fair value of the Tranche 2 options previously expensed was reversed through the Statement of Profit or Loss and Other Comprehensive Income.

	Number				Fair Value $			
	Tranche 1	Tranche 2	Tranche 3	Total	Tranches 1 & 3			Tranche 2
					Total	Expensed to 30 June 2021	Expensed in Half Year 31 Dec 2021	Expense reversed in Half Year 31 Dec 2021
Craig Hart	5,000,000	5,000,000	10,000,000	20,000,000	208,950	150,403	58,547	40,209
Richard Little	3,000,000	3,000,000	6,000,000	12,000,000	125,370	90,242	35,128	24,126
Sean Gregory	3,000,000	3,000,000	6,000,000	12,000,000	125,370	90,242	35,128	24,126
Peter Huljich [1]	3,000,000	3,000,000	6,000,000	12,000,000	192,312	145,466	46,846	51,865
	14,000,000	14,000,000	28,000,000	56,000,000	652,002	476,353	175,649	140,326

[1] The fair value previously expensed includes the unvested performance rights relinquished by Mr Huljich prior to the issue of the options in December 2020 (Tranches 1&3 $43,966, and Tranche 2 $15,676).
[2] The Tranche 2 options did not vest. Therefore, the fair value previously expensed to 30 June 2021 for the Tranche 2 options was reversed, as a credit to the Statement of Profit or Loss and Other Comprehensive Income, in the half year period ended 31 December 2021.

Note 10. Operating segments

Identification of reportable segments

Accounting Standard AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Company engages in a single operating segment, being mineral exploration and development. Following the acquisition of Marco Metals on 29 November 2021 (refer Note 4), the Group operates in two geographic segments being in the Republic of Nigeria and Australia. Accordingly, segment information has been provided for these geographic segments for the first time in the half-year period ended 31 December 2021.

Half-Year ended 31 December 2021	Corporate/ Unallocated $	Nigeria $	Australia $	Total $
Profit or Loss				
Sundry income	71	-	-	71
Acquisition transaction costs	-	-	(160,000)	(160,000)
Exploration and evaluation expenditure	-	(595,064)	(13,746)	(608,810)
Cost of funding expense	(253,947)	-	-	(253,947)
Segment expenses	(495,608)	(16,095)	(1,251)	(512,954)
Loss before income tax expense	(749,484)	(611,159)	(174,997)	(1,535,640)
Income tax expense	-	-	-	-
Loss after income tax	(749,484)	(611,159)	(174,997)	(1,535,640)
Assets & Liabilities				
Segment assets	1,831,430	117,597	5,000,405	6,949,432
Segment liabilities	(1,652,818)	(19,889)	(2,005)	(1,674,762)
Net assets	178,612	97,708	4,998,350	5,274,670

Note 11. Fair value measurement

Carrying amounts and fair values

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 observability 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 31 December 2021	**Level 1** $	**Level 2** $	**Level 3** $	**Total** $
Financial liabilities at fair value through the profit and loss			1,551,402	1,551,402
At 30 June 2021				
Financial liabilities at fair value through the profit and loss			2,000,000	2,000,000

There were no transfers between levels during the financial half-year.

Refer to Note 6 for the valuation technique and inputs used for Financial liabilities.

Note 12. Contingencies

The consideration payable for Macro Metals included a 1.5% FOB royalty, less any other third-party royalties (refer Note 4).

Other than the above, there are no contingent liabilities or contingent assets as at 31 December 2021.

Note 13. Commitments

There have been no material commitments as at 31 December 2021.

Note 14. Events subsequent to the end of the reporting period

Whilst the Coronavirus (COVID-19) pandemic has not had an immediate impact on activities during the period, it is not practicable to estimate the future potential impact, positive or negative, after the reporting date. The situation is dependent on the potential for new variants and 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.

In January 2022 the Company commenced Phase 3a of the feasibility study including the engagement of Fastmarkets to undertake a revised Nigerian Steel Billet Marketing feasibility study. On the 6 January 2021 the KCM Mining lodged an Environmental and Social Impact Assessment (ESIA) report with the Nigerian Federal Minister of Environment which has subsequently been approved for Public display and comment.

On 8 February 2022, the Company announced that the Directors had voluntarily relinquished all 56,000,000 unlisted options held by Directors, whether vested or not. These options were originally granted in December 2020, following approval by shareholders at the Company's 2020 AGM.

Other than as disclosed elsewhere in this report, no other matter or circumstance has arisen since 31 December 2021, which has significantly affected, or may significantly affect the operations of the consolidated entity, the result of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Declaration by Directors

In the opinion of the Directors of Kogi Iron Limited:

(a) The interim financial statements and notes thereto are in accordance with the Corporations Act 2001 and:
   (i) comply with Australian Accounting Standard AASB134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date.

(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.

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

Craig Hart
Executive Chairman

Dated this 15th day of March 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF KOGI IRON LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Kogi Iron Limited (the 'Company') and the entities it controlled during the period (together the 'Consolidated entity'), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration.

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

(a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ('ASRE 2410'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Consolidated entity in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 Kogi Iron Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO
Partner

Date: 15 March 2022
Melbourne, Victoria