KOGI IRON

LIMITED

ABN 28 001 894 033

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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Directors

Sean Gregory	Non-Executive Chairman (appointed 22 June 2022 & resigned 15 August 2022) Non-Executive Director (15 September 2020 to 22 June 2022)
Craig Hart	Non-Executive Chairman (resigned 22 June 2022)
Peter Huljich	Non-Executive Chairman (appointed 15 August 2022) Non-Executive Director (7 May 2019 to 15 August 2022)
Richard Little	Non-Executive Director (resigned 22 June 2022)
Ashley Pattison	Non-Executive Director (appointed 30 November 2021)
John Smyth	Non-Executive Director (appointed 15 August 2022)

Company Secretary

Ray Ridge (resigned 24 February 2022)
Patricia Vanni de Oliveira (appointed 24 February 2022)

Registered Office and Principal Place of Business

Level 4, 96-100 Albert Road, South Melbourne VIC 3205 Tel: +61 3 9692 7222 Email: info@kogiiron.com	Nigeria:	KCM Mining Limited 139B Eti-Osa Way Dolphin Estate Ikoyi, Lagos

Share Register

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Level 12, 250 St Georges Terrace
Perth WA 6000
Tel: +61 1300 554 474
Fax: +61 2 9287 0303

Auditor

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

Solicitors

Steinepreis Paganin
Level 4, The Read Building
16 Milligan Street
Perth WA 6000

Bankers

Commonwealth Bank

Stock Exchange Listing

Kogi Iron Limited securities 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 ('Company') and the entities it controlled at the end of, or during, the year ended 30 June 2022. 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"). In addition, the principal activities of the Group were expanded through the acquisition of Macro Metals Limited, an Australian based iron ore exploration company completed on 29 November 2021.

Risks and uncertainties
The Company is subject to risks that are specific to the Company and the Company's business activities, as well as general risks.

Future funding risks
The Company is yet to generate revenues. The Company has a cash and cash equivalents balance of $1,519,639 and net assets of $5,779,603. The Company may require substantial additional financing in the future to sufficiently fund exploration commitments and its other longer-term objectives.

As the Company is still in the early stages of exploration development it has the ability to control the level of its operations and hence the level of its expenditure over the next 12 months. However, the Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason the Company was unable to raise future funds, its ability to meet the exploration commitments and future development would be significantly affected.

The Directors regularly review the spending pattern and ability to raise additional funding to ensure the Company's ability to generate sufficient cash inflows to settle its creditors and other liabilities.

Exploration and Evaluation risks
By its nature, the business of mineral exploration, mine development, mine production and ore processing undertaken by the Company at its exploration projects or future projects, contain risks. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, favourable commodity prices, securing and maintaining title to the Company's exploration tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements.

Commodity Price Volatility and Exchange Rate Risks
To the extent the Company in the future is involved in mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for iron ore, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international market.

Resource Estimates
Resource estimates are expressions of judgment based on knowledge, experience, and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

Environmental risks
The operations and activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company conducts its activities in compliance with all environmental laws. The Company is not aware of any non–compliance at this point in time.

Title risks
Interests in tenements in Nigeria and Australia are governed by the local legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Sovereign risks
The Company's Nigerian project is subject to the risks associated with operating in a foreign country. This risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Regulatory risks
The Company's exploration and any future development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

Legislative Changes and Government Policy risks
Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to explore and in the future mine, in particular the Company' ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

Joint Venture Parties, Agents and Contractors
The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

Occupational Health and Safety risks
The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining and exploration activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information, and training to all stakeholders through its occupational, health and safety management systems.

Force Majeure
The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Dependence on service providers and third-party collaborators
There is no guarantee that the Company will be able to find suitable third-party providers and third-partly collaborators to complete the exploration work. The Company therefore is exposed to the risk that any of these parties can experience problems related to operations, financial strength or other issues, and collaborative agreements may be terminable by the Company's partners. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Company's exploration efforts, financial condition and results of operations.

The COVID-19 pandemic creates particular risks and challenges for the Company, which outsources activities, as operational progress may be slowed or arrested as jurisdictions and suppliers respond to differing conditions. The Company monitors commercial developments and engages proactively with key stakeholders to manage this risk.

Reliance on key personnel
The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Company.

The Company maintains a mixture of permanent staff and expert consultants to advance its programs and ensure access to multiple skill sets. The Company reviews remunerations to human resources regularly.

IT system failure and cyber security risks
Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

The Company is committed to preventing and reducing cyber security risks through outsourced the IT management to a reputable services provider.

Impact of COVID-19
The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously evolving. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have a significant impact on capital markets and share prices.

To date, COVID-19 has affected equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions. These impacts are creating risks for the Company's business and operations in the short to medium term.

The Company has in place business continuity plans and procedures to help manage the key risks that may cause a disruption to the Company's business and operations, but their adequacy cannot be predicted. The Company's Directors are closely monitoring the situation and considering the impact on the Company's business from both a financial and operational perspective.

Review of operations
The loss for the Group after tax amounted to $3,153,046 (30 June 2021: $2,743,982).

The loss for the year ended 30 June 2022 was primarily attributable to the exploration and evaluation expenditure of $1,467,004 (2021: $518,318). Other net operating costs for the year were $1,686,042 (2021: $2,225,664) associated with the group's ongoing evaluation studies for the Agbaja Cast Steel Project in Nigeria.

During the year, the Group incurred net cash outflows from operating and investing activities of $2,454,334 (2021: $1,493,448) and as at 30 June 2022, the Group had net assets of $5,779,603 (2021: net assets $884,575). On the matter of the Group continuing as a going-concern, at the date of this report the Directors believe that there are currently sufficient funds to meet the Group's immediate working capital requirements.

Agbaja project

Scoping Study
The Scoping Study and subsequent updated Scoping Study (Scoping Study) released during the 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 consolidated entity 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 Company subsequently released an updated long-term billet price based on Fastmarkets research. Fastmarkets reported the long-term average billet price for Nigeria is USD 1,024 per metric tonne.

An updated Scoping Study delivered the following production and financial results, assuming an average steel billet price of USD 1,024 per metric tonne:

- NPV_{10} of approximately USD 1.4 billion or AUD 2 billion (after tax);
- IRR of approximately 33% (after tax); and
- Payback period of 4 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 and 27 July 2022 for further details including a description of key assumptions used in the Scoping Study.

Community Development Agreement
During the year, the Consolidated entity'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.
Environmental, Social & Governance
The KCM Mining team continues to meet and coordinate our activities with our Agbaja host communities, providing regular updates on our Agbaja project status and progress, particularly with our feasibility study progress DFS, and supported within our Kogi Iron Board and our board Chairman in those meetings.

Our five-year (5yr) CDA, agreement is renewed. We remain solidly committed to our host communities, and any work we carry out within our host communities' areas wherever possible, we provide contract employment to our indigenous people and local communities, as we have always done, KCM Mining, has a very good Environment and Social & Governance record at all levels and that also includes at Federal Government Ministries level.

<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
During the year, the Company undertook the several equity-based transactions and significant corporate activities are listed below:

- The Company received four settlement notices from Diversified Metals Holdings LLC (the Subscriber) under the First Subscription Right, for a face value of $1,380,000, of the $2,140,000 total face value available. The Company paid $600,000 in cash and issued a total of 118,636,364 shares.
- 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 7 to the Financial Statements.
- 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.
- On 20 May 2022, the Company announced the result of Share Purchase Plan and placement, raising $1,800,000 at $0.008 per share to issue 225,000,000 shares and 112,500,000 attaching two-year options with a strike price of $0.02. A further $116,000 is committed and subject to shareholders approval.

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 year.

Events since the end of the financial year
On 15 August 2022, Mr Sean Gregory resigned as Non-Executive Chairman, Mr Peter Huljich was appointed to be the Non-Executive Chairman. Mr John Smyth was appointed to be a Non-Executive Director.

In September 2022, the Company settled and fulfilled all of its obligations under the Subscription Agreement (as announced on 26 April 2021) in September 2022 with Diversified Metals Holdings LLC (company related to Bergen Asset Management) and that the parties have agreed that the Subscription agreement is now considered to be terminated.

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 2022.

Likely developments and expected results of operation
The likely developments in the consolidated entity's operations in future years and the expected result from those operations are dependent on exploration and development success in the various exploration areas in which the consolidated entity currently holds an interest. The ability of the consolidated entity to fund the ongoing operations also remains a key dependency.

Environmental regulation
The consolidated entity 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 and development activities. At the date of this report no agency has notified the consolidated entity of any environmental breaches during the financial year, nor are the Directors aware of any environmental breaches.

The consolidated entity holds participating interests in exploration and mining tenements in Australia. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. To the best of the Directors' knowledge, the consolidated entity has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

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:

Directors:

<u>**Name:**</u>	**Craig Hart**
Title:	Non-Executive Director & Chairman *(appointed 15 September 2020, resigned 22 June 2022)*
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), and previously a Non-Executive Director of Venture Crowd, Hilco Asia Pacific and Guardian Securities Limited.
Other current directorships:	Assembled Group - Executive Chairman Strikeforce - Non-Executive Director
Former directorships (in the last 3 years):	None
Interests in securities:	3,842,500 ordinary shares

<u>**Name:**</u>	**Peter Huljich**
Title:	Non-Executive Director, Chairman of Remuneration & Nomination Committee and Chairman of Audit & Governance Committee *(appointed 7 May 2019, became non-executive Chairman 15 August 2022)*
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:	Amani Gold Limited (ASX:ANL) and GoldOz Limited (ASX:G79)
Former directorships (in the last 3 years):	AVZ Minerals Limited (ASX listed: AVZ)
Interests in securities:	Nil

<u>**Name:**</u>	**Richard Little**
Title:	Non-Executive Director *(appointed 9 November 2020, resigned 22 June 2022)*
Qualifications:	Bachelor of Economics and Chartered Accountant
Experience and expertise:	Richard Little is an experienced CFO with over 25 years finance experience working within ASX listed companies as well as start-ups and small to medium privately-owned organisation. His previous ASX listed roles include CFO and Country Manager for Indonesia with AED Oil Limited and General Manager Finance with Newcrest Mining Limited. He previously had over 10 years' experience with Deloitte Corporate Finance and Audit & Advisory Services divisions. Richard is currently a Director of Hanging Rock Consulting Pty Ltd, providing CFO financial services to private and small to mid-cap listed ASX companies. With a combination of technical and commercial skills he provides companies experiencing growth and expansion with CFO services, capital raising, corporate advisory & transaction support and the establishment of appropriate business systems, financial strategies and corporate governance services.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Interests in securities:	5,750,000 ordinary shares

Name:	**Sean Gregory**
Title:	Non-Executive Director *(appointed 9 November 2020, became Non-Executive Chairman 22 June 2022)* Non-Executive Chairman *(resigned 15 August 2022)*
Qualifications:	BSc (Hons Geology), MBA
Experience and expertise:	Sean Gregory is a senior resources industry leader with more than 20 years' experience in iron ore, lithium, cobalt, nickel and gold exploration, development and mining. He is currently CEO of Great Southern Mining (ASX:GSN). Previously he has held leadership roles with Barra Resources, Mineral Resources, Murchison Metals, and BHP.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Barra Resources Limited (ASX:BAR), Sarytogan Graphite Limited (ASX:SGA)
Interests in securities:	Nil
Name:	**Ashley Pattison**
Title:	Non-Executive Director *(appointed 30 November 2021)*
Qualifications:	BBus Accounting & Business Law
Experience and expertise:	Mr Pattison is a Chartered Accountant with over 20 years' experience in the resource sector across corporate finance, strategy and project operations. Having lived and worked in several countries, he has gained substantial exposure to exploration and producing operations in Australia and South America. He has also held senior executive positions including as Managing Director of a number of listed and private mining companies over the past 10 years and also as CEO of a listed mining service company.
Other current directorships:	Firebird Metals Limited (ASX.FRB) (appointed 15 January 2021) Industrial Minerals Limited (ASX.IND) (appointed 23 February 2021)
Former directorships (in the last 3 years):	Firefly Resources Limited (ASX.FFR)
Interests in securities:	68,894,886 ordinary shares
Name:	**John Smyth**
Title:	Non-Executive Director *(appointed 15 August 2022)*
Qualifications:	Masters in Economics
Experience and expertise:	Mr Smyth has over 25 years of experience in the fund management, capital markets and corporate finance of the venture capital and resource sectors, and has been principal in the foundation and start-up of many exploration successes through to production both on the ASX and TSX. His experience includes specialist sector fund management, specializing in the microcap and venture capital area of the commodity sectors, and he has assisted in raising over $500m of capital raising for junior resource companies.
Other current directorships:	Orange Minerals NL (appointed 28 August 2021) Allup Silica Ltd (appointed 1 November 2021) Amani Gold Ltd (appointed 7 June 2021)
Former directorships (in the last 3 years):	Nil
Interests in securities:	33,600,000 ordinary shares

Company Secretary

Ray Ridge (resigned 24-02-2022)
Patricia Vanni de Oliveira (appointed 24-02-2022)

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Craig Hart (resigned 22 June 2022)	14	14
Peter Huljich	14	14
Richard Little (resigned 22 June 2022)	14	14
Sean Gregory (resigned 15 August 2022)	14	14
Ashley Pattison (appointed 30 November 2021)	5	6

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 2022. 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
Craig Hart (resigned 22 June 2022)
Peter Huljich
Richard Little (resigned 22 June 2022)
Sean Gregory (resigned 15 August 2022)
Ashley Pattison (appointed 30 November 2021)

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, an in 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.

(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 makes statutory superannuation contributions based on the executive director's fixed base remuneration.

(iv) Short Term Incentives and Long-Term Incentives
There is no short term or long-term incentives is currently offered by the Company for any executive position.

(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:

	2022	2021	2020	2019	2018
Profit/(Loss) attributable to owners of Kogi Iron Limited	(3,153,046)	(2,743,982)	(3,096,480)	(2,537,274)	(3,310,869)
Share Price at 30 June	0.003	0.014	0.038	0.068	0.17
Increase (Decrease) in share price	(79%)	(64%)	(44%)	(60%)	639%

(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.

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
Other Non-Executive Directors	$60,000

Director consulting fees

Chairman
The Board approved an additional salary of $5,000 per month for the Chairman from 1 November 2020, whilst the Company elects not to appoint a Chief Executive Officer as a cost saving initiative. This is in recognition of the increased workload for the Chairman during this period.

Other Non-Executive Directors
Directors are permitted to invoice for additional consulting time over and above what is reasonably expected for the time commitments a Non-Executive Director role. Such additional amounts are invoiced at normal commercial rates and subject to approval by the Chairman. Additional amounts invoiced during the reporting period are disclosed below at paragraph (h) of the Remuneration Report.

(g) **Voting and comments made at the Company's 2021 Annual General Meeting**
At the Company's 2021 Annual General Meeting, the Company received 94% of votes in favour of adopting its 2021 remuneration report.

(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:

2022	Short-term benefits				Post-employment benefits				
Name	Directors Fees	Consulting	Short term incentive	Non-monetary	Superannuation	Long-term benefits	Share based payments [4]	Total	Proportion of remuneration performance related & share based payments
	$	$	$	$	$	$	$	$	%
Craig Hart [1]	99,996	62,750	-	-	-	-	12,616	175,362	-
Richard Little [1,2]	60,000	45,000	-	-	-	-	7,569	112,569	-
Sean Gregory[2]	60,000	15,000	-	-	-	-	7,569	82,569	-
Peter Huljich	60,000	-	-	-	-	-	7,569	67,569	-
Ashley Pattison[3]	35,000	-	-	-	-	-	-	35,000	-
	314,996	**122,750**	**-**	**-**	**-**	**-**	**35,323**	**473,069**	

[1] Messrs Hart and Little resigned on 22 June 2022.
[2] As at 30 June 2022, $5,500 (GST inclusive) was payable to Mr Gregory and $11,935 (GST inclusive) was payable to Mr Little.
[3] Mr Pattison was appointed on 30 November 2021.
[4] The Company announced the cancellation of all 56,000,000 director options on 8 February 2022.

2021	Short-term benefits				Post-employment benefits				Proportion of remuneration performance
Name	Directors Fees	Consulting	Short term incentive	Non-monetary	Superannuation	Long-term benefits	Share based payments [7, 8]	Total	related & share based payments
	$	$	$	$	$	$	$	$	%
Craig Hart [1, 8]	80,829	40,000	-	-	-	-	190,613	311,442	61.2%
Richard Little [2, 8]	38,667	7,500	-	-	-	-	114,368	160,535	71.2%
Sean Gregory [3, 8]	40,000	-	-	-	-	-	114,368	154,368	74.1%
Peter Huljich [4, 8]	60,000	-	-	-	-	-	143,199	203,199	70.5%
David Turvey [5, 7]	2,500	88,625	-	-	-	-	(86,942)	4,183	n/a
Greg Boulton [6, 7]	41,751	-	-	-	-	-	(66,581)	(24,830)	n/a
	263,747	**136,125**	**-**	**-**	**-**	**-**	**409,025**	**808,897**	

[1] As at 30 June 2021 $13,333 is payable to Mr Craig Hart (2020: Nil) appointed 15th September 2020

[2] As at 30 June 2021 $5,000 is payable to Mr Richard Little (2020: Nil) appointed 9th November 2020

[3] As at 30 June 2021 $5,000 is payable to Mr Sean Gregory (2020: Nil) appointed 9th November 2020

[4] As at 30 June 2021 $5,000 is payable to Mr Peter Huljich (2020: $32,193)

[5] Resigned 15th December 2020. As at 30 June 2021 no amount is payable to Mr Turvey (2020 $47,193)

[6] Resigned 15th December 2020. As at 30 June 2021 no amount is payable to Mr Boulton (2020 $51,082)

[7] The unvested performance rights held by Messrs Boulton and Turvey were relinquished 9 November 2020 before the vesting dates. Messrs Boulton and Turvey resigned as directors following the Annual General Meeting on 15 December 2020. $153,523 previously expensed in the year ended 30 June 2020 was reversed as a credit through profit or loss and other comprehensive income in the period ended 30 June 2021.

[8] The Company issued 56,000,000 unlisted options to Messrs Hart, Little, Gregory and Huljich following shareholder approval on 15 December 2020. The fair value of the options was estimated on that date as $824,828, based on a Black-Scholes valuation methodology. The fair value of the options is being expensed over the vesting periods of the options, with $557,037 expensed in the year ended 30 June 2021 (refer to the table on the following page for further information). In the case of Mr Huljich, the above share based payments also includes an amount of $5,511, being the remaining unexpensed value of 750,0000 Class B Performance Rights that lapsed on 9 December 2020, as the performance conditions had not been met.

Share-based remuneration granted as compensation

There was no share-based remuneration granted as compensation during the year ended 30 June 2022.

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. All 56,000,000 options were cancelled on 8 February 2022 whether vested or not.

Performance Rights

No Performance Rights were granted or issued during the year and the balance is Nil.

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
Craig Hart Non-Executive Chairman (resigned 22-06-2022)	No fixed term No notice period required	$8,333 per month	none
Peter Huljich Non-Executive Director & Non-Executive Chairman (appointed 15-08-2022)	No fixed term No notice period required	$5,000 per month	none
Richard Little Non-Executive Director (resigned 22-06-2022)	No fixed term No notice period required	$5,000 per month	none
Sean Gregory Non-Executive Director Non-Executive Chairman (appointed 22-06-2022 & resigned 15-08-2022)	No fixed term No notice period required	$5,000 per month	none
Ashley Pattison Non-Executive Director (appointed 30-11-2021)	No fixed term No notice period required	$5,000 per month	none

Consulting fees

Directors are permitted to invoice for additional consulting time over and above what is reasonably expected for the time commitments a Non-Executive Director role. Such additional amounts are invoiced at normal commercial rates and subject to approval by the Chairman. Additional amounts invoiced during the reporting period are disclosed above at paragraph (h) of the Remuneration Report.

(i) *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

2022 Name	Balance at start of year No.	Shares held at date of appointment or resignation No.	Other changes during the year [1] No.	Balance at end of year No.	Changes subsequent to year end No.	Balance at date of report No.
Craig Hart	350,000	3,842,500	-	-	-	-
Peter Huljich	-	-	-	-	-	-
Richard Little	-	5,750,000	-	-	-	-
Sean Gregory	-	-	-	-	-	-
Ashley Pattison	-	67,644,886	1,250,000	68,894,886	-	68,894,886

[1] Acquired on market.

Listed options – Exercise price $0.10 expiry 31 December 2021

2022 Name	Balance at start of year No.	Options held at date of appointment or resignation No.	Other changes during the year No.	Balance at end of year No.	Changes subsequent to year end No.	Balance at date of report No.
Craig Hart**	-	-	-	-	-	-
Peter Huljich*	1,399,140	-	(1,399,140)	-	-	-
Richard Little**	-	-	-	-	-	-
Sean Gregory	-	-	-	-	-	-
Ashley Pattison	-	-	-	-	-	-

*Option expired
** Messrs Hart and Little resigned on 22 June 2022.

Unlisted options

2022 Name	Balance at start of year No.	Options held at date of appointment or resignation No.	Other changes during the year* No.	Balance at end of year No.	Changes subsequent to year end No.	Balance at date of report No.
Craig Hart**	20,000,000	-	(20,000,000)	-	-	-
Peter Huljich	12,000,000	-	(12,000,000)	-	-	-
Richard Little**	12,000,000	-	(12,000,000)	-	-	-
Sean Gregory	12,000,000	-	(12,000,000)	-	-	-
Ashley Pattison (appointed 30-11-22)	-	-	-	-	-	-

*Option cancelled on 8 February 2022
** Messrs Hart and Little resigned on 22 June 2022.

Performance Rights

Nil

(j) *Other transactions with key management personnel*

Nil

This concludes the remuneration report, which has been audited

Shares under option

	Number	Exercise price	Number Vested	Expiry date
Unlisted options – Corporate Advisor	5,000,000	$0.03	5,000,000	01/12/2023
Unlisted options – Subscription Agreement	14,800,000	$0.023765	14,800,000	15/06/2024

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 is 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 2022 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 (2021: 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
RSM Australia Partners was appointed on 24 March 2022 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

PJ Huljich

Peter Huljich
Non-Executive Chairman
30 September 2022

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Kogi Iron Limited for the year ended 30 June 2022, 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 audit; and

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

RSM

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO
Partner

Dated: 30 September 2022
Melbourne, Victoria

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

Continuing Operations	Note	30/06/2022 $	30/06/2021 $
Total Income	4	**141**	**10,124**
Expenses			
Accounting and audit fees		(50,485)	(53,106)
Consultancy fees		(115,925)	(153,799)
Travel and accommodation		(30,142)	(17,697)
Corporate expenses		(162,100)	(132,616)
Director & employee expenses	5	(437,746)	(404,763)
Share based payments expense	26	(252,318)	(515,056)
Legal fees		(99,243)	(33,153)
Occupancy		(7,200)	(3,727)
Exploration and evaluation expense		(1,467,004)	(518,318)
Other expenses	6	(531,024)	(337,939)
Realised Loss on Equity Swap Agreement		-	(583,932)
Loss before income tax expense from continuing operations		**(3,153,046)**	**(2,743,982)**
Income tax benefit	13	-	-
Loss after income tax expense from continuing operations		(3,153,046)	(2,743,982)
Loss attributable to the owners of Kogi Iron Limited		**(3,153,046)**	**(2,743,982)**
Other comprehensive income			
Items that may be reclassified to the profit or loss account:			
Exchange differences on translation of foreign operations		5,228	(6,688)
Total comprehensive Loss for the year attributable to the owners of Kogi Iron Limited		**(3,147,818)**	**(2,750,670)**
Loss per share for the year attributable to the owners of Kogi Iron Limited			
Basic loss per share	28	(0.003)	(0.003)
Diluted loss per share		(0.003)	(0.003)

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 2022

	Note	30/06/2022 $	30/06/2021 $
Assets			
Current assets			
Cash and cash equivalents	9	1,519,639	2,955,327
Trade and other receivables	10	105,096	26,389
Total current assets		**1,624,735**	**2,981,716**
Non-current assets			
Exploration assets	7	5,173,292	-
Plant and equipment	8	94,967	69,614
Total non-current assets		**5,268,259**	**69,614**
Total assets		**6,892,994**	**3,051,330**
Liabilities			
Current Liabilities			
Trade and other payables	11	403,111	166,755
Financial liabilities	12	710,280	2,000,000
Total current Liabilities		**1,113,391**	**2,166,755**
Non-current Liabilities			
Total non-current liabilities			
Total liabilities		**1,113,391**	**2,166,755**
Net Assets		**5,779,603**	**884,575**
Equity			
Contributed Equity	14	81,908,917	73,901,393
Reserves	15	1,646,026	2,688,727
Accumulated losses		(77,775,339)	(75,705,545)
Total Equity		**5,779,603**	**884,575**

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

KOGI IRON LIMITED

	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 year	-	(2,743,387)	-	(2,743,387)
Foreign exchange movements	-	-	(6,688)	(6,688)
Total comprehensive loss as reported at 30 June 2021	**-**	(2,743,982)	(6,688)	(2,750,670)
Contributions of equity, net of transaction costs	1,411,512	-	-	1,411,512
Subscription Agreement fee shares & options	194,164	-	126,836	321,000
Options lapsed	-	749,824	(749,824)	-
Share based payments	31,831	-	483,225	515,056
Balance at 30 June 2021	**73,901,393**	**(75,705,545)**	**2,688,727**	**884,575**
Consolidated				
Balance at 1 July 2021	**73,901,393**	**(75,705,545)**	**2,688,727**	**884,575**
Loss for the year	-	(3,153,046)	-	(3,153,046)
Foreign exchange movements	-	-	5,228	5,228
Total comprehensive loss as reported at 30 June 2022	**-**	**(3,153,046)**	**5,228**	(3,147,818)
Contributions of equity	1,799,980	-	-	1,799,980
Share issued for acquisitions of assets	5,000,000	-	-	5,000,000
Share issued for exclusive fee	160,000	-	-	160,000
Share issued to service providers	56,995	-	-	56,995
Share issued as repayment of financial liabilities, net of transaction cost	1,152,546	-	-	1,152,546
Share-based payments	-	-	35,323	35,323
Capital raising costs	(161,997)	-	-	(161,997)
Options lapsed or exercised	-	1,083,252	(1,083,252)	-
Balance at 30 June 2022	**81,908,917**	**(77,775,340)**	**1,646,026**	**5,779,603**

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 2022

	Note	30/06/2022 $	30/06/2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(947,440)	(911,937)
Payments for exploration, evaluation and development		(1,467,004)	(520,951)
Interest received		141	124
Other Income		-	10,000
Net cash used in operating activities	18	**(2,414,303)**	**(1,422,764)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(51,790)	(70,684)
Cash held by company acquired		11,759	-
Net Cash used in investing activities		**(40,031)**	**(70,684)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,799,980	3,446,389
Proceeds from issue of options		-	126,836
Repayment of financial liabilities		(600,000)	-
Receipts from settlement of equity swaps		-	432,715
Payment of share issue costs		(181,334)	(130,452)
Net cash from financing activities		**1,018,646**	**3,875,488**
Net increase/(decrease) in cash and cash equivalents		**(1,435,688)**	**2,382,040**
Cash and cash equivalents at beginning of financial year		2,955,327	573,287
Cash and cash equivalents at the end of the financial year	9	**1,519,639**	**2,955,327**

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 22.

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:

Level 4, 96-100 Albert Road,
South Melbourne VIC 3205

The financial statements were authorised for issue by the Directors on 30 September 2022. 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.kogiiron.com.

Note 2. 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 2022.

(i) 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).

(ii) 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 Group incurred a loss after tax of $3,153,046 and had net cash outflows from operating activities of $2,414,303 for the year ended 30 June 2022. These factors indicate a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

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The directors have considered the Group's cash forecast for a period exceeding 12 months from the approval date of these financial statements and concluded that the Group will be able to continue as a going concern. The directors' assessment considers the following matters:

- The Group has no significant commitments and has the flexibility to adjust timing and scope of its exploration and evaluation activities as funds are available; and
- funding is to be raised from a future capital raising (pursuant to ASX listing rules 7.1 and 7.1A).

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary if the Group does not continue as a going concern.

(iii) Historical cost convention

The financial statements have been prepared on an historical cost basis, except for where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

(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 3.

(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 2022, 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. There has been no material impact on the Group.

(v) 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 2022. 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.

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.

(ii) 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.

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.

(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 the effective interest method, 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 assets' 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 entity 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) Impairment of non-financial 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.

(i) 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.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit loss. See note 10 for further information about the group's accounting for trade receivables.

(k) 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 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 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.

(l) 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.

(m) 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 26.

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 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.

The Company may provide benefits to individuals acting as, and providing services similar to employees (including Directors) of the Company in the form of share-based payment transactions, whereby individuals render services in exchange for shares, options or rights over shares ('equity settled transactions'). The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the value of the shares of the Company ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at the balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at the grant date.

(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.

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.

(s) Lease accounting – The Group as lessee

For any new contracts entered into, 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.
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.

On the statement of financial position, right-of-use assets are 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.

Currently the Group currently only has leases with a remaining term of less than 12 months and leases for low-value assets. The Group has elected to account for these 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.

(t) Exploration and evaluation assets

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises direct and indirect costs but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest. Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

(i) The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

(ii) Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount the impairment loss will be measured and disclosed in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.

(u) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is capitalised and accumulated in respect of each identifiable area of interest. The costs are only carried forward to the extent that they are valid exploration and evaluation expenditure in area of interests that have current tenement licenses belonging to the company and expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable resources and further work is intended to be performed. Accumulated costs in relation to an abandoned area will be written off in full against the profit and loss in the year in which the decision to abandon the area is made.

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

(v) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured at cost less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

3. 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 of options are determined by using either the Binomial or Black-Scholes model taking into account the terms and

conditions upon which the options were granted. The fair value of ordinary shares issued is determined by reference to the closing price of Kogi's shares on the ASX the day prior to approval to enter into the transaction. Refer note 26.

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 liability initially recognised at fair value
The Group entered into a Subscription Agreement with Diversified Metals LLC (refer note 12). The fair value of the Group's obligation to issue shares under the agreement was determined as $2,491,153 by grossing up the $2,140,000 face value of the subscription right for the discount from the future market price of the Kogi's shares, inherent in the pricing formulae under the Subscription Agreement (based on historical trading prices for Kogi's shares). The difference between the fair value of $2,491,153 and the proceeds received of $2,000,000 shall be recognised as an expense as the shares are issued under the subscription right.

The cost of funding recognised at the commencement of the Subscription Agreement is $330,395 comprising the fair value of $211,648 for the options issued to the Subscriber using the Black-Scholes valuation method, the fair value of the shares issued to the Subscriber as a commencement fee using the closing price of the Company's shares on the ASX the day prior to shareholder approval of the transaction, and $9,395 of legal costs.

Note 4. Income

	2022 $	2021 $
From continuing operations		
Interest received	141	124
Other income	-	10,000
Total Income	**141**	**10,124**

Note 5. Director and employee expenses

	2022 $	2021 $
Director fees	314,996	263,747
Director consultancy fees	122,750	136,125
Other	-	4,891
Total	**437,146**	**404,763**

Note 6. Other expenses

	2022 $	2021 $
Bank fees and charges	7,431	3,066
Finance costs - Subscription Agreement	492,825	330,395
Depreciation expense	30,768	4,478
Total	**531,024**	**337,939**

Note 7. Exploration assets

	2022 $	2021 $
Opening Balance	-	-
Acquisition of Macro Metals Limited	5,173,292	-
	5,173,292	**-**

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. 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 plus an estimated $174,465 of stamp duty was attributed to the fair value less the working capital of $1,173, with the remainder $5,173,292 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.

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

Note 8. Plant and equipment

	2022 $	2021 $
Opening Balance	69,614	3,497
Additions	56,121	70,595
Disposals	-	-
Depreciation	(30,768)	(4,478)
	94,967	**69,614**

Note 9. Cash and cash equivalents

	2022 $	2021 $
Cash at bank	1,519,639	2,955,327
Total	**1,519,639**	**2,955,327**

Note 10. Trade and other receivables

	2022 $	2021 $
GST refundable	45,860	23,115
Prepayments – other	59,236	3,234
Sundry debtors	-	40
	105,096	**26,389**

Note 11. Trade and other payables

CURRENT	2022 $	2021 $
Trade & other payables	85,521	81,172
Accrued director fees	17,435	-
Accrued stamp duty	174,464	-
Other accrued expenses	125,691	85,583
Total trade and other payables	**403,111**	**166,755**

Note 12. Financial liabilities

	2022 $	2021 $
First Subscription Right market value	894,538	2,491,153
First Subscription Right discount to market	(184,258)	(491,153)
	710,280	**2,000,000**

Subscription Agreement

Kogi executed an agreement for the institutional placement of fully paid ordinary shares (Shares) in the Company to Diversified Metals Holdings LLC (the Subscriber), a U.S.-based institutional investor, raising up to $6,500,000 (the Subscription Agreement). The Subscription Agreement comprises three tranches:

- An initial placement to the value of $2.14 million of Shares raising $2.0 million (the First Subscription Right). The cash for the First Subscription Right was received 18 June 2021, following shareholder approval of the First Subscription Right on 11 June 2021.
- Kogi has the right (not the obligation) to undertake a second placement of $2.14 million of Shares to raise a further $2.0 million, with the funds to be received prior to the first anniversary of receipt of the funds for the First Subscription Right (Second Subscription Right). Kogi did not exercise its option to undertake the Second Subscription Right by 26 October 2021; and
- Finally, subject to the mutual consent, an additional $2.5 million of Shares may be placed by Kogi to the Subscriber to raise $2.5 million (Third Subscription Right)

Following shareholder approval, and as part of the Subscription Agreement, on 16 June 2021 Kogi issued the Subscriber with 14,800,000 unlisted options at an exercise price of $0.023765 expiring 15 June 2024 and issued 11,421,429 Shares as a commencement fee. In addition, the Company issued 9,800,000 shares which may either be applied against the Company's obligation to issue Shares under the First Subscription Agreement or at the Subscriber's option may be treated as an additional placement with additional funds to be provided to Kogi determined by the application of the Purchase Price (detailed below) – treated as 'Treasury Shares'.

Each of the three placements are made by way of the Subscriber prepaying the subscription price of the Shares in a lump sum payment. Kogi will issue the Shares at the Subscriber's request within 24 months of the date of the corresponding prepayment. The number of shares so issued by the Company will be determined by applying the Purchase Price (as detailed further below). Kogi will have the right (but not obligation) to refuse an issuance of shares in relation to the Subscriber's request for issuance and instead to repay the subscription amount by making a payment to the Subscriber equal to the number of shares that would have otherwise been issued multiplied the Purchase Price or, if greater, the market value of the Placement Shares at that time (being the average of the VWAP of the last two trading days immediately prior to the Subscriber's request to issue shares.

The Purchase Price was fixed at $0.034 per Share through until 26 August 2021 (being a 48% premium to the share price at the date of executing the Subscription Agreement on 26 April 2021), thereafter the Purchase Price will reset to the average of the five-daily volume-weighted average prices selected by the Subscriber during the 20 consecutive trading days immediately prior to the date of the Subscriber's notice to issue shares, less an 8% discount (or a 10% discount if the Placement Shares are issued after 26 April 2022). The Purchase Price will, nevertheless, be the subject of the Floor Price of $0.01. If the Purchase Price formula results in a price that is less than the Floor Price, the Company may refuse to issue shares and instead opt to repay the relevant subscription price in cash (with a 5% premium), subject to the Subscriber's right to receive Placement Shares at the Floor Price in lieu of such cash repayment.

The First Subscription Right constitutes a financial obligation of the Company to issue Shares and/or settle in cash and is therefore recognised as a financial liability at 30 June 2022 (detailed further below). The Company did not take up the Second Subscription Right and the Third Subscription Right requires mutual consent, neither have been recognised as a liability as at 30 June 2022.

Fair Value of the First Subscription Right
The Company has received four settlement notices during the year and settled these in the following manner:
- On 9 September 2021, 1st settlement notice of $480,000 face value by issue of 43,636,364 shares at the price of $0.011;
- During March 2022, 2nd & 3rd settlement notices of $200,000 & $400,000 face value were settled by cash payment of $600,0000; and
- On 22 June 2022, 4th settlement notice of $300,000 face value by issue of 75,000,000 shares at the price of $0.004.

The fair value of Kogi's obligation to issue Shares under the First Subscription Right has been estimated as $894,539 based on the following:

- $760,000 face value of the Shares to be issued;
- $84,444 to allow for an average 9% discount to the prevailing market price (being a simple average of the 8% discount to be applied in the first year of the settlement period and 10% applicable to the second year of the settlement period); and
- $50,094 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.

In September 2022, the Company fully repaid the balance of First Subscription Right and terminated the facility.

Note 13. Income tax expense

	2022 $	2021 $
(a) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss before income tax expense	(3,153,046)	(2,743,982)
Tax at the Australian tax rate of 25% (2021: 26%)	(788,262)	(713,435)
Tax effect of amounts that are not deductible /(taxable) in calculating taxable income		
Share-based payments	210,265	125,639
Other non-deductible items	385,688	231,238
Timing differences and income tax benefit not recognised	595,953	356,877
Income tax benefit -	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax assets has been recognised	26,730,713	24,523,581
Potential tax benefit at 25% (2021: 26%)	**6,682,678**	**6,376,131**
(c) Unrecognised temporary differences		
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses (i)	26,730,713	24,523,581
Other	6,682,678	6,376,131

(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 14. Contributed equity

(a) Ordinary shares, fully paid	2022 $	2021 $
At the beginning of the reporting period	73,901,393	72,263,886
Shares issued during the year	8,169,521	1,808,615
Transaction costs relating to share issues	(161,997)	(171,108)
At the end of the reporting date	**81,908,917**	**73,901,393**

(b) Movements in Ordinary Share Capital

	2022 No. of shares	2022 $	2021 No. of shares	2021 $
At the beginning of the reporting period	876,763,793	73,901,393	**774,462,336**	**72,263,886**
Settlement of liabilities (10-11-21)	3,562,216	56,995	-	-
Private placements (6-4-22)	195,750,000	1,565,980	71,250,000	1,425,000
Share issues for Macro Metal Ltd acquisitions (30-11-21)	384,615,383	5,000,000	-	-
Shares issued for Macro Metals Ltd acquisition exclusive fee (23-9-21)	10,000,000	160,000	-	-
Shares issued to service providers	-	-	1,073,390	31,831
Share purchase plan / /Rights issue (20-5-22)	29,250,000	234,000	8,756,638	157,620
Subscription Agreement (9-9-21)	43,636,364	702,546	11,421,429	194,164
Subscription Agreement (22-6-22)	75,000,000	450,000		
Subscription Agreement - Treasury Shares	-	-	9,800,000	-
Share issue costs	-	(161,997)	-	(171,108)
At reporting date	**1,618,577,756**	**81,908,917**	**876,763,793**	**73,901,393**

(c) Number of ordinary shares (summary)

	30/06/2022	30/06/2021
	(number of shares)	
At the beginning of the reporting period	876,763,793	**774,462,336**
Shares issued during the reporting period	741,813,963	102,301,457
At reporting date	**1,618,577,756**	**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.

(d) Options

	2022	2021
	(number of options)	
At the beginning of the reporting period	218,128,948	**142,328,948**
Options issued during the period:	-	75,800,000
Options cancelled during the period:	(56,000,000)	-
Options lapsed during the period:	(142,328,948)	-
Options exercised during the period	-	-
At reporting date	**19,800,000**	**218,128,948**

Note 15. Reserves

	2022 $	2021 $
Share based payments reserve	1,773,038	1,737,715
Options reserve	-	1,083,251
Foreign currency translation reserve	(127,012)	(132,239)
	1,646,026	**2,688,727**
Movements:		
Share based payments reserve		
Balance at beginning of period	1,737,715	1,877,478
Director's options	35,323	-
Performance rights expensed	-	5,511
Performance rights reversed	-	(153,523)
Directors' options	-	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
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	5,227	(6,688)
Balance at end of period	**(127,012)**	**(132,239)**
Total Reserves	**1,646,026**	**2,688,727**

*Foreign currency translation reserve: The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Note 16. 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:

	2021 $	2021 $
Short-term employee benefits	437,746	399,872
Share based payments	35,323	409,025
Total key management personnel compensation	**473,069**	**808,897**

Note 17. Segment reporting

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 Macro Metals on 29 November 2021 (refer Note 8), 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 year ended 30 June 2022.

Year ended 30 June 2022	Corporate/ Unallocated $	Nigeria $	Australia $	Total $
Profit or Loss				
Sundry income	141	-	-	141
Acquisition transaction costs	-	-	(160,000)	(160,000)
Exploration and evaluation expenditure	-	(1,401,580)	(65,425)	(1,467,005)
Cost of funding expense	(492,825)	-	-	(492,825)
Segment expenses	(995,931)	(35,910)	(1,516)	(1,033,357)
Loss before income tax expense	(1,488,615)	(1,437,490)	(226,941)	(3,153,046)
Income tax expense	-	-	-	-
Loss after income tax	(1,488,615)	(1,437,490)	(226,941)	(3,153,046)
Assets & Liabilities				
Segment assets	1,624,735	94,967	5,173,292	6,892,994
Segment liabilities	(911,318)	(27,608)	(174,465)	(1,113,391)
Net assets	713,417	67,359	4,998,827	5,779,603

Note 18. Cash flow information

	2022 $	2021 $
Reconciliation of Cash Flow from Operations with Profit /(Loss) after Income Tax		
Profit /(Loss) after income tax	(3,153,046)	(2,743,982)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit from ordinary activities		
Depreciation	30,768	4,478
Foreign exchange differences	-	(6,598)
Finance costs - Subscription Agreement	462,825	330,395
Equity Swap losses realised		583,932
Share based payments	252,318	515,056
Other	9,647	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	(78,707)	22,403
Increase/(decrease) in payables	61,892	(128,448)
Cash flow used in operations	**(2,414,303)**	**(1,422,764)**

Note 19. 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 and Mining 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 and Mining 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 Licence or relinquish the Licence.

Annual licence fees of circa $170,000 (2021: $186,704) are payable to the government of Nigeria for the Exploration and Mining Licences that the group plans to retain in the next 12 months.

Macro Metals tenements exploration commitments is around $90,000 annually.

Note 20. Events subsequent to reporting date

On 15 August 2022, Mr Sean Gregory resigned as Non-Executive Chairman, Mr Peter Huljich was appointed to be the Non-Executive Chairman. Mr John Smyth was appointed to be a Non-Executive Director.

In September 2022, the Company has settled and fulfilled all of its obligations under the Subscription Agreement (as announced on 26 April 2021) in September 2022 with Diversified Metals Holdings LLC (company related to Bergen Asset Management) and that the parties have agreed that the Subscription agreement is now considered to be terminated.

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 2022.

Other than the above, no matters or circumstance have arisen since 30 June 2022 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.

Note 21. 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:	2022 $	2021 $
Financial assets		
Cash and cash equivalents	1,519,639	2,955,327
Trade and other receivables	105,096	26,389
	1,624,735	**2,981,716**
Financial liabilities		
Trade and other payables	228,647	166,755
Financial liability	710,280	2,000,000
	938,927	**2,166,755**

The group's principal financial instruments comprise cash and short-term deposits, and equity funding agreements.

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 (Federal Republic of 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 2022, 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 21.

Liquidity risk
Vigilant liquidity risk management requires 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. 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.

There were no Derivative Liabilities as at 30 June 2022 or 30 June 2021.

At 30 June 2022	1 year or less $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
Non-derivatives						
Non-interest bearing	1,113,391	-	-	-	1,113,391	1,113,391
Variable rate	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-
Total non-derivatives	**1,113,391**	-	**-**	**-**	**1,113,391**	**1,113,391**

At 30 June 2021	1 year or less $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
Non-interest bearing	2,166,755	-	-	-	2,166,755	2,166,755
Variable rate	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-
Total non-derivatives	2,166,755	-	**-**	**-**	2,166,755	2,166,755
Non-interest bearing	**2,166,755**	**-**	**-**	**-**	**2,166,755**	**2,166,755**

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).

Refer note 12 for a summary of the terms and valuation of the financial liability relating to the Subscription Agreement.

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

	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
At 30 June 2022				
Financial liabilities at fair value through profit and loss				
First Subscription Right	-	-	(710,280)	(710,280)
	-	-	(710,280)	(710,280)
At 30 June 2021				
Financial liabilities at fair value through profit and loss				
First Subscription Right	-	-	(2,000,000)	(2,000,000)
	-	-	(2,000,000)	(2,000,000)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	First Subscription Right
Balance at 1 July 2020	-
Addition	2,491,153
Total discount recognised	(491,153)
Balance at 30 June 2021	**2,000,000**
Repayments	(972,995)
Loss recognised in profit of loss	(316,725)
Balance at 30 June 2022	**710,280**

Note 22. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 2. 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 2022	Ownership interest 2021
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%
Macro Metals Limited	Iron ore exploration and evaluation activities	Australia	100%	nil

Note 23. Dividends

No dividends have been declared or paid during the period.

Note 24. Contingent assets & liabilities

There are no contingent assets and liabilities as at 30 June 2022 (2021: nil).

Note 25. Capital commitments

There are no capital commitments as at 30 June 2022 (2021: nil).

Note 26. Share based payments

Share-based payments expense	2022 $	2021 $
Recognised in profit or loss and other comprehensive income:		
Director performance rights reversed	-	(153,523)
Director performance rights expensed	-	5,511
Director's options expensed	35,323	557,037
Corporate advisor options expensed	-	74,200
	35,323	483,225
Ordinary shares issued in lieu of payment for professional fees	56,995	31,831
Macro Metals acquisition – exclusivity fee	160,000	-
Total share-based payment expense	**252,318**	**515,056**

Note 27. Related party transactions

Parent entity

Kogi Iron Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22. *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

Related party transactions

Office rent of $6,600 (GST inclusive) was paid to Assembled Group Pty Ltd, an entity related to Mr Craig Hart. Capital raising cost of $39,600 was paid to Morpheus Holding Pty Ltd, an entity related to Mr Ashley Pattison. Both payments were made on commercial terms and approved by the board of the Company.

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 2022.

Name	Balance 01/07/2020 $	Remuneration incurred for 2021	Remuneration paid during the period	Balance as at 30/06/2021 $	Remuneration incurred for 2022	Remuneration paid during the period	Balance as at 30/06/2022 $
Craig Hart	-	120,829	(107,496)	13,333	162,746	162,746	-
Peter Huljich	32,193	60,000	(87,193)	5,000	60,000	60,000	-
Richard Little	-	46,167	(41,167)	5,000	105,000	95,000	10,000
Sean Gregory	-	40,000	(35,000)	5,000	75,000	70,000	5,000
David Turvey	47,192	91,125	(138,317)	-	-	-	-
Greg Boulton	51,082	41,751	(92,833)	-	-	-	-
Ashley Pattison	-	-	-	-	35,000	35,000	-
Total	**130,467**	**399,872**	**(502,006)**	**28,333**	**437,746**	**422,746**	**15,000**[1]

[1] The balance of $15,000 is included in trade and other payables.

Note 28. Earnings per share

		2022 $	2021 $
(a)	Reconciliation of earnings used to calculate EPS to net profit or loss Net Loss	(3,153,046)	(2,743,982)
(b)	Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS	1,198,813,658	817,308,420
(c)	Basic and diluted loss per share	($0.003)	($0.003)

Note 29. Remuneration of auditors

	2022 $	2021 $
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.		
BDO Audit (WA) Pty Ltd) – Audit and review of financial statements	-	43,769
RSM Australia Partners – Audit and review of financial statements	42,000	-
Total	**42,000**	**43,769**

Note 30. Parent entity information

Information relating to Kogi Iron Limited	**2022** $	**2021** $
Current assets	1,607,101	3,027,549
Non-current assets	38,772,174	-
Total assets	**40,379,274**	**3,027,549**
Current liabilities	(847,032))	(2,142,974)
Non-current liabilities	-	-
Total liabilities	**(847,032)**	**(2,142,974)**
Issued capital	81,908,917	73,901,393
Accumulated losses	(44,149,712)	(75,837,784)
Option Reserve	-	1,083,251
Share based payments reserve	1,773,038	1,737,715
Total shareholder equity	**39,532,242**	**884,575**
Profit (loss) of parent entity	(1,648,730)	(2,750,669)
Total comprehensive profit (loss) of parent	(1,648,730)	(2,750,669)

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 assets and liabilities of the parent entity

Refer to note 24 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.

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 2022 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 2 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

Peter Huljich
Non-Executive Chairman
30 September 2022

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INDEPENDENT AUDITOR'S REPORT
To the Members of Kogi Iron Limited

Opinion

We have audited the financial report of Kogi Iron Limited ('the Company') and its subsidiaries (together referred to as 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2022, 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 statements, 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 2022 and of its financial performance for the year then ended; 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 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* (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 2 in the financial report, which indicates that the Group incurred a net loss amounting to $3,153,046 and had net cash outflows from operating activities of $2,414,303 during the year ended 30 June 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. 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.

Key Audit Matter	How our audit addressed this matter
Acquisition of Macro Metals Limited Refer to Note 7 in the financial statements	
During the year the Group completed the acquisition of Macro Metals Limited ('Macro Metals') for a total consideration of $5,000,000 paid by issuing ordinary shares of the Company. This transaction was accounted for as a recognition of an asset, rather than as a business combination. After the acquisition, Macro Metals represents 75% of the total assets of the Group. We considered this transaction to be a Key Audit Matter due to its materiality and because the accounting for the transactions involves significant judgements in applying the appropriate accounting standards. These include the recognition and valuation of consideration paid and determining whether the acquisition constitutes a business.	Our audit procedures in relation to the acquisition of Macro Metals included: • Obtaining the purchase agreements and other associated documents to understand the key terms and conditions; • Assessing management's conclusion that the transaction did not represent a business acquisition; • Testing the appropriateness of the valuation of share-based consideration paid; and • Reviewing the disclosures in Note 7 of the financial statements in order to corroborate the appropriateness of the disclosures.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022; 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 accordingly 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 have 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 at: http://www.auasb.gov.au/auditors_responsibilities/ar2.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 11 to 15 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Kogi Iron Limited for the year ended 30 June 2022, 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.

RSM

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO
Partner

Dated: 30 September 2022
Melbourne, Victoria

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 23 September 2022.

(a) Distribution of listed equity securities

(i) Ordinary share capital

1,617,577,756 fully paid ordinary shares are held by 2,868 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Options

5,000,000 unlisted options expiring 1 December 2023, exercisable at $0.03.
14,800,000 unlisted options expiring 15 June 2024 exercisable at $0.023765.

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

Holding distribution

	23 Sep 2022			
Range	**Securities**	**%**	**No. of holders**	**%**
100,001 and Over	1,570,855,230	97.11	981	34.21
10,001 to 100,000	44,198,874	2.73	966	33.68
5,001 to 10,000	1,623,871	0.10	207	7.22
1,001 to 5,000	763,573	0.05	264	9.21
1 to 1,000	136,208	0.01	450	15.69
Total	**1,617,577,756**	**100.00**	**2,868**	**100.00**
Unmarketable Parcels	54,225,188	3.35	1,954	68.13

(b) Substantial Holders

None

(c) Twenty Largest holders of equity securities

Top holders

Security: KFE.ASX [Kogi Iron Limited]
Period: 23 Sep 2022 to 23 Sep 2022
Top holders: 20

Rank	Name	A/C designation	23 Sep 2022	%IC
1	MR ROBERT ANDREW JEWSON		77,944,886	4.82
2	MR PETER ROMEO GIANNI		76,683,033	4.74
3	KONKERA PTY LTD	KONKERA FAMILY	71,694,886	4.43
3	SISU INTERNATIONAL PTY LTD		71,694,886	4.43
4	TRISTAR NOMINEES PTY LTD		68,894,886	4.26
5	TORPEDO DRILLING PTY LTD		33,761,111	2.09
6	INVIA CUSTODIAN PTY LIMITED	<BILLINGSBY ESTATE A/C>	29,750,000	1.84
7	SCORPIUS NOMINEES PTY LTD	<SQUIRES FAMILY A/C>	25,000,148	1.55
8	MR JOHN CAMPBELL SMYTH	<SMYTH SUPER FUND A/C>	25,000,000	1.55
9	MR PETER TEGID MAURICE		22,543,847	1.39
10	ANANDI INVESTMENTS PTY LTD	<PATEL FAMILY A/C>	22,214,733	1.37
11	MR RODNEY MALCOLM HOGG		18,822,575	1.16
12	SAFINIA PTY LTD		17,000,000	1.05
13	FYB68 PTY LTD	<GPV SUPERANNUATION FUND A/C>	15,000,000	0.93
14	MR SIMON JAMES KELLY		14,000,000	0.87
15	NEW DISCOVERY PTY LTD	<RCY INVESTMENTS A/C>	13,875,000	0.86

16	MR RODNEY MALCOLM HOGG & MR MATTHEW HOGG	<RODNEY HOGG SUPER FUND A/C>	13,078,655	0.81
17	ALITIME NOMINEES PTY LTD	<HONEYHAM FAMILY A/C>	12,500,000	0.77
18	MR ROBERT JOHN RYKERS		12,000,002	0.74
19	CAPRICE FISHING COMPANY P/L	<THE GARY POZZI S/F A/C>	10,304,816	0.64
20	MRS ALISON TREVASKIS		10,141,822	0.63
	Total		**661,905,286**	**40.92**
	Balance of register		**955,672,470**	**59.08**
	Grand total		**1,617,577,756**	**100.00**

(d) Unquoted securities

Loan performance shares – 1,000,000

(e) Restricted securities

None

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: https://www.kogiiron.com/corporate-governance

Annual General Meeting

Kogi Iron Limited advises that its Annual General Meeting will be held on Tuesday, 29 November 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX in due course. In accordance with ASX Listing Rules and the Company's Constitution, the closing date for receipt of nominations for the position of Director are required to be lodged at the registered office of the Company by 5.00pm (AEDT) on 10 October 2022.