KOGI IRON LIMITED

ABN 28 001 894 033

Interim Report – 31 December 2016

Corporate Directory

Directors	Dr Ian Burston, Chairman Kevin Joseph, Executive Director Don Carroll, Non-Executive Director Michael Tilley, Non-Executive Director
Company Secretary	Kevin Hart
Registered Office	Lincoln House Unit 23, 4 Ventnor Avenue West Perth WA 6005 Telephone: (08) 9200 3456 Facsimile: (08) 9200 3455
Share Registry	Link Market Services Limited Central Park, Level 4 152 St Georges Terrace Perth WA 6000 Australia Telephone: +61 1300 554 474 Facsimile: +61 2 9287 0303 Email: registrars@linkmarketservices.com.au Website: www.linkmarketservices.com.au
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors to the Company	Steinepreis Paganin 1202 Hay Street West Perth WA 6005
Bankers	Commonwealth Bank
Stock Exchange Listing	Kogi Iron Limited shares are listed on the Australian Securities Exchange (ASX). ASX Codes: KFE KFEO

Contents

Directors Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of Kogi Iron Limited (referred to hereafter as the "company" or "parent entity") and the entities it controlled for the half year ended 31 December 2016.

Directors

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

Dr Ian Burston	Chairman
Kevin Joseph	Executive Director
Don Carroll	Non-Executive Director
Michael Tilley	Non-Executive Director (appointed 8 July 2016)
Brian King	Non-Executive Director (ceased 2 January 2017)

On the 4th January 2017 the Board of Kogi Iron Limited sadly advised the sudden death of Non-Executive Director Mr Brian King. Brian joined the Board in February 2012 and was a valued Board member whose contribution to the Company was appreciated.

Company Secretary

On 12 October 2016, the Company advised the resignation of Mr. Piers Lewis as Company Secretary and the appointment of Mr Kevin Hart. Mr Hart is a Chartered Accountant and partner of Endeavour Corporate, an advisory firm which specialises in the provision of company secretarial and accounting services to ASX listed entities.

Principal Activities

During the financial half year the principal activities of the consolidated entity were to continue to maintain the Agbaja iron ore project in Nigeria in good standing, and commence the process to realise value from the Agbaja Project.

Review of Operations

The loss after tax for the consolidated entity for the half year ended 31 December 2016 was $943,519 (31 December 2015: $1,023,055). Loss for the period includes exploration expenditure of $ 322,371 (2015: $346,358).

Corporate

During the half year the Company concluded a private placement funding agreement for up to US$5.8million with Bergen Global Opportunity Fund, LP ('Bergen') to fund ongoing development of its Agbaja Iron and Steel project. Under the agreement, Bergen will subscribe for shares, on a monthly basis, in the amount of US$50,000. The monthly subscription can be increased up to US$250,000 per month by mutual consent.

During the half year the Company has issued the following equity instruments in accordance with the agreement:

	No of shares / options:
Commencement fee shares	8,992,438
Collateral Shares	4,800,000
Shares subscribed under the agreement	8,658,270
Unlisted options – exercise price of $0.0305 expiring 16 November 2019	9,800,000

Operational

During the half year the Company signed Memoranda of Understanding (MOUs) with two major African-based groups to progress the Company's Agbaja iron ore and steel project in Nigeria.

The MOUs are with South Africa-based Tenova Pyromet ('Tenova") and Nigeria-based PW Group ('PW'), two groups Kogi has identified as suitable providers of technical, engineering, construction and mining services to the Agbaja project.

The MOUs create a framework under which contracts for service can be negotiated subject to suitable commercial terms being agreed.

The Company has continued having various study meetings on working towards a Definitive Feasibility Study with Tenova, with work continuing at a good pace, and has also continued the work on the required infrastructure needed with discussions with PW Nigeria.

The Company finalised the Community Development Program Agreement ('CDA') for the Agbaja iron ore and steel project in December 2016. The CDA was signed at a ceremony in Agbaja by the nominated members of the Agbaja Communities, assigned to do so by the Paramount Ruler, representatives of the Honorable Minister of Mines and Steel Development, and Kevin Joseph, KCM Mining's Chief Executive Officer and Director.

The agreement includes consents and support for the project from the local community – a prerequisite for mining projects in Nigeria – as well as the support KCM Mining proposes to deliver for the local people. This includes local employment, training and education of prospective employees, and assistance with supply of power and water to local villages.

The CDA, having met the minimum legal requirements, was approved by the Federal Government of Nigeria in January 2017.

Following the signing of the CDA, Kogi (through its 100% owned subsidiary KCM Mining Limited) lodged its mining licence applications with the Nigerian Ministry of Mines & Steels Development.

The Company has received, late in February 2017, the formal grant for the two mining licences from the Nigerian Minsitry of Mines & Steel Development. The Mining Licences cover 90.7km^2 and contains the 586 million tonnes of indicated and inferred resources.

Significant changes in the state of affairs

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

Events since 31 December 2016

Subsequent to 31 December 2016, US$150,000 has been drawn under the private placement agreement with Bergen.

In addition, on 15 March 2017 the Company and Bergen have agreed that Bergen will provide a tranche of funding in the amount of US$150,000, in addition to the approximate monthly funding schedule provided for in the private placement agreement as announced on 10 October 2016. The terms of the Agreement (as set out in the announcement of 10 October 2016) will apply to this funding.

Other than that disclosed in this report, no other matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Auditor's Independence Declaration

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

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

Ian Burston
Non-Executive Chairman

Dated this 15th day of March 2017
Perth

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

As lead auditor for the review of Kogi Iron Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2016

	Note	31/12/2016 $	31/12/2015 $
Revenue from continuing operations			
Interest income		1,188	3,297
Total Income		1,188	3,297
Expenses			
Accounting and audit fees		(7,415)	(14,031)
Consultancy fees		(169,805)	(38,167)
Travel and accommodation		(158,633)	(2,999)
Corporate expenses		(101,231)	(54,280)
Director & employee expenses		(144,246)	(170,260)
Exploration and evaluation expenditure		(322,371)	(346,358)
Legal fees		(27,465)	(867)
Occupancy		(10,884)	(10,847)
Realised losses on settlement of financial assets		-	(184,953)
Unrealised losses on fair value movement of financial assets		-	(199,592)
Other expenses		(2,656)	(3,998)
Profit (loss) before income tax expense		(943,519)	(1,023,055)
Income tax expense/(benefit)		-	-
Profit (loss) from continuing operations		(943,519)	(1,023,055)
Profit (loss) attributable to the owners of Kogi Iron Limited		(943,519)	(1,023,055)
Other comprehensive income		-	-
Items that may be reclassified to the profit and loss account:			-
Exchange differences on translation of foreign operations		12,769	(14,061)
Total comprehensive income (loss) for the half year attributable to the owners of Kogi Iron Limited		(930,750)	(1,037,116)
Overall Operations			
Basic profit (loss) per share (cents per share)		(0.002)	(0.27)
Diluted earnings (loss) per share (cents per share)		n/a	n/a

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

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	31/12/2016 $	30/06/2016 $
Assets			
Current assets			
Cash and cash equivalents	3	143,002	740,446
Trade and other receivables		40,533	61,774
Total current assets		183,535	802,190
Non-current assets			
Deferred facility costs	4	305,412	-
Property, plant and equipment		7,705	11,568
Total non-current assets		313,117	11,568
Total assets		**496,652**	**813,758**
Liabilities			
Current liabilities			
Trade and other payables		1,254,201	1,078,084
Total current liabilities		1,254,201	1,078,084
Non-current liabilities			
Other financial liabilities	4	57,713	-
Total non-current liabilities		57,713	-
Total liabilities		**1,311,914**	**1,078,084**
Net (liabilities)/assets		**(815,262)**	**(264,326)**
Equity			
Contributed equity	5	61,494,924	61,233,354
Reserves	6	1,426,230	1,295,217
Accumulated losses		(63,736,416)	(62,792,897)
Total equity/ (total deficiency in equity)		**(815,262)**	**(264,326)**

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

Consolidated Statement in Changes in Equity
For the half year ended 31 December 2016

	Contributed Equity $	Accumulated Losses $	Reserves $	Total $
Consolidated				
Balance at 1 July 2015 (Restated)	**60,298,977**	**(61,167,482)**	**1,294,137**	**425,632**
Profit (Loss) for the half year	-	(1,023,055)	-	(1,023,055)
Foreign exchange movements	-	-	(14,061)	(14,061)
Total comprehensive income (loss) as reported at 31 December 2015	-	**(1,023,055)**	**(14,061)**	**(1,037,116)**
Contributions of equity, net of transaction costs	(16,757)	-	-	(16,757)
Balance at 31 December 2015	**60,282,220**	**(62,190,537)**	**1,280,076**	**(628,241)**
Consolidated				
Balance at 1 July 2016	**61,233,354**	**(62,792,897)**	**1,295,217**	**(264,326)**
Profit (Loss) for the half year	-	(943,519)	-	(943,519)
Foreign exchange movements	-	-	12,769	12,769
Total comprehensive income (loss) as reported at 31 December 2016	-	**(943,519)**	**12,769**	**(930,750)**
Contributions of equity, net of transaction costs	261,570	-	-	261,570
Options granted	-	-	118,244	118,244
Balance at 31 December 2016	**61,494,924**	**(63,736,416)**	**1,426,230**	**(815,262)**

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

Consolidated Statement of Cash Flows
For the half year ended 31 December 2016

	Note	31/12/2016 $	31/12/2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(465,117)	(180,992)
Payments for exploration		(265,630)	(282,597)
Interest received		1,188	3,091
Net cash (outflow) from operating activities		**(729,559)**	**(460,498)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of assets		-	-
Net cash (outflow) from investing activities		**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		138,109	-
Payment of share issue costs		(5,994)	(16,757)
Receipts from settlement of equity swaps		-	98,320
Net cash inflow financing activities		**132,115**	**81,563**
Net increase/(decrease) in cash and cash equivalents held		**(597,444)**	**(378,935)**
Cash and cash equivalents at beginning of financial half year		740,446	541,336
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of half year	3	**143,002**	**162,401**

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

Notes to the Financial Statements

31 December 2016

Note 1. Significant accounting policies

These general purpose interim financial statements, for the half year reporting period ended 31 December 2016, have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements and are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the consolidated entity's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2016.

These interim financial statements were authorised for issue by the Company's Board of Directors on 15 March 2017.

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

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Going concern

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

The Consolidated entity has incurred net cash outflow from operating and investing activities for the half year ended 31 December 2016 of $729,559 (2015: $460,498). As at 31 December 2016, the consolidated entity had net current liabilities of $1,070,666 (30 June 2016: $275,894).

The ability of the Group to continue as a going concern is dependent on securing additional funding. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharged its liabilities in the normal course of business.

The Directors believe that sufficient funds will be available to meet the Group's working capital requirements. However, the Directors recognise that the ability of the Group to continue as a going concern is dependent on the Group being able to secure additional funding through either the issue of further shares and or options or convertible notes or a combination thereof as required to fund ongoing exploration and evaluation studies and for working capital. The directors note that $767,048 of the total $1,311,914 in total liabilities due are owed to the current and existing Board members who will not call in the debt until such time as an Asset Realisation event occurs on the Agbaja Project and as long as the repayment will not cause any insolvency issue to the Company. The Directors note also that the Company currently has in place a private placement funding agreement with Bergen Global Opportunity Fund, LP ('Bergen') for up to US$5.8million. This agreement provides working capital through Bergen's subscription of shares of US$50,000, on a monthly basis, which can be increased up to US$250,000 by mutual agreement. For the period to 31 December 2016, US$100,000 had been drawn under this facility (refer to note 13 for amounts subsequent to the period end).

Based on the above, the Group currently believes that it will successfully raise additional funds, as required, to meet its financial obligations in future periods. As a result the financial report has been prepared on a going concern basis. Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

Note 2. Changes in accounting policy, estimates, disclosures

The accounting policies adopted are consistent with those of the previous financial year.

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

Note 3. Cash and cash equivalents

	31/12/16 $	30/06/16 $
Cash at bank and on term deposit	143,002	740,446

Note 4. Other financial assets and liabilities

	31/12/2016 $	30/06/2016 $
(a) Deferred finance facility costs		
Deferred costs	305,412	-
(b) Other financial liabilities		
Collateral shares	57,713	-

In October 2016, the Company concluded a private placement funding agreement for up to US$5.8million with Bergen Global Opportunity Fund, LP ('Bergen') to fund ongoing development of its Agbaja Iron and Steel project. Under the agreement, Bergen will subscribe for shares, on a monthly basis, in the amount of US$50,000, which can be increased up to US$250,000 per month by mutual consent. Bergen was issued 8,992,527 shares in settlement of a non-refundable commencement fee of US$116,000 and 9,800,000 unlisted options (refer note 7), relating to facility costs of the agreement to be amortised over the life of the agreement. Bergen was also issued 4,800,000 shares as security over the agreement. Costs relating to the agreement for the period to 31 December 2016 was $22,518.

Note 5. Contributed Equity

	31/12/16 $	30/06/16 $
(a) Share Capital		
Ordinary shares, fully paid	61,271,068	61,009,498
(b) Other equity securities:		
Value of conversion rights – convertible notes	223,856	223,856
Total Contributed Equity	**61,494,924**	**61,233,354**
(c) (i) Ordinary shares		
At the beginning of the reporting period	61,009,498	60,075,121
Shares issued during the year	290,082	1,053,000
Transaction costs relating to share issues	(28,512)	(118,623)
At the end of the reporting date	**61,271,068**	**61,009,498**

Note 5. Contributed Equity (continued)

Date	Details	No. of shares	Issue price	Value
31-Dec-15	**Balance**	**377,669,836**		**62,772,148**
11-Apr-16	Issue	38,999,979	0.013	507,000
11-May-16	Issue	36,400,000	0.015	546,000
30-Jun-16	**Balance**	**453,069,815**		**63,825,148**
10-Oct-16	Issue	8,992,527	0.0169	151,974
10-Oct-16	Issue *	4,800,000	-	-
22-11-16	Issue	4,027,354	0.017	68,645
23-12-16	Issue	4,630,916	0.015	69,464
	Less transaction costs			(2,844,162)
31-Dec-16	**At reporting date**	**475,520,612**		**61,271,068**

*Collateral shares have been issued to Bergen Global Opportunity Fund LP and are held as security in accordance with the terms of the private placement funding agreement.

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

	31/12/2016	30/06/2016
	(number of shares)	
At the beginning of the reporting period	453,069,815	377,669,836
Shares issued during the reporting period	22,450,797	75,399,979
At reporting date	**475,520,612**	**453,069,815**

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

(d) Options

	(number of options)	
At the beginning of the period	114,716,606	102,704,606
Options issued during the period	9,800,000	12,012,000
	124,516,606	**114,716,606**

Options issued during the period were granted to Bergen Global Opportunity Fund LP, in accordance with the private placement funding agreement. The options are exercisable on or before 16 November 2016 at an exercise price of $0.0305. (Refer note 7)

Summary of options on issue	Exercise price	Expiry	(number of options)	
Listed options	$0.08	31 May 2017	114,716,606	114,716,606
Unlisted options	$0.0305	16 Nov 2019	9,800,000	
			124,516,606	**114,716,606**

Note 6. Reserves

	31/12/2016 $	30/06/2016 $
Share based payments reserve	1,479,574	1,361,330
Foreign currency translation reserve	(53,344)	(66,113)
	1,426,230	**1,295,217**
Movements:		
Share based payments reserve		
Balance at beginning of period	1,361,330	1,343,561
Fair value adjustment, based on probability of vesting conditions being achieved	118,244	17,769
Balance at end of period	**1,479,574**	**1,361,330**
Foreign currency translation reserve		
Balance at beginning of period	(66,113)	(49,424)
Currency translation differences arising during the period	12,769	(16,689)
Balance at end of period	**(53,344)**	**(66,113)**
Total Reserves	**1,426,230**	**1,295,217**

(a) Nature and Purpose of Reserves

(i) Share based payment reserve

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

(ii) Foreign Currency Translation Reserve

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

Note 7. Share based payments

The Company had the following equity settled transactions:

Unlisted options

In October 2016, the Company announced the establishment of a private placement funding agreement for up to US$5.8 million with Bergen Global Opportunity Fund, LP ('Bergen'). The agreement included the issue of 9,800,000 unlisted options with an exercise price of 135% of the volume weighted average share price (VWAP) of the Company's shares for the 5 day period prior to the date of the agreement; to be issued on the first business day following shareholder approval. The options have a term of 36 months. Shareholder approval was obtained at the annual general meeting on 15 November 2016 and the options issued on 16 November 2016.

The valuation of the options has been determined based upon a Black Scholes calculation on date of grant giving a total value of $118,244. The following are the inputs of the Black Scholes valuation:

Grant date	16 November 2016
Number of options	9,800,000
Expiry date	16 November 2019
Estimated volatility (%)	164.84%
Risk-free interest rate (%)	1.82%
Exercise price	$0.0305
Share price at grant date	$0.0210
Discount for lack of marketability	30%
Valuation per option	$0.0121
Total Value	$118,244

Note 7. Share based payments (continued)

Ordinary shares

The agreement with Bergen also provided for the payment of fees and costs associated with the facility to be settled by share based payments. This resulted in the allotment of 8,992,527 shares in settlement of a non-refundable commencement fee of US$116,000 and 4,800,000 shares issued as collateral shares in consideration of Bergen entering into the agreement.

Note 8. Contingencies

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period, 30 June 2016.

Note 9. Commitments

There have been no material changes in commitments since the end of the previous annual reporting period, 30 June 2016.

Note 10. Financial instruments

Carrying amounts and fair values

At 31 December 2016 the Group carries the following financial instruments, which are not measured at fair value:

- Current receivables
- Current payables
- Cash & cash equivalents

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

Liquidity risk

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

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

As at reporting date the group had sufficient cash reserves to meet its immediate requirements. The group has access to the private placement funding arrangement with Bergen Global Opportunity Fund, LP; which is in place at balance date and will need to secure additional equity or debt funding to enable it to meet its ongoing requirements and expand its operations.

Note 11. Segment Reporting

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

Segment information

Segment information for the 6 months ended 31 December 2016 is as follows:

31 December 2016	Exploration and Evaluation	Total
Segment revenue		
Interest Income	1,188	1,188
Total segment revenue/income	**1,188**	**1,188**
Segment result		
Profit (loss) after income tax	(943,519)	(943,519)
Segment assets		
Cash and cash equivalents	143,002	143,002
Property, plant and equipment	7,705	7,705
Other assets	345,945	345,945
Total assets	**496,652**	**496,652**
Segment liabilities		
Trade and other payables	1,311,914	1,311,914
Total Liabilities	**1,311,914**	**1,311,914**

Note 11. Segment Reporting (continued)

31 December 2015	Exploration and Evaluation	Total
Segment revenue		
Interest Income	3,297	3,297
Total segment revenue/income	**3,297**	**3,297**
Segment result		
Loss after income tax	(1,023,555)	(1,023,555)

30 June 2016		
Segment assets		
Cash and cash equivalents	740,446	740,446
Property, plant and equipment	11,568	11,568
Other assets	61,744	61,744
Total assets	**813,758**	**813,758**
Segment liabilities		
Trade and other payables	1,078,086	1,078,086
Total Liabilities	**1,078,086**	**1,078,086**

Note 12. Related party transactions

Unpaid director fees

The table below details as at the reporting date the amount of accrued director fees to current and existing Board members. The Directors have agreed that they will not call in the debt until such time as an Asset Realisation event occurs on the Agbaja Project and as long as the repayment will not cause any insolvency issue to the Company.

2016 Name	Balance 01/07/16 $	Remuneration incurred but not paid for the period $	Loan balance as at 31/12/16 $
Dr Ian Burston	250,000	50,000	300,000
Kevin Joseph	204,948	52,100	257,048*
Don Carroll	150,000	30,000	180,000
Michael Tilley	-	30,000	30,000
Total	**604,948**	**162,100**	**767,048**

*amount accrued as payable to Mr Kevin Joseph is US$185,000

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

Subsequent to 31 December 2016, US$150,000 has been drawn under the private placement agreement with Bergen.

In addition, on 15 March 2017 the Company and Bergen have agreed that Bergen will provide a tranche of funding in the amount of US$150,000, in addition to the approximate monthly funding schedule provided for in the private placement agreement as announced on 10 October 2016. The terms of the Agreement (as set out in the announcement of 10 October 2016) will apply to this funding.

Other than that disclosed in this report, no other matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Declaration by Directors

In the opinion of the Directors of the Kogi Iron Limited:

(a) The interim financial statements and notes thereto are in accordance with the Corporations Act 2001 and:

  (i) comply with Australian Accounting Standard AASB134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date.

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

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

Ian Burston
Non-Executive Chairman

Dated this 15th day of March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kogi Iron Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kogi Iron Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Kogi Iron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

Emphasis of matter – Material uncertainty relating to going concern

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

BDO Audit (WA) Pty Ltd

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Director

Perth, 15 March 2017