



ABN 28 001 894 033



ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

TABLE OF CONTENTS



CORPORATE DIRECTORY	3
DIRECTORS' REPORT	4
Remuneration Report	8
AUDITOR'S INDEPENDENCE DECLARATION	19
CORPORATE GOVERNANCE STATEMENT	20
FINANCIAL STATEMENTS	27
Consolidated statement of profit or loss and other comprehensive income	28
Consolidated statement of financial position	29
Consolidated statement of changes in equity	30
Consolidated statement of cash flows	31
Notes to the consolidated financial statements	32
OTHER INFORMATION	44
DIRECTORS' DECLARATION	60
INDEPENDENT AUDITOR'S REPORT	61
ASX ADDITIONAL INFORMATION	63

Directors

Dr Ian Burston	Non-Executive Chairman
Kevin Joseph	Executive Director
Don Carroll	Non-Executive Director
Brian King	Non-Executive Director

Company Secretary

Piers Lewis

Registered Office and Principal Place of Business

Suite 23, Lincoln House 4 Ventnor Avenue West Perth WA 6005 Tel: +61 8 9200 3456 Fax: +61 8 9200 3455 Email: info@kogiiron.com	Nigeria: KCM Mining Limited 139B Eti-Osa Way Dolphin Estate Ikoyi, Lagos
---	---

Share Register

Link Market Services Limited
178 St Georges Terrace,
Perth WA 6000
Tel: +61 8 9211 6670
Fax: +61 8 9211 6660

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Tel: +61 8 6382 4600
Fax: +61 8 6382 4601

Solicitors

Gilbert & Tobin
1202 Hay Street
West Perth WA 6005
Tel: +61 8 9413 8400
Fax: +61 8 9413 8444

Bankers

Commonwealth Bank

Stock Exchange Listing

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

Website address

www.kogiiron.com

DIRECTORS' REPORT



Your Directors present their report on the consolidated entity consisting of Kogi Iron Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015. Throughout the report the consolidated entity is referred to as the group.

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:

Dr Ian Burston	Non-Executive Chairman
Kevin Joseph	Executive Director
Don Carroll	Non-Executive Director
Brian King	Non-Executive Director
Nathan Taylor	Non-Executive Director (ceased 3 July 2015)
Giuseppe (Joe) Ariti	Non-Executive Director (ceased 27 August 2015)

Company Secretary

Shane Volk	Company Secretary (ceased 1 September 2015)
Piers Lewis - SmallCap Corporate Pty Ltd	Company Secretary (appointed 1 September 2015)

Principal activities

During the financial year the principal continuing activities of the group consisted of evaluation studies at the Agbaja Plateau Exploration Licence (EL12124), in Kogi state, Federal Republic of Nigeria ("Nigeria") ("Agbaja Project"). Also, in July 2014 the Company completed a \$1,921,138 capital raising, and in August 2014 announced that it had commenced a value realisation process for the Agbaja Project.

Review of operations

The loss for the group after tax amounted to \$23,175,233 (30 June 2014: loss \$786,821).

The loss for the year ended 30 June 2015 was primarily attributable to the impairment of capitalised exploration and development expenditure of \$33,476,239 (2014: nil), net operating costs for the year were \$1,135,263 (2014:\$2,162,837), offset by the reversal of share based payments expense for the non-attainment of vesting conditions associated with Performance Loan Plan shares of \$1,934,600 (2014:\$1,327,229) and unrealised gains in the fair value of financial assets (equity swaps) \$99,999 (2014:\$30,556), and other income \$14,049 (2014:\$18,231), all associated with group's ongoing evaluation studies for the Agbaja iron ore exploration licences in Nigeria.

A reconciliation of total underlying profit for the period is:

	2015 \$	2014 \$
Net Loss after income tax	(23,175,233)	(786,821)
Total underlying loss	(23,175,233)	(786,821)

As at 30 June 2015, the company had capitalised \$6,100,000 in exploration and evaluation expenditure after impairment, (2014:\$40,962,894), the majority of which relates to the company's Agbaja Project.

During the year, the company has incurred net cash outflows from operating and investing activities of \$1,543,169 (2014: \$3,852,270) and as at 30 June 2015, the company had net current assets of \$385,184 (30 June 2014: net current liabilities of \$223,835). On the matter of the company continuing as a going-concern (refer note 29(a) – "going concern" in the attached accounts for details), at the date of this report the Directors believe that there are currently sufficient funds to meet the company's immediate working capital requirements.

Significant changes in the state of affairs

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

Events since the end of the financial year

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 company, the results of those operations, or the state of affairs of the company in the financial years subsequent to 30 June 2015.

Likely developments and expected results of operation

As announced on 28 August 2014, the Company commenced a process to realise value from its Agbaja Project, which could involve a joint development with a strategic partner, or a partial sell down of the company's interest in the Agbaja Project, or acquisition by a counterparty of all the Contributed Equity of the company.

As at the date of this report the value realisation process is ongoing, and the board is committed to pursuing all available value realisation opportunities, as and when they may arise.

Environmental regulation

The company holds various exploration licences that regulate its exploration activities in Nigeria. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of the company's exploration activities.

At the date of this report no agency has notified the company of any environmental breaches during the financial year, or are the Directors aware of any environmental breaches.

Information on directors

<u>Name:</u>	Ian Fred Burston
Title:	Chairman and Non-Executive Director
Qualifications:	AM, CitWA, B.Eng, Dip AeroEng HonDSc
Experience and expertise:	Dr Burston has more than 30 years of experience in Western Australian and international iron ore mining and export sales, where he has held executive management and Board positions with some of WA's largest and most successful mining operations. His distinguished career includes the development of several multi-million tonnes per year iron ore export operations with outstanding track records in maximising production, transport efficiencies and project development. Dr Burston has also held pivotal roles in industry associations and local government and was awarded Citizen of the Year (Industry and Commerce) 1992, Member of the Order of Australia (General Division) 1993, and Honorary Doctor of Science (Curtin) 1995, he is a Fellow of the Institute of Engineers of Australia, the Institute of Mining and Metallurgy and the Institute of Company Directors.
Other current directorships:	NRW Holdings Limited (chairman and non-executive director) and Mincor Resources NL (non-executive director).
Former directorships (in the last 3 years):	African Iron Limited from January 2011 to March 2012.
Special responsibilities:	Chair of the Board and member of the Audit and Risk Committee.
Interests in shares:	20,279,022 ordinary shares.
Interests in options:	9,166,667 options over ordinary shares each with an exercise price of \$0.08, expiring 31 May 2017
<u>Name:</u>	Kevin Joseph
Title:	Executive Director
Qualifications:	B.Chem.Eng
Experience and expertise:	Mr Joseph has extensive experience in Nigeria and the West African region. A 25 year resident of Nigeria, he has invaluable in-country relationships which assist the group in executing its exploration and evaluation programs. Mr Joseph is a former Executive Director of Operations for OANDO Petroleum, one of two major local marketers of petroleum in Nigeria. In this role he headed up supply chain development in the West African Region and held executive responsibility for new upstream business development.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Interests in shares:	8,263,088 ordinary shares
Interests in options:	None
<u>Name:</u>	Don Carroll
Title:	Non-Executive Director
Qualifications:	B.Eng
Experience and expertise:	Mr Carroll is a former executive of BHP Billiton with over 30 years of experience in the mining industry, principally overseas in Asia, the United States and West Africa. Throughout his 30 year career Mr Carroll has been responsible for the early development of the Kalimantan coal projects, the marketing of minerals in Asia (including China), held the position of President for BHP Billiton in Japan and India, and also CEO for the Guinea Alumina project in West Africa.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Interests in shares:	6,095,790
Interests in options:	2,666,666 options over ordinary shares each with an exercise price of \$0.08, expiring 31 May 2017.

DIRECTORS' REPORT



Name:	Brian King
Title:	Non-Executive Director
Qualifications:	-
Experience and expertise:	Mr King has more than 40 years' experience in technical, management and executive roles within the mining sector. Throughout his career he has held various roles including Registered Mine Manager of Rio Tinto's Tom Price and Paraburdoo mining projects from 1982 until 1990. More recently Mr King has worked with the Terex Group in various senior roles including President of the mining company for 11 years.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Interests in shares:	2,224,444 ordinary shares).
Interests in options:	1,833,333 options over ordinary shares each with an exercise price of \$0.08, expiring 31 May 2017

Former Directors

Nathan Taylor: (Ceased 3 July 2015)	Mr Taylor served as a non-executive director of the Company for in excess of 5 years. He initially served as non-executive chairman from March 2010 until being succeeded by current chairman Dr Ian Burston in November 2011.
Giuseppe (Joe) Ariti: (Ceased 27 August 2015)	Mr Ariti served as a non-executive director of the Company from June 2012 to August 2015, during his tenure Mr Ariti also served as chair of the Company's Audit and Risk committee.

Company Secretary

Piers Lewis: (Appointed 1 September 2015)	Mr Piers Lewis has more than 17 years global corporate experience and is currently the Company Secretary and CFO for ASX listed companies Grange Resources, Sprint Energy and Stratos Resources. Piers also serves on the board of Stratos Resources and Talga Resources.
--	---

Former Company Secretary

Shane Volk	Mr Volk served as Chief Financial Officer and Company Secretary of the company from July 2012 until 30 April 2014 and then as Company Secretary from 1 May 2014 until 1 September 2015.
------------	---

Meetings of Directors

The number of meetings of the company's Board of directors held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Ian Burston	19	19
Kevin Joseph	18	18
Brian King	19	19
Don Carroll	18	19
Nathan Taylor (ceased 3 July 2015)	16	19
Giuseppe (Joe) Ariti (ceased 27 August 2015)	17	19

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

Remuneration Report (Audited)

The directors are pleased to present Kogi Iron Limited's 2015 remuneration report, which has been audited, and sets out remuneration information for the company's non-executive directors, executive directors and other key management personnel.

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 2014 annual general meeting
- (h) Details of remuneration
- (i) Service Agreements
- (j) Details of share based compensation
- (k) Equity instruments held by key management personnel
- (l) Loans to key management personnel
- (m) Other transactions with key management personnel

(a) Key management personnel disclosed in this report

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

Ian Burston

Kevin Joseph

Don Carroll

Brian King

Nathan Taylor (ceased 3 July 2015)

Giuseppe (Joe) Ariti (ceased 27 August 2015)

Other key management personnel

Shane Volk (Company Secretary) (Ceased 1 September 2015)

Since the end of the reporting period the following directors and key management personnel have ceased with the company, as indicated above:

Nathan Taylor	ceased 3 July 2015
Giuseppe (Joe) Ariti	ceased 27 August 2015
Shane Volk	ceased 1 September 2015

(b) Remuneration governance

The Board has not formally established a remuneration committee, however the Board establishes a sub-committee as required, to manage matters that would normally be dealt with by a formally constituted remuneration committee.

The Corporate Governance Statement provides further information on how the Board 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.

Remuneration report *(continued)*

(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.

As discussed in section (b), the group does not have a remuneration committee, rather the Board as a whole 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 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 is "at risk". Mr Joseph was the only executive employed by the Company during the period of this report and his compensation consists of fixed remuneration of US\$25,000 per month, with currently no variable "at risk" component.

(ii) *Base pay and benefits*

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

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

(iii) *Superannuation*

The Company does not make superannuation contributions that are in addition to Mr Joseph's fixed base remuneration, as he resides in Nigeria and is not entitled to such contributions.

(iv) *Short Term Incentives and Long Term Incentives*

There was no short term or long term incentive remuneration offered by the Company during the reporting period.

During the reporting period, all remaining Performance Loan Shares held by the directors and the company secretary were forfeited, unvested, and were subsequently transferred to Kogi Iron EIPT Pty Ltd (as trustee for the Kogi Iron Employee Incentive Trust). The company subsequently purchased all 46,900,000 shares from the Kogi EIPT Pty Ltd for the nominal sum of \$100.00 and cancelled the shares (refer Note 24 for details).

Remuneration report (continued)

(d) Executive Remuneration policy and framework (continued)

(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. Executives must not enter into any hedging arrangements over any unvested shares awarded under the company's *Loan Performance Share Plan* and the company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potential dismissal.

(e) Relationship between remuneration and Kogi Iron Limited performance

The following table shows the key financial indicators for the group since its reinstatement for quotation on the ASX as a mineral exploration and evaluation company:

	2015	2014	2013
Loss attributable to the owners of Kogi Iron Limited	(23,175,233)	(786,821)	(16,096,719)
Share Price at 30 June	0.06	0.02	0.09
Increase (Decrease) in share price	216%	(178%)	(78%)

(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 director.

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

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

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

Board fees (per year)

Chairman	\$100,000
Other non-executive directors	\$ 60,000
Executive Director (Mr Kevin Joseph)	US\$300,000

During February 2015, each non-executive director of Kogi Iron Limited, except for Mr Nathan Taylor, entered into an individual letter agreement with the Company which acknowledged that individual director fees have been accruing as payable on a monthly basis since 1 January 2014, but have not been paid. Each director that executed a letter agreement acknowledged that their individual director fees would continue to accrue as payable each month and will continue to remain unpaid until a value realisation event occurs for the Agbaja project or the company, and furthermore that the accrued director fees may only be paid following a value realisation event, but only to the extent that the payment of the accrued fees will not give rise to, or be likely to give rise to, an insolvency event for the Company. As at the reporting date the amount of accrued director fees payable to directors that have executed the letter agreement is \$420,000 and the value of accrued director fees payable to Mr Taylor is \$90,000. In addition, the payment of executive director Mr Kevin Joseph's month remuneration was reduced by US\$5,000 per month from August 2014 and by US\$7,500 per month from March 2015 as an additional measure for the Company to conserve cash, as at the reporting date the sum of the accrued and unpaid remuneration owed to Mr Joseph is US\$65,000.

Remuneration report (continued)

(g) Voting and comments made at the company's 2014 Annual General Meeting

The company received 98.6% of proxy votes in favour of its 2014 remuneration report at the 2014 Annual General Meeting. The company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

(h) Details of remuneration

The following tables show details of the remuneration received by the group's key management personnel for the current and previous financial year, subject to the disclosure in relation to the accrual of non-executive director board fees and the remuneration payable to Mr Joseph, in paragraph (f), above and note 10 of the financial statements).

2015	Name	Short-term benefits			Post-employment benefits	Long-term benefits	Loan Performance Share Plan	Total
		Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long Service leave	Equity-settled	
		\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
	Ian Burston ¹	100,000	-	-	-	-	(380,121)	(280,121)
	Don Carroll ²	60,000	-	-	-	-	(304,099)	(244,099)
	Nathan Taylor ³ Resigned 3 July 2015	60,000	-	-	-	-	(304,099)	(244,099)
	Brian King ⁴	60,000	-	-	-	-	(304,099)	(244,099)
	Giuseppe (Joe) Ariti ⁵ Resigned 27 August 2015	60,000	-	-	-	-	(304,099)	(244,099)
<i>Executive Directors:</i>								
	Kevin Joseph ⁶	343,619	-	-	-	-	(304,099)	39,520
<i>Other Key Management Personnel:</i>								
	Shane Volk Resigned 1 September 2015	60,600	-	-	-	-	-	60,600
		683,619	-	-	-	-	(1,900,616)	(1,216,997)

1- As at 30 June 2015 \$150,000 (2014:\$50,000) is payable to Mr Ian Burston.

2- As at 30 June 2015 \$90,000 (2014:\$30,000) is payable to Mr Don Carroll.

3- As at 30 June 2015 \$90,000 (2014:\$30,000) is payable to Mr Nathan Taylor.

4- As at 30 June 2015 \$90,000 (2014:\$30,000) is payable to Mr Brian King.

5- As at 30 June 2015 \$90,000 (2014:\$30,000) is payable to Mr Joe Ariti.

6- As at 30 June 2015 \$84,884 (2014:\$nil) is payable to Mr Kevin Joseph.

Note: Because the vesting conditions pertaining to the Loan Performance Shares had not been achieved by the vesting date (31 December 2014), the fair value of the Loan Performance Shares which had previously been expensed to the profit and loss account, were reversed during the period (refer note 24 for details).

Name	Short-term benefits			Post-employment benefits	Long-term benefits	Loan Performance Share Plan	Total
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long Service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
2014							
<i>Non-Executive Directors:</i>							
Ian Burston	100,000	-	-	-	-	(283,438)	(183,438)
Don Carroll	60,000	-	-	-	-	(226,751)	(166,751)
Nathan Taylor	60,000	-	-	-	-	(226,751)	(166,751)
Brian King	169,830 [^]	-	-	-	-	(226,751)	(56,921)
Giuseppe (Joe) Ariti	60,000	-	-	-	-	(226,751)	(166,751)
<i>Executive Directors:</i>							
Kevin Joseph	325,791	-	-	-	-	(226,751)	99,040
Ignatius Tan*	446,441 ^A	-	-	36,439	-	-	482,880
<i>Other Key Management Personnel:</i>							
Shane Volk ^{^^}	171,325	-	-	5,070	-	(16,171)	160,224
	1,393,387	-	-	41,509	-	(1,433,364) ^{Note}	1,532

[^] Includes \$109,830 of consulting fees

* Represents from 26 August 2013 until 1 May 2014

^A Includes a Termination Benefit of \$122,896, representing 3 months' salary in lieu of Mr Tan working out his required period of notice

^{^^} Mr Volk was a full time employee of the company from 1 February 2014 to 30 April 2014

Note: The fair value of Loan Performance Shares is estimated at each reporting date taking into account, amongst other factors, the likelihood that the various tranches of Loan Performance Shares will vest to the respective participants by the vesting date. At 30 June 2014, in the case of each of the directors, it was deemed unlikely that the vesting conditions pertaining to two of the three tranches of Loan Performance Shares would be achieved by the vesting date and consequently it was unlikely that the Loan Performance Shares would vest and as a result the fair value of those tranches of Loan Performance Shares which had previously been expensed to the profit and loss account were reversed. In the case of Mr Volk it was deemed unlikely that any of the vesting conditions pertaining to any of the Loan Performance Shares would be achieved by the vesting dates, consequently all of the fair value of the Loan Performance Shares previously taken to the profit and loss account have been reversed.

(h) Details of remuneration (continued)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk remuneration	
	2015	2014	2014	2013
<i>Non-Executive Directors:</i>				
Ian Burston	(36%)	(45%)	136%	155%
Don Carroll	(25%)	(36%)	125%	136%
Nathan Taylor Resigned 3 July 2015	(25%)	(36%)	125%	136%
Brian King	(25%)	(298%)	125%	398%
Giuseppe (Joe) Ariti Resigned 27 August 2015	(25%)	(36%)	125%	136%
<i>Executive Directors:</i>				
Kevin Joseph	869%	329%	(769%)	(229%)
<i>Other Key Management Personnel:</i>				
Shane Volk Resigned 1 September 2015 [^]	100%	110%	-	(10%)

Performance based incentive remuneration

In December 2012, following shareholder approval, each non-executive director of the company and Mr Joseph (an executive director) were issued Loan Performance Shares pursuant to the company Loan Performance Share Plan (refer note 24). The Loan Performance Shares are considered performance based incentive remuneration and the Loan Performance Shares were awarded subject to various vesting conditions which were to be achieved by 31 December 2014 ("vesting date") for the Loan Performance Shares to vest.

Remuneration report (continued)

As the vesting conditions for the Loan Performance Shares were not achieved by the vesting date (31 December 2014), the Loan Shares were forfeited by each non-executive director and Mr Joseph to Kogi EIPT Pty Ltd (as Trustee for the Kogi Iron Employee Incentive Trust). The shares were subsequently cancelled by the Company following a selective share buy-back and cancellation as approved by shareholder in general meeting on 16 March 2015 (refer note 24 for details).

Because none of the abovementioned Loan Performance Shares vested, the fair value of the Loan Performance Shares (which had been expensed to the profit and loss account in prior periods) was reversed during the period, as detailed above and in note 24 of the financial statements.

(i) Service Agreements

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

Name	Term of agreement and notice period *	Base salary (including superannuation)	Termination payments
Kevin Joseph <i>Executive Director</i>	No fixed term No notice period required	US\$300,000	n/a
<i>Company Secretary</i>	No fixed term 30 days notice	\$4,500 per month	none

* The notice period applies equally to either party

(j) Details of share based compensation

Loan Performance Shares

Details of all Loan Performance Shares that were issued subject to vesting conditions to directors and other key management personnel as part of remuneration are set out below:

Name	Record Date	No. of Loan Performance Shares	Issue price	Fair Value at issue date \$	Vested to 30/06/15	Forfeited to 30/06/15	Balance at 30/06/15	Final date for vesting
Ian Burston	10/12/12	7,500,000	\$0.28	2,100,000	-	(7,500,000)	Nil	n/a
Kevin Joseph	10/12/12	6,000,000	\$0.28	1,680,000	-	(6,000,000)	Nil	n/a
Don Carroll	10/12/12	6,000,000	\$0.28	1,680,000	-	(6,000,000)	Nil	n/a
Nathan Taylor Resigned 3 July 2015	10/12/12	6,000,000	\$0.28	1,680,000	-	(6,000,000)	Nil	n/a
Brian King	10/12/12	6,000,000	\$0.28	1,680,000	-	(6,000,000)	Nil	n/a
Giuseppe (Joe) Ariti Resigned 27 August 2015	10/12/12	6,000,000	\$0.28	1,680,000	-	(6,000,000)	Nil	n/a
Shane Volk Resigned 1 September 2015	15/04/13	1,500,000	\$0.14	210,000	-	(1,500,000)	Nil	n/a

The assessed fair value of the Loan Performance Shares at issue date to the recipients is allocated equally over the period from the grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at issue date and at each subsequent reporting date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

Remuneration report (continued)
(k) Equity instruments held by key management personnel

The tables below and on the following page show the number of:

- (i) shares in the company; and
- (ii) options over ordinary shares in the company

that were held during the financial year by key management personnel of the group, including their close family members and entities related to them.

Ordinary shares

2015 Name	Balance at start of year	Subscription to 1:4 Entitlement Offer	Unvested Loan Performance Shares disposed	Other Changes During Year	Balance at end of year
Ian Burston	14,222,223 ^A	9,166,667	(7,500,000)	4,390,132	20,279,022
Kevin Joseph	6,000,000 ^{AA}	-	(6,000,000)	8,263,088	8,263,088
Don Carroll	9,111,111 ^{AA}	2,666,666	(6,000,000)	318,013	6,095,790
Nathan Taylor Resigned 3 July 2015	9,487,917 ^{AA}	2,666,667	(6,000,000)	-	6,054,584
Brian King	6,391,111 ^{AA}	1,833,333	(6,000,000)	-	2,224,444
Giuseppe (Joe) Ariti Resigned 27 August 2015	6,600,000 ^{AA}	3,500,000	(6,000,000)	-	4,100,000
Shane Volk Resigned 1 September 2015	1,570,000 ^V	-	(1,500,000)	-	70,000

^A Included 7,500,000 unvested Loan Performance Shares

^{AA} Included 6,000,000 unvested Loan Performance Shares

^V Included 1,500,000 unvested Loan Performance Shares

(k) Equity instruments held by key management personnel (continued)
Options (ASX listed options (Ex \$0.08, Exp. 31/05/2017))

2015 Name	Balance at start of year	Subscription to 1:4 Entitlement Offer	Other Changes During Year	Balance at end of year
Ian Burston	Nil	9,166,667	-	9,166,667
Kevin Joseph	Nil	-	-	Nil
Don Carroll	Nil	2,666,666	-	2,666,666
Nathan Taylor	Nil	2,666,667	-	2,666,667
Brian King	Nil	1,833,333	-	1,833,333
Giuseppe (Joe) Ariti	Nil	3,500,000	-	3,500,000
Shane Volk	Nil	-	-	Nil

Remuneration report (continued)

(l) Loans to key management personnel

Details of loans made to directors of Kogi Iron Limited and other key management personnel of the group, including their close family members and entities related to them, are set out below.

Name	Loan Balance 01/07/14 \$	Loan Performance Share Loans during the year \$	Loan repaid during period \$	Interest paid and payable during period \$	Interest not charged during the year* (to 30/06/15) \$	Loan balance as at 30/06/15 \$
Dr Ian Burston	2,100,000	-	(2,100,000)	-	82,132	-
Kevin Joseph	1,680,000	-	(1,680,000)	-	65,706	-
Joe Ariti	1,680,000	-	(1,680,000)	-	65,706	-
Don Carroll	1,680,000	-	(1,680,000)	-	65,706	-
Brian King	1,680,000	-	(1,680,000)	-	65,706	-
Nathan Taylor	1,680,000	-	(1,680,000)	-	65,706	-
Shane Volk	210,000	-	(210,000)	-	8,213	-

* Using a deemed interest rate of 7.76%, reflecting the average interest rate for a Margin Loan (RBA F5 Indicator Lending Rates) for the period

All loans were made pursuant to the company Loan Performance Share Plan and were limited recourse in that the Company accepted the issued Loan Shares in full satisfaction of the loan amount, regardless of the market price of the shares and on 1 January 2015 all of the loans were repaid when each loan recipient transferred their Loan Performance Shares to Kogi Iron EIPT Pty Ltd on instruction from the Company, in full satisfaction of each loan (refer note 24 for details). Interest was not charged on the loans.

The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arm's-length basis.

No write-downs or allowances for doubtful receivables have been recognised in relation to key management personnel.

(m) Other transactions with key management personnel

On 22 July 2014, each of the director loans set out below was converted into fully paid ordinary shares of the company at \$0.03 per share, as detailed in the entitlement offer Prospectus issued by the company on 17 June 2014.

Lender	Loan Date	Principal amount (\$)	Interest rate	Last Repayment date	Establishment fee	Security	Amount outstanding 30 June 2014 (\$)
Dr Ian Burston	5-May-2014	200,000	0%	4-May-2015	Nil	Nil	200,000
Giuseppe (Joe Ariti)	5-May-2014	50,000	0%	4-May-2015	Nil	Nil	50,000
Don Carroll	5-May-2014	25,000	0%	4-May-2015	Nil	Nil	25,000
Nathan Taylor	5-May-2014	25,000	0%	4-May-2015	Nil	Nil	25,000

There have been no other transactions with any key management personnel during the period of this report.

This concludes the remuneration report, which has been audited

Shares under option

Unissued ordinary shares of Kogi Iron Limited under option at the date of this report are as follows:

Date options issued	Expiry Date	Exercise price	Number under option
18 - 28 July 2015	31 May 2017	\$0.08	102,704,606

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

No options were granted to the directors or any of the five highest remunerated officers of the company since the end of the financial year.

Shares issued on the exercise of options

No ordinary shares of Kogi Iron Limited were issued during the year ended 30 June 2015 on the exercise of options and no further share have been issued from the exercise of options since 30 June 2015 up to the date of this report.

Mineral Resource Statement and Mineral Resource Ore Reserve Estimation Governance Statement

Kogi Iron Limited ensures that its Mineral Resource and Ore Reserve estimates are subject to appropriate levels of governance and internal controls. Mineral Resource and Ore Reserve estimation procedures are well established and are subject to periodic systematic peer and technical review by competent and qualified professionals.

Kogi Iron reviews and reports its Mineral Resource and Ore Reserve estimates at a minimum on an annual basis, and in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. The most recent annual review for the year ended 30 June 2014 has not identified any material issues.

The table below sets out Mineral Resources and Ore Reserves comparatives as at 30 June 2015 and 30 June 2014.

Mineral Resources (JORC 2012) as at 30 June 2015			Mineral Resources (JORC 2012) as at 30 June 2014	
Classification	Tonnes (Mt)	Fe (%)	Tonnes (Mt)	Fe (%)
Zone A (Laterite Mineralisation)				
Indicated	147.5	33.2	147.5	33.2
Inferred	33.9	31.7	33.9	31.7
Total Indicated + Inferred (Zone A)	181.4	32.9	181.4	32.9
Zone B (Oolitic Mineralisation)				
Indicated	318.7	45.2	318.7	45.2
Inferred	86.3	44.7	86.3	44.7
Total Indicated + Inferred (Zone B)	405.0	45.1	405.0	45.1
Combined Zone A and Zone B				
Total Indicated	466.2	41.4	466.2	41.4
Total Inferred	120.1	41.1	120.1	41.1
Total Indicated + Inferred	586.3	41.3	586.3	41.3

20% Fe lower cutoff is applied

Ore Reserves (JORC 2012) as at 30 June 2015			Ore Reserves (JORC 2012) as at 30 June 2014	
Classification	Tonnes (Mt)	Fe (%)	Tonnes (Mt)	Fe (%)
Probable	-	-	205	45.7

Competent Person's Statements

The information in this report that relates to the Mineral Resource for the Agbaja Project as at 30 June 2015 and 30 June 2014 is based on information compiled by David Slater, formerly Principal Resource Geologist of Coffey Mining who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and by Dr Warwick Crowe, of International Geoscience who is a Member of the Australian Institute of Geoscientists. Both David Slater and Dr Warwick Crowe have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The information is extracted for the ASX announcement entitled "Mineral Resources at Agbaja Increase 20% to 286MT" includes an Indicated Resource of 466MT" on 10 December 2013 and is available to view on the Company web site www.kogiron.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of the estimated Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to Mineral Reserves for the Agbaja Project as at 30 June 2014 is based on information compiled by Mr Harry Warries who at that time was employed by independent international mining consultancy Coffey Mining and who is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Ore Reserves and Ore Reserves'. The information is extracted for the ASX announcement entitled Maiden 205 million tonne ore reserve at Agbaja on 4 March 2014 and is available to view on the Company web site www.kogiron.com.

Insurance of officers

During the financial year, Kogi Iron Limited paid a premium of \$18,370 (inclusive of GST) (2014:\$18,370) to insure the directors, secretary and officers of the company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers of their position or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

Kogi Iron Limited has agreed to indemnify their auditors, BDO Audit (WA) Pty Ltd, to the extent permitted by law, against any claim by a third party arising from Kogi Iron Limited's breach of their agreement. The indemnity stipulates that Kogi Iron Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

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 2015 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 (2014: Nil).

Officers of the company who are former audit partners of BDO Audit (WA) Pty Ltd

There are no officers of the company who are former audit partners of BDO Audit (WA) Pty Ltd.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's independence declaration

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

Auditor

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

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

On behalf of the directors



Ian Burston
Non-Executive Chairman
30 September 2015

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF KOGI IRON LIMITED

As lead auditor of Kogi Iron Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 30 September 2015

KOGI IRON LIMITED

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2015

The Board of Directors of Kogi Iron Limited ("KFE") is committed to conducting the company's business in accordance with the highest standards of corporate governance. The Board is responsible for the Company's Corporate Governance and the governance framework, policy and procedures, and charters that underpin this commitment. The Board ensures that the Company complies with the corporate governance requirements stipulated in the Corporations Act 2001 (Cth), the ASX Listing Rules, the constitution of the Company and any other applicable laws and regulations.

The table below summarises the Company's compliance with the ASX Corporate Governance Councils Corporate Governance Principles and Recommendations (3rd Edition), in accordance with ASX Listing Rule 4.10.3.

Principles and Recommendations		Disclosure	Comply
Principle 1 – Lay solid foundations for management and oversight			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	These matters are disclosed in the company's Board Charter, which is available on the Company's website	Complies
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (c) provide security holders with all material information in its possession relevant to a decision on whether to not to elect or re-elect a director	When a requirement arises for the selection, nomination and appointment of new directors, the Board forms a sub-committee that is tasked with this process, and includes undertaking appropriate checks and any potential candidates. When directors retire and nominate for re-election, the Board does not endorse a director who has not satisfactorily performed their role.	Complies Complies
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The company executes a letter of appointment with each director and services agreements with senior executives.	Complies
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair; on all matters to do with the proper functioning of the board.	The Company Secretary reports to the chair of the board on all matters to do with the proper function of the board.	Complies
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objective for achieving gender diversity set by the boards or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.	Due to its size and limited scope of operations, the company does not currently have a diversity policy. As the company's activities increase in size, scope and/or nature, the board will consider the appropriateness of adopting a diversity policy.	Does not comply

KOGI IRON LIMITED

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2015

Principles and Recommendations	Compliance	Comply
1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Currently, the Board does not formally evaluate the performance of the Board and individual directors, however the Board Chairman provides informal feedback to individual Board members on their performance and contribution to Board meetings, on an ongoing basis.	Does not comply
1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	There is provision for the evaluation of the performance of the company's executive director – Mr. Kevin Joseph, and this evaluation is periodically performed by the Chairman – Dr Ian Burston.	Complies

Principle 2 – Structure the board to add value

2.1 A listed entity should: (a) have a nomination committee which; (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Due to its size and limited scope of operations, the company does not currently have a nomination committee, however board sub-committees are formed, as required, to manage matters that would normally be dealt with by a formally constituted nomination committee, as was the case with the search and appointment of the previous managing director. As the company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a nomination committee.	Does not comply
2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	A copy of the board skill matrix is appended to this Corporate Governance Statement.	Complies
2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; and (b) if a director has an interest, position, association or relationship of the type described in Box .2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Mr Brian King is considered by the board to be an independent director and this is disclosed on the company web site and in its annual and half-yearly director reports. The length of service of each director is disclosed in the company's annual and half yearly director reports and in notices of meetings when directors are nominated for re-election.	Complies

KOGI IRON LIMITED

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2015

Principles and Recommendations	Compliance	Comply
2.4 A majority of the board of a listed entity should be independent directors.	Mr Brian King is the only independent member of the company's board.	Does not comply however the board is of the view that the skills and experience of the directors allow the board to act in the best interests of shareholders and is appropriate for the size of the company.
2.5 The chair of the board of a listed entity should be an independent director and, in particular; should not be the same person as the CEO of the entity.	Dr Ian Burston is the Chairman and is not an independent non-executive director.	Does not comply, however the board is of the view that this is appropriate for the company, considering its size and stage of development.
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively	There is no formalised policy in place however when a new director is appointed the Board will provide ample induction into the entity and Board members are encouraged to develop their skills.	Does not comply, however the board is of the view that this is appropriate for the company, considering its size and stage of development.

Principle 3 – A listed entity should act ethically and responsibly

3.1 A listed entity should: (a) have a code of conduct of its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The company code of conduct is available on the company web site.	Complies
--	---	----------

Principle 4 – Safeguard integrity in corporate reporting

4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director; who is not the chair of the board, and disclose (3) the relevant qualifications and experience of the members of the committee; and (4) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotations of the engagement partner.	Due to its size and limited scope of operations, the company does not currently have an audit committee, however the auditors do meet with the full board, without management present to its audit report and any other matters that have arisen during its audit work. As the company's activities increase in size, scope and/or nature, the board will consider the appropriateness of an audit committee.	Does not comply, however the auditors do meet with the full board without management present.
--	--	---

KOGI IRON LIMITED

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2015

4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management, and internal control which is operating effectively.	The Board does receive a statement signed by the company secretary, who is responsible for maintaining the financial records.	Complies
Principles and Recommendations		Compliance	Comply
4.3	A listed entity that has an Annual General Meeting (AGM) should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit,	The company's auditors are present at the Annual General Meeting	Complies
Principle 5 – Make timely and balanced disclosure			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The company does have a Continuous Disclosure policy, which is available on the company web site.	Complies
Principle 6 – Respect the rights of security holders			
6.1	A listed entity should provide information about itself and its governance to investor via its website.		Complies
6.2	A Listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The company encourages all investors or potential investors to communicate with the company via its web site.	Complies
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The company Shareholder Communication Policy is available on the company web site.	Complies
6.4	A listed entity should give security holder the option to receive communications from, and send communication to the entity and is security registry electronically.	Security holder can elect to receive communications from the company electronically either by contacting the Company's share registrar, or the company directly.	Complies

KOGI IRON LIMITED

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2015

Principal 7 – Recognise and manage risk			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which:: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Due to its size and limited scope of operations, the company does not currently have a risk committee, however management does present and discuss risk with the full board, As the company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a risk committee.	Does not Comply
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	The board reviews the company's risk management framework at least annually and disclose this in each periodic report.	Complies

KOGI IRON LIMITED

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2015

Principles and Recommendations	Principles and Recommendations	Principles and Recommendations
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The company does not have an internal audit function.	Does not comply
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The company does make these disclosures	Complies

Principle 8 – Remunerate fairly and responsibly

8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Due to its size and limited scope of operations, the company does not currently have a remuneration committee. As the company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a remuneration committee.	Does not Comply
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive director and other senior executive.	The company discloses its practices in relation to the remuneration of non-executive directors and senior executives in its annual remuneration report.	Complies
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it	The company's Security Trading Policy obliges all directors, officers and employees of the company to advise the company, via the company secretary, or any securitisation of company securities. A copy of the policy is available on the company's web site. As at the date of this statement the company secretary has not been advised by an officer or employee of the Company of any securitisation of company securities that they own.	Complies

As the company's activities increase in size, scope and/or nature, the company's corporate governance principles will be reviewed by the Board and amended as appropriate.

Further details of the company's corporate governance policies and practices are available on the Company's website at www.kogiiron.com.

KOGI IRON LIMITED

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2015

Board experience, skills and attributes matrix

Experience, skills and attributes	Kogi Iron Limited Board
<i>Total directors</i>	4
Experience	
Corporate leadership	4
International experience	4
Resources Industry experience	4
Other board level experience	3
Capital projects experience	4
Equity and debt raising / capital markets	3
Iron Ore and/or bulk commodity experience	3
Knowledge and skills	
Legal	-
Minerals and/or chemicals processing	3
Engineering and project development	3
Finance and Accounting	-
Tertiary qualifications	
Law	-
Engineering	3
Commerce/Business	-

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2015



Contents

Financial statements:

Consolidated statement of profit or loss and other comprehensive income	28
Consolidated statement of financial position	29
Consolidated statement of changes in equity	30
Consolidated statement of cash flows	31
Notes to the consolidated financial statements	32
Directors' declaration	60
Independent auditor's report to the members of Kogi Iron Limited	61

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 20.

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:

Suite 23, Lincoln House
4 Ventnor Avenue
West Perth
WA 6005

The financial statement were authorised for issue by the directors on 26 September 2015. The directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at our Investor Centre on our website: www.kogiiron.com.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015



	Note	30/06/2015 \$	30/06/2014 \$
Revenue from continuing operations			
Interest income	2	13,587	18,231
Other Income			
Unrealised gain on fair value movement on financial assets	2	99,999	30,556
Other Income	2	462	-
Total Income		114,048	48,787
Expenses			
Accounting and audit fees		(81,367)	(101,983)
Consultancy fees		(121,365)	(205,207)
Travel and accommodation		(129,507)	(123,830)
Corporate expenses		(178,495)	(265,824)
Director & employee expenses	3	(344,565)	(1,123,779)
Reversal of share based payment expense	24	1,934,600	1,327,229
Legal fees		(62,653)	(85,267)
Occupancy		(57,809)	(233,510)
Realised Profit/(loss) on close out of financial assets		(117,085)	-
Impairment - exploration and evaluation expenditure		(33,476,239)	-
Exploration Expense – Relinquished Tenements		(27,727)	-
Other expenses	4	(14,690)	(23,437)
Loss before income tax expense		(32,562,854)	(786,821)
Income tax benefit	11	9,387,621	-
Profit/(loss) from continuing operations		(23,175,233)	(786,821)
Loss attributable to the owners of Kogi Iron Limited		(23,175,233)	(786,821)
Other comprehensive income		-	-
Items that may be reclassified to the profit and Profit/(loss) account:		-	-
Exchange differences on translation of foreign operations		(2,152,840)	(1,408,348)
Total comprehensive Loss for the year attributable to the owners of Kogi Iron Limited		(25,328,073)	(2,195,169)
Overall Operations			
Basic loss per share (cents per share)	26	(0.062)	(0.003)
Diluted earnings (loss) per share (cents per share)		n/a	n/a

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015



	Note	30/06/2015 \$	30/06/2014 \$
Assets			
Current assets			
Cash and cash equivalents	6	541,336	117,021
Trade and other receivables	7	8,102	256,070
Financial assets at fair value through profit and loss	5	508,333	354,166
Total current assets		1,057,771	727,257
Non-current assets			
Financial assets as fair value through profit and loss	5	-	526,390
Property, plant and equipment	8	40,448	148,141
Exploration and evaluation expenditure	9	6,100,000	40,962,894
Total non-current assets		6,140,448	41,637,425
Total assets		7,198,219	42,364,682
Liabilities			
Current Liabilities			
Trade and other payables	10	672,587	651,092
Borrowings		-	300,000
Total current Liabilities		672,587	951,092
Non-current liabilities			
Deferred Tax Liability		-	9,387,621
Total non-current liabilities		-	9,387,621
Total liabilities		672,587	10,338,713
Net Assets		6,525,632	32,025,969
Equity			
Contributed Equity	12	60,298,977	58,536,640
Reserves	13	1,526,679	5,614,119
Accumulated losses		(55,300,024)	(32,124,790)
Total Equity		6,525,632	32,025,969

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2015



	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total \$
Consolidated				
Balance at 1 July 2013	55,252,931	(33,370,157)	10,381,883	32,264,658
Loss for the year	-	(786,821)	-	(786,821)
Foreign exchange movement	-	-	(1,408,348)	(1,408,348)
Total comprehensive loss as reported at 30 June 2014	-	(786,821)	(1,408,348)	(2,195,169)
Contributions of equity, net of transaction costs	3,283,709	-	-	3,283,709
Loan Performance Shares	-	-	(1,327,229)	(1,327,229)
Transfer to retained earnings	-	2,032,187	(2,032,187)	-
Balance at 30 June 2014	58,536,640	(32,124,791)	5,614,119	32,025,969
Consolidated				
Balance at 1 July 2014	58,536,640	(32,124,791)	5,614,119	32,025,969
Loss for the year	-	(23,175,233)	-	(23,175,233)
Foreign exchange movements	-	-	(2,152,840)	(2,152,840)
Total comprehensive loss as reported at 30 June 2015	-	(23,175,233)	(2,152,840)	(25,328,073)
Share based payment	-	-	(1,934,600)	(1,934,600)
Contributions of equity, net of transaction costs	1,762,337	-	-	1,762,337
Balance at 30 June 2015	60,298,977	(55,300,024)	1,526,679	(6,525,632)

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 2015



	Note	30/06/2015 \$	30/06/2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(883,880)	(1,964,536)
Interest received		13,008	19,890
Net cash (outflow) from operating activities		(870,872)	(1,944,646)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		-	(1,687)
Proceeds from sale of assets		12,012	1,863
Payments for exploration		(920,050)	(2,564,808)
Loans to/(from) other parties		-	300,000
Research and Development tax refund received		235,741	357,008
Net cash (outflow) from investing activities		(672,297)	(1,907,624)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,719,755	3,225,299
Payment of share issue costs		(107,418)	(91,591)
Acquisition of financial assets at fair value through profit and loss		-	(850,000)
Receipts from settlement of equity swaps		355,147	-
Net cash inflow financing activities		1,967,484	2,283,708
Net increase/(decrease) in cash and cash equivalents held		424,315	(1,568,562)
Cash and cash equivalents at beginning of financial year		117,021	1,693,500
Effects of exchange rate changes on cash and cash equivalents		-	(7,917)
Cash and cash equivalents at end of year	6	541,336	117,021

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

1. Significant changes in the current reporting period

For discussion about the group's performance and financial position please refer to our review of operations on page 4.

Note 2. Revenue

	2015 \$	2014 \$
From continuing operations		
Interest received	13,587	18,231
Other income		
Unrealised gain on financial assets at fair value through profit and loss	99,999	30,556
Other income	462	-
Total Income	114,048	48,787

Note 3. Director and employee expenses

	2015 \$	2014 \$
Salaries and wages	-	618,568
Superannuation contributions	-	52,183
Director fees	340,000	340,000
Recruitment costs	-	101,869
Other	4,565	11,159
Total	344,565	1,123,779

Note 4. Other expenses

	2015 \$	2014 \$
Loss on disposal of assets	2,870	5,459
Bank fees and charges	863	1,988
Depreciation expense	10,957	15,732
Foreign exchange gain/loss	-	258
Total	14,690	23,437

Note 5. Financial Assets at fair value through profit and loss

	2015 \$	2014 \$
Financial assets at fair value through profit and loss		
Interest received		
- current	508,333	354,166
- non-current	-	526,390
Total	508,333	880,556
Financial assets at fair value at beginning of period	880,556	850,000
Settled during the period	(355,137)	-
Realised profit (loss) during the period	(117,085)	-
Unrealised gain - financial assets at fair value through profit and loss	99,999	30,556
Total	508,333	880,556

Note 5. Financial Assets at fair value through profit and loss (Continued)

On 16 June 2014 the company entered into agreements for the acquisition of 18 equity swaps for total consideration of \$850,000 (\$47,222 per equity swap), the transaction closed on 7 July 2014.

The equity swaps settle on a monthly basis over 18 months, commencing 7 September 2014, with one swap settling each month. The monthly settlement amount payable to the company by the counter-party is determined by an independent settlement agent with the amount due calculated via reference to the average of the volume weighted average price of the company's shares as traded on the Australian Securities Exchange on the settlement date, and the four preceding days, to the reference price of \$0.04. Each one cent difference from the reference price results in an approximate 25% premium or discount to the amount received by the company for the swap at settlement (see note 19 for additional details).

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

The fair value of the equity swaps at 30 June 2015 was independently calculated using Monte Carlo simulation model that took into account the company share price at the valuation date, the expected company share price volatility over the period of the equity swaps, the expected life of the equity swaps and the expected dividends over the life of the equity swaps, as described in more detail below.

Equity swap valuation model:	As the equity swap is linked to the expected share price of the company's shares at the time of each swap, a Monte Carlo simulation model has been used to determine the expected share price at the time of each swap. The valuation method adopted uses the following inputs which were taken from publicly available information relating of the company's share price at the time of valuation, share price history of the company, and the terms and conditions of the equity swaps.
Share price at time of valuation:	The time of valuation is the day on which the equity swaps are being measured, which is the end of the reporting period or 30 June 2015. The share price at the time of measurement was \$0.055.
Expected life of equity swaps:	The expected life of the equity swaps was taken to be the full period of time from grant date to expiry/exercise date. While there may be an adjustment made to take into account any expected early or deferred exercise of the equity swaps or any variation of the expiry date by the company, there is no past history that either of these factors would warrant an exercise of the equity swaps at dates different from those agreed upon, and no other factors which would indicate that this would be a likely occurrence. Therefore, no adjustment to the expected expiry dates of the equity swaps has been made.
Share price volatility:	The company has a long history of share transactions by which to gauge the company's share price volatility, and this data provided some indication of the expected future volatility of the company's share price. The share price volatility over the prior 18 months was 125.69%. Due to the company's historical share price movements, and the relative percentage of each movement against the share price, it is expected that this volatility will not change significantly over the life of the equity swaps. Therefore a volatility of 125.69% was used as the expected future share price volatility over the life of the equity swaps.
Expected dividends:	The company has not declared dividends in the past, and does not expect to declare dividends in the period of the equity swaps. As a result, no adjustment has been made to the pricing of the equity swaps to take into account payment of dividends, to reflect the expectation that dividends are not expected to be declared over the period of the life of the equity swaps.
Monte Carlo simulation:	Upon reviewing the factors to be taken into account and the variables to be calculated, it is considered that a Monte Carlo Simulation is the most relevant methodology to calculating the value of the equity swaps, and the resultant valuation of the equity swaps for the purposes of disclosing financial instruments in these financial statements was in accordance with AASB 139 Financial Instruments: Recognition and Measurement:
Fair Value:	The fair value of the equity swaps at 30 June 2015 was estimated as \$508,333 and the difference between the determined fair value of the equity swaps and the purchase price of the remaining swaps (\$377,778) has been taken to the profit and loss account of the company and stated as an unrealised gain (or loss) for the period. For the period ended 30 June 2015 the company has recognised an amount of \$99,999 as an unrealised gain on the fair value of the equity swaps.

Note: The price of the company's shares as traded on the ASX post 30 June 2015 has been less than \$0.055 per share, which was the share price that was used to determine the fair value of the equity swaps as at 30 June 2015. Consequently, whilst the price of the company's shares remains at less than \$0.055, the amount that the company will actually receive on a monthly basis upon settlement of the remaining equity swaps will be less than the 30 June 2015 fair value estimate for the swaps, an estimate of the financial impact cannot be made due to the fluctuation of the company's share price.

Refer to note 19 of these financial statements for level of hierarchy disclosure.

Note 6. Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank and on term deposit	541,336	117,021
	541,336	117,021
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	541,336	117,021
Total	541,336	117,021

Refer to note 19 for the group's exposure to interest rate risk. Credit risk is limited to the carrying amount of cash and cash equivalents above

Notes to the consolidated financial statements

30 June 2015



Note 7. Trade and other receivables

Research and Development tax refund
GST refundable
Sundry Debtors
Bond – office premises
Receivable – share placement

2015	2014
\$	\$
-	-
7,523	17,050
579	52,260
-	36,760
-	150,000
8,102	256,070

Note 8. Property, plant and equipment

Balance at 1 July 2013

Additions
Disposals
Depreciation expense

Balance at 30 June 2014

Additions
Disposals
Depreciation expense

Balance at 30 June 2015

Motor vehicles	Office plant & Equipment	Office Furniture & Fittings	TOTAL
\$	\$	\$	\$
155,469	68,846	22,415	246,730
-	7,084	1,687	8,771
-	(1,636)	(8,072)	(9,708)
(72,326)	(21,976)	(3,350)	(97,652)
83,143	52,318	12,680	148,141
-	-	-	-
-	(2,063)	(10,357)	(12,420)
(72,393)	(21,656)	(1,224)	(95,273)
10,750	28,599	1,099	40,448

Note 9. Exploration and evaluation expenditure

Balance at beginning of period

Exploration and evaluation expenditure
Impairment of exploration and evaluation expenditure
Research and development tax refund
Foreign exchange movement

Balance at end of period

2015	2014
\$	\$
40,962,894	40,316,248
964,143	2,400,363
(33,476,239)	-
(235,741)	(357,008)
(2,115,057)	(1,396,709)
6,100,000	40,962,894

Note

The carrying value of the Group's projects was reviewed, and impairment recognised, where the facts and circumstances identified the carrying amount to be greater than the recoverable amount.

While the results of the Pre-feasibility Study on the Iron Ore project in Kogi, Nigeria were positive at the time of its completion in March 2014, the changes in macro-economic circumstances including the substantial decline in the International iron ore price since then has required revision to the iron ore export project proposed in the Pre-feasibility Study.

Minimal exploration is planned for the iron ore project in Kogi. The fair value of the exploration and evaluation assets have been determined, for the purpose of impairment testing, by reference to an offer received from a local Nigerian firm to acquire 100% of the iron ore project and the market capitalisation (number of shares on issue multiplied by the quoted market price per share) of the Group on ASX, adjusted for the net assets at reporting date of the Group (\$425,632) excluding exploration and evaluation assets.

In the current economic climate, the Directors believe it is prudent to align the carrying value of the Group's exploration and evaluation assets to a received third party offer of the project and the market value of the Group as it is perceived by the financial markets (ASX). The Directors consider the carrying value as noted is a fair indication of the potential disposal value of the Group's projects in the current market.

Given access to new equity funding has been negatively impacted by the current economic climate, the capital markets and the recent significant reduction in the price of iron ore, the Group's ability to advance its projects through further exploration or exploitation has been significantly reduced. As a result the Director's believe market value to be a reliable measurement methodology.

Note 10. Trade and other payables

CURRENT - unsecured liabilities

Trade & other payables
Accrued director fees (Refer Note)
Other accrued expenses
PAYG withholding
Superannuation contributions payable
Other accrued expenses
Total key management personnel compensation

2015	2014
\$	\$
63,505	177,585
589,848	170,000
19,235	186,076
-	103,139
-	11,292
-	3,000
672,587	651,092

Note

During February 2015, each non-executive director of Kogi Iron Limited, except for Mr Nathan Taylor, entered into an individual letter agreement with the Company which acknowledged that individual director fees have been accruing as payable on a monthly basis since 1 January 2014, but have not been paid. Each director that executed a letter agreement acknowledged that their individual director fees would continue to accrue as payable each month and will continue to remain unpaid until a value realisation event occurs for the Agbaja project or the company, and furthermore that the accrued director fees may only be paid following a value realisation event, but only to the extent that the payment of the accrued fees will not give rise to, or be likely to give rise to, an insolvency event for the Company. As at the reporting date the amount of accrued director fees payable to directors that have executed the letter agreement is \$420,000 and the value of accrued director fees payable to Mr Taylor is \$90,000. In addition, the payment of executive director Mr Kevin Joseph's month remuneration was reduced by US\$5,000 per month from August 2014 and by US\$7,500 per month from March 2015 as an additional measure for the Company to conserve cash, as at the reporting date the sum of the accrued and unpaid remuneration owed to Mr Joseph is US\$65,000.

Note 11. Income tax expense

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

Loss from continuing operations before income tax expense
Tax at the Australian tax rate of 30% (2014: 30%)
Tax effect of amounts that are not deductible /(taxable) in calculating taxable income
Non-deductible share based payments
Capitalised exploration and evaluation
Income tax benefit not recognised
Income tax benefit

2015	2014
\$	\$
(32,562,854)	(786,821)
(9,768,856)	(236,046)
(580,380)	(398,169)
60,392	(493,697)
901,223	1,127,912
9,387,621	-

(b) Tax losses

Unused tax losses for which no deferred tax assets has been recognised
Potential tax benefit at 30%

14,117,907	15,102,406
4,235,372	4,530,722

(c) Unrecognised temporary differences

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

Deferred tax assets

Tax losses ⁽ⁱ⁾	14,117,907	15,102,406
Other	131,307	131,307

(d) Deferred tax liabilities

Opening balance

Deferred tax expense/(benefit)	9,387,621	9,387,621
--------------------------------	-----------	-----------

Net deferred tax liabilities

(9,387,621)	-
-	9,387,621

(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.

The Company has deemed that it will not be able to use all of the income tax losses due to the change in the beneficial ownership of the Company and the failure of the same business test, as the losses incurred by the Company prior to the acquisition of its interests in KCM Mining Holdings Pty Ltd and KCM Mining Limited, which finalised on 17 February 2012.

Note 12. Contributed Equity

(a) Share Capital

Ordinary shares, fully paid

(b) Other equity securities:

Value of conversion rights – convertible notes

Total Contributed Equity

(c) (i) Ordinary shares

At the beginning of the reporting period

Shares issued during the year

Transaction costs relating to share issues

At the end of the reporting date

2015	2014
\$	\$
60,075,121	58,312,784
223,856	223,856
60,298,977	58,536,640
58,312,784	55,029,075
1,921,138	3,425,300
(158,801)	(141,591)
60,075,121	58,312,784

Note 12. Contributed Equity (continued)

(c) (ii) Movements in Ordinary Share Capital

Date	Details	No. of shares	Issue price	Value
31-Dec-13	Balance	320,198,563		59,641,010
25-Jun-14	Issue	40,333,333	0.03	1,210,000
30-Jun-14	Balance	360,531,896		60,851,010
22-Jul-14	Issue	40,376,156	0.03	1,211,284
29-Jul-14	Issue	8,997,117	0.03	269,914
08-Jul-14	Issue	14,664,667	0.03	439,940
18-Mar-15	Cancellation	(46,900,000)	Nil	Nil
	Less transaction costs			(2,697,027)
At reporting date		377,669,836		60,075,121

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

At the beginning of the reporting period

Shares issued during the reporting period

Shares cancelled during the reporting period

At reporting date

30/06/2015	30/06/2014
(number of shares)	(number of shares)
360,531,896	288,084,126
64,037,940	72,447,770
(46,900,000)	-
377,669,836	360,531,896

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

At the beginning of the reporting period

Options issued during the period:

Options exercised during the period

Options lapsed during the period

At reporting date

2015	2014
(number of options)	(number of options)
-	15,020,002
102,704,606	-
-	-
-	(15,020,002)
102,704,606	-

Note 13. Reserves

	2015	2014
	\$	\$
Share based payments reserve	1,343,561	3,278,161
Foreign currency translation reserve	183,118	2,335,958
	1,526,679	5,614,119
Movements:		
Share based payments reserve		
Balance at beginning of period	3,278,161	4,605,390
Fair value adjustment, based on probability of vesting conditions being achieved	(1,934,600)	(1,327,229)
Balance at end of period	1,343,561	3,278,161
Foreign currency translation reserve		
Balance at beginning of period	2,335,958	3,744,306
Currency translation differences arising during the period	(2,152,840)	(1,408,348)
Balance at end of period	183,118	2,335,958
Total Reserves	1,526,679	5,614,119

(a) Nature and Purpose of Reserves

(i) Share based payment reserve

The share based payments reserve is used to record the fair value of shares issued by the consolidated entity to directors as part of remuneration and to consultants 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 14. 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:

	2015	2014
	\$	\$
Short-term employee benefits	683,619	1,393,387
Post-employment benefits	-	41,509
Share based payments (Loan Performance Shares)	(1,900,616)	(1,433,364)
Total key management personnel compensation	(1,216,997)	1,532

Note 15. Segment Reporting

The company has adopted AASB 8 Operating Segments from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the managing director who makes strategic decisions).

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

Segment information

Segment information for the 12 months ended 30 June 2015 is as follows:

2015	Exploration and Evaluation	Total
Segment revenue		
Interest Income	13,587	13,587
Total segment revenue/income	13,587	13,587
Segment result		
Profit (loss) after income tax	(23,175,233)	(23,175,233)
Segment assets		
Cash and cash equivalents	541,336	541,336
Exploration and evaluation	6,100,000	6,100,000
Property, plant and equipment	40,448	40,448
Other assets	516,435	516,435
Total assets	7,198,219	7,198,219
Segment liabilities		
Trade and other payables	672,587	672,587
Provisions	-	-
Deferred tax liability	-	-
Total Liabilities	672,587	672,587

2014	Exploration and Evaluation	Total
Segment revenue		
Interest Income	18,231	18,231
Total segment revenue/income	18,231	18,231
Segment result		
Loss after income tax	(786,821)	(786,821)
Segment assets		
Cash and cash equivalents	117,021	117,021
Exploration and evaluation	40,962,894	40,962,894
Property, plant and equipment	148,141	148,141
Other assets	1,136,626	1,136,626
Total assets	42,364,682	42,364,682
Segment liabilities		
Trade and other payables	951,092	951,092
Deferred tax liability	9,387,621	9,387,621
Total Liabilities	10,338,713	10,338,713

16. Cash flow information

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

	2015 \$	2014 \$
Profit/(Loss) after income tax	(23,175,233)	(786,821)
Cash flows excluded from profit attributable to operating activities		
Research & Development Refund	235,741	357,008
Fair value gain/loss on financial assets at fair value through profit and loss	(99,999)	(30,566)
Deferred income tax benefit	(9,387,621)	-
Non-cash flows in profit from ordinary activities		
Impairment – Exploration and Evaluation	33,476,239	-
Depreciation	10,957	15,732
Share based payments	(1,934,600)	(1,327,229)
Changes in assets and liabilities,		
(Increase)/decrease in receivables	282,149	26,702
Increase/(decrease) in payables	21,495	(199,472)
Increase/(decrease) in borrowings	(300,000)	-
Cash flow used in operations	(870,872)	(1,944,646)

Non-cash investing and financing activities

	2015 \$	2014 \$
Equity issued for capital raising services	51,353	50,000
	51,353	50,500

Full details of each of the above non-cash investing and financing activities is contained in note 24 – Share Based Payments

17. Commitments

Future exploration

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

Annual licence fees of \$12,833 (2014:\$17,872) are payable to the government of Nigeria for the Exploration Licences that the group plans to retain in the next 12 months.

Operating leases

Office Premises

The company leases office premises in West Perth, Western Australia and Agbaja, Nigeria. The Perth office lease is on a month to month basis and the Agbaja office lease is for a period of 4 years, expiring 30 April, 2016. Annual commitments payable under these leases are:

2015/16 \$1,150

The group has no other operating lease commitments.

Contractual capital commitments

There are no contractual capital commitments.

18. Events subsequent to balance date

Since the end of the reporting period the following directors and key management personnel have ceased with the company:

Nathan Taylor	ceased 3 July 2015
Giuseppe (Joe) Ariti	ceased 27 August 2015
Shane Volk	ceased 1 September 2015

Since the end of the reporting period Mr Piers Lewis was appointed Company Secretary (1 September 2015).

19. Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including interest rate 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.

Financial Instruments

On 16 June 2014 the company entered into agreements for 18 equity swaps for total consideration of \$850,000 (\$47,222 per equity swap), the transaction closed on 7 July 2014.

The equity swaps settle on a monthly basis over 18 months, commencing 7 September 2014, with one swap settling each month. The monthly settlement amount payable to the company by the counter-party is determined by an independent settlement agent with the amount due calculated via reference to the average of the volume weighted average price of the company's shares as traded on the ASX on the settlement date, and the four preceding days, to the reference price of \$0.04. Each one cent difference from the reference price results in an approximate 25% premium or discount to the amount received by the company for the swap at settlement.

The fair value of the equity swaps at balance date (30 June 2015) was independently determined as \$508,333 (refer to note 5 for details).

The group does not use derivative financial instruments, however the group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks, aging analysis for credit risk.

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

The group holds the following financial instruments:

Financial assets

Cash and cash equivalents

Trade and other receivables

Financial assets at fair value through profit and loss

Financial liabilities

Trade and other payables

Borrowings

	2015 \$	2014 \$
Cash and cash equivalents	541,336	117,021
Trade and other receivables	8,102	256,070
Financial assets at fair value through profit and loss	880,556	508,333
	1,429,994	727,257
Trade and other payables	672,587	651,092
Borrowings	-	300,000
	672,587	951,092

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

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

It is, and has been throughout the period under review, with the exception of the purchase of the equity swaps described in note 5 and above, the group's policy that no trading in financial instruments shall be undertaken. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

Foreign currency risk

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

The group also has transactional currency exposures. Such exposure arises from purchased 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 arises from cash and cash equivalents held, due to the small amount of funds on hand at balance date. The group does not have any deposits, but does have funds 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.

19. Financial risk management (continued)

The following sets out the group's exposure to interest rate risk for term deposits held by the group, including the effective weighted average interest rate by maturity periods:

30 June 2015	Note	Weighted average interest rate	1 year or less \$	2-5 years \$	Total \$
Financial assets					
Cash and cash equivalents	6	n/a	-	-	-
Total			-	-	-

30 June 2014	Note	Weighted average interest rate	1 year or less \$	2-5 years \$	Total \$
Financial assets					
Cash and cash equivalents	6	n/a	-	-	-
Total			-	-	-

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 19.

Share price risk – financial assets at fair value through profit and loss

The monthly settlement amount payable to the company by the equity swaps counter-party is determined by an independent settlement agent with the amount due calculated via reference to the average of the volume weighted average price of the company's shares as traded on the Australian Securities Exchange on the settlement date, and the four preceding days, to the reference price of \$0.04. Each one cent difference from the reference price results in an approximate 25% premium or discount to the amount received by the company for the swap at settlement.

The table below sets out the range of settlement amounts that can be expected to be received by the company, at each monthly equity swap settlement date, against the average of the volume weighted average share price of the company's shares as traded on the Australian Securities Exchange on the settlement date and the four preceding days.

5 day VWAP	\$0.02	\$0.025	\$0.03	\$0.035	\$0.04	\$0.045	\$0.05	\$0.055	\$0.06
Expected Settlement amount	\$23,611	\$29,514	\$35,417	\$41,319	\$47,222	\$53,125	\$59,028	\$64,931	\$70,833

Liquidity risk

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

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

As at reporting date the group had sufficient cash reserves to meet its immediate requirements. The group has no access to credit standby facilities or arrangements for further funding or borrowings in place at balance date and will need to secure additional equity or debt funding to enable it to meet its ongoing requirements.

19. Financial risk management (continued)

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.

At 30 June 2015	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$	\$
Non-derivatives							
Non-interest bearing	672,587	-	-	-	-	672,587	672,587
Variable rate	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-
Total non-derivatives	672,587	-	-	-	-	672,587	672,587

At 30 June 2014	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$	\$
Non-derivatives							
Non-interest bearing	651,092	300,000	-	-	-	951,092	951,092
Variable rate	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-
Total non-derivatives	651,092	300,000	-	-	-	951,092	951,092

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.

Recognised fair value measurements

Exploration and evaluation expenditure capitalised in the balance sheet is now carried at fair value less costs to sell as outlined in Note 9. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measure at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instrument in the three levels prescribed under the accounting standards. An explanation of each level follows:

At 30 June 2015	Note	Level 1 \$'s	Level 2 \$'s	Level 3 \$'s	Total \$'s
Recurring fair value measurements					
Financial Assets					
Financial assets at fair value through profit and loss					
Equity Swaps	5	-	-	508,333	508,333
Total Financial Assets		-	-	508,333	508,333

Note: Refer to note 5 of these financial statements for inputs used in determining the fair value of the level 3 financial instruments.

At 30 June 2014	Note	Level 1 \$'s	Level 2 \$'s	Level 3 \$'s	Total \$'s
Recurring fair value measurements					
Financial Assets					
Available for sale financial assets					
Equity Swaps	5	-	-	880,556	880,556
Total Financial Assets		-	-	880,556	880,556

There were no transfers between levels 1, 2 or 3 for recurring fair value measurements during the year. The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

19. Financial risk management (continued)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

20. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 29. 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. The country of incorporate

Name of entity	Principal activities	Country of incorporation	Ownership interest		Investment at cost	
			2015	2014	2015	2014
KCM Mining Holdings Pty Ltd	Mineral exploration and evaluation studies	Australia	100%	100%	\$17,153,333	\$17,153,333
KCM Mining Limited	Iron ore exploration and associated activities	Nigeria	100%	100%	\$3,204,715	\$3,204,715

21. Dividends

No dividends have been declared or paid during the period

22. Contingent liabilities and expenses

There are no contingent liabilities as at 30 June 2015.

There were no contingent liabilities as at 30 June 2014.

23. Capital commitments

There are no capital commitments as at 30 June 2015 (2014: none).

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2015



Other Information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

<u>Note</u>		<u>Page</u>
24	Share based payments	45
25	Related party transactions	47
26	Earnings per share	49
27	Remuneration of auditors	49
28	Parent entity financial information	49
29	Summary of significant accounting policies	50
30	Critical accounting judgements, estimates and assumptions	58

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2015



24. Share based payments

Capital Raising Services - shares

Year ended 30 June 2015

The company issued 1,712,767 shares at \$0.03 per share (\$51,353) in lieu of cash payments to two consultants for services rendered to the company. The valuation of the shares has been determined based upon the placement price of all shares placed by the company, at arms-length, on that date.

Year ended 30 June 2014

The company issued 1,666,667 shares at \$0.03 per share (total value \$50,000) to an independent service provider, as consideration for capital raising costs. The valuation of the shares was determined based upon the placement price of all shares placed by the company, at arms-length, on that date.

Loan Performance Share Plan

At the 2012 Annual General Meeting of the company, shareholders approved the company Loan Performance Share Plan. The Loan Performance Share Plan is managed by the Board and enables it to issue company shares to executive and non-executive directors, full-time or part-time employees, contractors and consultants of the company or its subsidiaries, as selected by the Board from time to time (**Eligible Persons**) and provide a limited recourse loan to enable the Eligible Persons to purchase the Shares.

The rationale behind the Loan Performance Share Plan is a commitment by the Board to incentivise and retain the company's Eligible Persons in a manner which promotes alignment with Shareholder interests. Additionally, the Board considers equity based incentive compensation an integral component of the company's remuneration platform enabling it to offer market-competitive remuneration arrangements.

The Loan Performance Share Plan is intended to enable Eligible Persons to participate in any increase in the company's value (as measured by share price) beyond the date of allocation of shares under the Loan Performance Share Plan, provided any pre-determined specific performance hurdles are achieved pertaining to vesting of the allocated shares. Where the company offers shares to an Eligible Person under the Loan Performance Share Plan, the company may offer to provide the Eligible Person with a limited recourse, interest free loan to be used for the purpose of subscribing for the shares.

Summary of the Loan Performance Share Plan

Year ended 30 June 2015

No shares were issued pursuant to the Loan Performance Share Plan.

On 9 January 2015 the company announced that 37,500,000 loan shares issued to directors of the Company in December 2012 had been transferred into the Kogi Iron Employee Incentive Trust ("Incentive Trust") because the vesting conditions associated with the loan shares had not been met. 7,500,000 loan shares were transferred into the Incentive Trust by former Managing Director Mr Iggy Tan on 15 August 2014 and 1,900,000 loan shares were also transferred into the Incentive Trust in January 2015 by various consultants to the company due to the vesting conditions associated with their loan shares not being met, making a total of 46,900,000 shares transferred to the Incentive Trust. In accordance with the terms and conditions of the Company Loan Share Plan, the forfeiture proceeds received by each participant (\$0.04 per share) for transfer of their shares to the Incentive Trust were applied in full to the loan provided by the Company to acquire the shares and in full satisfaction of the loan balance.

On 16 March 2015 a General Meeting of shareholders approved the selective share buy-back and cancellation of all 46,900,000 shares from the Incentive Trust. The company announced the subsequent cancellation of the shares on 18 March 2015. The effect of the buy-back and cancellation of shares was to reduce the number of shares that the company has on issue from 424,569,836 to 377,669,836, a reduction of 11%.

Year ended 30 June 2014

Shares issued to Eligible Persons pursuant to the company Loan Performance Share Plan

(a) 7,500,000 shares issued to Mr Ignatius Tan

Following shareholder approval at the company's 2014 Annual General Meeting on 29 November 2014, 7,500,000 shares were issued to the company's former managing director, Mr Ignatius Tan as part of his remuneration and having regard to his potential contribution to the company.

The shares were issued subject to the following vesting conditions:

- The first tranche of 2,500,000 Loan Shares were to vest, subject to the completion of a scoping study by the company in relation to its Agbaja Project on or before 31 March 2014 (or an alternate later date determined at the discretion of the Board); and Mr Tan completing a minimum of 1 year of service with the company.
- The second tranche of 2,500,000 Loan Shares were to vest, subject to completion of a definitive feasibility study and an environmental and social impact assessment by the company in relation to its Agbaja Project on or before 30 June 2015 (or an alternate later date determined at the discretion of the Board); and Mr Tan completing a minimum of 2 years of service with the company.
- The third tranche of 2,500,000 Loan Shares were to vest, subject to the company completing the sale of its first commercial cargo of iron ore from its Agbaja Project on or before 30 June 2016 (or an alternate later date determined at the discretion of the Board), and Mr Tan completing a minimum of 3 years of service with the company.

For the avoidance of doubt, no tranche of Performance Shares (as set out above) was conditional upon the vesting of another tranche.

The shares were issued at the price of \$0.11 per share and corresponding limited recourse loans totalling \$825,000 was entered into.

As Mr Tan separated from the company on 1 May 2014, none of the Loan Performance Shares have vested, or will vest to Mr Tan. On 15 August 2014 Mr Tan, acting on instructions of the Board, transferred the 7,500,000 Loan Performance Shares to the Kogi Iron Limited Employee Incentive Trust in accordance with the rules of the company Loan Performance Share Plan and in full satisfaction of the terms and conditions of the limited recourse loan provided to Mr Tan for the acquisition of the Loan Performance Shares. The shares were subsequently purchased by the company and cancelled.

24. Share based payments (continued)

Year ended 30 June 2014 (continued)

Summary of key loan terms:

- Loan amount: \$0.11 per share
- Interest rate: 0%
- Term of loan: due and payable on the earlier of:
 - a) 31 December 2020;
 - b) the date on which the shares have been forfeited in accordance with the Plan Rules;
 - c) the date that the shares have otherwise disposed of, or attempted to be disposed of, in accordance with the rules of the Loan Performance Share Plan.

The loans are limited recourse in that the company will accept the issued shares in full satisfaction of the loan amount, regardless of the market price of the shares.

Value of the Loan Performance Shares issued

As Mr Tan separated from the company prior to the first anniversary of his employment none of the Loan Performance Shares vested to Mr Tan and hence the value of the Loan Performance Shares was nil.

Key Management Personnel: Shares issued pursuant to the Loan Performance Share Plan

2015		Loan Performance Share Plan Shares issued during period	Issue date	Issue price	Vested during period	Forfeited during period	Balance 30/06/15	Vested at 30/06/15	Not vested at 30/06/15
Name	Balance 01/07/14								
Dr Ian Burston	7,500,000	-	-	-	-	7,500,000	nil	-	-
Kevin Joseph	6,000,000	-	-	-	-	6,000,000	nil	-	-
Joe Ariti Resigned 27 August 2015	6,000,000	-	-	-	-	6,000,000	nil	-	-
Don Carroll	6,000,000	-	-	-	-	6,000,000	nil	-	-
Brian King	6,000,000	-	-	-	-	6,000,000	nil	-	-
Nathan Taylor Resigned 3 July 2015	6,000,000	-	-	-	-	6,000,000	nil	-	-
Ignatius Tan Resigned 1 May 2014	7,500,000	-	-	-	-	7,500,000	nil	-	-
Shane Volk Resigned 1 September 2015	1,500,000	-	-	-	-	1,500,000	nil	-	-

On 2 January 2015 each of the directors and key management personnel listed in the above table transferred the un-vested loan shares, previously awarded to them, to the Kogi Iron Limited Employee Incentive Trust in full consideration of the loans provided for the acquisition of the shares. \$1,934,600 was reversed through the profit and loss account for the period (\$1,900,616 for unvested shares awarded to directors and \$33,984 for unvested shares awarded to consultants, contractors or employees), which represented the amount that had previously been expensed through this account on the assumption that the loan shares would vest to the recipients by the vesting date.

2014		Loan Performance Share Plan Shares issued during period	Issue date	Issue price	Vested during period	Forfeited during period	Balance 30/06/14	Vested at 30/06/14	Not vested at 30/06/14
Name	Balance 01/07/13								
Dr Ian Burston	7,500,000	-	-	-	-	-	7,500,000	-	7,500,000
Kevin Joseph	6,000,000	-	-	-	-	-	6,000,000	-	6,000,000
Joe Ariti	6,000,000	-	-	-	-	-	6,000,000	-	6,000,000
Don Carroll	6,000,000	-	-	-	-	-	6,000,000	-	6,000,000
Brian King	6,000,000	-	-	-	-	-	6,000,000	-	6,000,000
Nathan Taylor	6,000,000	-	-	-	-	-	6,000,000	-	6,000,000
Ignatius Tan *	-	7,500,000	4/12/13	\$0.11	-	-	7,500,000	-	7,500,000
Shane Volk	1,500,000	-	-	-	-	-	1,500,000	-	1,500,000

* On 15 August 2015 Mr Tan, acting on instructions of the Board, transferred the 7,500,000 Loan Performance Shares to the Kogi Iron Limited Employee Incentive Trust in accordance with the rules of the company Loan Performance Share Plan and in full satisfaction of terms and conditions of the limited recourse loan provided to Mr Tan for the acquisition of the Loan Performance Shares. The shares were subsequently purchased by the company and cancelled

24. Share based payments *(continued)*

Key Management Personnel: Share based payment expense – Loan Performance Share Plan

2015		Fair Value of Loan	Expense during	Life to date
Name	Issue date	Performance Shares at reporting date \$	current period \$	expense at 30/06/2015 \$
Dr Ian Burston	10/12/12	nil	(380,123)	nil
Kevin Joseph	10/12/12	nil	(304,099)	nil
Joe Ariti Resigned 27 August 2015	10/12/12	nil	(304,099)	nil
Don Carroll	10/12/12	nil	(304,099)	nil
Brian King	10/12/12	nil	(304,099)	nil
Nathan Taylor Resigned 3 July 2015	10/12/12	nil	(304,099)	nil
Total		nil	(1,900,616)	nil

2014		Fair Value of Loan	Expense during	Life to date
Name	Issue date	Performance Shares at reporting date \$	current period \$	expense at 30/06/2014 \$
Dr Ian Burston	10/12/12	482,156	(283,438)	380,123
Kevin Joseph	10/12/12	321,437	(226,751)	304,099
Joe Ariti	10/12/12	321,437	(226,751)	304,099
Don Carroll	10/12/12	321,437	(226,751)	304,099
Brian King	10/12/12	321,437	(226,751)	304,099
Nathan Taylor	10/12/12	321,437	(226,751)	304,099
Ignatius Tan	05/12/13	-	-	-
Shane Volk	15/04/13	-	(16,171)	-
Total		2,089,341	(1,433,364)[#]	1,900,618

[#] The fair value of Loan Performance Shares is estimated at each balance date taking into account, amongst other factors, the likelihood that the various tranches of Loan Performance Shares will vest to the respective participants by the vesting date. At 30 June 2015, in the case of each of the directors, it was deemed unlikely that the vesting conditions pertaining to two of the three tranches of Loan Performance Shares would be achieved by the vesting date and consequently it was unlikely that the Loan Performance Shares would vest and as a result the fair value of those tranches of Loan Performance Shares which had previously been expensed to the profit and loss account were reversed. In the case of Mr Volk it was deemed unlikely that any of the vesting conditions pertaining to any of the Loan Performance Shares would be achieved by the vesting dates, consequently all of the fair value of the Loan Performance Shares previously taken to the profit and loss account have been reversed.

Summary of shares based payments

	2015 \$	2014 \$
Share based payments – directors	(1,900,616)	(1,417,191)
Share based payments – consultants & contractors	(40,593)	74,337
Share based payments – employee's	6,609	15,625
Total share based payment expense	(1,934,600)	(1,327,229)

Equity settlement of consultancy fees

During the year the company issued 1,712,767 shares at \$0.03 per share (\$51,353 – capital raising costs) in lieu of cash payments to two consultants for services rendered to the company in relation to the 1:4 entitlement offer that closed in July 2014. The valuation of the shares has been determined based upon the placement price of all shares placed by the company, at arms-length, on that date.

25. Related party transactions

Parent entity

Kogi Iron Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 20.

Terms and conditions of transactions with subsidiaries

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

Associates

There are no investments in associates.

25. Related party transactions (continued)

Key management personnel

During the year there were no related party transactions with key management personnel.

In the 2014 financial year, the company engaged non-executive director Mr Brian King as a consultant to provide management services and the aggregate amounts that the company paid for these services during the year (classified as consulting fees), was \$109,830.

Details of loans made to directors of the company and other Key Management Personnel, including their personally related parties are set out below:

Loans to Directors and key management personnel

Each of the loans was provided in accordance with the terms and conditions of the company Loan Performance Share Plan and were not loaned as cash.

2015	Balance 01/07/14	Loan Performance Share Loans provided during the period (Note 1)	Interest paid and payable during period	Interest not charged in reporting period	Loan balance as at 30/06/15
Name	\$	\$	\$	\$	\$
Dr Ian Burston	2,100,000	-	-	82,132	Nil
Kevin Joseph	1,680,000	-	-	65,706	Nil
Joe Ariti Resigned 27 August 2015	1,680,000	-	-	65,706	Nil
Don Carroll	1,680,000	-	-	65,706	Nil
Brian King	1,680,000	-	-	65,706	Nil
Nathan Taylor Resigned 3 July 2015	1,680,000	-	-	65,706	Nil
Shane Volk Resigned 1 September 2015	210,000	-	-	8,213	Nil

Note: On 2 January 2015 each of the directors and key management personnel listed in the above table transferred the lapsed loan shares, previously awarded to them, to the Kogi Iron Limited Employee Incentive Trust in full consideration of the loans provided for the acquisition of the shares. \$1,934,600 was reversed through the profit and loss account for the period, which represented the amount that had previously been expensed through this account on the assumption that the loan shares would vest to the recipients by the vesting date.

2014	Balance 01/07/13	Loan Performance Share Loans provided during the period (Note 2)	Interest paid and payable during period	Interest not charged in reporting period	Loan balance as at 30/06/14
Name	\$	\$	\$	\$	\$
Dr Ian Burston	2,100,000	-	-	164,675	2,100,000
Kevin Joseph	1,680,000	-	-	131,740	1,680,000
Joe Ariti	1,680,000	-	-	131,740	1,680,000
Don Carroll	1,680,000	-	-	131,740	1,680,000
Brian King	1,680,000	-	-	131,740	1,680,000
Nathan Taylor	1,680,000	-	-	131,740	1,680,000
Ignatius Tan	-	825,000	-	26,409	825,000
Shane Volk	210,000	-	-	16,468	210,000

All loans to key management personnel are under the terms and conditions as set out in note 25 relating to the company Loan Performance Share Plan.

The amounts shown for interest not charged in the table above represents the difference between the amount paid and payable for the financial year and the amount of interest that would have been charged on an arms-length basis.

Disclosures relating to key management personnel are set out in note 14 and the remuneration report in the directors' report.

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2015



25. Related party transactions (continued)

Other transactions with key management personnel

2015

There were no other transactions with key management personnel during the year

2014

Loans made by the directors to the company

On 6 May 2014 several directors of the company advanced unsecured, interest free loans to the company for an aggregate value of \$300,000, details of the loans and the key terms are set out below:

Lender	Loan Date	Principal amount (\$)	Interest rate	Last Repayment date	Establishment fee	Security	Amount outstanding 30 June 2014 (\$)
Dr Ian Burston	5-May-2014	200,000	0%	4-May-2015	Nil	Nil	200,000
Giuseppe (Joe Ariti)	5-May-2014	50,000	0%	4-May-2015	Nil	Nil	50,000
Don Carroll	5-May-2014	25,000	0%	4-May-2015	Nil	Nil	25,000
Nathan Taylor	5-May-2014	25,000	0%	4-May-2015	Nil	Nil	25,000

On 22 July 2014, each of the director loans was converted into fully paid ordinary shares of the company at \$0.03 per share, as detailed in the entitlement offer Prospectus issued by the company on 17 June 2014.

26. Earnings per share

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

Net Loss
Loss used in the calculation of basic EPS
Continuing Operations

2015 \$	2014 \$
(23,175,233)	(786,821)
(23,175,233)	(786,821)
(23,175,233)	(786,821)

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

Number	Number
372,129,902	244,722,560

27. Remuneration of auditors

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

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

2015 \$	2014 \$
43,158	40,444
43,158	40,444

28. Parent entity information

Information relating to Kogi Iron Limited

Current assets

Total assets

Current liabilities

Total liabilities

Issued capital

Retained earnings

Share based payments reserve

Total shareholder equity

2015 \$	2014 \$
1,051,976	857,695
7,118,373	27,030,601
(592,740)	(569,906)
(592,740)	(869,906)
(60,298,977)	(58,536,640)
55,116,905	35,654,105
(1,343,561)	(3,278,161)
(6,525,633)	(26,160,696)
(19,462,800)	(786,821)
(19,462,800)	(786,821)

Profit (loss) of parent entity

Total comprehensive profit (loss) of parent

28. Parent entity information *(continued)*

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

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

Details of contingent liabilities of the parent entity

Refer to note 22 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 subsidiaries have formed a tax consolidation group.

29. 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 2015.

(i) Going Concern

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

The group has incurred net cash outflow from operating and investing activities for the year ended 30 June 2015 of \$1,543,169 (2014: \$3,852,720). As at 30 June 2015, the Group had net current assets of \$385,184 (30 June 2014 – net current liabilities: \$223,835).

The Directors believe that there are sufficient funds to meet the Group's immediate 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.

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. However should the entity be unsuccessful in securing future funding there exists material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

(ii) Compliance with IFRS

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

(iii) Historical cost convention

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

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

(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 30.

(v) New and amended standards adopted by the group

The Company 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The Company has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2015



(vi) *New and amended standards adopted by the group*

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The company has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The company has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

(vii) *New accounting standards for application in future periods*

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 2015. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

(i) *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

(ii) *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

29. Summary of Significant accounting policies (*continued*)

(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 and loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

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

(iii) Equity method

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

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

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

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

(iv) Changes in ownership interests

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

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

29. Summary of Significant accounting policies (continued)*(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 and loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

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

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific accounting policies for the group's main types of revenue are explained below.

Revenue for other business activities is recognised on the following basis:

(i) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Income tax

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

(g) Investment allowances and similar tax incentives

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The group accounts for such allowances as a credit to its capitalised exploration and evaluation expenditure as illustrated in note 9.

29. Summary of Significant accounting policies (*continued*)

(h) Leases

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

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

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
 - amount of any non-controlling interest in the acquired entity, and
 - acquisition-date fair value of any previous equity interest in the acquired entity
- over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(j) Impairment of assets

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

(k) 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.

(l) Trade receivables

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

29. Summary of Significant accounting policies (continued)**(m) Investments and other financial assets***(i) Classification*

The group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. The Board determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(ii) Reclassification

The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iv) 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 fair value through profit or loss are expensed in profit or loss.

AASB139(46)(a) Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 5.

(v) Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables.

29. Summary of Significant accounting policies (*continued*)

(n) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and
- highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 5.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(o) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Vehicles	4 years
Computer equipment	3 years
Office equipment	4 years
Furniture, fixtures and fittings	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. AASB132(18) Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

29. Summary of Significant accounting policies (*continued*)

(r) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(s) 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 24.

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. 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.

(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.

(t) 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.

(u) 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.

(v) Earnings per share

(i) Basic earnings per share

AASB133 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.

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2015



29. Summary of Significant accounting policies (*continued*)

(w) 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.

(x) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(y) Parent entity financial information

The financial information for the parent entity, Kogi Iron Limited, disclosed in note 28 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.

30. 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 discussed below.

Share-based payment transactions

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

Estimation of useful lives of assets

The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

30. Critical accounting judgements, estimates and assumptions (continued)*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on the group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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.

Impairment of exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related leases itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligation) and changes to commodity prices. The extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future profits and net assets will be reduced in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

To the extent it is determined in the future that this capitalised expenditure should be written off, any amounts will be taken to the profit and loss account in the period in which this determination is made. An impairment expense of \$33,476,239 has been recognised in the current reporting period (2014:nil) in respect of exploration and development expenditure. The impairment expense is directly attributable to the company not budgeting, or planning to budget, substantive exploration expenditure on the groups Nigerian mineral tenement. The resultant valuation of its Nigerian mineral tenements at Fair Value, less cost to sell is \$6,100,000. The Board, in determining Fair Value considered, amongst other factors, the highly conditional offer for the outright purchase of KCM Mining Limited (the company's wholly owned subsidiary, which holds all of the groups Nigerian mineral tenements) the was received in May 2015, the market capitalisation of the company (by reference to the price of the company's shares as traded on the Australian Securities Exchange) prior to the offer to purchase KCM Mining Limited, and recent comparable transactions for "willing buyer – willing seller" iron ore exploration assets. The fair value of assessment was in accordance with paragraph 27 of AAS136 with the best information available to the company used for the assessment, specifically a review of comparable transactions for the sale of West African iron ore deposits with inferred mineral resources and exploration targets.

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2015



Directors Declaration:

- (a) the financial statements and notes set out on pages 26 to 59 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 2015 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 29 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Ian Burston'.

Ian Burston
Non-Executive Chairman
30 September 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Kogi Iron Limited

Report on the Financial Report

We have audited the accompanying financial report of Kogi Iron Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 29, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

- (a) the financial report of Kogi Iron Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 29.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 29(a) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent on 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. These conditions, along with other matters as set out in Note 29, indicate 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Kogi Iron Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO



Phillip Murdoch

Director

Perth, 30 September 2015

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 25 September, 2015.

(a) Distribution of equity securities

(i) Ordinary share capital

424,569,836 fully paid ordinary shares are held by 2,125 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Options

102,704,606 listed options (exercise price \$0.14, expiring 31 May 2017) are held by 293 individual option holders.

Options do not carry a right to vote.

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

Holding	Fully Paid Ordinary Shares		Options	
	Shares	Holders	Options	Holders
1-1,000	144,820	448	10,155	26
1,001-5,000	826,309	289	117,512	45
5,001-10,000	1,553,276	189	296,492	38
10,001-100,000	30,195,161	717	3,831,660	115
100,001 and over	391,850,270	482	98,448,797	69
	424,569,836	2,125	102,704,606	293

Holdings less than a marketable parcel

978

169

(b) Substantial Holders

Ordinary Shareholders

Citicorp Nominees Pty Limited

Dr Ian Burston*

	Fully Paid	
	Number	Percentage
Citicorp Nominees Pty Limited	32,819,651	7.73%
Dr Ian Burston*	27,779,022	6.54%

* Includes Loan Performance Shares, subject to vesting conditions (refer note 24).

(c) Twenty Largest holders of equity securities

Ordinary shareholders

Citicorp Nominees Pty Limited

Dr Ian Burston*

Noble Investment Superannuation Fund Pty Ltd <Nobel Investments S/F A/C>

TGP Australia Limited

Kogi Iron EITP Pty Ltd

Mr Brian King*

Mr Don Carroll*

Marilei International Ltd

Mr Nathan Taylor*

Mr Giuseppe Vince Ariti*

Kevin Joseph*

I.D.W Pty Ltd <A/C I & R Whiteley Family Trust>

Kevin Joseph

J & D Roberts Nominees Pty Ltd <Bookmarketing SA Unit A/C>

Wobbly Investments Pty Ltd

Jacos Investments Pty Ltd <Evans Family A/C>

DA & LM Carroll Superannuation Fund

1627 Investments Pty Ltd <The 1627 A/C>

Mr Giuseppe Vince Ariti

Nathan David Taylor

	Fully Paid	
	Number	Percentage
Citicorp Nominees Pty Limited	32,819,651	7.73%
Dr Ian Burston*	22,222,223	5.23%
Noble Investment Superannuation Fund Pty Ltd <Nobel Investments S/F A/C>	12,245,358	2.88%
TGP Australia Limited	11,134,333	2.62%
Kogi Iron EITP Pty Ltd	7,500,000	1.77%
Mr Brian King*	7,333,333	1.73%
Mr Don Carroll*	7,200,000	1.70%
Marilei International Ltd	7,168,000	1.69%
Mr Nathan Taylor*	6,000,000	1.41%
Mr Giuseppe Vince Ariti*	6,000,000	1.41%
Kevin Joseph*	6,000,000	1.41%
I.D.W Pty Ltd <A/C I & R Whiteley Family Trust>	5,849,340	1.38%
Kevin Joseph	5,650,841	1.33%
J & D Roberts Nominees Pty Ltd <Bookmarketing SA Unit A/C>	5,604,915	1.32%
Wobbly Investments Pty Ltd	5,000,000	1.18%
Jacos Investments Pty Ltd <Evans Family A/C>	4,969,280	1.17%
DA & LM Carroll Superannuation Fund	4,577,777	1.08%
1627 Investments Pty Ltd <The 1627 A/C>	4,354,903	1.03%
Mr Giuseppe Vince Ariti	4,100,000	0.97%
Nathan David Taylor	3,833,333	0.90%
	169,563,287	39.94%

* Includes Loan Performance Shares, subject to vesting conditions (refer note 24).

Option holders

Citicorp Nominees Pty Limited
Noble Investment Superannuation Fund Pty Ltd <Nobel Inv S/F TOL ALL A/C>
Dr Ian Burston
Marilei International Ltd
Mr Giuseppe Vince Ariti
Mr Michael Arnett
Eldoret Resources Pty Ltd
Mr Charles Robert Todd
Dr Sanjay Dhjupelia
Wilaci Pty Ltd
Mr David Lachlan Wildy & Ms Melissa Kate Wildy & Mr Benjamin David Wildy
Mr Carmichael Olowoyo
DA & LM Carroll Superannuation Fund
Wobbly Investments Pty Ltd
Mr Brian King
Mr Don Carroll
Mayburys Pty Ltd <Carmich Super Fund A/C>
Mrs Therese-Maree Taylor
Wilfred Arthur Kubisch
Mr Rodney Malcolm Hogg

Number	Options	
	Percentage	
30,039,183	29.25%	
10,346,100	10.07%	
9,166,667	8.93%	
7,168,000	6.98%	
3,500,000	3.41%	
2,233,333	2.17%	
2,009,999	1.96%	
1,800,000	1.75%	
1,666,667	1.62%	
1,666,666	1.62%	
1,600,000	1.56%	
1,500,000	1.46%	
1,466,666	1.43%	
1,347,284	1.31%	
1,222,222	1.19%	
1,200,000	1.17%	
1,100,000	1.07%	
1,000,000	0.97%	
1,000,000	0.97%	
1,000,000	0.97%	
82,032,787	79.86%	

(d) Unquoted securities
Ordinary shares

Loan Performance Shares	1,000,000
-------------------------	-----------

(e) Restricted Securities

None

(f) List of mineral tenements

All tenements are held in Nigeria.

Exploration Licence 8583
 Exploration Licence 8886
 Exploration Licence 6350
 Exploration Licence 9797
 Exploration Licence 12124
 Exploration Licence 14847
 Exploration Licence 16998