

**Kin Mining NL**  
ABN 30 150 597 541

**Half-Year Financial Report**  
**31 December 2015**

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## DIRECTORS' REPORT

Your Directors submit the financial report of the Group for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### Directors

The names of Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Terrence R Grammer	Chairman
Trevor J Dixon	Managing Director
Marvyn J Fitton	Technical Director
Giuseppe P Graziano	Non-executive Director/Company Secretary

### Review of Operations

- Five gold anomalous zones (+5ppb Au) have been identified at Mt Flora following a regional geochemical auger soil sampling programme. The largest gold-in-soil anomaly covers a lateral extent of 3.5km peaking at 2,635ppb Au (2.635g/t Au).
- The Company has received mining approval from the Department of Mines and Petroleum (DMP) to carry out mining activities on Mining leases M37/86, M37/227, M37/277, M37/300 and M37/428, which include a mine closure plan at Lewis. The Mining Proposal has been assessed by the Departments of Water, Aboriginal Affairs, and Environmental Regulation and amendments to the schedule of conditions attached to the Mining Leases have been established by the DMP. The Company is assessing the existing mine schedules to ensure that all extraction and processing alternatives have been considered prior to the commencement of open cut mining and civil earthmoving activities. Furthermore, new open pit optimization has been completed for the Lewis trial mining operation generating a more robust economic mining schedule.
- Gwalia and Tower Hill style exploration targets have been identified at Gwalia South, located immediately south (2.5km) of the 7Moz Sons of Gwalia Mine and hosted by the prospective southern extensions of both the Gwalia Mine sequence and the Tower Hill greenstone sequence. Priority drill targets have been selected at Gwalia South. Programme of Work has been approved by the DMP.
- Exploration RC drilling around Mert's Reward, Mertondale 2 and Mertondale 3/4 pits confirms the geological model encountering high grade and wide lower grade gold intersections including:
  - 5m @ 7.99 g/t Au from 59m including 1m @ 24.7 g/t Au
  - 25m @ 0.54 g/t Au from 166m
  - 29m @ 1.35 g/t Au from 155m including 10m @ 1.73 g/t Au and 7m @ 1.83 g/t Au
  - 10m @ 2.97 g/t Au from 205m including 2m @ 11.94 g/t Au
- Recent RC drilling at Mertondale, for an advance of 840m, targeted the T1, T2 and T3 targets. All drill holes returned significant gold intercepts.

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page and forms part of this Directors' report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



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Trevor DIXON  
Director

14 March 2016



Accountants | Business and Financial Advisers

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Kin Mining NL for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
14 March 2016

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

L Di Giallonardo  
Partner

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31 December 2015	31 December 2014
	\$	\$
<b>Continuing operations</b>		
Revenue	-	-
Interest income	94	675
Other income	420	180
Depreciation and amortisation expense	(13,125)	(7,196)
Share based payments	(27,998)	-
Other expenses	(635,843)	(554,867)
<b>Loss before income tax</b>	<b>(676,452)</b>	<b>(561,208)</b>
Income tax expense	-	-
<b>Loss after tax from continuing operations</b>	<b>(676,452)</b>	<b>(561,208)</b>
<b>Other comprehensive income, net of income tax</b>		
Other comprehensive income	-	-
<b>Other comprehensive income for the period, net of income tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>	<b>(676,452)</b>	<b>(561,208)</b>
Basic loss per share from continuing operations (cents per share)	(1.12)	(1.35)

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Notes	31 December 2015 \$	30 June 2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		531,365	118,207
Trade and other receivables		69,758	35,543
Other		101,796	91,406
<b>Total current assets</b>		<b>702,919</b>	<b>245,156</b>
<b>Non-current assets</b>			
Property, plant and equipment		230,018	243,143
Capitalised exploration and evaluation expenditure	3	7,991,713	6,947,978
<b>Total non-current assets</b>		<b>8,221,731</b>	<b>7,191,121</b>
<b>Total assets</b>		<b>8,924,650</b>	<b>7,436,277</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		314,035	462,723
Provisions		24,411	-
Accruals		42,966	-
Borrowings	8	1,168,369	1,350,549
<b>Total current liabilities</b>		<b>1,549,781</b>	<b>1,813,272</b>
<b>Non-current liabilities</b>			
Borrowings	9	1,514,331	1,440,188
<b>Total non-current liabilities</b>		<b>1,514,331</b>	<b>1,440,188</b>
<b>Total liabilities</b>		<b>3,064,112</b>	<b>3,253,460</b>
<b>Net assets</b>		<b>5,860,538</b>	<b>4,182,817</b>
<b>Equity</b>			
Issued capital	4	8,392,360	6,066,185
Share based payments reserve	5	27,998	-
Accumulated losses		(2,559,820)	(1,883,368)
<b>Total equity</b>		<b>5,860,538</b>	<b>4,182,817</b>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Total equity \$
<b>Balance at 1 July 2014</b>		4,145,082	(734,807)	-	3,410,275
Loss for the period		-	(561,208)	-	(561,208)
Shares issued during the half-year		1,294,253	-	-	1,294,253
Transaction costs		(14,350)	-	-	(14,350)
<b>Balance at 31 December 2014</b>		<b>5,424,985</b>	<b>(1,296,015)</b>	<b>-</b>	<b>4,128,970</b>
<b>Balance at 1 July 2015</b>		6,066,185	(1,883,368)	-	4,182,817
Loss for the period		-	(676,452)	-	(676,452)
Shares issued during the half-year		2,147,820	-	-	2,147,820
Issue of Shares to directors in repayment of amounts owing		295,000	-	-	295,000
Options issued during the year to directors in repayment of amounts owing		-	-	27,998	27,998
Transaction costs		(116,645)	-	-	(116,645)
<b>Balance at 31 December 2015</b>		<b>8,392,360</b>	<b>(2,559,820)</b>	<b>27,998</b>	<b>5,860,538</b>

The accompanying notes form part of these financial statements



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31 December 2015	31 December 2014
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	420	180
Payments to suppliers and employees	(761,760)	(359,539)
Interest received	94	675
<b>Net cash (outflow) from operating activities</b>	<u>(761,246)</u>	<u>(358,684)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	(4,000)
Exploration and evaluation expenditure	(977,601)	(736,706)
Payment for acquisitions of mineral tenements	(66,133)	(2,350,000)
<b>Net cash (outflow) from investing activities</b>	<u>(1,043,734)</u>	<u>(3,090,706)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	2,442,820	919,253
Payments for share issue costs	(116,645)	(14,350)
Proceeds from secured loan	74,143	1,350,000
Payments for related party loans	(182,180)	1,036,052
<b>Net cash inflow from financing activities</b>	<u>2,218,138</u>	<u>3,290,955</u>
Net increase/(decrease) in cash held	413,158	(158,435)
Cash and cash equivalents at the beginning of the period	118,207	173,355
<b>Cash and cash equivalents at the end of the period</b>	<u>531,365</u>	<u>14,920</u>

The accompanying notes form part of these financial statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Kin Mining NL and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

#### Basis of preparation

The half-year financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

#### New and amending Accounting Standards and Interpretations

In the half-year ended 31 December 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2015.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to the Group accounting policies.

#### Going concern

Notwithstanding the fact that the Group has a working capital deficiency of \$846,862 at balance date, the directors are of the opinion that the Group is a going concern for the following reasons:

The Company has secured \$1,000,000 in funding via equity and convertible note funding from a strategic investor to assist the company in the early stage production opportunity at the Lewis prospect in the Cardinia project area. Of this funding, an amount of \$100,000 in equity had been received at balance date (833,333 ordinary shares issued). The Company has not yet called on the balance of funds via a convertible note while it considers the appropriate strategies in relation to the proposed mining operations at the Lewis Prospect. The Company has also signed a Memorandum of Understanding ("MOU") with Australian Mining & Civil Pty Ltd ("AMC") to provide open cut mining and civil earthmoving activities at the Lewis prospect. One of the conditions of the MOU is that AMC will commit to invest \$500,000 in the Company via a staged placement of shares. The first \$200,000 was received by the Company as part of a previous Placement.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Going concern (continued)

The funds raised will be used to meet the ongoing working capital and expenditure commitments of the Group. The Directors also anticipate that further equity raisings will be required and this is being assessed in early 2016 in order to meet ongoing working capital and expenditure commitments. Should these equity raisings not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the financial report.

### NOTE 2: SEGMENT REPORTING

Operating segments are identified on the basis of internal reports about components of the Company that are reviewed by the chief operating decision maker (deemed to be the Board of Directors) in order to allocate resources to the segment and assess its performance. During the period, the Company operated predominantly in one business and geographical segment being mineral exploration in Australia. Accordingly, under the "management approach" outlined, only one operating segment has been identified and no further disclosure is required in the notes.

The revenue reported above represents revenue generated from external customers. Intersegment revenues have been eliminated.

### NOTE 3: CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	Six months 31 December 2015 \$	Year to 30 June 2015 \$
Costs carried forward in respect of areas of interest:		
<i>Exploration and evaluation phase – at cost</i>		
Balance at beginning of period	6,947,978	2,993,636
Costs of acquisition of interests and exploration during the period - cash		
- cash	1,033,735	1,200,385
- Issue of vendor shares	10,000	-
- fair value of exploration costs recognised on acquisition of Navigator Mining Pty Ltd	-	2,753,957
Balance at end of period	<u>7,991,713</u>	<u>6,947,978</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

### NOTE 4: ISSUED CAPITAL

	31 December 2015 \$	30 June 2015 \$
<i>Ordinary shares</i>		
Issued and fully paid	<u>8,509,005</u>	<u>6,066,185</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 4: ISSUED CAPITAL (continued)**

*Movement in ordinary shares on issue*

	Six months to 31 December 2015			Year to 30 June 2015	
	Issue Price	No.	\$	No.	\$
<i>Movements in ordinary shares</i>					
Balance at beginning of year		53,084,690	6,066,185	38,653,003	4,145,082
Issue of shares to Waterton Global Value L.P for the acquisition of Navigator Mining Pty Ltd (Note 6)	\$0.15			2,500,000	375,000
Rights issues	\$0.12			7,132,354	1,069,853
Issue of shares for 'Lewis prospect' funding	\$0.12			833,333	100,000
Placement of shares	\$0.10	21,478,200	2,147,820	3,966,000	396,600
Issue of shares to Directors in repayment of amounts owing	\$0.10	2,950,000	295,000	-	-
Share issue costs		-	(116,645)	-	(20,350)
Balance at end of year		77,512,890	8,392,360	53,084,690	6,066,185

**NOTE 5: OPTIONS**

*Movement in options on issue*

	Six months to 31 December 2015		Year to 30 June 2015	
	No.		No.	
Balance at the beginning of the year	-		19,326,512	
Bonus options expired 31 January 2015	-		(19,326,512)	
Options issued (i)	13,450,000		-	
Options issued to Directors in repayment of amounts owing (ii)	1,475,000		-	
Balance at the end of the year	14,925,000		-	

- (i) Unlisted Options issued as part of the Share Purchase Plan and Shareholder Approval exercisable at \$0.20 by 31 August 2017.
- (ii) These options were valued using the Black & Scholes option pricing model, with the following inputs:
- |                                    |                |
|------------------------------------|----------------|
| Spot price at date of issue        | \$0.093        |
| Exercise price                     | \$0.20         |
| Date exercisable                   | 31 August 2017 |
| Volatility                         | 90%            |
| Interest rate                      | 2%             |
| Discount for lack of marketability | 30%            |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 6: FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities.

The Directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31 December 2015		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<i>Financial assets</i>				
Loans and receivables				
- Trade and other receivables	69,758	69,758	64,224	64,224
<i>Financial liabilities</i>				
Financial liabilities held at amortised cost				
- Loans from related parties	1,168,369	1,168,369	1,069,385	1,069,385
- Loans from other entities (secured)	1,514,331	1,514,331	1,372,594	1,372,594
- Trade and other payables	381,412	357,001	316,977	316,977

### NOTE 7: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

### NOTE 8: RELATED PARTY LOANS

	31 December 2015	30 June 2015
	\$	\$
Unsecured Loan – T Dixon (Managing Director) (i)	-	125,593
Unsecured Loan – G Graziano (Non-Executive Director/Company Secretary) (i)	-	52,000
Unsecured Loan - F Fitton (Technical Director) (i)	-	14,620
Unsecured Loan – T Grammer (non-executive Chairman) (i)	1,115	21,114
Secured Loan – F Fitton (Technical Director) (ii)	1,167,254	1,137,222
	<u>1,168,369</u>	<u>1,350,549</u>

(i) These loans are unsecured and non-interest bearing

(ii) This loan is secured by a first ranking mortgage registered under the mining act over existing tenements owned by Kin Mining NL. The Loan earns interest at 15% p.a. and the loan and accumulated interest is due for repayment on 27 October 2016 or another date as agreed between the two parties.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 9: SECURED LOAN**

	31 December 2015 \$	30 June 2015 \$
Secured Loan – Waterton Global Value L.P.	1,514,331	1,440,188

*Summary of borrowing arrangements*

Waterton Global Value L.P. provided \$1,350,000 as a vendor loan to the Company for a term of 24 months at an interest rate of 10% secured by a first ranking security over the assets of Navigator Mining Pty Ltd. The interest is capitalised and the loan and interest will be payable at the end of the 24 month term being 3 November 2016 or earlier as agreed between the parties. Included in the above balance is accrued interest at balance date of \$164,331.

**NOTE 10: RELATED PARTY TRANSACTIONS**

The Company has entered into an agreement on 1 December 2015 with Mr Trevor John Dixon to acquire his 50% interest in the Tenement P37/7171 for the consideration of \$10,000 by way of allotment of 100,000 Kin Mining NL FPO shares. The remaining 50% interest was acquired by the Company on the same terms from Mr Ross Frederick Crew on the same date.

**NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to the reporting date the Company has announced to the market its strategy via an investor presentation outlining the timing of its development of the resource base within the Leonora Gold Project and exploration strategy on other project areas.

Furthermore, the Company has applied for a Research & Development Tax Incentive with Ausindustry. The Company has applied for a refundable R&D Tax Offset of \$147,659.

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Kin Mining NL ('the company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Trevor DIXON  
Director

14 March 2016



Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kin Mining NL

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kin Mining NL ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

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

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



*Conclusion*

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Emphasis of matter*

Without modifying our conclusion, we draw attention to Note 1 to the financial report which indicates that should the various planned sources of funding activities not be completed, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

*HLB Mann Judd*

**HLB Mann Judd  
Chartered Accountants**

*L Di Giallonardo*

**L Di Giallonardo  
Partner**

**Perth, Western Australia  
14 March 2016**