Kin Mining NL

ABN 30 150 597 541

Half-Year Financial Report
31 December 2017

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DIRECTORS' REPORT

Your Directors submit the financial report of the Group for the half-year ended 31 December 2017. 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.

Jeremy Kirkwood	Non-executive Chairman (appointed 28 February 2018)
Trevor J Dixon	Acting Managing Director (Non-executive Chairman until 28 February 2018)
Giuseppe P Graziano	Non-executive Director/Company Secretary
Brian Dawes	Non-executive Director (appointed 20 February 2018)
Don Harper	Managing Director (appointed 13 February 2017, resigned 13 February 2018)
David Sproule	Non-executive Director (appointed 13 February 2017, resigned 28 February 2018)

Review of Operations

The half-year to 31 December 2017 was a defining period for Kin Mining ('Kin' or 'the Company') as it completed several key projects and corporate milestones necessary to keep the Company on track with its plans to become a high margin Australian gold producer by the end of 2018.

Importantly, the Company was able to complete a Definitive Feasibility Study (DFS) that confirmed that the Leonora Gold Project (LGP) would be a high margin gold mine with:

- Pre-production capital cost of $35.4M (including 18% contingencies).
- Pre-production capital payback period of 11 months.
- Estimated annual production of 55koz pa.
- LOM All-In-Sustaining Cost (AISC) of A$1,038/oz.
- $NPV_{8\%}$ A$107.4M (before corporate and tax).[1]

The DFS was based on an updated Mineral Resource of 1.023Moz[2] of gold (22.3 Mt @ 1.43 g/t Au for 1.02 Moz Au). The 42% increase in Mineral Resource over the previously announced Mineral Resource included 75% in the higher confidence Indicated category. Additional gold mineralisation that was identified during the drilling performed in 2017 remains outside the optimised pit shells that were used to constrain the reported resource estimates leaving the Company with immense potential to continue to grow the inventory in parallel with the development of the LGP.

The Resource definition drilling during the half year included:

- Primary High-Grade gold discovery confirmed at Lewis (assays up to 82.3 g/t Au)
- Discovery of a second High-Grade Primary Gold Zone at Helens (assays up to 49.4 g/t Au)
- High grade results from diamond drilling (assays up to 73.4 g/t Au)

From the updated Mineral Resource the Company reported a maiden Ore Reserve of 373koz (7.9Mt @ 1.5 g/t Au), equal to a +7 year mine life.

Following these LGP milestones the Company was successful in securing a A$35M (US$27M) debt finance package to develop the LGP and announced its decision to mine the LGP with a schedule to be in production by the end of 2018.

Following such a busy and successful half year of activities it was very rewarding to finish the year with further outstanding results at the end of the drill bit in a regional Cardinia target with drilling at the Triangle prospect returning assays up to 103.0 g/t Au.

Corporate
Early in the period the company raised $2.156M from the exercise of 20c options which expired on 31 August 2017 and in December the company raised $7.000M from a Placement and commenced a $3M Rights Issue to existing shareholders that

concluded in February 2018. The Placement and Rights Issue are both priced at $0.25 per share. The equity funds will allow Kin to accelerate exploration drilling at the Cardinia Mining Centre.

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 2017.

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.

Trevor Dixon
Acting Managing Director
16 March 2018

[1]The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcement of 2 October 2017 "Feasibility confirms a high margin gold mine for Kin at its Leonora Gold Project", and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. For Reference see ASX Announcement 2/10/2017 *Feasibility confirms a high margin gold mine for Kin at its Leonora Gold Project*

[2]The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX Announcement of 30 August 2017 "Kin Defines +1 Million ounces of Gold at the Leonora Gold Project", and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Competent Persons Statement

The information contained in this report relates to information compiled or reviewed by Paul Maher who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Mr. Simon Buswell-Smith who is a Member of the Australian Institute of Geoscientists (MAIG), both are employees of the company and fairly represents this information. Mr. Maher and Mr. Buswell-Smith have sufficient experience of relevance to the styles of mineralisation and the types of deposit under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 edition of the "JORC Australian code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Maher and Mr. Buswell-Smith consent to the inclusion in this report of the matters based on information in the form and context in which it appears.

HLB Mann Judd

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 2017, 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
16 March 2018

D I Buckley
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017	Restated * 31 December 2016
	$	$
Continuing operations		
Interest income	21,379	4,618
Other income	1,762	227
Re-imbursements/refunds - government	11,928	-
Depreciation and amortisation expense	(34,647)	(48,696)
Administration expenses	(651,275)	(355,448)
Consultant expenses	(191,398)	(77,403)
Employee expenses	(437,814)	(230,446)
Share based payment expense	(2,130,900)	(72,630)
Interest expense	(45,041)	(147,901)
Occupancy expenses	(56,554)	(49,564)
Travel expenses	(74,398)	(17,976)
Exploration and evaluation expenses	(3,053,998)	(2,227,106)
Loss before income tax	**(6,640,956)**	**(3,222,325)**
Income tax expense	-	-
Loss after tax	**(6,640,956)**	**(3,222,325)**
Other comprehensive income, net of income tax		
Other comprehensive income	-	-
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive loss for the period	**(6,640,956)**	**(3,222,325)**
Basic loss per share (cents per share)	(3.86)	(2.99)
Diluted loss per share (cents per share)	(3.86)	(2.99)

The accompanying notes form part of these financial statements.

* Refer to Note 2 for details about restatements for the voluntary change in accounting policy.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	31 December 2017 $	Restated * 30 June 2017 $
Assets			
Current assets			
Cash and cash equivalents		13,973,909	6,654,391
Trade and other receivables	6	71,507	493,909
Inventory		14,738	14,738
Other		41,382	10,474
Total current assets		**14,101,536**	**7,173,512**
Non-current assets			
Property, plant and equipment		3,077,538	2,800,385
Total non-current assets		3,077,538	2,800,385
Total assets		**17,179,074**	**9,973,897**
Liabilities			
Current liabilities			
Trade and other payables	6	1,697,890	2,394,877
Borrowings	8	1,200,000	2,478,967
Total current liabilities		**2,897,890**	**4,873,844**
Non-current liabilities			
Borrowings	8	4,390,640	1,200,000
Total non-current liabilities		**4,390,640**	**1,200,000**
Total liabilities		**7,288,530**	**6,073,844**
Net assets		**9,890,544**	**3,900,053**
Equity			
Share capital	4	37,653,538	26,805,451
Share based payments reserve	5	1,818,488	35,128
Accumulated losses		(29,581,482)	(22,940,526)
Total equity		**9,890,544**	**3,900,053**

The accompanying notes form part of these financial statements.

* Refer to Note 2 for details about restatements for the voluntary change in accounting policy.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Share capital	Accumulated losses	Share based payment reserve	Total equity
	$	$	$	$
Balance at 1 July 2016 Restated *	9,961,007	(12,277,905)	27,998	(2,288,900)
Loss for the period	-	(3,222,325)	-	(3,222,325)
Options issued during the half- year	-	-	7,130	7,130
Shares issued during the half-year	5,433,459	-	-	5,433,459
Transaction costs	(288,780)	-	-	(288,780)
Balance at 31 December 2016 Restated *	15,105,686	(15,500,230)	35,128	(359,416)
Balance at 1 July 2017 Restated *	26,805,451	(22,940,526)	35,128	3,900,053
Loss for the period	-	(6,640,956)	-	(6,640,956)
Options issued during the half- year	-	-	1,783,360	1,783,360
Shares to be issued for finance costs	1,125,000	-	-	1,125,000
Shares issued during the half-year	10,175,900	-	-	10,175,900
Transaction costs	(452,813)	-	-	(452,813)
Balance at 31 December 2017	37,653,538	(29,581,482)	1,818,488	9,890,544

The accompanying notes form part of these financial statements.

* Refer to Note 2 for details about restatements for the voluntary change in accounting policy.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		31 December 2017	Restated * 31 December 2016
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		(1,352,201)	(875,575)
Interest received		21,379	4,618
Other Income		1,762	-
Payments for exploration and evaluation expenditure		(3,868,833)	(3,772,242)
Finance costs		-	(288,915)
Net cash outflow from operating activities		(5,197,893)	(4,932,114)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,489,799)	(146,024)
Receipts from trial mine gold sales		-	1,262,051
Payment for acquisitions of mineral tenements		(270,000)	(60,369)
Net cash (outflow) from investing activities		(1,759,799)	1,055,658
Cash flows from financing activities			
Proceeds from the issue of shares		6,700,000	4,986,459
Payments for share issue costs		(452,813)	(273,280)
Proceeds from the conversion of options	4	2,155,923	316,000
Proceeds from borrowings	8	6,398,100	-
Payments for borrowings		(524,000)	(1,350,000)
Payments for related party loans		-	(900)
Net cash inflow from financing activities		14,277,210	3,678,279
Net increase/(decrease) in cash held		7,319,518	(198,177)
Cash and cash equivalents at the beginning of the period		6,654,391	1,289,567
Cash and cash equivalents at the end of the period		13,973,909	1,091,390

The accompanying notes form part of these financial statements.

* Refer to Note 2 for details about restatements for the voluntary change in accounting policy.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 2017 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.

This half-year financial report was authorised for issue on 16 March 2018.

Basis of preparation
The half-year financial report has been prepared on a historical cost basis. 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
With the exception of the following, 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.

Capitalised exploration and evaluation expenditure
Exploration and evaluation expenditure is expensed to the profit or loss as incurred except in the following circumstance in which case the expenditure may be capitalised:

- The existence of mineral deposit has been established however additional expenditure is required to determine the technical feasibility and commercial viability of extraction and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure exceeds its estimated recoverable amount. The area of interest is then written down to its recoverable amount and the impairment losses are recognised in the statement of comprehensive income.

The financial report has been prepared on the basis of the retrospectively applied voluntary change in accounting policy related to exploration and evaluation expenditure (refer to Note 2 for further details). The previous accounting policy was to capitalise exploration and evaluation incurred and carry forward as an asset when costs were expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations were continuing.

The directors believe that this change in policy will result in more relevant and reliable information in the financial report. Exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent statement of financial position and statement of comprehensive income. Furthermore, the newly adopted accounting policy is consistent with those of many other exploration and mining companies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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.

Except as described below, 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 2017.

Adoption of new and revised standards
Standards and Interpretations applicable to 31 December 2017
In the half-year ended 31 December 2017, 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 2017.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no change is necessary to the Group accounting policies.

Standards and Interpretations in issue not yet adopted
The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet adopted that are relevant to the Group effective for the half year reporting periods beginning on or after 1 January 2018.

As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Group and therefore no material change is necessary to the Group accounting policies.

NOTE 2: VOLUNTARY CHANGE IN ACCOUNTING POLICY

(a) Exploration and Evaluation Accounting Policy

The financial report has been reported on the basis of a retrospectively applied voluntary change in accounting policy related to exploration and evaluation expenditure.

The new accounting policy is to expense exploration and evaluation expenditure to the profit or loss as incurred except in the following circumstance in which case the expenditure may be capitalised:

- The existence of a mineral deposit has been established however additional expenditure is required to determine the technical feasibility and commercial viability of extraction and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure.

The previous accounting policy was to capitalise exploration and evaluation expenditure incurred and carry forward as an asset when costs were expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations were continuing.

The directors believe that this change in policy will result in more relevant and reliable information in the financial report. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent statement of financial position and statement of comprehensive income. Furthermore, the newly adopted accounting system policy is consistent with those of many other exploration and mining companies.

(b) Impact on Financial Statements

As a result of the change in the accounting policy of exploration and evaluation expenditure, prior year financial statements had to be restated. The amounts disclosed for the half year ended 31 December reporting periods and in the statement of financial positions as at 30 June 2017 and 31 December 2017 are after the change in accounting policy for exploration and expenditure.

NOTE 2: VOLUNTARY CHANGE IN ACCOUNTING POLICY (CONT'D)

Condensed Consolidated Statement of Comprehensive Income

	Previously Stated 31 December 2016 $	Loss Increase/ (Decrease) $	Restated * 31 December 2016 $
Continuing operations			
Interest income	4,618	-	4,618
Other income	227	-	227
Depreciation and amortisation expense	(48,696)	-	(48,696)
Administration expenses	(355,448)	-	(355,448)
Consultant expenses	(77,403)	-	(77,403)
Employee expenses	(230,446)	-	(230,446)
Share based payment expense	(72,630)	-	(72,630)
Interest expense	(147,901)	-	(147,901)
Occupancy expenses	(49,564)	-	(49,564)
Travel expenses	(17,976)	-	(17,976)
Write-off of exploration and evaluation expenditure	-	(2,227,106)	(2,227,106)
Loss before income tax	(995,219)	(2,227,106)	**(3,222,325)**
Income tax expense			-
Loss after tax	(995,219)	(2,227,106)	**(3,222,325)**
Other comprehensive income, net of income tax			
Other comprehensive income	-	-	-
Other comprehensive income for the period, net of income tax	-	-	-
Total comprehensive loss for the period	(995,219)	(2,227,106)	**(3,222,325)**
Basic loss per share (cents per share)	(0.98)		(2.99)
Diluted loss per share (cents per share)	(0.98)		(2.99)

NOTE 2: VOLUNTARY CHANGE IN ACCOUNTING POLICY (CONT'D)

Condensed Consolidated Statement of Financial Position
30 June 2017

	Previously Stated 2017 $	Loss Increase/ (Decrease) $	Restated * 30 June 2017 $
Assets			
Current assets			
Cash and cash equivalents	6,654,391	-	6,654,391
Trade and other receivables	493,909	-	493,909
Inventory	14,738	-	14,738
Other	10,474	-	10,474
Total current assets	**7,173,512**	**-**	**7,173,512**
Non-current assets			
Property, plant and equipment	2,800,385	-	2,800,385
Capitalised exploration and evaluation expenditure	17,578,879	(17,578,879)	-
Total non-current assets	20,379,264	(17,578,879)	2,800,385
Total assets	**27,552,776**	**(17,578,879)**	**9,973,897**
Liabilities			
Current liabilities			
Trade and other payables	2,394,877	-	2,394,877
Borrowings	2,478,967	-	2,478,967
Total current liabilities	**4,873,844**	**-**	**4,873,844**
Non-current liabilities			
Borrowings	1,200,000	-	1,200,000
Total non-current liabilities	**1,200,000**	**-**	**1,200,000**
Total liabilities	**6,073,844**	**-**	**6,073,844**
Net assets	**21,478,932**	**(17,578,879)**	**3,900,053**
Equity			
Issued capital	26,805,451	-	26,805,451
Share based payments reserve	35,128	-	35,128
Accumulated losses	(5,361,647)	(17,578,879)	(22,940,526)
Total equity	**21,478,932**	**(17,578,879)**	**3,900,053**

Statement of Cash Flows

Exploration and evaluation expenditure that is expensed is included as part of the cash flows from operating activities whereas exploration and evaluation expenditure that is capitalised is included as part of cash flows from investing activities. This has resulted in additional cash outflows from operating activities of $3,772,242 for the year ended 31 December 2016. This has also resulted in a corresponding reduction of $3,772,242 being reflected in the net cash outflows from investing activities for the same reporting period.

NOTE 3: 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 4: SHARE CAPITAL

	31 December 2017	30 June 2017
	$	$
Ordinary shares Issued and fully paid	36,528,538	26,805,451

Movement in ordinary shares on issue

	Six Months to 31 December 2017		Year to 30 June 2017	
	No.	$	No.	$
Movements in ordinary shares				
Balance at beginning of period	161,696,184	26,805,451	89,512,891	9,961,007
Rights issue	-	-	22,665,723	4,986,458
Placement of shares	26,800,000	6,700,000	3,750,000	750,000
Share Purchase Plan issues	-	-	20,721,500	4,144,300
Placement	-	-	20,049,375	6,415,800
Issue of shares to a Director after satisfaction of performance rights condition	380,083	100,000	-	-
Issue of shares to a former Director in repayment of amounts owing	2,985,714	800,000	-	-
Issue of shares to former Directors for past services	1,000,000	330,000	-	-
Issue of shares to a consultant	-	-	201,695	50,000
Issue of shares to a consultant	-	-	100,000	25,500
Issue of shares to a consultant	-	-	300,000	55,500
Issue of shares to vendor	-	-	1,000,000	330,000
Issue of shares following exercise of options	11,229,500	2,245,900	3,395,000	679,000
Share issue costs	-	(452,813)	-	(592,114)
Balance of issued capital at end of the period	204,091,481	36,528,538	161,696,184	26,805,451
Unissued shares at end of the period (i)	4,500,000	1,125,000	-	-
Total shares	208,591,481	37,653,538	161,696,184	26,805,451

(i) At 31 December 2017 the Company had shares owing to parties for payments of transaction fees related to the Sprott Finance Facility (refer to Note 8) that had not yet been issued as follows:

Sprott Private Resource Lending (Collector), LP	3,500,000 shares valued at $875,000
Kamara Group	1,000,000 shares valued at $250,000

NOTE 5: OPTIONS AND PERFORMANCE RIGHTS

Movement in options and rights on issue

	Six months to 31 December 2017 No.	Weighted Average Exercise Price $	Year to 30 June 2017 No.	Weighted Average Exercise Price $
Balance at the beginning of the year	28,865,750	0.297	14,925,000	0.200
Options issued to former Directors for past services (i)	2,000,000	0.750	-	-
Options issued to Directors (ii)	17,000,000	0.960	-	-
Issued to Directors – Performance Rights (iii)	4,000,000	n/a	-	-
Options issued to consultants (iv)	-	-	100,000	0.332
Options issued (v)	-	-	12,235,750	0.400
Options issued (vi)	-	-	5,000,000	0.270
Options exercised during the period (vii)	(11,609,583)	0.200	(3,395,000)	0.200
Options cancelled on expiry	(300,500)	-	-	-
Balance of options and rights issued at the end of the period (ix)	39,955,667	-	28,865,750	0.297
Unissued options at end of the period (viii)	1,000,000	0.360	-	
Total options	40,955,667	-	28,865,750	

Note:

i. Unlisted Options issued as part of approvals granted at the 15 September 2017 Shareholder General Meeting exercisable at $0.75 by 15 September 2020.

ii. The following Unlisted Options were issued as part of approvals granted at the 15 September 2017 Shareholder General Meeting.

Number of options issued	7,000,000	6,000,000	4,000,000
Date of issue	15/9/17	15/9/17	15/9/17
Spot price at date of issue	0.33	0.33	0.33
Exercise price	0.75	1.00	1.25
Date exercisable	15 September 2020	15 September 2021	15 September 2022
Volatility	85.07%	85.07%	85.07%
Interest rate	2.08%	2.08%	2.08%
Discount for lack of marketability	30%	30%	30%

iii. Performance Rights were issued to the Managing Director as part of approvals granted at the 15 September 2017 Shareholder General Meeting. These performance rights come in four equal tranches and are each subject to a range of vesting conditions in line with the performance of the company and its projects. These performance rights have been valued at NIL at the time of issue and were cancelled subsequent to year-end on resignation of the Managing Director.

iv. These options were valued using the Black & Scholes option pricing as shown below:

No. of Options	100,000
Date of issue	21 November 2016
Spot price at date of issue	$0.250
Exercise price	$0.332
Date exercisable	21 November 2018
Volatility	89%
Interest rate	2%
Discount for lack of marketability	30%
Value recorded in	$7,130

v. Unlisted Options issued as part of a Share Purchase Plan and Shareholder Approval exercisable at $0.40 by 31 March 2019.

vi. Unlisted Incentive Options issued as part of a Subscription and Settlement Deed in full and final settlement arising in relation to a dispute as announced on 12 April 2017. Options are exercisable at $0.27 by 10 April 2020.

NOTE 5: OPTIONS AND PERFORMANCE RIGHTS (CONT)

vii. Exercised during the period.

Period of		Exercised Number	Exercise date	Share price at exercise date
Year to 30 June 2017	$0.20 options	3,395,000	31 August 2017	$0.17 to $0.41
Half year to 31 December 2017	$0.20 options	11,609,583	31 August 2017	$0.285 to $0.390

viii. At 31 December 2017 the Company had options owing to parties for payments of transaction fees related to the Sprott Finance Facility (refer to Note 8) that had not yet been issued as follows:

Kamara Group 1,000,000 options valued at $82,460

ix. The share options outstanding at the end of the year had an exercise price between $0.27 and $1.25 and a weighted average remaining contractual life of 932 days.

NOTE 6: FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

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 2017		31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans and receivables				
- Trade and other receivables	71,507	71,507	232,850	232,850
Financial liabilities				
Financial liabilities held at amortised cost				
- Loans from related parties	-	-	251,114	251,114
- Loans from other entities	5,590,640	5,590,640	1,204,685	1,204,685
- Trade and other payables	1,697,890	1,697,890	957,671	957,671

NOTE 7: CONTINGENT LIABILITIES

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

NOTE 8: BORROWINGS

	31 December 2017	30 June 2017
	$	$
Unsecured Loan – T Grammer (Current) (i)	-	124,000
Unsecured Loan – F Fitton (Current) (ii)	-	1,154,967
Sprott Credit Facility (Non-current) (iii)	4,390,640	-
Vendor finance (Current) (iv)	1,200,000	1,200,000
Vendor finance (Non-current) (v)	-	1,200,000
	5,590,640	3,678,967

i. These loans are unsecured and non-interest bearing. The loan is from Mr T Grammar, who resigned as Non-Executive Chairman on 13 February 2017.

ii. These loans are unsecured with a nominal interest rate of 15%. The loan is from Mr F Fitton, who resigned as Technical Director on 13 February 2017.

iii. The Company has entered into a credit agreement with Sprott Private Resource Lending (Collector), LP (Sprott) to provide a USD$27M senior secured credit facility to be used for the construction of the 100% owned Leonora Gold Project. The credit facility includes the following key terms:

- First payback is expected 18 months after first drawdown (expected 28 June 2019)
- Annual interest rate of 8.00%, plus the greater of US 12-month LIBOR or 1.00%
- 3,500,000 KIN ordinary shares will be issued to Sprott on closing with the shares to be escrowed for 4 months
- 1.5% NSR on first 100,000oz gold produced by the LGP
- 3-year loan term, repayments beginning June 2019

On 27 December 2017, the Company received the first tranche drawdown of this facility of USD$5M which has been recorded in the Statement of Financial Position net of the transaction costs related to the facility. The effective rate of this facility (based on the initial drawdown only and the total of the transaction costs) is 44% however this rate will reduce as the remaining funds are drawn down.

This facility is secured by a General Security Deed and Mining Tenement Mortgage.

The company has an additional USD$22M to drawdown under the facility.

iv. On 28 June 2017 the Company exercised its option to acquire the Lawlers Mill from Agnew Gold Mining Company Pty Ltd (Goldfields). The first payment to Gold Fields of $1,200,000 was paid during the current period with the second and final payment of $1,200,000 settled after the period end.

v. First payment to Goldfields paid in the current period refer to iv. above.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

Following year end the Company made the final payment of $1,200,000 to Agnew Gold Mining Company Pty Ltd (Gold Fields).

On 8 February 2018 the Company completed an equity raise via a rights issue and received $3.188M in proceeds.

On 8 February 2018 the Company commenced activities for the construction of the Leonora Gold Project.

Other than noted above, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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 2017 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
Acting Managing Director
16 March 2018

HLB Mann Judd

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

Conclusion

We have reviewed the accompanying half-year financial report of Kin Mining NL ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 consolidated entity's financial position as at 31 December 2017 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*.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 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*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
16 March 2018