

**Kin Mining NL**

**ABN 30 150 597 541**

**Interim Financial Report**

**31 December 2013**

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## DIRECTORS' REPORT

Your Directors submit the financial report of the Company ("Company" or "Kin") for the half-year ended 31 December 2013. 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

#### SUMMARY

The period since listing has been an intensely active period for the Company with completion of a successful fundraising, through to setup and completion of our inaugural RC drilling and sampling programmes over our project areas. Kin conducted several historic exploration database reviews and examined regional opportunities.

#### DESDEMONA

As previously advised, RC Drilling (hole numbers DS13RC001-DS13RC035) was carried out at the Anzac Prospect on E40/283 in November 2013 for an advance of 2,490 m. Although all but one assay returned low tenor gold results, the drilling intersected a sequence of strongly deformed, often highly sulphidic (pyrite and pyrrhotite) mafic to felsic volcanics where previous mapping had depicted granitic rocks.

Several new prospects have been identified during database compilation over areas subject to KIN tenement applications. At the Gwalia South Prospect in the north west of the Desdemona tenement block a cluster of historic drill holes containing anomalous gold assays occur over a strike length of 5km under cover along or close to the interpreted position of the Gwalia Shear Zone.

The Paradise Prospects, which are located on tenement applications P37/8439 and E37/1156, are characterised by a grouping of ore grade intercepts in historic drill holes, positioned on the western margin of the Paradise Shear Zone. On the eastern margin of this shear zone, a gossanous mylonite unit crops out over a strike length of around 850 meters and dips around 35° to the east. Several historic prospecting pits and shafts were noted in this area. Rock chip sampling of these old workings by Kin personnel in October 2013 returned gold assays of up to 1.12g/t (see ASX announcement 24 December 2013) and has identified the area as worthy of further investigation.

Recent soil sampling by Kin on E40/283 and E40/285 has yet to be fully evaluated. In addition, interpretation of the recently released (February 24 2014) Government Menzies North detailed Aeromagnetic Survey will allow KIN to more precisely define future drill targets within the Desdemona project area. Very high grades of up to 82 g/t gold from quartz float were reported in WAMEX open file report (A28252, 1987) at the Coronation Prospect within E40/283 in the southeast of the Desdemona project area. At this prospect seven shallow pits and shafts occur over a NNW trending strike length of 400 metres. Stockwork quartz veining was noted at these old workings.

Numerous other historic anomalous gold intersections were obtained from this prospect and have previously been reported on by Kin. At Paradise, anomalous gold in historic drill holes and old workings has now been identified over a north - south strike length of around 600 metres. Paradise North is only 7.5 km south of the Sons of Gwalia mine which has a gold endowment of 6.86Moz.

#### MURRIN MURRIN

As previously reported, RC Drilling on P39/5179 Murrin Murrin (Eastern Gabbro Prospect) was conducted for an advance of 1,304m (hole numbers MM13RC001 to MM13RC017) in November 2013. Follow up of the anomalous composite samples identified significant primary and supergene gold mineralisation in the north eastern segment of the drill pattern.

## DIRECTORS' REPORT (Continued)

### Murrin Murrin (Continued)

The down hole geology reflected quartz veining, occasionally carbonated, in mafic gabbro associated with regional thrust faults. Sulphides, dominantly pyrite, are associated with the host rock and very little sulphides were observed in the quartz veining. The orientation of the mineralised envelope cannot yet be determined however it is assumed to strike north-easterly and dip south easterly. Best drilling results were:

#### MM13RC013:

- **25m @ 3.16 g/t Au** from 63m to end of hole (primary zone), including:
  - 10m @ 2.70 g/t Au from 64m, and
  - **6m @ 8.19 g/t Au** from 82m to end of hole
    - This included **1m @ 36.0 g/t Au** from 87m to end of hole

#### MM13RC017:

- **17m @ 1.11 g/t** from 6m (supergene zone), including
  - 5m @ 2.92 g/t Au from 16m
- **8m @ 3.52 g/t Au** from 28m (supergene zone), including
  - **2m @ 12.94 g/t Au** from 29m

A round of follow-up RC drilling (4) four holes for 600m is scheduled for March 2014 to test the immediate zone surrounding MM13RC013.

Rock chip sampling at the Kismet workings returned an assay result of 2.33g/t Au on Prospecting Licence 39/4980. Recent soil sampling by Kin on P39/5164 and P39/5165 has yet to be fully evaluated.

### IRON KING

Current drilling is focussing on the Iron King Group Project targets at Blue Spec, Crystal Ridge and Reeds United as previously reported. The first drill hole has already been completed at Blue Spec where **historic grades are recorded as 56.6g/t gold**, (Kelly L.F., 1954 – List of Cancelled Gold Mining Leases, WA Mines Dept. publication). The drill hole intersected 2 metres of quartz veining between 41 and 43m down hole. The rig has now moved to the Crystal Ridge Prospect where previous drilling gave a best intersection of **46m @ 1.83 g/t gold**. Assays are expected to be received about 2-3 weeks following completion of the drilling programme.

The third target to be drilled at Iron King will be Reeds United where previous rock chip sampling of mullock dumps returned assays in the range **10g/t to 33 g/t gold**. After completion of drilling at Iron King the rig will be moved to Murrin Murrin where Kin's initial drilling campaign in November 2013 returned a best intersection of **25 metres @ 3.16 g/t gold from 63 metres**. **The final metre of this drill hole (MM13 RC013) assayed 36.0 g/t gold**. Kin intends to try and re-enter and deepen this drill hole and follow up this excellent result by drilling several further holes in the immediate vicinity.

The final drill target during this round of drilling will be the Pelican Prospect in the Desdemona project area where historic drilling returned a best result of **8m @ 22.8 g/t gold**.

Application has been made for an additional Prospecting Licence (PLA 37/8455) at the Iron King Group Project. Copper stained ferruginous quartz was noted at an old working (now named the '32 Prospect') within this Licence Application area.

### REDCASTLE

Recent rock chip sampling at Redcastle returned two significance results, **4.64g/t Au** and 2.69g/t Au, from copperstained vein quartz at the Bellbird workings on P37/5105. An interpreted south easterly trending magnetic gabbro sill extends under cover from Bellbird into P39/5267, where the next highest gold value, 2.02g/t Au, was returned from the "White Shaft".

Both old workings are associated with a gabbro/tholeiitic volcanic contact on the eastern limb of the north plunging Redcastle Anticline. Historic drilling by Terrain Minerals in the vicinity of White Shaft gave a best intersection of **2 metres @ 15.3 g/t Au** which was never followed up. The recent purchase of the remaining equity in P39/4930 at Redcastle increases the company's holding to 100% of the project.



**DIRECTORS' REPORT** (Continued)**MOUNT FLORA**

Recent rock chip sampling at Mt Flora returned an extremely high grade gold result of **115.98g/t Au** from an individual channel sample across the galena rich ore zone of an old historic shaft, this sample also assayed **50g/t Ag** and 0.68% Pb. This target has been named the 'Rourke's Drift' Prospect. The working is 500m along strike from the high grade (>1oz/t Au) Spion Kop mine on P39/4619, which is associated with a swarm of NNE trending quartz veins interpreted to relate to the nearby Federation Fault on the eastern limb of the Mt Flora Syncline.

Other significant results include 2.73g/t Au (mullock dump quartz) and **3.93g/t Au** from quartz veining that are also associated with the NNE trending Federation Fault Zone. The results will be followed up in future exploration campaigns following the grant of the application for a new Prospecting Licence 39/5463 at Mt Flora.

**RANDWICK**

Recent rock chip sampling of an old mullock dump at the Kauri Bore Prospect on P 39/8000 at Randwick returned assays of **4.16g/ Au** and 0.89g/t Au. Randwick is a greenfields project that has been identified for its gold and base metal potential.

**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 interim financial report. This Independence Declaration is set out on page 4 and forms part of this Directors' report for the half-year ended 31 December 2013.

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 J Dixon  
Managing Director

14 March 2014

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Kin Mining NL for the half-year ended 31 December 2013, 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 2014

L Di Giallonardo  
Partner

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	31 December 2013	31 December 2012
	\$	\$
<b>Continuing operations</b>		
Revenue	-	-
Interest income	29,166	6,785
Other income	3,432	9,743
Depreciation and amortisation expense	(3,451)	-
Other expenses	(231,873)	(71,528)
<b>Loss before income tax</b>	<b>(202,726)</b>	<b>(55,000)</b>
Income tax expense	-	-
<b>Loss after tax from continuing operations</b>	<b>(202,726)</b>	<b>(55,000)</b>
<b>Net loss for the period</b>	<b>(202,726)</b>	<b>(55,000)</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>(202,726)</b>	<b>(55,000)</b>
Basic loss per share from continuing operations (cents per share)	(0.67)	(0.051)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

	Notes	31 December 2013 \$	30 June 2013 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,325,301	155,306
Trade and other receivables		98,519	14,247
Prepayments		139,289	197,827
<b>Total current assets</b>		<b>1,563,109</b>	<b>367,380</b>
<b>Non-current assets</b>			
Property, plant and equipment		43,694	8,081
Exploration and evaluation expenditure	2	2,349,404	314,592
<b>Total non-current assets</b>		<b>2,393,098</b>	<b>322,673</b>
<b>Total assets</b>		<b>3,956,207</b>	<b>690,053</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		132,909	30,996
<b>Total current liabilities</b>		<b>132,909</b>	<b>30,996</b>
<b>Total liabilities</b>		<b>132,909</b>	<b>30,996</b>
<b>Net assets</b>		<b>3,823,298</b>	<b>659,057</b>
<b>Equity</b>			
Issued capital	3	4,145,082	778,115
Accumulated losses		(321,784)	(119,058)
<b>Total equity</b>		<b>3,823,298</b>	<b>659,057</b>

The accompanying notes form part of these financial statements



**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Issued capital	Accumulated losses	Total equity
	\$	\$	\$
<b>Balance at 1 July 2012</b>	809,719	(21,634)	788,085
Loss for the period	-	(55,000)	(55,000)
Transaction costs	(145,795)	-	(145,795)
<b>Balance at 31 December 2012</b>	<b>663,924</b>	<b>(76,634)</b>	<b>(587,290)</b>
<b>Balance at 1 July 2013</b>	778,115	(119,058)	659,057
Loss for the period	-	(202,726)	(202,726)
Shares issued	2,583,600	-	2,583,600
IPO shares issued to vendors	1,357,000	-	1,357,000
Transaction costs	(573,633)	-	(573,633)
<b>Balance at 31 December 2013</b>	<b>4,145,082</b>	<b>(321,784)</b>	<b>3,823,298</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	31 December 2013	31 December 2012
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	3,432	9,743
Payments to suppliers and employees	(224,676)	(109,136)
Interest received	29,166	6,777
<b>Net cash (outflow) from operating activities</b>	<b>(192,078)</b>	<b>(92,616)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(39,064)	(5,978)
Exploration and evaluation expenditure	(694,573)	(60,448)
Payment for acquisitions of mineral tenements	(113,239)	(10,563)
<b>Net cash outflow from investing activities</b>	<b>(846,876)</b>	<b>(76,989)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	2,583,600	-
Payments for share issue costs	(374,651)	(142,191)
Proceeds from the issue of share capital	-	25,000
Payments for share issue costs	-	(3,604)
Payments of directors loans	-	(2,000)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>2,208,949</b>	<b>(122,795)</b>
Net increase/(decrease) in cash held	1,169,995	(292,400)
Cash and cash equivalents at the beginning of the period	155,306	612,305
<b>Cash and cash equivalents at the end of the period</b>	<b>1,325,301</b>	<b>319,905</b>

The accompanying notes form part of these financial statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

These interim 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 2013 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 interim 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 interim 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

### NOTE 2: EXPLORATION AND EVALUATION EXPENDITURE

	Half-year to 31 December 2013	Year to 30 June 2013
	\$	\$
Costs carried forward in respect of areas of interest		
<b>Exploration and evaluation phase – at cost</b>		
Balance at beginning of period	314,592	190,053
Costs of acquisition of interests and exploration during the period		
-cash	677,812	124,539
-issue of vendor shares	1,357,000	-
Balance at end of period	<u>2,349,404</u>	<u>314,592</u>

### NOTE 3: ISSUED CAPITAL

	31 December 2013	30 June 2013
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	<u>4,145,082</u>	<u>778,115</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**NOTE 3: ISSUED CAPITAL (Cont'd)**

	Six months to 31 December 2013		Year to 30 June 2013	
	No.	\$	No.	\$
<i>Movements in ordinary shares</i>				
Balance at beginning of period	18,950,003	778,115	18,950,003	809,719
Issue of shares	12,918,000	2,583,600	-	-
Issue vendor shares	6,785,000	1,357,000	-	-
Share issue costs	-	(573,633)	-	(31,604)
Balance at end of period	38,653,003	4,145,082	18,950,003	778,115

**NOTE 4: 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.

**NOTE 5: CONTINGENT LIABILITIES**

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

**NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE**

The Company announced a pro-rata bonus issue of options to reward shareholders by way of an issue of one (1) FREE option for every two (2) shares held by shareholders on the record date ("Bonus Options"). The exercise price of the Bonus Options will be \$0.30 and the expiry date will be 31 January 2015. The Bonus Options will not be quoted on ASX. The Bonus Option issue was finalised on the 28<sup>th</sup> February 2014 with the allotment of 19,326,512 unlisted Bonus Options.

The Company continues to undertake exploration activities within its existing project areas, furthermore, the company is constantly assessing opportunities in the Leonora/Laverton district that may be complimentary to its current tenement holdings.

**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 2013 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 John Dixon  
Director

14 March 2014



## 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 2013, 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 information, and the directors' declaration.

#### *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 company's financial position as at 31 December 2013 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 company's financial position as at 31 December 2013 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*.

*HLB Mann Judd*

HLB Mann Judd  
Chartered Accountants

*Diallounis*

Partner

Perth, Western Australia  
14 March 2014